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Micro-Finance as a Veritable Tool for Gender Economic Empowerment in Nigeria

Kwon-Ndung Linda
Department of Political Science. Nasarawa State University Keffi, Nasarawa State, Nigeria
Mato Kabir
Department of Political Science, University of Abuja, Nigeria

Abstract:
Microfinance is hailed as a tool for poverty alleviation and is one of the major strategies to achieve the Millennium Development Goals (MDGs). This is because access to financial services assists poor households in meeting their basic financial needs, protects them against risks, and reduces their vulnerability to shocks, by building assets. Prof Mohammed Yunus of Bangladesh developed a framework for Microfinance approach to community development with a pilot group lending scheme for the landless people and this later became the Gramin Bank which currently serves more than 2.4 million clients out of which about 94% of them are women, and has become a model for many countries (Anon. 2011). Countries like Nigeria also adopted this approach. Indeed, according to the CBN (2005), "microfinance is about providing financial services to the poor who are traditionally not served by the conventional financial institutions. This paperexamines the phenomenon of Microfinance, its potentials tohelp, women to turn their savings into sums large enough to satisfy a wide range of business, consumption, personal, social, and asset-building needs .This paper relied heavily on the secondary sources of data for all the information needed. It equally used the empowerment strategy asthe theoretical framework of analysis.This paper recommendsthat Women in the rural communities form the central targets of microfinance, therefore formal and informal microfinance institutions should be established in the rural areas since the microfinance banking is actually for the rural poor. Access to microfinance can help rural self-employed women to expand their businesses and improve their personal and family well-being and Women should be encouraged to open bank accounts, so that they can get use to financial servicesetc.

Keywords: *Microfinance, Women and Empowerment*

1. Introduction

Microfinance banking in Nigeria was launched in December, 2005(CBN, 2007; Olaitan, 2007 and Onwumere, 2008). At the period of the banking sector consolidation, the Federal Government of Nigeria adopted it as the main source of poverty reduction strategy in Nigeria and mandated the Central Bank of Nigeria to develop appropriate policy and regulatory framework for the operations of Microfinance Institutions (Ogunrinola and Alege, 2007).
Microfinance refers to the provision of financial services for the poor who, conventionally, have been excluded from the formal banking sector or have no access to formal financial institutions. It is often described as banking for the poor (Yunus, 2003). Microfinance programs and services involve the provisions of loans, savings, and other financial services to low-income and poor people for use in small businesses. This also include credit, savings, and insurance.In other words, microfinance activities encompass credit and savings in contrast with microcredit which is an extension of small loans to poor people for the purpose of investing in self-employment programs.
Prof Mohammed Yunus of Bangladesh developed a framework for Microfinance approach to community development with a pilot group lending scheme for the landless people and this later became the Gramin Bank which currently serves more than 2.4 million clients out of which about 94% of them are women, and has become a model for many countries (Anon. 2011). Countries like Nigeria also adopted this approach. Indeed, according to the CBN (2005), "microfinance is about providing financial services to the poor who are traditionally not served by the conventional financial institutions."
Microfinance has three distinguishing features from other formal financial products. These include: (1) the smallness of loans advanced and/or savings collected, (2) the absence of asset-based collateral, and (3) simplicity of operations.
Microfinance is hailed as a tool for poverty alleviation and is one of the major strategies to achieve the Millennium Development Goals-MDGs (Sachs, 2005). This is because access to financial services assists poor households in meeting

their basic financial needs, protects them against risks, and reduces their vulnerability to shocks, by building assets. Ultimately, this access develops their social and economic empowerment. It is further argued that financial services for the poor can help them, to turn their savings into sums large enough to satisfy a wide range of business, consumption, personal, social, and asset-building needs (Project Parivartan, 2006). It also enables them to take advantage of economic opportunities, to build assets, and to reduce their vulnerability to external shocks that adversely affect their living standards, (Mejeha and Nwachukwu, 2008).

2. Theoretical Framework

In most third world countries, five different frameworks for women in development have been adopted i.e. welfare, equity framework, equality and empowerment projects. Each of these frameworks is seeking to close the gaps in development process between men and women with a view to increasing their level of participation and benefits in development activities. Afonja (1996) reported that gender inequality has become a crucial part of the development process as well as an important target of socio-economic policy. Women empowerment is the sensitization of women on certain beliefs that are not part of the natural order of things, but rather imposed by the discriminatory system that is socially built, but which can be changed.

The empowerment strategy makes use of all the approaches i.e. equity, welfare, equality etc for women development in order to finance the present social order, vis-à-vis participatory doctrines. This strategy places emphasis on not only increased access to resources and improved welfare level, but participation by the beneficiaries (women) in the development process, rather than being passive recipients of the results of projects outcomes. This approach encourages and promotes capacity acquisition on the part of the women which has a long term effect in sustaining and improving their general socio-economic wellbeing. The approach captures those intrinsic elements which satisfy the strategic needs of the women rather those that emphasize on the pursuance of only income generating activities which provides only access to economic resources and therefore satisfied only the short terms practical needs of women

Therefore, empowerment approach when properly implanted helps in raising the consciousness of women from their present level of domination and subordination to an increased awareness which helps in closing the gap in area like political representation and decision making process. It also helps in the mobilization of women at the grassroots level, which serves as the basis for increased representation in public life and potential contribution towards national development

3. Imperativeness for Micro –Finance Services for Women in Nigeria

The Millennium Development Goals (MDGs) has several objectives; one which is central is how it hopes to reduce poverty by 50% by the year 2020. According to the United Nation's 2013 Human Development Report Nigeria is still rated 20th among the world's poorest countries and a UNESCO report concisely describes that poverty has become the face of Nigeria. According to Eka (2009), women constitute 50% of the population in Nigeria and 70% of them live in the rural communities where they are known to be the home makers and even bread winners in some extreme cases. It has been estimated that formal microfinance banks only services less than one million clients in a country where over 70% of the country's estimated population of about 150 million live below the poverty line (Irobi, 2008). Nigeria is the largest economy in the West African Region and the third largest economy in Africa (Behind South Africa and Egypt However, Nigeria suffers from what the economists refer to as "resource curse" a situation where there is the co-existence of vast wealth of resources and extreme poverty.

Currently, the poverty situation in Nigeria according to Global Monitoring Report of the United Nations Education, Scientific and Cultural Organization (UNESCO 2010) reports that 92% of the Nigerian population survive on less than US $2 daily while about 71% survive on less than $1 daily.

The UNDP devoted its *Human Development Report 1997* to "Human Development to eradicate Poverty." In that report, poverty is classified into: *"Poverty of income"* and *"poverty from a human development perspective- denial of choices and opportunities for living a tolerable life''* Microfinance has been adopted as a response to poverty situations especially amongst women. The poverty of income gave rise to the birth of micro-credit by Professor Mohammed Yunus of Bangladesh in 2005 and he created a frame work for the operations of the microfinance banks. In Nigeria, a significant number of the newly licensed Microfinance Banks (MFBs) were established or operated like mini-commercial banks. Most erstwhile community banks (CBs) were converted to MFBs. An assessment of the microfinance sub-sector, following the launching of the policy however revealed some improvements. These included increased awareness among stakeholders such as governments, regulatory authorities, investors, development partners, financial institutions and technical assistance providers on microfinance. Specifically, a total of 866 microfinance banks have been licensed in Nigeria (Microfinance Certification Programme, 2005) for operators of microfinance banks and the promotional machinery beefed up. Accordingly, entrepreneurs are taking advantage of the opportunities offered, by increasingly demanding for financial services such as credit, savings, payment services, financial advice and non financial services. Despite the above development, a large percentage of Nigerians are still excluded from these financial services. A study carried out by Enhancing Financial Innovation and Access (EFInA) in August, 2010 revealed that 39.2 million representing 46.3 per cent of the adults in Nigeria, was excluded from financial services while 53.7 percent had access. Out of the 53.7 per cent that had access, 36.3 per cent derive their financial services from the formal financial institutions, while 17.4 per cent

exclusively patronized the informal sector. Also, the results of the survey revealed that Nigeria was lagging behind South Africa, Botswana and Kenya with 26 per cent, 33 per cent and 32.7 per cent in financial exclusion rate, respectively. Several factors have accounted for the persisting gap in access to financial services. For instance, the distribution of microfinance banks in Nigeria is not even, as many of the banks are concentrated in a particular section of the country, which investors perceived to possess high business volume and profitability. Also, many of the banks carried over the inefficiencies and challenges faced during the community banking era. In addition, the dearth of knowledge and skills in micro financing affected the performance of the MFBs. Furthermore, there are still inadequate funds for intermediation owing to lack of aggressive savings mobilization, inability to attract commercial capital, and the non establishment of the Microfinance Development Fund. According to Anyanwu (2004), microfinance bank is not just providing capital to the poor, but to also combat poverty at an individual level, it also has a role at institutional level. It seeks to create institutions that deliver financial services to the poor especially women, who are continuously ignored by the formal banking sector and have constantly struggle to put food on their tables, pay their medical bills, attend Antenatal clinics, and send their children to schools and in fact unable to participate actively in politics. Similarly, one of the indicators for the poverty level of the women is high maternal mortality rate which Nigeria is currently ranked the second in the world after India (PATHS) and also one in eight women die of pregnancy related complications and poverty is the major driver of this preventable situation (McCulley, 2012).
Life expectancy of women, according to UN 2010 list of life expectancy estimates the life expectancy of women in Nigeria is at 47.3%. This indicator clearly confirms the poverty of the woman in Nigeria. The focus on microfinance and women groups in Nigeria can be justified. Available data show that most Nigerian women entrepreneurs are engaged in the informal sector, mainly as self-employed proprietors. They suffer from many constraints and restrictions in the informal sector such as lack of managerial and technical skills, lack of access to improved technology and credit, marketing problems, and other issues. Because of their small-scale operations, women's incomes are low (Okojie, 1990). Furthermore, poverty data also support the fact that most women in the informal sector belong to poor households. Nigerian women predominate in agriculture, food processing, and sales activities in the informal sector (Okojie, 2006).

4. Various Models of Micro-Finance around the World

4.1. The Grameen Bank Model

This model emerged from the work of Prof. Muhammad Yunus in Bangladesh in 1976 Microfinance certificate manual (2011). It focused on the poor and low-income households. The bank operates as a unit set up with a Field Manager and bank workers covering a designated area of about 15 to 22 villages. Manager and workers visit villages in order to familiarize themselves with the environment and identify clientele and explain purpose, functions and mode of operation. Groups of five prospective borrowers are formed from which only two receive a loan in the first instance while others take their turns later. The Group is then observed for a month to see if members are conforming to the rules of the bank. If the two beneficiaries of a loan facility repay principal plus interest over a period of 52 weeks, others become eligible. As it is, there is substantial group pressure to make individual conform to the rules and regulations governing the operations of the bank, particularly with respect to repayment of loans. In the Grameen bank model, group formation is also used for other purposes such as educating the members, awareness building, and collective bargaining. It is also possible to borrow as an individual. This is a direct credit facility to the borrower without formation of groups or generating peer pressure in order to ensure repayment. However, it is always emphasized that the lender should know his customers well enough before loans are granted. There is also the Village Banking. This is community-based credit and savings arrangement which consists of 25-50 low income individuals that seek to improve standard of living through self-employment activities. Initial loan capital may be externally sourced but members run the bank themselves by choosing members, elect officers and establish own by-laws, distribute loans to individuals, collect repayment and savings by themselves through the officers. Loans are backed by moral collateral and the promise that the group stands behind each loan by way of guarantee. Adaju (2006) presents very clear cut model of microfinance. This is a model of credit lending position of a "90-between" organization: between lenders and borrowers. Intermediary plays a critical role in generating credit awareness and education among the borrowers including starting savings. In this model, activities are geared towards raising "credit worthiness of the borrowers to a level that is sufficient to attract borrowers". Links developed by the intermediaries could cover funding, programme links, training, and education and research. These activities can take place at individual, local, regional, national and international levels.
A target community can form an association through which various microfinance activities are initiated. The association can be composed of youth only or women only. The association may be a savings group, religious group, political, cultural or professional. The important thing is that the group should have something similar in common in order to foster smooth interrelationship. Credits are usually arranged in such a manner that some members of the association or group take loan facilities in turn such that while some members enjoy loan facilities the other members of the group provides security for the loan by standing as guarantors. Another method of operation is through bank guarantees. Bank guarantee is used to obtain a loan from a bank and may be arranged externally through donors, government agency or internally that is within members of a savings group. Using guarantee is a credit collateral, loans obtained may be given directly to an individual

beneficiary or to a self-formed group. Several international and UN organizations have created international guaranteed funds which banks and NGOs can subscribe to for onward lending or to commence microcredit programmes.

The Community Banking methodology treats the whole community as one unit. It establishes semi-formal or formal institutions through which microfinance is dispensed. It is formed by the help of NGOs and other organizations who train community members in various financial activities of the community banks. Often community banks are also part of larger community development programmes which use finance as an inducement for action. However community banking has been phased out in Nigeria giving way to microfinance banks. Quite a significant number of microfinance banks in Nigeria today, transmitted from community banking.

4.2. Cooperative Associations

These constitute another model of microfinance operation. They are autonomous associations of persons that are voluntarily united with the desire to meet their common economic, social and cultural needs as well as their aspirations. The model is a jointly owned and democratically, controlled enterprise which treats the whole community as one unit. In some cases financing and savings activities are included in their mandate. Cooperatives are very common in Nigeria.

Finally, there is the Credit Union. This is a unique member driven, self help financial institution usually organized by and comprised of members of a particular group or organization who agree to save their money together and make loans to members from the savings at reasonable rates of interest. Usually members have common bonds either by virtue of common workplace, labour union or living in the same community. Membership of credit unit is open to all who belong to the group, regardless of race, religion, colour or creed. It may be a non-profit financial cooperative. The Project Parivartan (2006) also tried to explain these three basic models used by the public or private sectors to set up microfinance institutions as thus: community-based, solidarity groups, and partner-agent models. In reality, many services are a combination of different microfinance models shaped to the context of clients and the need for financial sustainability.

The community-based models or "village banking" are non-profit in character, have voluntary membership with the community playing an important role in the design and running of the program including setting up lending, repayment, and accountability conditions. The solidarity group or "in house" banking is also non-profit in character. In this instance, the MFI directly conducts transactions with groups of individuals.

A solidarity group is self-organized and usually consists of five women who will vouch for each other. Members of a solidarity group are accountable for each other; such that members of the group will have to help each other repay loans. The partner-agent model is a profit scheme. Here the MFI acts as a mediator between low-income borrowers and an established financial institution. It is sometimes considered as a "win-win-win" situation because the formal financial institution manages reserves while the MFI works as an expert between informal and formal sectors.

Formal MFIs have emerged in many countries as a response to address the failure of the state-led and mainstream formal financial system to reach the poor especially in the rural areas who were previously not seen as bankable clients due to information asymmetry and risk perceptions Upendranah (2000). It is widely accepted that MFI programs can compensate for some of the weaknesses in developing capital markets and help low-income entrepreneurs to improve their enterprises and raise their standards of living. Of particular interest is the possibility that microfinance support programs can promote the success of women entrepreneurs who may lack access to other forms of assistance. Thus, these programs are seen as a way of empowering women (AIMS, 1997).

5. Nigerian Women and Poverty Alleviation Programme

Women and the rural population are among the poorest in Nigeria. Women are especially predisposed to poverty because of cultural and environmental factors which work together to keep them poor. According to Amali and Yakubu (1995), when women were asked for characteristics of poor people, their first answer was to use themselves as the first example of poor people. Many specific factors have been identified as being responsible for the high rate of poverty among women. This has resulted in the phenomenon of the feminization of poverty. First is the low level of education. The low level of education is a cultural phenomenon. Where the family resources are low, they are committed to training male children in the family than females Muckenheim (1996). This low level of education results in the second phenomenon, which is the unemployment of women in high paying jobs. (Aghejisi, 1996) showed that less than 32% measured labour force in developing countries is made up of women, and most of them are in micro enterprise activities, such as petty trading.

Another factor in female poverty is the lack of access of women to productive resources. In the urban area, this translates into bank loans and other government facilities which are needed for production. In the rural areas, it means land for production. Unfortunately, women are always treated as children; in the same way that we group them with children. The problem of feminization of poverty is a very serious one and deserves every attention. However in response to the situations of poverty in Nigeria and especially amongst the women different administrations in Nigeria have adopted their own poverty alleviation programmes, instead of continuing with, and improving on the previous poverty programmes.

The first known poverty programme in Nigeria was the *National Accelerated Food Production Programme* (NAFPP) and the Nigerian Agricultural and Co-operative Bank set up by General Yakubu Gowon in 1972. In 1976 General Olusegun Obasanjo came in with his *Operation Feed the Nation.* The programme delegated university students to the rural areas to teach the rural farmers how to use modern farming tools that were not available. The civilian administration of Alhaji

Shehu Shagari toyed with the *Green Revolution Programme* in 1979. The objectives of the programmes were to reduce food importation while boosting local food production. The programme ended when General M. Buhari took over power from AlhShehu Shagari in 1983. After that General Buhari introduced the *Go Back to Land Programme*. General Babangida took over power in 1986, he established the Directorate of Food, Roads and rural Infrastructure (DFRRI). The Peoples Bank of Nigeria and the Community Bank of Nigeria which were other poverty alleviation programmes that were setup to give out small loans to the rural poor. Even his wife came up with her own poverty reduction program, Better Life Programme, to improve the lives of rural women. But the program ended up making richer the well-connected and powerful women entrusted with the administration of the programme. General Sani Abacha who took over power from the interim administration of Chief Shonekan in 1993 set up the *Family Support Programme* and the *Family Economic Advancement Programme*. After spending several billions of Naira to reduce poverty, poverty instead blossomed. When Chief Olusegun Obasanjo came back to power in May 29, 1999, he promised to improve the lots of the masses. In Jan 2001, the former President General Olugesun Obasanjo initiated the National Poverty Eradication Programme(NAPEP) Similarly between 2003 and 2007 there was an attempt to implement an economic reform programme called the National Economic Empowerment Programme (NEEDS).The purpose of NEEDS was to raise the country's standard of living through a variety of reforms ,including Microeconomic stability, deregulation, stabilization, liberalization and privatization, Transparency and accountability.

The NEEDS addressed basic deficiencies such as the lack of fresh water for households use and irrigation, unreliable water supplies, decaying infrastructure, impediments to private enterprise and corruption. The Government hoped that Needs would create 7million new jobs. Diversify the economy It has been reported that more than N10 billion (ten billion Naira) has already gone into the poverty alleviation programmes of his administration (in fiscal year 2000). Given the various poverty alleviation programmes and the resources at her disposal, Nigeria should not have such a dismal poverty profile. But it appears the corrupt political leaders are only chasing the shadow of money, with the people wallowing in abject poverty in the face of plenty.

According to CBN, there exists a huge untapped potential for financial services at the micro level of the Nigerian economy. Attempts by government in the past to fill this gap were not sustainable. The microfinance policy was, therefore, developed to further address the observed gaps; the policy focused mainly on a private sector driven arrangements, with the establishment of microfinance banks. Research showed that developments in the microfinance sub-sector since 2005 are mixed. While outreach increased from 35 per cent to 53.7 per cent, occasioned by the coming on stream of MFBs, there was an observed mission drift from the stated objective. It is against this background, that the 2005 microfinance policy was revised to address this challenge. Under the revised framework, MFBs shall be required, among others, to be adequately capitalized, better spread, run a low cost structure and be operated in a safe and sound manner.Furthermore, a review was necessary as a result of weak institutional and network capacity; weak capital base; the existence of a huge un-served market; poor banking culture and low level of financial literacy; economic empowerment of the poor; the need for increased savings opportunity and urban bias in banking services

6. Research Methodology

6.1. Research Design

The study was designed to focus on microfinance and poverty among women in Nigeria: A study of Burum and Kabusa communities in Abuja Municipal Area Council was carried out based on a field survey design. Five women groups were identified as the case study for this survey from Burum and twenty members from each of these groups were randomly selected to respond to the structured questionnaires. Similarly, 20 women groups were identified in Kabusa to respond and administered with the same questionnaires. In addition, 50 members of each of the two communities outside the women groups were randomly selected to respond to the questionnaires. These members of the communities comprised of people that live in the neighborhood. Similarly, this study adopted descriptive analysis of statistics using simple percentages as well as the chi-square test as the statistical tool of analysis to establish the relationships or associations between the various variables.

6.2. Source of Data

The data for this study is derived from the primary and secondary sources of data. For the primary source, structured questionnaires were administered randomly to women that are members of the five selected women cooperative groups in Burum and also to the 50 members of the community furthermore, 20 women groups in Kabusa responded to the questionnaires this is in addition to the 50 members of the community. The secondary data for this study is derived from literature by various scholars on related opinions on the subject of study. This include Books, Journal papers, seminar papers, Training manuals, Reports from Federal office of statistics, Central Bank of Nigeria reports, seminar papers and other literatures that are relevant to the study.

6.3. Method of Data Collection

This study used the two major sources of data collection. The focus is on the primary source, which is based on the administration of questionnaires in the field survey. Structured questionnaires were designed with uniform questions and they were administered to members of the women groups with the assistance of the field officers of Fortis Microfinance bank while in Burum, the questionnaires were administered by women research assistants involved in training of traditional birth attendants as well as some literate members of the communities who assisted in the administration of the instruments. Desk information from the Fortis MFB Kabusa and Grassroots Health Organization of Nigeria (GHON) served as additional sources of data. Similarly, literatures that are relevant to the study are referred to as the secondary source of data for this research.

6.4. The Study Population

The population for this study comprised of 20 selected women from each of the groups in Burum which include the following:

- Market women Cooperative Association. These women are involved in the business of Groundnut oil processing;
- Burum Cooperative Group, whose focus is on Groundnut oil processing;
- Wassa Cooperative Group with its commercial activities in Tomatoes Marketing;
- Takushara Cooperative Group, The major focus of this group is also Groundnut oil processing;
- TBAs Cooperative Group who is women involved in Yam marketing. As well as 50 members of the community.

While in Kabusa 20 women groups were identified to respond to the questionnaires as well as 50 members of the community. A total number of 400 questionnaires were administered.

6.5. Sampling Plan and Sample Size

The sample plan for this survey is random sampling. Random sampling was adopted to give equal opportunity to the members of the women groups and members of the community to respond to the questionnaire and the sample size for this survey comprised of 400 respondents.

6.6. Method of Data Presentation and Data Analysis

The data collected is presented on frequency tables and represented on a simple pie chart for clearer understanding; similarly the data is analyzed based on the descriptive statistical analysis as the statistical tool of analysis and the findings of the study are equally discussed.

6.7. Scope and Limitations

The study concentrates on the role of Microfinance during 2005-2010 and the focus was on the activities of five selected women groups in Burum Community and 20 women groups from Kabusa in the Federal Capital Territory as the unit of analysis. These five cooperative groups in Burum include:

- Market women Cooperative Association. These women are involved in the business of Groundnut oil processing
- Burum Cooperative Group, women in this group are involved in Groundnut oil processing
- Wassa Cooperative Group, The activities of these women include Tomatoes Marketing
- Takushara Cooperative Group are also involved in Groundnut oil processing
- TBAs Cooperative Group the specialty of these women is Yam marketing.

20 women were selected from each of these groups to respond to the questionnaires as well as 50 people from the community. Similarly, 20 women groups were equally identified in Kabusa and 50 people within the neighborhood a total number of 400 questionnaires were administered in the two communities.

The major limitation of this study is a universal one. It ranges from the inability of some respondents to give sincere responses and subjectivity of research assistants in the field.

7. Microfinance, Poverty Reduction and Accessibility to Women

According to Ramirez (2006), microfinance can be perceived as a microcredit development intervention directed at women and has commonly followed one or combinations of three approaches. Each one is presented as a paradigm that contemplates the particular participation of women in society, as a definition or meaning of “empowerment.” The Approaches are Welfare and Poverty Relief, Financial Self-sustainability, and Empowerment. In the first approach, microcredit is part of an integrated community program and acts as a Point of entry for poverty and vulnerability alleviation, in order to increase the well-being of the poorest homes. Women are targeted because they are usually “poorer” than the men of the community and about 70% of the population of women lives in the communities. It is a well known fact that they will devote the income Earned to the family’s welfare.

The second approach requires microcredit programs to be financially self-sustaining and therefore expand the scope of access to financial services to large numbers o f poor clients, including women. Women are targeted for efficiency reasons due to the high loan repayment rates of women and because of their contribution to the Economy. For the empowerment approach, microfinance is viewed as the entry point for Economic, social, and political equality of women. In this case, women are targeted because of reasons of human rights and gender equity. Empowerment is therefore defined as the Transformation of the power relations in society (Woroniuk and Schakwzk, 1998) which is an important agenda item. There is reasonable interest in the impact of microfinance and its accessibility by women, empowerment, and other related issues. To begin with, there is evidence of an increase in the number of and expansion of financially self-sustainable microfinance programs.

Evidence also shows that they are reaching large numbers of poor women borrowers. But then there is also an increasing body of evidence which suggests that contributions to women's empowerment by microfinance cannot be assumed and therefore current complacency, this regard can be viewed as misplaced. Swain (2007) and Hofman and Marius-Gnanou (2007) observe that women have been the focal point of many development strategies since the 1980s. For example, 84.2 percent of the poorest microfinance clients worldwide are women. In contrast to other development tools, Microfinance has had less difficulty targeting women, generally keeping loan sizes small and borrowing within groups, thus negating the need for collateral, as women are asset-poor. There is also the contention, they are perceived as a vulnerable group, however the appreciation of the fact that they are taking on the financial responsibility for family and household promised a greater development impact on a collective level. Also contributing to the gender inequality debate, (Cheston, 2007) advances the position that it should be looked at structurally within the microfinance institution and that women should no longer be perceived as mere clients but also as actors.

Hofman and Marius-Gnanou (2007) also make the point that microfinance affects matters beyond the fight against poverty in the strict sense. It may also serve to push "empowerment" amongst the poorest of the poor, namely women, as they constitute a sizable proportion of individuals benefiting from microfinance, depending on the country. However, they point out that the increase in income for some women is often accompanied by a decrease in their mobility as being able to send another person to the market in their place is considered to be progress compared with their status. Empowerment is, in fact, a gradual, reversible process. Some women are likely to stop going to the market and lose control over their business, if male members of the family decide to take over. Microfinance and the empowerment it brings offer women opportunity to make some form of contribution to the household and improve living conditions for their children. They also become less dependent on their in-laws, by participating in decision making concerning the use of the loans and income, thus gaining respect and sometimes social acknowledgement from the community.

Arunachalam (2007) holds that microfinance has done well in terms of extending access to financial services to low-income women. This access extension however has been in terms of delivery of credit for mostly consumption purposes and very small production loans. Furthermore critical financial needs are yet to be satisfied. The implication of this is that the gender gap in accessibility to crucial financial services such as, formal/ flexible voluntary savings, health, asset, accident and life insurance, and larger production and livelihood credit, remains to be addressed for a large majority of women. This is against the backdrop of the fact that low-income women have a range of evolving needs. The contribution of Swain (2007) helps to broaden understanding of the concept of empowerment of women.

Her study of Self Help Groups in India helps to illustrate that training plays a key role in empowering women. The study suggests that women are not a homogenous group but have different and changing demands with regards to financial resources due to different Socio -cultural backgrounds and experiences. They are not a secluded group but share relations and experience with men on different levels. Microfinance has three distinguishing features from other formal financial products. These include: (1) the smallness of loans advanced and/or savings collected, (2) the absence of asset-based collateral, and (3) simplicity of operations. Microfinance institutions (MFIs) represent institutional arrangements which provide credit to the poor to finance economic activities.

Microfinance is hailed as a tool for poverty alleviation and is one of the major strategies to achieve the Millennium Development Goals (MDGs). This is because access to financial services assists poor households in meeting their basic financial needs, protects them against risks, and reduces their vulnerability to shocks, by building assets. Ultimately, this access develops their social and economic empowerment. It is further argued that financial services for the poor can help them, to turn their savings into sums large enough to satisfy a wide range of business, consumption, personal, social, and asset-building needs (Project Parivartan 2006). It also enables them to take advantage of economic opportunities, which should improve their living standards, (Mejeha and Nwachukwu 2008),

In Nigeria community banks translated into what we have today as the microfinance institutions in the early 2000s.This transformation became the machinery for change thus allowing NGO- MFI institutions to become regulated financial institutions either as Banks as was the case in Kenya or as non Bank financial institutions as was the case in India (Anon., 2011).The underlying factors in these moves were the need for the entries to provide deposit services to their large clientele and to make money at the reach of the poor in the society.

8. Recommendations

- Women in the rural communities form the central targets of microfinance, therefore formal and informal microfinance institutions should be established in the rural areas since the microfinance banking is actually for the rural poor.
- Periodic monitoring and evaluation, review and or amendment of microfinance scheme is mandatory so that the Government, CBN and other stake holders can actually have a feed back on the success or not of the scheme so that available loopholes can be checked

- The ministry of women affairs in conjunction with the National Council for women Societies should engage in advocacy to various stake holders to ensure that the laudable program of microfinance actually gets to the rural women and also sensitize the rural women on the need for them to access microfinance.
- Access to microfinance can help rural self-employed women to expand their businesses and improve their personal and family well-being. Women should be encouraged to open bank accounts, so that they can get use to financial services.
- Civil Society Organizations, the electorates and the press need to step up pressure on the Legislators and members of the executives to discharge their mandates as required. Legislators in particular can use their constituency allowances to help the self help groups expand their capital base.
- The regulatory bodies for MFI should ensure that concentration for establishments of the MFI are not just at the semi-rural areas but the outreach should extend to the actual rural areas so that the target population can actually be met, this can be achieved through the introduction of incentives to encourage more entrepreneurs to establish MFIs. If the rural sector is to be covered, there should be at least one MFI in every community which can meet the needs of the poor in component wards.

9. Conclusion

Microfinance is hailed as a tool for poverty alleviation and is one of the major strategies to achieve the Millennium Development Goals-MDGs (Sachs, 2005). This is because access to financial services assists poor households in meeting their basic financial needs, protects them against risks, and reduces their vulnerability to shocks, by building assets. Ultimately, this access develops their social and economic enablement because access to financial services assists poor households in meeting their basic financial needs, protects them against risks, and reduces their vulnerability to shocks by building their assets base. Ultimately, this access develops their social and economic empowerment. It is further argued that financial services for the poor can help them, to turn their savings into sums large enough to satisfy a wide range of business, consumption, personal, social and asset-building needs. It also enables them to take advantage of economic opportunities, to build assets and to reduce their vulnerability to external shocks that adversely affect their living standards.

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