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Reviving the Debate on Micro Finance as a Poverty Reduction and Development Policy Instrument: Edo State Micro Credit Scheme Revisited.

Oghoator Igiebor Henry Ph.D
Western Delta University, Oghara, Delta State, Nigeria
Email: oghoator@yahoo.com

Abstract
This paper investigates from the stand point of the users, and its main argument is that the discourse on micro finance has always been from the perspective of the financial institutions and this has adversely distorted the facts and has made micro finance to be seen as a poverty alleviation tool. The participatory development theory was applied in this paper which examined Edo State Micro Finance scheme. The secondary and primary sources of data collection were employed and surveys conducted in two markets and two farmers' co-operative. Using simple percentages, the analysis of data established that micro finance has not resulted in any asset accumulation and therefore has not been able to alleviate the poverty of participants. However, household consumption increased minimally. The findings of this study suggest that a total reinvention of micro finance both in terms of design, funding and implementation should be considered for it to serves its purpose.
Keywords: Poverty. Micro- Credit. Grameen Model. Development

Introduction

Poverty is a global problem of huge proportion. Of the world's 6 billion people, 2.8 billion live on less than 2 U.S dollars a day and 1.2 billion on less than 1 U.S dollar. This is the poverty line delineated by the World Bank. According to the World Bank development report (WDR: 2000/2001) the enormity of this is evident when eight of every 100 infants do not live to see their fifth birthday and nine of every 100 boys and 14 of every 100 girls who reach school age do not attend school. Poverty is evident in poor people's lack of political power and voice and in their extreme vulnerability to ill health, economic dislocation, personal violence and natural disasters. The scourge of HIV/AIDS, the frequency and brutality of civil conflicts, and rising disparities between the rich and the poor in developing countries have increased the sense of deprivation and injustice for many.

In 1999, the World Bank group and the International Monetary Fund (IMF) enacted a policy which specified that nationally owned participatory poverty reduction strategies should form the basis of all their concessional lending and debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) initiatives (World Bank.org 2000). Consequently, this resulted in the development of poverty reduction strategies by country authorities. This and other socio-political considerations led the Obasanjo Government to introduce the National Poverty Eradication Programme (NAPEP) and the introduction of various micro-credit schemes by different state governments. One of such schemes is the Edo State Micro Finance Scheme introduced by the Edo State Government.

In formulating strategies for alleviating poverty, it is pertinent to first have an understanding of what constitutes poverty before it can be responded to effectively. Consequently, in this paper, I examined and answered questions like what is poverty? Then a cursory look was taken at dimensions of poverty. Hitherto, studies in Micro-Finance impact on poverty have always been from the perspective of the institutions rather than from the perspective of the loanee who uses the Micro Finance Service. This study carries out Micro-Finance impact assessment on poverty through the lenses of the service users. Thus, a thorough examination of the extent micro finance could be an effective strategy for responding to poverty was undertaken. To achieve this, the operations of Edo State Micro Credit Scheme were examined alongside the world's best micro-credit standard – The Grameen Bank model of Bangladesh.

STATEMENT OF THE PROBLEM

With a population of over 160 million and G.D.P per capital 280 dollars, Nigeria has about 2/3 of its population dependent on micro and small scale enterprise development for their livelihood. Because of the enormous and all embracing impact of poverty, combined with slow economic growth in the formal sector, a large part of the population have been forced into self employment and now depend on subsistence agriculture/enterprise for survival (World Bank1998:vii).

Consequently, a lot of efforts have been made in providing funds or other forms of assistance to the micro sector. But empirical evidence shows that Nigeria's formal financial system is fragmented and therefore cannot meet the demands of micro financial services. Also, small scale firms have problems of finance as formal financial institutions perceive high risk associated with lending to them. There is also high transaction costs associated with lack of reliable information on these clients coupled with the problem of enforcing contracts as a result of an inadequate legal framework and inefficient court system. (Amadasun, Oghoator: 2012).

Despite the remarkable vibrancy and its reputation as a seed bed of African entrepreneurship and employment creator, the micro sector has remained largely marginalized in terms of government policies which can best be described as white wash or cosmetic policies. Thus, the micro sector has not realized its potential for rapid employment and growth in productivity. (Okuneye, 2001:1).

There is also the problem of high interest rates ceilings and individuals in the underdeveloped world have practiced various micro credit schemes like the Osusu, the informal system of relatives, suppliers' credit, savings and credit associations and money lender as a panacea for the endemic lack of funds (WBG, 1998:5) However, these schemes have not been able to provide the necessary funds that can remove the participating individual from poverty.

This study examines the problems of lack of access to financial services which is a major constraint limiting the accumulation of assets by the poor and the development and growth of indigenous enterprises through a thorough examination of the issues.

RESEARCH QUESTIONS

To guide the study, five research questions were formulated thus:

1. Who are the poor?
2. What is the perception of credit-seekers about the Micro-Credit Scheme?
3. What is Micro Credit?
4. To what extent has the Edo State Micro-Credit Scheme improved the living standards of beneficiaries?
5. To what extent has poverty been alleviated?

OBJECTIVE OF THE STUDY

The objectives of this study are:

i. to determine how equitable Micro-Finance loans are in meeting the developmental needs of the loanees

ii. to highlight the need for the evolvement of a financial system capable of lending to micro enterprises, which often need access to small loans.

iii. to highlight the need for the financial institutions to lend to small scale businesses on the basis of reasonable cost and risks.

SIGNIFICANCE OF THE STUDY

Studies on the impact of Micro Finance on poverty alleviation from loanee's perspective have not received much scholarly attention. This study will therefore create a platform that would be of immense value to the government policy makers and managers of the financial sector.

SCOPE AND LIMITATION OF THE STUDY:

The study covers the period November 2000 to date. Also for the researcher to give a robust analysis of micro credit, data was obtained from secondary sources and an empirical study was carried out using two major markets and two farmers' cooperative societies as the study population.

There was also the issue of management staff of Edo Micro Credit Scheme not willing to give much needed information as they treated the questionnaire with suspicion. They looked at the study as an appraisal of their performance and were skeptical as it has to do with funds disbursement.

LITERATURE REVIEW

In this section of the paper, the researcher reviewed literature on poverty separately to form the bases for literature on micro finance. Various perspectives, pertinent literature and theoretical frameworks on micro finance, poverty and development were examined. Thus, attempts were made to relate poverty to micro finance as a panacea for poverty reduction and enhancement of development.

Firstly, Poverty is a multi dimensional phenomenon. Poverty is hunger. Poverty is lack of habitable shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school, not knowing how to read and being able to speak properly. Poverty is not having a job. Poverty is fear for the future, living one day at a time. Poverty is losing one's child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom.

Poverty has been defined by Hornby's advanced learners' dictionary as a state of existing in amounts that are too small to meet with basic needs. (Hornby 2000: 904). Townsend (1992:1) defined poverty as the lack of material resources of certain duration and to such an extent that participation in normal activities and possession of amenities and living conditions become impossible or very limited. Similarly, Olamejeye (1994:10) defined poverty as the degree of difficulty encountered in making ends meet. Webster (1994:14) argues that the great strength of Townsend's approach is that poverty is seen as a process of excruciating deprivation by which people gradually slip out of the mainstream of social life, almost unnoticeably, without being the stereotype paupers in rags and tatters. This definition captures clearly the situation of poverty in Nigeria today. A lot of Nigerians have slipped into situations where their incomes can no longer meet their basic needs. The fact that Nigerians have not started eating from the dustbin does not connote that Nigerians are not poor.

The Secretary-General of the United Nations Organisation in June 1993 in his address to the high session of the Economic and Social Council, gave a multi dimensional definition of poverty when he asserted "poverty manifests itself in the sphere of economics as deprivation, in politics as marginalization, in sociological issues as discrimination, in cultures as ruthlessness and in ecology as vulnerability. Poverty could also be in form of mental poverty. This is the state according to Canice Parker of having an unhealthy and poor state of mind. The Urban dictionary sees mental poverty as an impoverished mind. Poverty is seen in child labour. That is a situation where kids are involved or introduced to enhance/ money making activity. Thus, poverty is pain; it feels like a disease. It attacks a person not only materially but also morally. It eats away one's dignity and drives one into total despair.

For the purpose of this paper, poverty is defined as encompassing inability to satisfy basic needs, lack of control over resources, education and skills, poor health, malnutrition, lack of habitable shelter, poor access to portable water and sanitation, vulnerability to shocks, violence and crime, lack of political freedom and voice. Thus, poverty has many dimensions, and to understand it, it has to be looked at through a variety of lenses. These are:

- Levels of income and consumption
- Social indicators – i.e. portable water and sanitation, life expectancy, primary school enrolment and
- Vulnerability to risks and of socio-political access etc (World Bank 2000).

According to Okuneye (2001:4) poverty is the main cause of hunger and malnutrition exacerbated by rapid population growth, policy inconsistencies and inadequacies. However, governments at different times have formulated programmes and policies aimed at improving the well-being of its citizenry. One of such programmes is the formulation of the micro credit scheme which is aimed at providing funds for the poor to enable them establish or expand their micro enterprise businesses. The examination of the impact of this scheme is the major focus of this paper.

CONCEPT OF MICRO FINANCE

Micro Finance according to the National Council on Industries sees Micro enterprise as "An industry or enterprise whose total cost, including working capital but excluding the cost of land is not more than N1 million and a labour size of not more than 10 workers. Thus, Micro-credit is finance needed or given to micro enterprises. (Chibundu: 2002). This definition or perception is at variance with Grameen Model. The Grameen Foundation U.S.A. defined micro credit or more broadly, micro finance as a proven anti-poverty strategy that centres around providing tiny loans to the very poor, for the purpose of allowing them to earn additional income by investing in the establishment or expansion of "Micro businesses" such as raising livestock, food processing, tailoring. (Grameen Foundation http://www.gfusa.org). According to Oma-WILLIAMS (2002:10) Micro finance refers to: Financing of entrepreneurial ventures in the informal sector without material collateral but guaranteed by a peer group where each member have a stake in the form of savings; financing window which extends micro loans to the poor for income generating projects allowing them to cater for themselves and their families; solidarity group lending structure where group based loans are made and a medium of exchange of limited acceptance for transfer of wealth and capital based on confidence and trust. The definition of National Council on industries of Micro enterprise does not tally with the practical reality of the concept. This is because, small loans of less than ₦ 50,000 is what is given to each loanee.

In Nigeria, contrary to common belief, micro credit or finance is not a new phenomenon. It dates back to ancient times and was labeled as Osusu, Adajo, Esusu, Adaishie, Ayo etc. however; the modern day micro-finance activity has a somewhat recent origin and strategies because it is seen as having the ability to contribute to the fight against poverty and to act as a catalyst for employment creation.

Micro finance schemes therefore are sources of financial aids. They are also programmes instituted to provide finances and opportunities for the funding of micro business outfits on a more informal manner. Example of this is the Edo State Micro Credit Scheme.

Ordinarily, these small businesses do not have access to formal bank credit facilities due to the peculiar nature of micro enterprises. Ekpu (2002:20) contends that it is the very characteristics of micro-enterprises that make them strong targets for micro-credit assistance. These characteristics include: Lack of access to credits – low capital; lack of trained manpower, managerial and technical skills; non-Compliance with legislated standards of quality; poor market strategies; often do not pay taxes; easy entry and Exit; low level entry; labour intensive operation with rudimentary technology; operation outside general business regulation; family owned; utilize skills acquired mainly outside formal education system; reliance on indigenous financial resources; few

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employees.

Micro credits therefore, are financial facilities, programmes or intervention developed to facilitate and promote the smooth running and growth of micro-enterprises, create wealth and growth of the economy while combating poverty. Micro credits provide loans to poor people and the less fortunate (especially women) in terms of cash flow to fund their projects, which generate income.(Tabiowo:2002) Micro credit offers the following services and resources to members. These are training, savings facilities, peer support, programme support etc.

However, these facilities are laced up with interest rates that could be described as prohibitive. To understand micro-credit operation; it is pertinent to look at the various types of the schemes that have been in operation.

TYPES OF CREDIT SCHEMES IN NIGERIA AND THEIR OPERATIONS

It is worth noting, that any credit venture relationship or activity between two or more people depends on trust and this carries some elements of risk. From its definition, it can be deduced that credit means granting the use of land, possession of goods and services without immediate payment. The intention or arrangement is to pay later. However, various micro-credit schemes have evolved strategies to lessen the financial burden of their members through pooling of their resources. Some of the schemes are:

1.Thrift collection: Here a fixed amount of money is collected by the thrift collector daily. The total amount collected at the end of the period agreed upon is returned to the client less a charge of the thrift collected. This is done on trust and the thrift collector must be one with proven integrity and trustworthiness.

2.Group Collection or Osusu/ The Contribution Society (Credit Organization): A group of people come together and agree for a period to contribute equal amounts of money. The total amount paid usually in a month is collected by a member of the group and the process continues till all members collect their entitlements. The schedule for collection can either be done by balloting or agreed on by the contributors.

3. Co-operation/Co-operatives

A co-operative is business enterprise voluntarily owned and controlled by its members and operated by them for themselves on a non profit/cost basis. Co-operatives are organized in response to mutual interests and economic needs of members. A co-operative is a micro-credit scheme, because savings made can be pulled together for an income generating venture or create wealth for improved quality of life. The principle is that the surplus earnings of co-operatives are usually divided and shared amongst members as dividends in proportion of their involvements.

However, because of the role micro credit plays in wealth creation, employment creation and poverty alleviation, Government at various times included have come up with various schemes to promote micro credit in the country with a view to improving the living standards of the people. Various schemes which include People Bank and Community Bank Programmes, Family Support Programme (FSP), Family Economic Advancement Programme (FEAP), National Directorate of Employment (NDE), National Poverty Eradication Programme (NAPEP), etc. These will be discussed presently.

The first real attempt at providing credit to micro-enterprises and entrepreneurs was during the General Babangida administration. The establishment of Family Support Programme (FSP) which metamorphosed into the Family Economic Advancement Programme (FEAP), the People Bank of Nigeria and the National Directorate of Employment (NDE) were programmes aimed at providing finance/ succor to the poor.

4. FAMILY SUPPORT PRPGRAM/ FAMILY ECONOMIC ADVANCEMENT PROGRAMME

The FSP had as one of its agenda the establishment of cottage and small scale industries that can help absorb some of the unemployed. Similarly, the FEAP which was established under Decree II according to FEAP blue print (1997) was aimed at establishing at least 10,000 cottage industries annually by providing capital in the form of loans to people at the ward level. Furthermore 40% of FEAP credits/loans were allocated to farming (FEAP: 1997).

5. PEOPLES BANK OF NIGERIA (PBN):

The PBN was established in 1989 with the aim of providing basic credit requirements for Nigerians with low economic base. This marked the beginning of the institutionalization of the fight against poverty. The bank's objective amongst others was the provision of loans to small scale entrepreneurs. The loans were to require no collateral and the interest rate that was charged was minimal to cover the cost of loan administration. Loan repayments were to be in weekly installments, commencing two weeks after the loans are granted. To effectively reach out to the grassroots, the bank was to operate through a People's Bank Community Relations Committee (PBCRC) made up of leaders in each locality.

According to Peoples Bank of Nigeria (1998) the Bank had 280 branches nationwide and had disbursed loans to over 3 million customers and claimed to be the largest micro-credit organization in Africa.

6. National Poverty Eradication Programme (NAPEP)

The National Poverty Eradication programme (NAPEP) has four major schemes. They are:

- The Youth Empowerment Scheme(YES)
- Rural Infrastructure Development Scheme (RIDS)
- Social Infrastructure Services Scheme (SISS) and
- National Resources Development and Conservative Scheme (NRDCS)

The Youth Empowerment Scheme (YES) has as its objectives the provision of training, skill acquisition and wealth creation amongst the youths. In achieving these objectives, the Social Infrastructure Services scheme was established (SISS). The focus of this scheme is the provision of special education, primary health care services, recreational centres and facilities, provision of Mass transit and also the provision of Micro and Macro Credits delivery which is the focus of the work. However, the above stated schemes failed because of lack of continuity as a result of regime change and high level corruption and nepotism.

THE EDO STATE MICRO CREDIT SCHEME

The micro credit scheme was established in April, 2002. The scheme is Advised and Managed by Partnership Investment Co. Ltd which also provide funds in addition to the funds provided by the Edo State Government. The Edo State Micro Credit Scheme with the motto: "Creating Sustainable Wealth at the Grassroots" is designed to give credit support to entrepreneurial efforts using the strength of groupings. Thus, loan beneficiaries are drawn from groups which must necessarily be their sponsor. Under the Edo State Micro-Credit Scheme, beneficiaries must be members of any association registered with the Edo State Ministry of Commerce and Industries. The associations are in the following forms:

- Co-operative societies
- Trade Unions
- Community Development Associations
- Farmers Groups
- Members of National Association of Small Scale Industries or the Benin Chamber of Commerce, Industries, Mine and Agriculture.

For an entrepreneur to benefit from the loans, he/she must be sponsored and guaranteed by their various associations and/or local government councils.

The Schemes activities are in related areas of endeavours namely:

1. Trading/Agriculture
2. Projects (Cottage Industries)
3. Financial growth of on-going small business.

Sadly however, this study revealed that the Edo State Micro Credit at the moment is only able to give loan to the 1st category of the scheme-Trading and agriculture. Currently, 15% interest rate is charged annually for loans given to traders, while 10% interest is charged the farmers. For this category maximum amount given is N50, 000 per group and repayment is spread between 10 -12 months. The Edo State Credit Scheme at the moment has about 700 registered co-operatives scattered all over the state that are supposed to be enjoying the credit facilities.

EDO STATE MICRO CREDIT SCHEME MODEL

Loans from the scheme which is funded by Edo State Government and Partnership Investment Co. Ltd are given only to members of registered co-operatives. To ensure repayment, loans are not given to the entire members at once. The practice is that if a co-operative has 30 members only 15 members will be given loans and as they make payments, the remaining 15 members are then given loans. The idea is to use the last group to act as control mechanism and this ensures a balanced system. Defaulters are taken to the local Chiefs/Obas and the local government councils for sanctions.

THE GRAMEEN BANK 1 AND II MODELS: The Grameen Bank Approach (GBA) is both an ideology and a methodology that has now been replicated all over the world including the developed countries. As an ideology, it believes that poverty is a human creation and that human creativity can eliminate poverty. As a methodology or model, GBA is characterized by certain attributes that have come to be known as the "Grameen essentials" (Getubig: 2000)

The Grameen Bank project started in Bangladesh in 1967. Grameen bank has 2.4 million borrowers, 94% of whom are women and has loaned more than 3.7 billion dollars in amounts averaging less than 200 dollars (Grameen: 2003). The main features of this model are:

Borrowers are organized into groups whose members have similar background and interest. The groups are organized into centers for administrative convenience of bank staff, who attend centers meetings on weekly basis. Loans repayments are in small amounts made on weekly basis, Eligibility for subsequent loans depends on repayments performance of loanees,

There is group generate fund for repayment which acts as collateral security,

However, certain circumstances created some problems for the efficacy of this model in Bangladesh.

These problems gave birth to the establishment of GRAMEEN BANK II Model which was designed by Prof. Mohammed Yunus on April 14, 2000. The Grameen Bank II model termed Grameen Generalist System (GGS) provides answers to the rigidity of the Grameen Bank I model termed Grameen Classic System (GCS).

Under the first model once a borrower fell off the track, she found it almost impossible to move back and no departure from laid down rules was allowed. Hence the evolvement of the new system, the Grameen generalized system (GGS) also known as Grameen Bank II Model (Grameen Foundation: 2003). In this model, General Loans, Seasonal loans, Family loans; Group fund; Branch-wise, Zone-wise loan ceiling; fixed size weekly installment and rule to borrow every time for one whole year, even when the borrower needed the loan only for three months were removed. The Grameen Generalised System (GGS) is built around one prime loan product – called Basic Loan. In addition, there is also the housing loan and the higher education loan-issued directly to the children of the non-defaulting borrower. The loan is paid back by the children when they start working.

Under the GGS model, (the GGS), all borrowers start with the basic loan and there is a built in mechanism that provides a convenient arrangement that will assist defaulters in the event of their inability to pay as scheduled. In GGS, basic loan comes with an exit option. One major feature of the GGS model is that a borrower can increase the amount of loan sought as long as the requirements of the basic loans are met.

The GGS has created a methodology which can provide custom-made credit to a poor borrower whereas; the GCS is a "single size-fits-all" methodology. Loans are designed to fit the clients in terms of duration, timing of the loan, scheduling the installments, i.e a borrower can pay more each week during peak business season, and pay less during lean period. That is both the obtaining and repayment of loans are flexible and not rigid as in the GCS.

THEORETICAL FRAMEWORK

The participatory development theory was adopted for this study. This theory focuses on economic power in the locality or community which is a part of the holistic power concept. Power is a function of knowledge, social and political influences. Giles (2002:49) contends that in achieving economic power participatory development theory seeks to implement local or community projects using local knowledge, local capital and local labour. The linkage between participatory development theory and micro credit is berthed in the instrumental strain of participatory development. The goals of Development are hampered by weak institutions which can be strengthened by involving the beneficiaries. Thus, micro credit helps in developing local communities and invariably developing the standard of living of the beneficiaries. It must be noted that micro finance focuses on the betterment of the community and in achieving this it relies on the collective choices of groups and the ultimate recipient of the micro lending are the beneficiaries.

MICRO FINANCE EXPERIENCES OF OTHER COUNTRIES

In Bangladesh interest rates of Micro Credits are unfortunately very high. The poor borrowers are charged unreasonably high interest rates by profit seeking Micro Finance institutions- MFIs (Faruqee and khalily M.A: 2010). The Consultative Group to Assist the Poor (CGAP) reveals that the average real interest rate is between in Bangladesh is 27%, India 24.5% Indonesia 22.2%, Morocco 29.4%, Peru 32.8%, Cambodia 27.6% Mexico 46.7% (CGAP:2007). According to CGAP, these interest rates from the perspective of the MFIS are functions of the Cost of Funds, Administrative Expenses, Contingency Reserves (Provision for Bad Debts), Tax Expenses, Credit Rating of Clients and Capitalisation Rate and the net profit of MFIs which is usually set at 5 -15%

The rates are so high that Mr. Mohamed Yunus described the MFIs as "the new loan sharks." Also, Qazi Kholiquzza man Ahmad, Chairman of Palli Karma-Sahayak Foundation in Bangladesh (PKSF) which channels government funds into Micro Finance described Micro Finance as a "death trap" for the poor.

While Ama Muhith, the Finance Minister enthused that Micro Credit is no panacea for poverty. The high interest rates are considered to be one of the reasons for keeping the hard core poor in the debt trap continuously (Amy Kazmin:2010).

METHODOLOGY

The survey method of data collection was used in this study and in designing the research, the primary and secondary sources of data was relied on. Under the secondary sources, materials from existing literature and journal articles were extracted. However, the survey technique was used under the primary sources of data. Thus, questionnaires were designed and administered to a total of 100 respondents, mainly traders from Edaiken and Oliha markets. The entire population of the selected farmers' co-operatives was sampled. In this study, the respondents were from Fugar and Uromi Farmer's Co-operatives.

The stratified random sampling was used in selecting the respondents in the markets researched. Thus, responses were sought from all segments of the market. The stratified random sampling was used not only on account of saving of time and money in interviewing, but it also assured representation not only of all ranks/segments but simultaneously of all sex and income ranks within the population being studied (Bailey, 1987:90) The interview schedule was thereafter used because of the need to secure a high response rate as the population under study was a not so literate one. According to Bailey (1987: 174) persons who are unable to read and write can still answer questions in an interview, and others who are unwilling to expend the energy to write out their answers may be glad to talk. Furthermore, the employees of the Edo State Micro Credit Scheme were interviewed. The Data collated was analyzed using the simple percentage as the statistical technique tool.

FINDINGS

Table 1: Awareness and accessibility of scheme by trades.

S/N		Frequency	Percentage
1.	Respondents in each market	100	100 %
2.	Level of Awareness at Edaiken Market	17	17 %
3.	Level of Awareness at Oliha Market	14	14 %
4.	Edaiken Market Beneficiaries	4	4 %
5.	Oliha Market Beneficiaries	6	6 %
6.	Level of Beneficiary dissatisfaction in both Market	100	100 %
7.	High interest rate	100	100 %

Source: Field work (2011)

1. In course of this study the researcher found out that Edo State Micro Credit Scheme is not very popular. As depicted in table1, of the 100 respondents which are mainly traders in each of the 2 markets, 14% and.17% respectively have heard of the scheme. Thus, awareness level is very low.
2. At the Edaiken Market, of the 17% that have heard of the scheme 4% of them have benefited from the scheme while 2 % have benefited from LAPO-lift Above Poverty organisation. (Another Micro Credit organisation)
3. At Oliha Market, of the 14% that have heard of the scheme 6% are currently benefiting from the scheme.
4. On the question of satisfaction, 4% have benefited from the scheme from Edaiken market and 6% at Oliha market were not satisfied with the scheme because, the amount of loans was too small-average of N10,000 – N 15,000 to create any meaningful impact in their lives.
5. The bi-weekly payback period arrangement was found out to be too short.
6. However all beneficiaries complained that the 15% interest rate charged was on the high side.
7. Furthermore, of the total 50 questionnaires administered to farmer's co-operatives at Fugar and Uromi, 70% of them showed dissatisfaction with the amount they received but was alright with the payback interest of 10%.
8. In the course of this study, it was found out that Edo State Micro-Credit Scheme is not for those that are just starting businesses. The loan is only for those already in business. The question one may ask now is who gives micro-credit to people to start businesses so that employment can be created?
9. 95% of the respondents that have not heard of Edo State Micro-Credit Scheme would like to be part of the programme.
10. Women traders were found to be the major beneficiaries of this scheme
11. Members of the same household were found to be benefiting from the scheme. This could portend some danger.
12. More importantly, though the strategy of giving group loans is a welcomed one as it is a design against fraud on the part of the loanees. But extraneous factors were found to be present. 13% of those that have heard at Edaiken Market are not benefiting, because they could not be accepted into the groups or associations because they do not belong to other social clubs as those that formed the association. According to the respondents, they were not registered because they could not be vouched for by other members.
13. Of those benefiting, it was found out that they were not the poorest considering their capital base and this negates the scheme's policy of providing micro credit for the poor.
14. The study revealed that monitoring is a major problem. The Edo State Micro Credit Scheme workers need finance for effective monitoring. Frequent visits are not paid to the loanees to effectively monitor activities.
15. The study revealed that the operators of the scheme are too meticulous, rigid and operate with utmost fear for failure. This explains the negligible number that have benefited from the scheme.

RECOMMENDATIONS

Based on the findings of this study the following recommendations were made.

1. Government should be sincere. Only about 500 million Naira have been disbursed since its inception.

More funds should be disbursed for the scheme to be able to alleviate poverty and provide employment for the poor. At best what the programme serves is the cosmetic policy of the government. This is because very few people have benefited from the scheme.

2. Also, the problem of definition should be addressed. A micro firm definition of ₦ 1 m is too large and therefore, government has not started solving the problems of poverty.
3. Introduction of Insurance Scheme should be a policy the government should enforce. Like what obtains in the Grameen Bank II Model.
4. Individuals should be given loans based on their personal assessment. This will check the incident of non registration into groups because of cultism. Also, some traders require more amount of money and if not given could result to failure.
5. The interest rate should be reduced to 3% as was the case with Japan and South Korea after the great depression when they introduced similar scheme.
6. The timing of the credit is very important. Beneficiaries should be given the loans early enough. Less time should be spent on borrowing and redtapism.
7. Loans that are equitable should be given. This affects the payback. If a trader/ farmer needs a given amount to enable him expand his micro-business? If lesser amount of loan is given, chances are that the amount will be re-directed into other areas.
8. Loanees should be made to buy shares and therefore become owners as is the case with Grameen bank.
9. Funds should be mobilized from other sources like Ford Foundation and UNICEF.
10. A National Micro-Credit Scheme/Policy should be put in place to enable the whole country benefit from its objectives. The Peoples Bank was an example in this direction. Also the Grameen bank or its replica should be established for the whole country. The National Policy should be all embracing. Instead of the Cosmetic policies of state that cannot even diagnose the problems of the poor let alone solving it.
11. The awareness level should be increased by using all available media for this. A lot of people have not heard of the existence of the scheme and those that have heard do not know the workings of the scheme. A lot have not even bothered because they believe they cannot get the loan.
12. Loans should also be given to those wishing to establish their own businesses. The practice of giving credits only to those that have already began business, should be extended to those just starting. That way, it will kick-start the poor into getting employed other than this, it cannot be said to create employment.
13. A pool of resources should be created to serve as a revolving fund to meet the credit needs of the target population.
14. There should be an establishment of micro-credit agency. This will identify and monitor micro credit programmes etc.
15. Education loans should be given to the children of the participants. Such loans will be paid later by the children as it is in the GGS Model.

CONCLUSION

In conclusion, it is the view of this paper that the micro credit scheme is a step in the right direction. What is needed is that strategies should be put in place to ensure wider coverage and efficiency. The practice now is that:

(1) Micro finance can be likened to keeping a weak engine running. It is a means of elongation of the engine crash period or timing.
(2) It is a palliative measure. It is not a solution to poverty
(3) Micro finance is just a cosmetic policy that is intended to aid the financiers and prevent uprising from the point of the poor masses.

The poor really need help.

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APPENDIX A

SECTION A

1. What is your position in the organization?…………
2. What is your educational qualification?....................
3. When did you join the organisation?.........................
4. Have you worked in a similar organisation before joining this organisation?..........

SECTION B

5. When was Edo State Micro-Credit Scheme established?..................
6. How many beneficiaries up to date?......................
7. How many associations are registered with the scheme?.........................
8. How much money has been given out as loans since its inception?...........
9. How many people / associations are currently enjoying the facility?......
10. What is the highest singular amount ever given out as loan?...................
11. Are the beneficiaries happy with the scheme? Yes or No
12. Do you have problems with the beneficiaries? Yes or No
13. Is the payback satisfactory? Yes or No.

Author: Dr Oghoator Henry Igiebor is a lecturer in the Department of Political Science and Public Administration. Western Delta University, Oghara. Delta State. Nigeria.

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