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Microfinance and Poverty Reduction: The Nigerian Experience

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Abstract

Poverty has been one of the major problems of mankind and its reduction/alleviation is imperative for societal progress. Poverty is viewed largely as a problem of the poor earning too little income, consuming too little to attain a socially acceptable standard of living. Microfinance is a key development strategy for promoting poverty reduction and economic empowerment. The paper revealed that microfinance has the potential to effectively address material poverty, that is, the physical deprivation of goods and services and the income to attain them by granting financial services to households who are not served by the formal banking sector. The paper also revealed that in Nigeria, poverty alleviation has spawn a broad array of initiatives, including the Green Revolution, Operation Feed the Nation, Sectoral Allocation of Credits, National Poverty Eradication Programme and host of others. In spite of all these lofty initiatives, the paper revealed that rural poverty has remained unabated. The study found out that most of the microfinance banks tend to concentrate their operations in urban and semi-urban towns instead of the rural areas where the poorest of the poor are concentrated. It was the finding of this study too that there is a need for capacity building as more of the managing Directors of these banks are ill-equipped for the services they are meant to provide, thereby leading them to miss their target market. The paper recommended therefore that capacity building for stakeholders and proper supervision should be put in place by the regulatory agencies to avoid them losing their focus. The paper concluded by emphasizing the need for the three tiers of government to be encouraged to actualize their commitment of 1 percent of their annual budget in form of agency participation to strengthen the financial capability of microfinance banks.

Key words: Poverty alleviation; Microfinance and bank

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INTRODUCTION

Microfinance has been defined as efforts to improve the access to loans and to savings services for poor people (Shreinner, 2001:1), and is currently being promoted as a key development strategy for promoting poverty reduction/eradication and economic empowerment. It has the potential to effectively address material poverty, the physical deprivation of goods and services and the income to attain them by granting financial services to households who are not served by the formal banking sector.

Poverty is a global phenomenon with over 2.8bn of the world population living below the poverty live out of which 1.1billion live on less than US$1.00 per day (CBN). This prompted the international community to declare the Millennium Development Goals (MDG) aimed at reducing incidence of poverty globally by half by 2015 (CBN 2009:21). One of the compelling challenges facing mankind today is the problem of poverty. Poverty is not only on the increase, but also wide spread in many developing countries (Osuala, et al, 2009:152). The dimension of hunger and malnutrition, which are extreme cases of poverty are alarming and cannot leave anyone indifferent. According to World Bank report, an estimated 174 million under-five children in the developing world were malnourished in 1996-1998, and 6.6million out of 12.2million deaths among children in that age group were associated with malnutrition (Osuala, et al: 2009:152). However, today, as other continents such as South Asia continues to register sustainable economic growth and development, Africa is not only lagging behind, but is still trapped in a vicious circle of poverty, depending on borrowing from outside the continent and largely relying on donor nations, which practically sabotage real economic development.

The unflinching commitment of the Central Bank of Nigeria to the reduction of poverty and other associated socio-economic malaise in Nigeria, informed the decision of the Bank to formulate and implement a functional microfinance policy framework aimed at stimulating sustainable growth and development. This has become more imperative in view of the limited capacity of the formal banking sector in providing financial services to the vast majority (about 65%) of the Nigeria population considered poor but economically active (CBN 2010:22). Microfinance institutions could play a pivotal role in meeting the financial needs of both households and micro enterprises. Traditional or formal banking sector has failed to provide adequate credit services to the poor, and microfinance institutions and programmes are being developed to fill this gap. If microfinance institutions are correctly aimed at improving access to credits, then encouraging savings and the means to save to those who did not have such access before, could play a critical role in eradicating or reducing poverty and empowering a nation, including Nigeria, which, according to Ankomah and Chamba (2000:5) could lead to economic development generally.

The increasing role of microfinance in development cannot be overemphasized and it is due to several key factors (UN: 2000:1). These factors include:

a. The poor need access to resources of which appropriate financial services are a key resource in order to improve their condition.

b. There is a high demand among the poor for credit services, because provision of this service by the commercial or formal sector is limited.

c. The poor can save, repay loans and effectively utilize resources towards income generation provided that the instruments are appropriate to their needs.

The interest in microfinance as a development strategy is evident from the support, supervision and directives it has received from the Central Bank of Nigeria and other supervisory agencies as well as private banking institutions. The United Nations is no exception to this. It has undertaken a project to investigate microfinance in the African context. As a result, the United Nations office of the Special Co-ordinator for Africa and the Least Developed Countries (UNOSCAL) model of microfinance proposes that microfinance initiatives will be successful in Africa only if it is based on four principles of the model from international best practices.

These principles are:

(1) Pool together people's resources through group organizing.

(2) Rely and build upon what people know-tradition.

(3) Reinforce microfinance to empower the African private sector, and

(4) Strive for efficiency.

1. CONCEPTUAL ISSUES

1.1 Poverty

The definition of what is meant by poverty and how it is measured and who constitute the poor are fiercely contested issues. In the poverty debate stands the question whether poverty is largely about material needs or whether it is about a much broader set of needs that permit well-being, Osuala (2009:153). Ravallion et al (1994) in Osuala (2009) refer to poverty as a lack of command over basic consumption needs, that is, a situation of inadequate level of consumption; giving rise to insufficient food, clothing and shelter. Aluko (1972) and Sen (1987) defined poverty as lack of certain capabilities, such as being able to participate with dignity in societal endeavours. Chambers (1983:112) in Osuala (2009) insisted that the poor are poor because they are poor, "their poverty conditions inter-lock like a web to trap people in their deprivation. Poverty is a strong determinant of others. The causes of poverty are many and must be attacked from all fronts to save the poor from the poverty trap".

According to Meyer (2001), historically poverty was viewed largely as a problem of the poor earning too little income, consuming too little to attain a socially acceptable standard of living and possessing too few assets to protect themselves against unforeseen problems. Poverty alleviation strategies, therefore, have usually focused on employment creation, sometimes skill acquisition and, occasionally, redistribution of assets from the rich to the poor, (Osuala: 2009). Technological change for small farmers has been a part of most rural poverty programmes. Improving access to credit has often been viewed as an important weapon in the arsenal to fight rural poverty. However, during the past couple of decades, poverty analysts have argued that this traditional view of poverty is too narrow and simplistic. A recent example of the expanded view involving multiple dimensions of poverty is found in the Asian Development Bank's Poverty Reduction Strategy and World Development Report 2000/2001 of the World Bank. These documents noted that not only do the poor lack income, they lack adequate food, shelter, education and health. They face extreme vulnerability to ill heath, economic dislocation and natural disasters. They are often exposed to ill treatment by the institutions of the state and are powerless to influence many decisions that affect their lives.

1.2 Level of Poverty in Nigeria

In Nigeria, there are glaring indices that clearly indicate that rural poverty is not only a reality, but quite on the high side. As William (2003) noted in Osuala (2009), 70 percent of Nigerians live below poverty live and survive on less than universal minimum standard of US$1.00 per day. When the scope is extended to less than US$2.00 per day, 90.8 percent of the population was categorized as being poor.

Table 1–6 show the poverty situation in Nigeria from the period 1980 – 2004 as reported by the National Bureau of Statistics (2008). The tables show increases in the rural poverty level in the country. Besides, the poverty assessment study commissioned and sponsored by the World Bank in 1999 equally reported that poverty is indeed increasing in Nigeria. The report puts Nigeria Human Development Index (HDI) at only 0.416. The movement of the Per Capita Household Expenditure (PCE) over the period underlined this pattern of poverty. It could be seen from Table 6 that after the inflation has been brought under control, the figures revealed that PCE for 1996 was not only lower than other previous years, but also was less than half of 1980 PCE, (Osuala, et al: 2009).

Tables 1 – 6: The Poverty Level in Nigeria Between 1980 and 2004

Table 1
Poverty Level in Nigeria 1980 – 2004

Year	Estimated Total Population (million)	Poverty Popuplation (millions)	Poverty Level (%)
1980	65	17.7	27.2
1985	75	34.7	46.3
1992	91.5	39.7	42.9
1994	102.3	67.1	65.6
2004	-	-	54.4

Source: National Bureau of Statistics, 2008

Table 2
The Poor and the Core Poor in Nigeria

Year	Non-Poor (%)	Moderately Poor (%)	Core Poor (%)
1980	72.8	21.0	6.2
1985	53.7	34.2	12.1
1992	57.2	28.9	13.9
1996/97	34.4	36.3	29.3

Source: National Bureau of Statistics, 2008

Table 3
Poverty by Size of Household

Size of Household	Poverty Head Count				
	1980 (%)	1985 (%)	1992 (%)	1996 (%)	2004 (%)
1 person	0.2	0.7	2.9	13.1	7.0
2-4 persons	8.8	19.3	19.5	51.5	42.3
5-9 persons	10.0	50.5	45.4	74.8	62.6
10-20 persons	51.0	71.3	66.1	88.5	72.1
20 + persons	80.9	74.9	93.3	93.6	88.7
All Nigeria	27.2	46.3	42.7	65.6	57.8

Source: National Bureau of Statistics, 2008.

Table 4
Poverty Headcount by Age-Group of Household

Age Group	1980 (%)	1985 (%)	1992 (%)	1996 (%)	2004 (%)
15-24	16.2	25.3	28.7	37.4	36.8
25-34	17.8	33.4	28.5	52.7	53.7
35-44	26.7	46.0	42.1	64.6	59.6
45-54	27.1	49.7	45.7	71.3	60.2
55-64	39.7	55.7	48.2	69.9	59.1
65 +	28.8	49.1	19.5	68.0	52.8
All Nigeria	27.2	46.3	42.7	65.6	57.8

Source: National Bureau of Statistics, 2008.

Table 5
Distribution of States by Poverty Headcount Using Self-Rated Lines, 2004

State	Poor	Non-Poor
Abia	82.46	17.54
Adamawa	76.18	23.82
Akwa Ibom	65.36	34.64
Anambra	71.07	28.93
Bauchi	88.30	11.70
Bayelsa	95.57	4.43
Benue	80.80	19.15
Borno	87.81	12.19
Cross River	81.16	18.84
Delta	84.25	15.75
Ebonyi	87.22	12.78
Edo	73.09	16.66
Ekiti	96.53	3.47
Enugu	80.77	19.23
Gombe	73.20	26.80
Imo	77.78	22.22
Jigawa	59.44	40.56
Kaduna	74.77	25.23
Kano	73.11	26.89
Katsina	76.03	23.97
Kebbi	73.55	26.45
Kogi	82.12	17.88
Kwara	88.68	11.32
Lagos	70.24	29.76
Nassarawa	77.48	22.52
Niger	75.28	24.72
Ogun	81.25	18.75
Ondo	80.13	19.87
Osun	65.10	34.90
Oyo	62.53	37.47
Plateau	81.42	18.58
Rivers	72.60	27.40
Sokoto	75.66	24.34
Taraba	80.47	19.53
Yobe	87.36	12.64

To be continued

Continued

State	Poor	Non-Poor
Zamfara	76.47	23.53
FCT, Abuja	82.32	17.68
Total	78.30	21.70

Source: National Bureau of Statistics, 2008.

Table 6
The Per Capita Household Expenditure in Nigeria (1980-1999)

Year	PCE (N)
1980	2,400
1985	1,270
1992	1,780
1996	1,050
1999	1,163

Source: CBN Economic and Financial Review, Vol. 39 No. 4., 2008.

2. MICROFINANCE

Microfinance is the provision of a broad range of financial services to low-income microenterprises and households. The range of financial services usually includes savings and loans. However, other products might also include insurance, leasing and money transfers (Cornford: 2001).

Microfinance or microcredit is a means of extending credit, usually in the form of small loans with no collateral to non-traditional borrowers such as the poor in the rural or undeveloped areas. This approach was institutionalized in 1976 by Muhammed Yunus, an American – educated Bangladeshi economist who had observed that a significant percentage of the world's population has been barred from acquiring the capital necessary to rise out of poverty. He set out to solve this problem through the creation of the Grameen Bank in Bangladesh. The Grameen approach is unique because the small loans are guaranteed by members of the borrowers community and pressure within the group encourages borrowers to pay back the loans in a timely manner. Grameen's client are among the poorest of the poor, many of whom had never possessed any money and relied on barter economy to meet their daily needs. Using micro loans, borrowers are able to start their own businesses. By 1996, Grameen had extended credit to more than three million borrowers and was the largest bank in Bangladesh with more than 1000 branches (Okurut et al: 2004).

Most of the microfinance banks operating in Nigeria today started as community banks with a capital base of N500,000.00. When the Central Bank of Nigeria noted that some of them were operating beyond their capital base, and that was creating liquidity problems for them, the apex bank came up with new policies and programmes to strengthen the capital base of these banks. The recapitalization exercise which ended on 31st December 2008 put the capital base of Microfinance banks as follows:

(1) Those operating within the state - N100 million

(2) Those operating on unit banking system, that is, operating from one branch only - N20 million

(3) Those wishing to operate within the entire country - N2 billion.

This exercise saw the emergence of 716 Microfinance banks that are virile and well focused across the country out of the 910 registered microfinance banks. What is expected of them now is efficient and effective service delivery to the rural poor, (CBN: 2008).

The success of microfinance/microloans in Bangladesh led to similar programmes in other less-developed nations, including Bolivia, Indonesia, Uganda etc. In Nigeria, as at December 2009 there were 910 microfinance offices located in the six geo-political zones of the country. The distribution is shown in table 7.

Table 7
Distribution of Microfinance Banks by Geo-Political Zones as at 31/12/2009

Geo-Political Zones	No. of MFBC	Total Per Zone	% of Total
North West			
Jigawa	08		
Kaduna	23		
Kano	07		
Katsina	05		
Kebbi	06		
Sokoto	05		
Zamfara	06		
Sub-total	60	60	6.6
North Central			
Abuja FCT	41		
Benue	10		
Kogi	21		
Nassarawa	22		
Kwara	03		
Niger	12		
Plateau	13		
Sub-total	122	122	13.4
North East			
Adamawa	08		
Bauchi	12		
Borno	04		
Gomge	04		
Taraba	04		
Yobe	01		
Sub-total	33	33	3.6
South West			
Ekiti	13		
Lagos	220		
Ogun	54		
Ondo	18		
Osun	33		
Oyo	48		
Sub-total	386	386	42.4
South-south			
Akwa-Ibom	15		
Bayelsa	2		
Cross River	16		

To be continued

Continued

Geo-Political Zones	No. of MFBC	Total Per Zone	% of Total
Delta	36		
Edo	25		
Rivers	31		
Sub-total	128	128	
South East			
Abia	28		
Anambra	80		
Ebonyi	17		
Enugu	22		
Imo	44		
Sub-total	181	181	19.9
Total	910	910	100.0

Source: The Nigerian Microfinance Newsletter Vol. 9, July – December, 2009

Several efforts were made in the past by various past administration in Nigeria to eradicate or alleviate the poverty level of the majority of rural dwellers. Indeed, poverty alleviation has spawn a broad array of initiatives including operation feed the Nation (OFN), Green Revolution, Directorate of Foods, Roads, and Rural Infrastructure (DFRRI), National Directorate of Employment, (NDE), People's Bank of Nigeria (PBN), Better Life Programme, Family Support Programme and a host of others. The big question, however, is what impact did these lofty programmes make on the perennial problem of poverty in Nigeria. How have they affected the rural poor – the poorest of the poor in Nigeria? What have been their impacts on Nigerian economic development?

Iyanga (2007) in Osuala (2009) observed that robust economic growth cannot be achieved without increasing people's access to factors of production, especially credit. He stressed that the latent capacity of the poor for entrepreneurship would be significantly enhanced through the provision of microfinance services to enable them engage in economic activities and be more self-reliant, increase employment opportunities, enhance household income and create wealth. Iyanu (2008) stated that an economy without a vibrant micro, small and medium enterprises base cannot enjoy sustainable growth.

Microfinance is about providing financial services to the poor who are traditionally not served by the conventional financial institutions. It is regarded now as the newest silver bullet for poverty alleviation, but it also needs to be stressed that microfinance is not a new phenomenon in Nigeria. It existed in the past without government intervention in various forms in different parts of the country. It is known as "esusu" among the Yorubas, "etoto" among the Ibos and "adashe" in Hausa (CBN: 2000). It was practiced then to provide funds for producers in the rural communities. It is in the realization of its great potentials as Microfinance Institutions (MFI) that Nigerian government has at various times made some impressive efforts to modernize the system in both urban and rural communities to improve the productive capacity of the urban and the rural poor, and enhance their contributions to the national economy.

The global importance of microfinance in poverty reduction has created a compelling need to design strategies for providing financial services to the vulnerable, poor and low income groups on a sustainable basis. Owing to peculiar nature or conditions of the poor, these services originally provided at subsidized rates through non-governmental organizations and self-help groups by donors and government. However, donor and government funds had continued to dwindle in the face of competing alternatives, creating the needs for more efficient ways of service delivery.

Institutions with commercial orientation, low transaction costs, appropriate fees and interest charges became the choice in recent times. Also, institutionalization of financial programmes and policies that support effective and efficient financial intermediaries have began to gain increasing attention. In Nigeria, the microfinance policy, regulatory and supervisory framework was launched in December, 2005. The policy provided for the provision of financial services by non-governmental organizations, deposit money banks and microfinance banks.

To ensure that the mission of the policy was achieved, key policy targets were stipulated. These included ensuring that majority of the active population are reached with financial services, and that total credit as a percentage of Gross Domestic Product (GDP) increases steadily, as well as micro credit as a percentage of total credit to the economy (Microfinance Newsletter, July – December: 2009).

Equally, important was the need to improve access of women to microfinance on a consistent basis. These targets form the mission of the microfinance policy framework and the institutions that have emerged from it.

The achievement of the objectives of microfinance in Nigeria depends on the extent to which the institutions in particular, regulators and other stakeholders perform their respective roles. According to the National Bureau of Statistics (2008), the activities of Community/ Microfinance banks in Nigeria between 2003 and 2007 can be summarized as in table 8:

Table 8
Summary of Community/Microfinance Banks' Activities, 2003 – 2007

Category	2003	2004	2005	2006	2007
No of reporting Banks	554	615	725	757	702
Capital and Reserves (N1000)	7,011.1	8156.4	10.054.1	12,619.9	14,256.7
Total assets (N1000)	28,689.2	34,162.3	46,062.7	55,056.1	55,616.1
Deposit liabilities (N1000)	18,075.0	21,407.9	28,723.4	34,008.8	33,088.3
Loans and Advances (N1000)	9,954.8	11,353.8	14,547.4	16,498.6	16,450.8
Investments (N1000)	2,261.0	2,612.7	3,594.4	3,868.2	2,592.4
Average Loan/Deposit Ratio	55.1	53.0	3,594.1	48.5	49.7

Source: National Bureau of Statistics, 2008.

3. THEORETICAL LINK BETWEEN MICROFINANCE AND POVERTY REDUCTION/ALLEVIATION

Credit is considered to be an essential input to increase agricultural productivity, mainly land and labour. It is believed that credit boosts income levels, increase employment at the household level and thereby alleviate or reduce poverty. Credit enables poor people to overcome their liquidity constraints and undertake some investments, especially in improved farm technology and inputs, thereby leading to increased agricultural production, (Okurut et al: 2004). Furthermore, credit helps poor people to smooth out their consumption patterns during the lean periods of the year. By so doing, credit maintains the productive capacity of poor rural households. World Bank (1998) also observed that improved consumption is an investment in the productivity of the labour force. According to Navajas et al (2000) in Okurut et al (2004), the professed goal of microcredit/finance is to improve the welfare of the poor as a result of better access to small loans. It has been argued that lack of adequate access to credit for the poor may have negative consequences for various household level outcomes including technology adoption, agricultural productivity, food security, nutrition, health and overall welfare. Rhyne and Otero (1992) argued that financially sustainable MFIs with high outreach have a greater likelihood of having a positive impact on poverty alleviation because they guarantee sustainable access to credit by the poor. Outreach is the number of clients served by MFI.

4. CHALLENGES

Current operational strategies of microfinance banks in Nigeria present serious challenges as many of the banks are yet to come to terms with the tenets of practical microfinance principles. Owing to lack of technical skills and capacity, the banks are engaged in lending and savings practices that could ration out poor clients that they were designed to serve. Licensed purchase order financing, large transactional lending (large average loan size) and large scale deposit mobilization dominate their activities. Rural lending is very minimal, owing to the fact that the banks are located in cities and urban areas, (Microfinance Newsletter: 2009). This portends a drift from the overall mission of the microfinance policy and indeed microfinance in Nigeria.

Microfinance banks in Nigeria have not gone deep enough to ensure a clean break from community and commercial banking. This resulted in a situation in which the driving principle behind the success of microfinance, that the active poor can save, borrow and repay loans priced even above conventional banking market rates was lacking. Also the penchant to regard commercial banks as their competitors rather than use them as partners shows that the microfinance banks are missing their target market and this should be corrected immediately.

Furthermore, there is an urgent need to train the staff of the microfinance banks at all levels. About 70 percent of the MFI are manned by managing directors who are not equipped with the skills base or the vision and commitment to run these banks (Microfinance Newsletter: 2009). Under such circumstances, they cannot attract and retain good staff.

A study of the summary of microfinance activities in Nigeria between 2003 and 2007, (table 8) shows that the impact of microfinance activities on the rural poor is still very minimal as a result of which the poverty level in this country is still very high. For example, table 8 shows that in 2007, the total deposit liabilities of microfinance banks operating in the country was put at N33,088.3 million, out of which N16,450.8 million was lent out, representing 49.7 percent of the total deposits. From table 5, one can see that Nigeria has an average total of 78.30 percent of poor people with only 21.70 on average as non-poor. Table 7 shows the geo-political distribution of microfinance institution throughout the country. With the population at 150 million and 910 microfinance offices nationwide, it means one microfinance office would serve 164,836 clients, compared to one branch serving 16,156 in Bangladesh. This is far from being adequate. It is highly doubtful whether one branch of a microfinance bank can effectively and efficiently handle 164,835 clients and still provide them with efficient services. Definitely, the microcredit to be extended to majority of them who may need credit facilities to actualize their potentials may not be adequate.

Another major challenge facing microfinance institutions in Nigeria is for the MFI to reach a greater number of the poor in time and in form acceptable to them. The existing microfinance banks in Nigeria serve less than one million people out of 40 million potential people that need the service (CBN: 2005). Osuala (2008) observed that majority of the rural active poor in Nigeria reject most of the conventional microfinance measures because they are not tailored in line with their peculiar need.

Worldwide microfinance has proven to be an effective means of supporting low-income people, and of improving their livelihoods by developing entrepreneurial activities. It has assisted in raising incomes and has reduced economic vulnerability through the provision of financial services to the poor (United Nations: 2004:4). This being the case, Nigeria cannot afford to be left behind. Microfinance banks in Nigeria should brace up to live up to these challenges.

5. RECOMMENDATIONS

There is need for some persistent and pragmatic steps to be taken by the stakeholders consisting of government, communities and regulatory authorities. These include:

(1) Microfinance banks and institutions that lack appropriate orientation, institutional preparedness, technical capacity, capital base and other necessary prerequisites should be given a time frame within which to amend their strategies, failing which they should be should be liquidated.

(2) Microfinance banks which show signs of low capital base, insolvency and illiquidity should be given the support and encouragement to restructure through mergers and acquisitions.

(3) Furthermore, the issue of capacity building for stakeholders should be addressed head long by the banks, regulators, development partners, as this will put the institutions in a good standing to practically achieve their original mission.

(4) Regulators should fully enforce necessary compliance with the prescribed guidelines and impose sactions where necessary to create sanity in the system. In this regard, Central Bank of Nigeria should update the microfinance Policy and Regulatory Guidelines to reflect international best practices.

(5) Regulatory authorities need to increase their capacity to deal with unregistered money lenders, specifically those who exploit borrowers by charging unusually high interest rates.

(6) Alternative means could be used as collateral for small business borrowers such as group and traditional rulers guarantees should be encouraged as sufficient collateral security.

(7) The operators of microfinance banks should endeavour to be gender sensitive, that is, by allowing women and other vulnerable persons to take advantage of this facility to improve their lots.

(8) To encourage microfinance banks to extend their services (savings and credit) to remote rural areas where the poorest of the poor are, there should be incentive mechanism such as tax waiver on profits of the year for a certain period of time, for upward of five years.

(9) The government should put in place a credit guarantee scheme to provide additional support to credits granted by microfinance banks in the rural areas in case of default in repayment.

CONCLUSION

The existence of poverty in Nigeria is not an exaggeration but its dimension is not comfortable at all, especially if one realizes the fact that robust economic growth cannot be achieved without putting in place well focused programme to reduce poverty at all levels through empowering the people by increasing their access to factors of production, especially credit. The successive Nigerian governments have at various times initiated and implemented various poverty alleviation programmes, but these have not actually achieved their goals. There is need for concerted efforts by federal, state and local governments until meaningful success is achieved. The three tiers of government in Nigeria should be encouraged to actualize their commitment of 1 percent of their annual budget in form of agency participation to further strengthen the financial muscles of microfinance sub-sector.

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