



Sveriges lantbruksuniversitet
Swedish University of Agricultural Sciences

Faculty of Natural Resources and
Agricultural Sciences

Empowered Rural Women Cooperatives

- A Sustainable Strategy for Rural Development and Change in
the Niger Delta Region of Nigeria

Nnenna Christiana Okafor

Department of Urban and Rural Development

Master's Thesis • 30 HEC

Rural Development and Natural Resource Management - Master's Programme

Uppsala 2016

Empowered Rural Women Cooperatives

- A Sustainable Strategy for Rural Development and Change in the Niger Delta Region of Nigeria

Nnenna Christiana Okafor

Supervisor: Karin Hakelius (Associate Prof.)
Swedish University of Agricultural Sciences
Department of Economics

Assistant Supervisor: Örjan Bartholdson (PhD.)
Swedish University of Agricultural Sciences
Department of Urban and Rural Development

Examiner: Malin Beckman (PhD.)
Swedish University of Agricultural Sciences
Department of Urban and Rural Development

Credits: 30 HEC

Level: Second Cycle, A2E

Course title: Master thesis in Rural Development and Natural Resource Management

Course code: EX0681

Programme /Education: Rural Development and Natural Resource Management - Master's Programme

Place of publication: Uppsala

Year of publication: 2016

Online publication: <http://stud.epsilon.slu.se>

Keywords: Rural Women Association, Microfinance, Rural Development, Empowerment, Niger Delta Region.

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ACKNOWLEDGEMENTS

Firstly, I would like to acknowledge the Almighty God who gave me the strength to finish this study this period of time.

My thanks go to my supervisor Karin Hakelius (Ph.D) who gave a total support and supervision leading to the realization of my purpose for this study, I owe her a lot. I am also grateful to Malin Beckman (Ph.D) my examiner for her time and good work and Orjan Bartholdson (Ph.D) my lecturer and second supervisor for his thorough examination, thank you so much.

I am particularly grateful to my loving husband Engr. Edwin Okafor, who was beside me day and night during this study; may God bless Him. I am also very grateful to my parents Mr. & Mrs. Michael Irobi who supported me during this period of study with their daily prayers, my entire family members both at home and abroad.

My thanks also go to the Department of Rural Department and the Department of Economics at the Swedish University of Agricultural Sciences Ultuna, Uppsala for giving me all basic knowledge I needed for this study.

Finally, to all my colleagues and friends who stood by me during this period of study. May the grace of God be with you all.

ABBREVIATIONS

ADLI: Agricultural Development-led Industrialization

ASA: Association of Social Advancement

BRAC: Bangladesh Rural Advancement Committee

DB: Development Banks

GB: Grameen Bank

IFC: International Finance Corporation

MF: Microfinance

MFI: Microfinance Institutions

MDG: Millennium Development Goal

MSMEs: Micro Small and Medium Enterprises

NACRB: Nigeria Agricultural Cooperative and Rural Development Bank

NEEDS: National Economic Empowerment and Development Strategy

NPA: Niger Delta Area

NPA: National Poverty Alleviation Program

NGOs: Non-governmental Organizations

NNDC: Niger Delta Development Commission

RUFIN: Rural Finance Institution Building Program

SEEDS: State Economic Empowerment and Development Strategy

SPDC: Shell Petroleum Development Company

SWO: Social Welfare Officer

UN: United Nation

UNO: United Nations Organization

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	iii
ABBREVIATIONS	iv
Table of contents.....	v
.....	vi
1. Introduction.....	1
<u>1.1 Problem area.....</u>	<u>1-2</u>
1.2 Problem.....	3-4
1.3 Objectives.....	5
1.3.1 Formulation of research question.....	5
1.4 Methodology.....	6
1.4.1 Research Approach.....	6
1.4.2 Data collection.....	6
1.4.3 How the analysis was done.....	7
1.5 Challenges of study.....	7
1.6 Structure of the study.....	8-9
2. Literature review.....	10
2.1 Background of the study - Nigeria.....	10
2.2 Understanding the Niger Delta – study Area	11-12
2.3 Profiles of the oil companies, the MF institutions and the women cooperative	12
2.3.1 The Shell Petroleum Development Company (SPDC)	13
2.3.2 MF Institutions in Nigeria.....	14
2.3.2.1 Fortis Microfinance Bank PLC	14
2.3.2.2 Rural Finance Institution Building Programme (RUFIN).....	15
2.4 The formation of the rural women cooperatives.....	15-16
2.5 The role of Women in the informal finance sector of Nigeria.....	16-16
2.6 Brief chapter summary.....	18
3. Micro Finance Institutions and women empowerment	19
3.1 The concept of MF	19
3.2 Brief History of MF.....	19-20
3.3. Goals of MF Banks in Nigeria	20
3.4. Why MF in Nigeria?	21
3.5 MF and women empowerment.....	22-24
4. Theoretical Framework	25
4.1 Rural Development defined.....	25
4.2 Inter-related theories on study.....	25
4.2.1 Cooperative Organizing and Agency theory.....	25-27
4.2.1.1 The women Cooperative.....	27-29
4.2.2 Information Asymmetry.....	28
4.2.3 Moral Hazard and Adverse selection.....	30-32
4.2.4 Transaction costs approaches.....	32-33
4.2.5 Empowerment Theory.....	34
4.2.5.1 Approach to women’s empowerment and its measurement.....	34-35
4.2.5.2 Measuring empowerment.....	35-39
5. Analysis and Discussion.....	39-40
5.1 What factors are inherent in rural women cooperative associations	40-41
5.1.1 Goals of the Empowered Rural Women Cooperatives Association.....	41-42
5.2 Can empowered rural women cooperative associations really help?.....	42-43

5.2.1 Roles and Strategies.....	43
5.2.2 Brief History of the Women Cooperative Associations in the Niger Delta Region..	43-45
5.2.3 Women cooperative associations in the Niger Delta.....	45
5.2.3.1 The Bille women progressive union.....	45-46
5.2.3.2 Obazu progressive women association.....	46-47
5.3 what factors are against or facilitate accessibility to microfinance loans	47
5.3.1 Factors that are against accessibility to MF loans	47-48
5.3.2 Barriers for women in accessing micro credits.....	48
5.3.3 Factors that facilitate accessibility to MF loans.....	49-50
5.4 How can policies contribute to the creation of the Microfinance Institutions.....	50-51
5.4.1 Policy issues in rural development and change.....	51-52
5.4.2 The concept of Rural Development and Change.....	52-53
5.4.3 Factors against rural development and change.....	50-54
6. Conclusion and Recommendation for future work.....	55-59
References.....	60-63
Appendix 1 the Nigeria Map.....	64
Fig. 1 Hierarchical Organisational Chart.....	29
Fig. 2 Organisational theoretical framework	38

1. Introduction

1.1 Problem area

About 75% of the world's poor live in rural areas. Several recent approaches to rural development can be defined as holistic and multi-sectoral, focused on improving the well being of rural people by building their productive, social (i.e. friends and family relations), and environmental assets. However, due to lack of basic infrastructures, meaningful large-scale agricultural activities and tangible help to boost livelihood, poverty persists and development that is improved live condition such as having basic amenities and other things that makes live easy to live, seems farfetched. The United Nations Development Programme cited in www.comhlahm.org/where/section-2-what-is-development definition for development is; 'to lead long and healthy lives, to be knowledgeable, to have access to the resources needed for a decent standard of living and to be able to participate in the life of the community. It continued that development is empowerment: it is about the local people taking control of their own lives, expressing their own demands and finding their own solutions to their problems. The empowerment here could be economical, political or social. Economically, empowered rural women who have accessed loans from the microfinance and also from their cooperative associations facilitates rural development through the self - help projects such as building of schools, markets, health facilities etc. They engage in these activities to improve the quality of their lives. On the other hand politically empowered in this context is a situation where the women have rights to vote and be voted for political positions such as in leadership, while socially empowered women are involved in decision making towards development in their communities. These empowerment mentioned are part of development as the women are changed from their former state (poverty) to improved state of living (status).

The World Bank report of 2000/2001:1 identified the Millennium Development Goals as follows:

- to eradicate extreme poverty and hunger
- achieve universal primary education
- promote gender equality and empower women
- reduce child mortality
- improve maternal health
- combat HIV/AIDS, malaria and other diseases
- to ensure environmental sustainability and
- develop a global partnership for development.

Considering the possibility of achieving the above stated millennium development goals in the Niger Delta Region, I would say that it seems impossible. This is due to increased poverty and lack of tangible infrastructural development in one of such highly endowed regions of the world based on my findings from the interview with the officials of the Rural Women Association in the Niger Delta. One could imagine a high rate of development and also economic growth to such region due to endowed natural resources, but the reverse is the case in this region. Government based rural development initiative continue to decline and the need to explore alternative and complementary development strategies have become glaring.

From my findings in the Niger Delta Area through series of interview with the women association, the number of males engaged in urban migration to boost their livelihood is steadily on the increase, thereby reducing the number of men in rural communities relative to the female gender. Thus, the rural poor, women and children end up carrying the entire family burden. This is because the able bodied men migration to the urban areas or big cities, leaves the village populated with women and children and they are left with laboring and catering for the entire household. Some men in this rural dwelling region , who have migrated for greener pastures to the urban areas ends up not even sending money home to their families but engage in drinking and womanizing without family commitment.

In view of the above circumstance, the roles of women in rural development and change, has become imperative and cannot be over-emphasized. To buttress this fact, the World Bank's rural development Strategy recognizes the importance of integrating gender into all aspects of rural development as a crosscutting issue. Women according to the information I gathered through various interviews with the women association officials in the Niger Delta, represent the majority of the rural poor and therefore play a major role in the survival strategies and the economy of poor rural households.

1.2 Problem

Looking at the problem of this study, I would say that, a potent structure that facilitates survival and enhances economic empowerment among rural women is the organized women cooperative associations in the Niger Delta region. Through these associations, members can access short and long term loans from microfinance institutions to improve their individual and family economy.

Over the decades, rural women cooperatives which have access to such economically empowering tools like the microfinance scheme have been known to embark on communal self-help projects - where they initiate certain developmental projects on their own without government or external aids. However, to what extent can economically empowered rural women, through their cooperative associations, facilitate rural development? Economic empowerment here means getting loans from the microfinance institutions or their cooperative associations to carry out the self – help development projects earlier mentioned. Their access to the loans empowers them to carry out the projects intended toward the community development. Rural development according to Ajayi and Otuya (2005:1) is about improving the quality of life of all members of rural society. Improvement in the quality of life of the rural society in this context, could be by the provision of basic amenities such as food, shelter, good roads, markets, safe drinking water etc. for rural dwellers to live a better and quality life.

What characteristic of such associations leads to the facilitation of rural development and how can it be enhanced? Specifically, what possible rural development model can be used, and to what extent can this be applied as a means towards sustainable development in the Niger Delta region? Sustainable development here involves a change towards better state of living.

Brund + land commission defined sustainable development as a development that meets the needs of the present without compromising the ability of future generations to meet their own needs (www.un.org/esa/sustdev/csd/policy.htm) while development according to (www.volunteeringoptions.org) is empowerment: it is about the local people taking control of their own lives (by providing those basic amenities such as good drinking water, roads, schools etc.) for a better living, expressing their own demands and finding their own solutions to their problems.

Whether there is a direct or indirect correlation between the accesses to microfinance

loans, economically empowered rural women (through such loans) and the level at which visible rural development and change can occur or be facilitated remains a research question yet to be fully explored. Some published literature exists, dealing with rural gender economic empowerment, but none in particular has explored this correlation and its full implications and possible policy framework for the Niger Delta Region.

Therefore, this project seeks to study strategies or means (by rural women cooperative associations) of accessing loans from microfinance or their cooperative association, thereby being economically empowered, their contributions towards rural development and develop a framework that traces the correlation, with an aim of translating benefits from enhanced individual economies of rural households, championed by organized women cooperative groups, towards a sustainable rural development and change tool. Here empowerment is strongly connected with economic power. They have economic power with the loans they access from both the microfinance and their cooperative association. Without loans, the women cannot carry out any self-help projects that contribute to rural development, so the loans empowers them economically. With the loans they can invest on already established businesses, different trades, farming, fishing etc. and the proceeds could be utilized in rural development projects.

1.3 Objectives

The objective of this study is to explore and investigate the impact of organized rural women cooperative associations as possible and relevant means for sustainable rural development and change in the Niger Delta Region. The ‘means’ in this context could be the mechanism or activities that the women engage in towards sustainable rural development and change such as building of infrastructural facilities (markets, schools, good roads) etc.

The women could be empowered economically, through loans and financial assistance either from their associations and microfinance banks. Sustainability, on the other hand, denotes the ability of meeting basic needs of people such as food, shelter, health centres, safe drinking water etc. and also making opportunities available towards achieving a better life (improved standard of living).

1.3.1 Formulation of research questions

I chose the rural women cooperative association in the Niger Delta region for this study because of their grassroots connection and on my findings from their officials, I was informed that the region is one of the under developed areas in Nigeria. The focus is on members’ lives; their interests and needs in rural development and change in their community.

The main research question targeted by this project is:

Can empowered rural women cooperative organizations constitute a sustainable means towards rural development and change in the Niger Delta region? Sustainable in this study could be meeting the needs of their community through self-help projects leading to development. If so, what can be learned from the dynamics of the women association?

1.4 Methodology

1.4.1 Research Approach

Ghauri and Gronhaug (2005:3), define research as:

‘A process of planning, executing and investigating in order to find answers to our specific questions. Investigating in a systematic manner helps the researcher to get reliable answers to stated research questions’.

In addition, they stated that the deductive approach of research means drawing conclusions from a study, through logical reasoning. The researcher here builds/deduces hypothesis from the existing knowledge which can be subject to the empirical scrutiny (testing) and this can be accepted or rejected as purported. This approach uses existing data and knowledge that has already been tested and hypothesized.

In this project, primary (direct) and secondary (Indirect) data will be used and analysis of findings done with conclusions and recommendations. I will be reviewing published data on women cooperative associations, microfinance and empowerment, papers, journals and will also explore the current situation of the women cooperatives and the microfinance institutions in Nigeria. I have different schools of thought to review.

1.4.2 Data Collection

Secondary data can be used to increase awareness regarding the problem at hand. This and primary data will be used in this project, though efforts made to contact MF institutions, Cooperative Associations and Statistical offices in the Niger Delta for primary data proved difficult at the beginning, but later information were gathered from several personal interview and telephone discussions with the Women Cooperative Association officials and one of the Microfinance banks. Personal interview were done with general interview guide approach and the same general areas of information were collected from each interviewee. The officials of the women Association were selected for the interview in order to get accurate information

on their Association and membership and also to follow up on the questionnaires administered to the members.

Existing literature on oil and economic development in the Niger Delta Region will be reviewed counting from some decades ago. Literature on when the issue of women cooperative associations started in the Niger Delta region, their activities, intrinsic characteristics and possible self-help development initiatives in the Niger Delta region will be reviewed.

Choosing the secondary data was done with carefulness and experience which is a basis for any research. Books, journals and other related literature were taken from the Nordic Africa Institute in Uppsala which is a research institute for African studies. The institute has engaged scholars and researchers working on African issues specifically in to Nigeria context.

In 2008, I had internship training for three months at the Institute (from March to June). Their data base is a good source to access online books and articles and their researchers are readily available to give assistance issues of interest related to their area of specialization.

This research also includes the information from the microfinance institutions based on literature reviews both in Niger Delta and some part of the world like Bangladesh, Women Cooperative Associations and Oil Companies operating in the Niger Delta.

1.4.3 How the analysis was done

The analysis will be made on the target group which is the women cooperative association. Their financial needs and the specific problems as a cooperative and constraints on development will be analysed using the collected data which is the questionnaire. The information on the questionnaire will be used to analyse the above stated problems.

1.5 Challenges of the study

The challenges in the sampling process of choosing a certain number from the total population are as follows:

- Inaccessibility to some rural women living in the far remote areas
- Lack of finance to carry out elaborate sampling which is capital intensive

- Restrictions to certain areas.

Stated below are some of the research questions that would have been treated in this study if not for the time constraint. I therefore reserve them for further investigation in my future studies.

1. What relationships and disparities could be deduced from easy accessibility to micro Finance loans to rural women cooperatives, economic empowerment, and facilitation of communal self-help projects and rural transformation in Niger Delta Region?
2. What factors and/or policies, inherent in the rural communities, are possibly capable of impacting or on the other hand negating communal self-help development projects by organized rural women cooperatives?
3. Is there a correlation between individual dwellers' economic empowerment and the rate of rural change?

1.6 Structure of the Study

In this study, chapter one starts with the introduction of the project, the problem area, the problem, objectives, formulation of research questions, the research methodology; showing the research approach on how the research was carried out, challenges of the study and its structure.

Chapter two is the literature review which starts with a glance at Nigeria, the Niger Delta region, the microfinance institutions and the women cooperative associations in the Niger Delta region. It will be treated in sections describing the situation in Nigeria; mostly in the Niger Delta region.

In chapter three the overview of the concept of microfinance institutions; its goals, history, reason for existence in Nigeria and as a tool for women empowerment will be addressed.

Chapter four is the theoretical framework of this study. In this chapter, some key words will be discussed with some interrelated theories such as cooperative organizing and agency theory, information asymmetry, moral hazard and adverse selection, transaction costs approach and empowerment theory. This could be seen as a tool guiding the research.

Chapter five will be on the analysis and discussion of the research questions, using the chosen theoretical framework. This will be done in phases leading to answering the research questions.

In Chapter six, the conclusion from analysis will be presented with recommendation for future work.

2. Literature Review

This chapter reviews the literature on the activities of the rural women cooperative associations and the microfinance institutions in the Niger Delta Region. They will be treated in the sections 2.1 – 2.4.

2.1 Background of the Study - Nigeria

This study will focus on rural development and change of the Niger Delta region. The African Development Bank Report of 2002:3 highlighted that Nigeria with a population of about 140 million people is the most populous country in Africa as well as the largest oil producing country in the continent, and the seventh largest in the world. It is Africa's fourth largest economy, with a Gross Domestic Product (GDP) of \$41.5 billion in 2001, a little less than South Africa's \$112.9 billion, Egypt's \$93.5 billion, and Algeria's \$54.6 billion.

Much of Nigeria's income - 40 percent - is as a result of oil production, which, since its discovery in 1958, has dominated the economy from the early 1970s. Today, oil export accounts for 95 percent of the country's total exports, while oil revenue makes up over 80 percent of gross government revenue. Consequentially, alternative rural development strategies have been neglected to the detriment of rural dwellers. The rural dwellers are not benefiting from the revenue from the oil as they are not economically empowered and lack basic amenities such as good roads, safe drinking water and electricity just to mention but few.

Nigeria runs a federated system and is sub-divided into 37 states forming six geopolitical zones. Among the thirty-seven States in Nigeria, the nation's oil base is situated in nine States and these States have collectively being designated the Niger Delta Region, as indicated in the map of Nigeria in appendix 1.

Ajayi and Otuya, (2005:2) stated that one of the primary aims of rural communities in the developing nations is to attain basic amenities such as roads, health centers, school buildings, good market centers and community facilities. Some of the basic amenities according to them are needed for agricultural production and a better standard of living. They also reported that

women make up half of the population of many of the developing nations in the world and are important actors in village development. They engage mostly in activities leading to rural development and other economic activities.

2.2 Understanding the Niger Delta – study Area

Ugochukwu, a Nigerian economist, journalist and politician and the first executive Chairman of the Niger Delta Development Commission (NDDC) (2005:8) in his book addressed that the Development policy center report of 2001:7 shows that, the Niger Delta region is densely populated and the region is also called the Oil Rivers because it was a major producer of palm oil. It is made up of nine out of the thirty-seven States of the Nigerian federation, namely: Rivers, Bayelsa, Ondo, Imo, Cross Rivers, Akwa Ibom, Delta, Abia and Edo States, Bayelsa and River States among others in the region account for about 75 percent of crude oil production. This region is on the Atlantic coast of Nigeria where the Niger River divides into numerous tributaries. The region extends along the coast from Benin River on the west to the Imo River on the east. There are several linguistic and cultural groups namely the Ijaws, Edos, Urhobos, Itsekiris, Yorubas, Igbos, Efiks and Kalabaris.

The CDD Niger Delta Region Project (2001:1) states that in Delta State one of the Niger Delta Area (NDA), the women are typically rural women. They are usually low-income earners with little or no education with a very poor standard of living. According to this report on the CDD project, the Niger Delta is however the most repressed and deprived region of Nigeria. This is so due to violence and poverty. The percentage of the households having access to safe drinking water is as low as 27% and only 30% has access to electricity. At the same time the Niger Delta region provides about eighty percent of all the government revenue in Nigeria.

The Niger Delta, as defined officially by the Nigerian Government, extends over about 70,000 kilometers and makes up 7.5% of Nigeria's land mass. Some 20 million people of more than 40 ethnic groups, speaking some 250 dialects live in the Delta. Traditional occupations of the peoples of this region include farming, fishing and trading and commerce, while secondary occupations include industries like gin distillation, textile weaving, boat carving and transportation. About 2 million barrels of oil a day are extracted in the Niger

Delta. Since 1975, the region has accounted for over 95% of Nigeria's export earnings. The region also accounts for 40% of the GDP and 80% of the gross revenue for the country. Despite the nine States (out of 36 States that make up Nigeria federation) mentioned above being the treasure base of Nigeria, Niger Delta is among the most underdeveloped region in Nigeria. Akwa Ibom, a state in the Niger Delta region as stated in the report is one of the most underdeveloped states in the region.

According to Ugochukwu, though oil was discovered in the Niger Delta region in 1956, the region has been devastated by oil exploration activities, which has impacted negatively on farming and fishing. In the past, state and local governments have not been able to implement sustainable solutions to the region's poverty due to corruption, poor governance and lack of accountability (not giving account of how funds were used).

Ugochukwu continued that Communities that were supposed to be beneficiaries of the oil revenue allocations to the producing states, due to the fact that the oil is being extracted from their area have had little or no influence on the use or management of these funds. That is to say that the villagers in those communities are not allowed to manage the funds allocated from the oil revenue but the developed areas could only do that. This was due to some of the factors mentioned above such as corruption, poor governance and lack of accountability and the financial resources earmarked for the development of the region in the past, have not been used effectively. These mentioned factors affected development in the Niger Delta area.

2.3 Profiles of the oil companies, the Microfinance institutions and the women cooperative association in the Niger Delta region on rural development and transformation

In this section, I will investigate some of the activities of a typical oil company, the Microfinance banks or institutions and the women cooperative association in the Niger Delta region. These are used as my case studies.

2.3.1 The Shell Petroleum Development Company (SPDC), Nigeria and rural development in the Niger Delta

According to Shell in Nigeria (2007:1), the Shell Petroleum Development Company (SPDC) is the main operator in the Niger Delta region covering 31,000 square kilometers. Its largest contribution to helping communities in the Niger Delta is through the taxes and royalties paid as federal tax. The oil company also contributes towards the rural development in the Niger Delta region. It contributes to 30% share in Nigeria's tax and is one of the largest tax and royalty payers. The government, on the other hand, gets about 95% of Shell's oil and gas revenues and the oil producing states receive more revenues than other regions in Nigeria from the federal budget. One may ask why the region is so poor irrespective of revenues generated from oil and gas, but the mismanagement of available funds in this area affects it economically. Still on the above reference in 2007, four Niger Delta states where Shell is situated, received over \$4 billion revenue of the more than \$1 billion allocated to 36 states, by the federal government.

Corruption however, has been one of the challenges in converting the oil revenue into benefits for the people of Nigeria. Shell also contributes to improvements in infrastructure, health care and education and the promotion of small scale businesses in the Niger Delta. They engage in pilot training programme for the middle-level government people in the Bayelsa state to build capacity for community development. In the telecommunication industry, Shell together with Globacom, a Nigeria telecommunications company, sponsored projects to train young people in small-scale business management and mobile phone operations. It states in the Shell report (2007:1) also that about 671 people have been assisted in this training since 2004 when the project started and 263 young people also got help through Shell global programme to start their own businesses.

Towards rural development and change in the Niger Delta, Shell in 2006 and 2007 worked with the foundation for Ethnic Harmony (Peace - making organization) in Nigeria and the university of Rhodes Island centre for Non Violence and Peace studies. They sponsored about 200 youths on non-violence and conflict management training both in Lagos and South Africa. The company received a corporate community award on this as the initiative got

recognition at the Global conference on Non Violence and Peace. More than \$500, 000 was also spent by Shell in 2007 to train youths in vocational, enterprise and leadership development. Projects to build schools, hospitals clinics had also been supported by them in the past.

2.3.2 Microfinance institutions in Nigeria

Egbu (2006:10) in his unpublished financial report on ‘Microfinance’ stated that Microfinance institutions have experienced a fast growth in Nigeria of recent due to the encouragement from the federal government.

Egbu argues that since the first MF in Nigeria was established in 1997, they now have nearly a million active loan clients. It is noteworthy that Nigeria has now one of the largest MFIs in Africa. Some of the MFIs in Nigeria will be considered below in order to get more insight in their activities towards development.

2.3.2.1 Fortis Microfinance Bank PLC

Fortis Microfinance Bank is one of the Financial Micro Institutions situated in Nigeria (www.fortismfb.com). It is situated in Abuja, the Federal Capital City (See Appendix 1). Fortis is a leading Nigeria financial Institution licensed by the Centra Bank of Nigeria (CBN) in 2007 and listed on the Nigeria Stock Exchange as the first private sector led microfinance in 2012. The bank has the goal of meeting the high demand for microfinance banking services by providing flexible banking solutions to support the development Micro, Small and Medium scale Enterprises (MSME) and individual. Fortis Microfinance bank provide a wide range of financial services to a substantial and diversified client base that includes low-end-entrepreneurs, the under banked, cooperatives and high-net-worth individuals among others. The bank has a growing customer base, made up of Micro, Small and Medium Enterprises (MSMEs), individuals and groups who have benefited from Fortis loans and other value added services. Its micro credit scheme is created to encourage the women who engage in petty trading and other economic regenerative activities to grow their businesses and eventually become economically independent.

2.3.2.2 Rural Finance Institution Building Programme (RUFIN)

The Rural Finance Institution Building Programme in the Niger Delta region's objective is to develop and strengthen microfinance institutions and establish linkages between these institutions and formal financial institutions in 12 Niger Delta States. The goal is to alleviate poverty with a particular focus on the rural poor and especially women, youth and the physically challenged (<http://fmard.gov.ng/home/rufin>). This institution lays the foundation for long-term development of a sustainable (well provided) rural financial system that will operate within the county. The programme helps the poor rural people gain access to financial services, invest and improve productivity in agriculture and small businesses. On this note, the women and young people and those with physical disabilities are the target of this programme.

The institution financed by the government, assists microfinance institutions such as the Nigerian Agricultural Cooperative and Rural Development Bank (NACRB), the National Poverty Alleviation Programme and microfinance banks and NGO-microfinance institutions operating in rural areas such as the Niger Delta region. It helps them strengthen their rural outreach and also improve services to the most vulnerable groups especially the households headed by women.

2.4 The formation of the Rural Women Cooperative Association

The women cooperative association is usually formed based on an individual woman belonging to a certain community in the Niger Delta regions. In order to be accepted as a member of the cooperative association, the women must be origins of a community that belongs to Niger Delta region. To be a member, the women must also be married. If a woman is of age and is not married, she might not be accepted in this kind of cooperative association. This is one of the policy guidelines for the formation of the women cooperative association for this study. A study on one of the cooperative associations in Mbieri (Obazu Progressive Women Association), shows that married women of different ages can enroll as members and the age limit is 18 and above.

These women cooperative association is made up different categories of women with various trades. Some are tailors (dress makers), traders, farmers, fisher women, cloth weavers etc.

These women come together as a group, pulling their resources together by tasking themselves financially and also obtaining loans from the microfinance institutions with little interests. Their target is in self-help development projects such as maintaining of bad roads in collaboration with the government, building small markets, sending their children to schools e.t.c. The women cooperatives do not always depend on the government for most of the large projects, they engage in long term savings in order to achieve them. The loans they obtain from the microfinance institutions are used in their businesses and also repaid as agreed. They are able to embark on the above self-help development projects in order to see development achieved and also to better their standard of living. They save money for some time in order to get substantial income for such projects with the help of the government a times.

The member strength for the women group could be between 50 and 100 or more. This depends on the largeness of the community. The association does not only exist in the rural communities, they also have branches in some of the urban regions where women from a particular community live. The women in the urban regions conduct their own separate meetings and still reports back home to the rural ones during their yearly meetings and plan on projects to execute with their resources. Each period in a year the groups from different branches come together to the community branch to conduct a general meeting. In this meeting, they discuss issues concerning their families, rural communities and also the local government at large. This gives them the insight on what kind of project to engage in and how long it would take to execute. An unofficial interview with one of their executive members made me understand that most of their general meetings are conducted towards the end of the year (December); this is the time most of them come home for Christmas.

2.5 The role of Women in the informal finance sector of Nigeria

According to Soyibo, (1997:2) informal finance refers to those often unrecorded economic activities that take place outside official financial institutions. He adds that the informal sector activities are legal but not unregulated. Saving in the informal sector is subject to the same information and enforcement difficulties as lending. Saving here is held within close social groups just to be able to contain the moral hazard (the fact that a party covered from a risk may behave differently from the way it would behave if it would be fully exposed to the risk)

and adverse selection problems (the process of singling out potential persons who are considered higher risks than the average) that are associated with entrusting assets to strangers.

This informal finance is generally carried out on a part-time basis in Nigeria. In urban Nigeria for instance, esusu (traditional African lending or daily contribution) collectors devote an average of 60% of their time to informal finance than others such as commercial banks, development banks etc. This is because they are not profit oriented like commercial banks who work 100%, but rather contribute money among themselves which they use to assist fellow individuals who may need financial assistance by lending. The rural informal financial operators only carry on the business part time and give their other remaining time to rural activities and are farmers, artisans, traders and the like.

The women's role in the informal finance sector in Nigeria cannot be overemphasized. The main purpose of the contribution by the women association is to assist members of the group financially. Most of the women use the loans to invest in their families, boost their businesses, trading, their communities, and for other economic reasons. The difference between this informal finance sector and the formal is that, the informal finance does not ask for interest on loan while the formal for example the commercial banks do. This is one of the benefits the women enjoy for being a member of the group. Another interesting part of this informal finance activity by the women is that no collateral is needed before loan is given. Membership with the women group serves as a collateral for accessing the loan. Soyibo stated that some highly trained personnel and relatively educated women however, engage in the business of informal finance. These kinds of women can be found both in the rural and urban set up. Irrespective of where they are found, they contribute to the informal financial activities that affect the economy positively.

The women are hardly given the opportunity to access the financial resources to expand their businesses or in case of misfortune like health care or family needs. They also do not have access to loans from the bank/institutions and this gave rise to the microfinance institution's assistance. The microfinance as a lending institution to the women cooperative do not ask for collateral while the formal finance sector like the commercial banks do.

Brief chapter summary

In this chapter we have investigated the background of Nigeria and the Niger Delta Region in the following parts:

- The profiles of the oil company in the Niger Delta (Shell Petroleum Development Company).
- The MF institutions
- The rural women cooperative association formation and the role of women in the informal finance sector of Nigeria.

The next chapter is on the MF institutions and women empowerment. This chapter provides an overview of the concept of Microfinance institutions, its history, goals and reasons for the existence in Nigeria. It discusses Microfinance institutions as a tool for women empowerment.

3. MICROFINANCE INSTITUTIONS AND WOMEN EMPOWERMENT

3.1 The concept of MF

Egbu, (2006:5) in his financial report defined Microfinance as:

the provision of financial services such as credit (loans), savings, micro-leasing, micro-insurance and payment transfers to economically active poor and low income households to enable them engage in income generating activities or expand/grow their small businesses.

Egbu stated that it is a financial intervention that focuses on the low-income group of a given society. The intervention primarily involves credit services and may also include savings, insurance on credits etc. He added that microfinance has evolved as an economic development approach intended to benefit the low-income part of a given society (both women and men). According to the World Bank definition in Ledgerwood, (1998:1) the term refers to ‘provision of financial services’ (including saving and credit) to ‘the poor’. Micro finance banks are institutions that are established to provide financial services to the economically active poor (those people who have some form of employment and are not severely food-deficient or destitute and those who can repay a small loan at an interest rate that enables the lending institutions to be financially self-sufficient).

Ledgerwood also added that Microfinance Institutions (MFIs) can be NGOs, saving and loan cooperatives, credit unions, government banks, commercial banks, or non-bank financial institutions. The MF seeks to make financial services available on a sustainable basis to the economically active poor, low-income earners and micro, small and medium enterprises (MSMEs) through privately owned banks. Sustainable basis here refers to, providing at least basic financial services that could be used to start businesses or maintain already existing ones.

3.2 Brief History of MF

Ledgerwood (1998:1) continued that microfinance dates back to the 1970s and it was necessary that all institutions pass two key tests:

1. Show that people can be relied on to repay their loans. The people that are asking for loans should at least have a level of trust by the institutions offering the loans to them. This is to make sure that repayment of the loans is made without defaulting.

2. Show that it is possible to provide financial services to poor people, which are done through market-based enterprises without subsidy.

The borrower should ensure that he/she makes repayments at due time in order not to deny his/her trust.

Ledgerwood stated that in the 1970s a new wave of microfinance initiative introduced many new innovations into the finance sector. Many pioneering enterprises began experimenting with loaning to the poor and underserved in the same year. A few of the pioneering institutions will be reviewed later. He added that beginning in the 1980s a new approach came to work on the assumption that more market-based solutions were required still focusing on income expansion and poverty reduction but searching for cost-effective alternatives.

Local non-governmental organizations also began to look for a more long-term approach, and at about the same time Prof. Mohammed Yunus of Bangladesh who won the 2006 Nobel peace prize led the first lending scheme for landless people. From 1980 onwards, the field of microfinance has grown substantially and most recently, some of the Non-Governmental Organisations have started changing into formal financial institutions through the government's assistance. They also recognize the need of savings services to clients and also to access market funding sources rather than rely on donor funds.

3.3. Goals of MF Banks in Nigeria

According to Egbu, (2006:4) the goals of MF banks are the following:

- To provide diversified, dependable and timely financial services to the economically active poor.
- To mobilize savings for financial intermediation.
- To create employment opportunities.
- To provide veritable avenues for the administration of the micro-credit program of government and high net worth individuals.
- To render payment services such as salaries, gratuities and pensions on behalf of various tiers of government.
- To involve the poor in the socio-economic development of the country

Having understood the history and goals of the MF Institutions, let us now look into the reasons behind its establishment in Nigeria.

3.4. Why MF in Nigeria?

According to Egbu (2006:5) the provision of financial services to the poor has been going on for several years by projects designed by government establishments, and non-governmental organizations. The key government establishments in Nigeria that were involved in designing and operating credit schemes are the ministries of Finance, Agriculture (for the rural areas), Trade and Industry (for urban areas). Several international and indigenous non-governmental organizations also used to operate micro credit schemes as a component of their integrated programs. Egbu added that these programs had benefited many of their immediate beneficiaries and their families and also introduced the very concept of micro credit, MF and market-led approaches to offering financial services for the poor.

However, these unstructured and unprofessional efforts by governmental and non-governmental organizations had serious limitations. Egbu (2006:7) has indicated some of the limitations of such interventions as follows:

- The orientation of the micro credit schemes was geared towards a project concept. NGOs and government projects involved in micro credit programs were not interested in establishing sustainable institutions that deliver diversified financial services to the poor.
- Unsustainable micro credit with low lending rates created a problem in building sustainable institutions.
- There was a very high default of the input loans of the Development Banks (DB). This was mainly the result of borrowers' perception of the lending organizations
- As donor funded or government funded established financial services for humanitarian reasons.
- The employees of the lending NGOs and projects were not seriously committed to loan recovery, rather they focused on keeping funds flowing.

Egbu, (2006:5) add the following contribute to the reasons for MFIs in Nigeria:

- The concluded consolidation among conventional commercial banks in Nigeria has systematically put to an end, more or less, family banks. As a result the 89 conventional banks in Nigeria were reduced to 26 by the end of December 31, 2006. With this, the Central Bank of Nigeria has opened another window with no restriction for the ownership of banks.

- Nigeria has remarkable entrepreneurs who need support at every level and these include: MSMEs (Micro Small and Medium Enterprises) as well as big businesses. A common characteristic of these enterprises is their need for good financing. Therefore, the provision of strong, competitive and well-regulated financial sectors, which will provide these categories of entrepreneurs the much-needed finances, apart from the conventional banking institutions, has become very important. In Nigeria however, MFIs fills this requirement apart from other larger financial institutions in the country.
- The micro credit programs of NGOs and government establishment projects concentrated entirely on provision of credit. Saving was forgotten in the delivery of financial services to the poor.
- Donors, for instance, International Finance Corporation, (IFC), were considered as the only sources of loan funds, which unfortunately encouraged dependency.

In view of the above reasons, and the Nation's new Agricultural Development Led Industrialization (ADLI) policy, the government had to reconsider the operational modality of MF to facilitate a very significant improvement in service delivery and outreach. Consequently, the government came up with Proclamation no.40 in June 1996. The central elements of the proclamation seem to be outreach and good service. That is, if properly implemented, the proclamation has the potential to facilitate significant outreach and the flourishing of several organised MFIs.

3.5 MF and women empowerment

Chowdhury (2001:73) highlighted that Economic Professor Muhammad Yunus is often credited with disbursing the first micro loan in Bangladesh in 1974. He later went on to found the Grameen Bank (GB) and was awarded the 2006 Nobel peace prize for his efforts. The GB was chartered to operate as a National bank in 1983, with 75 branches spread in five districts of the country. As of 1997, the bank reached about 2.5 million clients in 37,000 villages and the total amount of loan disbursed amounted to US\$ 2 billion with a repayment rate of over 97%.

According to him, the data compiled by 1998, showed that 97% of the bank's members were women and 61% of them belonged to households with less than 0, 1 acres of land and 31%

owned 0, 11 - 0, 40 acres. Nearly half of the households owned no cultivating land and 87% had not attended school at all.

MF often works through women; this is because they tend to invest profits in the household. The loan from the microfinance is invested and the proceeds are used for development projects. The women are said to be empowered economically here when they have access to loans and other financial assistance as a group. The development projects by the women are contribution with their various community to basic amenities like building of markets, maintenance of roads, provision of safe drinking water in the community etc. Based on the above, the Noble Peace Prize committee did not stop at giving the prize to only Yunus, but also to nearly 70 members of the Grameen Bank.

The situation in the Niger Delta region as opined by Urhobo (2000:1), shows that about 70% of women are poor and uneducated. These women cannot access credit from the formal finance sectors like the commercial banks to finance micro enterprises. Some are family heads and breadwinners in their respective households. They pull resources together to form a community bank which at the long run became microfinance bank. They are able to achieve this through various cooperatives in practicing traditional contribution called 'esusu' where they generate income with the proceeds of loans from the microfinance institutions invested in various businesses.

Urhobo added that the goal of the bank was to grant loans to poor rural women in the Niger Delta. This was due to the difficulties they encounter in getting credit from the formal finance sectors when needed to enable them come out of poverty and improve their standard of living. The bank has given loans to over 15,000 people mostly poor women in the region. An example could be drawn from loan given to one of the women, madam Pinnick, a tomatoes and pepper seller in the market opposite the bank. This woman, before getting the loan, had a total value of her assets of N2, 000.00 (Nigerian currency), which is about 13 dollars. She received the loan to increase her purchases and within one year she improved in her economic and social status. Social status here refers to a position one has in a particular community. In a community where someone is recognized or respected due to the status, he/she will be privileged to partake in decision making in various angles such as in development issues. This is the way the women are socially empowered and they in turn bring development and change

to their different communities. Social empowerment in this context means having right to make or participate in decision making both in the family (household) or community.

Brief chapter summary

In this chapter we have looked at some of the Microfinance Institutions in Nigeria and women empowerment.

In the next chapter, the theoretical framework of this study will be addressed. Some of the key terms and interrelated theories will be determined serving as a guide to the research.

4. Theoretical Framework

In this chapter, the term rural development will be defined and some interrelated theories on the study examined giving a clearer understanding of the concepts related to this study. The chapter also discusses empowerment, presents an approach for exploring women empowerment, and provides specific criteria for this measurement.

4.1 Rural Development defined

In Wikipedia.org/wiki/Rural development, rural development is defined as the actions and initiatives taken to improve the standard of living in non-urban neighbourhoods, countryside, and remote villages. Rural development brings positive changes on the rural communities leading to the improvement of the rural people's standard of living. Some of the actions here could be the provision of basic infrastructural facilities like hospitals, safe drinking water, good roads, etc by groups or government in a particular non-urban remote village.

4.2 Inter – related theories on study

Some theories and factors that will be addressed in this chapter are in five sections (4.2.1 – 4.2.5) as listed below:

- 4.2.1 Cooperative Organizing and Agency theory
- 4.2.2 Information asymmetry
- 4.2.3 Moral hazard and adverse selection
- 4.2.4 Transaction costs approaches
- 4.2.5 Empowerment

4.2.1 Cooperative Organizing and Agency theory

Valentinov, (2004:1) described a cooperative as a distinctly special type of economic organization, designed to serve the needs of members rather than generate profits.

Draheim in Valentinov, (ibid: 2-9) wrote that:

Individual motivations for creating a cooperative could be perceived on the following: the feelings of isolation and longing for social life and 'emotional security', the fear of dependency and exploitation by alien social forces; difficult circumstances of life; the wish to become an active subject rather than a passive object; the wish to be a part of a stronger and larger social whole; the search for social

importance; love for other people, readiness to help, sympathy, humanitarian aspirations, religious motives, the sense of belonging to a certain neighbourhood: class or status, consciousness: the wish to follow examples and/or to innovate; habits: instincts and unclear feelings.

Valentinov, (2004:8) added that cooperative organizations:

Have mostly been economic in character, but have had moral, ethical, social, cultural and political motivations as well. In order to function as vehicles for the values, the cooperative organizations must function efficiently: so the basic ideas and ethics have been supplemented with practical experiences to form instrumental values.

Maintaining economic efficiency of the cooperative enterprise is seen as a way to enforce the observation of the social values of cooperation, such as democracy, equity, liberty e.t.c.

Valentinov continued that cooperatives have been recognized as more economical and advantageous in serving the needs of their members than the capitalistic governance mechanisms. He argued that cooperatives usually allow the increase of the level of well-being of their members and improve the performance of the market where they operate. All these would not be found within the capitalistic governance mechanisms.

Every cooperative represents simultaneously an association of persons in the sense of sociology and social psychology, i.e. social group and a joint enterprise, owned and operated by the same individuals.

On the other hand, agency theory by Eisenhardt (1989:58) is directed at the ubiquitous agency relationship, in which one party (the principal) delegates work to another (the agent), who performs that work.

Jensen & Meckling (1976 in Eisenhardt 1989:58) argued that Agency theory attempts to describe the above mentioned relationship using the metaphor of a contract. The contract here refers to the one between the principal who delegates duty to the agent and the agent himself who performs it.

According to my findings through interviews with some of the officials of the women cooperative associations, the women group is the agent who performs the duty of getting the loans from the microfinance institutions on behalf of their members (the principal delegating

the duty). The women cooperative associations use the loan given by the MF institutions to improve their lives, families and the community in general. This they do through investing in divers businesses which are of economic values, educating their children and also building basic infrastructures such as small markets, contributing to the maintenance of roads and schools in their rural communities that brings development.

It could be recalled here that the money given to the women cooperative associations either by the microfinance or their group contribution, is invested in various businesses and the proceeds are channeled to self-help projects in their communities. This however, demands accountability at the long run by the principal (the members of the cooperative associations). It means that the women should try not to default in the repayment as they are accountable for the pay back to the microfinance institutions.

Chandler, (1962 in Eisenhardt 1989:63) opined that agency theory is also similar to the information processing approaches to contingency theory. He stated that both perspectives are information theories. They assume that individuals are rational and that information is distributed asymmetrically throughout the organization. According to him, the difference between the two is their focus: In contingency theory researchers are concerned with the optimal structuring of reporting relationships and decision-making responsibilities, whereas in agency theory they are concerned with the optimal structuring of control relationships resulting from these reporting and decision-making patterns.

4.2.1.1 THE WOMEN COOPERATIVE ORGANISTIONAL CHART

In the women cooperatives organizational hierarchy, the members elect the cabinet members; usually the president to preside over all management of the cooperatives. They also elect other officials like the Vice President, the General Secretary, Treasurer, Financial Secretary and Admin/Publicity Secretary.

President: Appointed or elected by the members. She provides leadership to the cabinet as well as members. She guides the officials in their own roles and responsibilities.

Vice president: Takes up the roles of the president in her absence by presiding over meetings of the cabinet, delegating responsibilities, tasks to other officers and cooperative's management.

General Secretary: Responsible for recording and keeping the minutes of all meetings. She ensures that accurate history of the cooperative and its members are maintained.

Treasurer: Responsible for the financial management of the cooperative and is accountable through the cabinet to the cooperative members for its financial situation.

Financial Secretary: Prepares the cooperative's budget usually in collaboration with the Treasurer. She also prepares the financial statements and reports the cooperative financial position to the board and the members.

Administration/ Publicity Secretary: She works directly with the General Secretary. She handles the correspondence of the cooperative. Collaborates with the General Secretary in sending meeting notices to the cabinet and members, notifying them of the times and places of the meetings.

Below is the organizational chart of the women cooperative association showing their hierarchical positions.

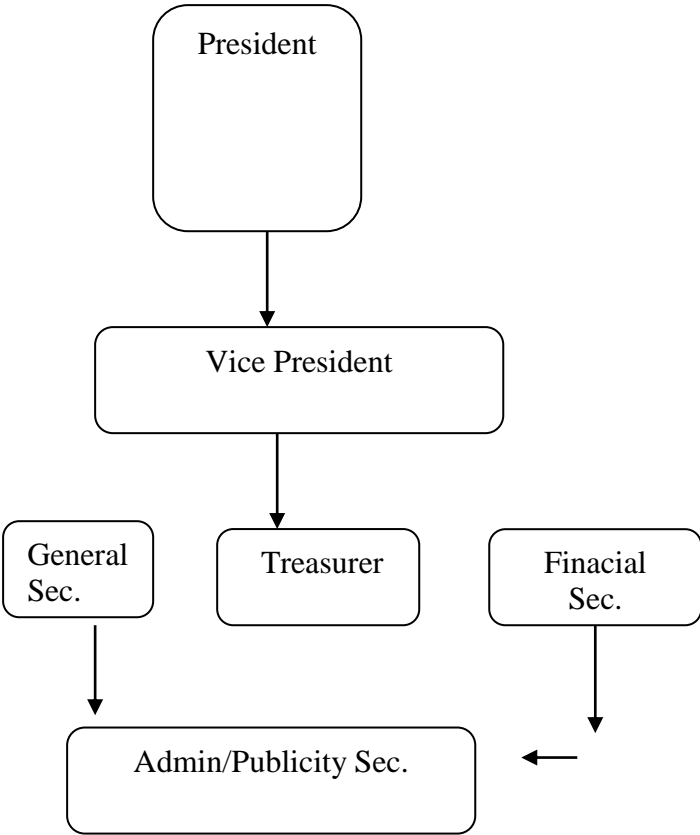


Figure 1. The women cooperative hierarchical organizational chart

4.2 .2 Information asymmetry

In www.investorwords.com/2461/informationasymmetry.html Information Asymmetry is defined as:

A condition in which at least some relevant information is known to some but not all parties involved. This causes markets to become inefficient, since all the market participants do not have access to the information they need for their decision making processes. This is opposite of information symmetry.

Based on the above definition of Information asymmetry, it is reasonable to expect that the target firm will not sell the assets in its possession unless it receives a bid which is at least equal to the net present value of its assets. If the target assets are specialized, and there are no

competitive markets in which identical assets are traded, information on their prices will be either costly to obtain or unavoidable. A self interested firm can exploit this situation and opportunistically misrepresent the value of its assets. A target firm may decide to withhold information about the value of its assets or quality and would not assure acquiring firm that it would disclose all the information it has while negotiating the sale in good faith, even if inclined to do so. The transfer of such ownership of the assets is thus impacted by adverse selection.

On my findings, in Cooperative Association Contracts, members or groups are expected to give correct information about their assets to the MF banks during contract agreements in order to avoid a situation as described above. Trust is very important in keeping a more lasting relationship in business for a more future venture.

4.2.3 Moral Hazard and Adverse selection

Moral hazard according to Eisenhardt (1989:61) refers to lack of effort on the part of the agent. The agent has no moral and did not put effort in carrying out his duty as agreed. In this study where we have the women cooperatives accessing loan from the microfinance institutions on behalf of the group. There is a risk that some of the women might engage in activities that are undesirable from the microfinance point of view because they make them less likely to pay back a loan. This occurs mostly in a financial market. It happens when the borrower knows that someone else will pay for the mistakes he makes. The individuals who gets the loans from the group are the borrower in this context, while the women group is the one who pays for the mistakes that may arise such as not paying back on time. The group in order to maintain their trust pays back on behalf of the person who could not meet up and gives her some time to repay to the group. The borrower here is given the incentives to act in a riskier way. You could recall the principal/agent relationship, described above. Eisenhardt argument here is that the agent may simply not put forth the agreed-upon effort. That is the agent is shirking (not reliable). An example could be drawn from a research scientist who works on a personal research project on company time, but the research is so complex that cooperate management cannot detect what the scientist is actually doing.

Adverse selection according to Eisenhardt refers to the misrepresentation of ability by the agent. The fact here is that the agent may claim to have certain skills or abilities when he or she is hired. Adverse selection arises because the principal cannot completely verify these skills or abilities either at the time of hiring or while the agent is working.

Relating the above with the cooperative association and the issue of empowerment through loans either by the Microfinance bank or among themselves, it could be said that the microfinance banks cannot always ascertain the risk before giving the loan. This means that there always exists the possibility of not being able to pay back the loan at the stipulated time or not and the existence of much risk on the lending party.

Adverse selection occurs for instance, when a research scientist claims to have experience in a scientific specialty and the employer cannot judge whether this is the case. In the case of the women cooperatives and the microfinance, the women cooperatives borrow money from the microfinance and serves as a collateral for other group members who could not borrow directly from them. The group being the agent in this context presents their members as ones who are capable of repaying at a certain period of time. When it is time to repay the loan some women might not be able to do so due to some problems encountered in their different businesses and the group will be liable for repayment. Then it could be said that they have misrepresented the women ability to pay back the loan, because they could not foresee circumstances that might arise. The principal (microfinance institutions) on the other hand, when the loan was given could not verify the ability of individual members to pay back due to the fact that the group represented them. It is true that the group serves as a collateral for accessing the loan but the individual members needs it and expected to pay back at a given time.

Mirrlees, J. A. (1999) stated that a situation first considered for the case of moral hazard in insurance is in fact a very general one ensuring whenever behaviour is unobservable, but its consequences are observable. Principal agent models are studied in which outcomes conditional on the agent's action are uncertain, and the agent's behaviour therefore unobservable.

Insurance contracts are typical examples of contracts designed to solve simultaneously an adverse selection problem and a moral hazard problem. A risk adverse driver for instance often has private information on how good a driver he is and also how safely he drives.

Frequently, moral hazard and adverse selection are intertwined. Moral hazard at times affects the random benefits that the principal draws from his relationship with the agent.

4.2.4 Transaction costs approaches

The free Encyclopedia stated that:

In economics and related disciplines a transaction cost is a cost incurred in making an economic exchange.

An example here could be drawn from people paying commission to their brokers when buying or selling a stock; that commission is the transaction cost of doing the stock deal. Let us also consider buying a banana from a store; to purchase the banana, your costs will be not only the price of the banana itself, but also the energy and effort it requires to find out which of the various banana products you prefer, where to get them and at what price, the cost of travelling from your house to the store and back, the time waiting in line, and the effort of paying itself. The costs above and beyond the cost of the banana itself are the transaction cost.

The free Encyclopedia, added that the term ‘transaction cost’ is frequently thought to have been coined by Ronald Coase, a British economist and Clifton R. Musser Professor Emeritus of Economics at the university of Chicago law school, who used it to develop a theoretical framework for predicting when certain economic tasks would be performed by firms, and when they would be performed on the market.

According to Valentinov, (2004:4) the common theme of the transaction cost approaches explaining the cooperative organization, is the explicit focus on cooperative attributes and alternative institutional arrangements. The women cooperative in this study is the cooperative organization and the members are women in a certain community of 18 and above age group. The fact that they are members of the cooperative gives them the privilege of accessing the loan indirectly from the microfinance through. The cost of being a member of the cooperative group can be seen as transaction cost. It is this cost incurred such as membership dues which gives them the right as members and in making an economic change. The economic change here is their involvement in various income generating businesses. The income generated are

used to effect positive changes leading to rural development in the community such as in provision of safe drinking water, maintenance of basic amenities and other self-help development projects. Valentinov added that cooperative organizations have been proposed by Holger Bonus, whose basic argument is that:

The main benefits of collective organization derived by cooperatives are achieved by internalizing crucial transaction-specific resources, who thereby avoid potential threats to the quasi-rent of their investment by outside opportunists.

He used this approach to explain the emergence of local credit cooperatives in rural areas of Germany at the time of Raiffeisen. Raiffeisen is the founder of the cooperative movement of credit unions and a German leader in the cooperative movement. Between 1845 and 1865, he was mayor of several German towns. The urban banks did not possess the required information about the credit worthiness of small-scale farmers, merchants and business men living there and therefore could not offer them the required loans.

The supply of loans was therefore monopolized by the local usurers, who invested significant resources in acquiring (learning) this information. The inhabitants of these areas, however, managed to internalize the loan supply transactions by crediting local credit cooperatives, which effectively utilized the pool of local information and the intimate knowledge that members had of each other and charged on these basis acceptable interest rates.

The general principles of transaction cost understanding of cooperative organization can be found in the economic theory of teams. The major motivation for the establishment of the team is non-measurability of individual labour inputs.

Valentinov added that in this economic theory of teams:

The team members introduce the profit sharing system, which becomes increasingly disadvantageous with the growing number of team members due to the increasing potential for shirking behaviour and/or limited information processing abilities of an all-channel network. When the disadvantages reach a critical level team is replaced by a hierarchy - a process conceptually corresponding to the widely observed trends of hierarchisation and commercialization of cooperatives.

4.2.5 Empowerment Theory

In my own words I can define empowerment as giving power or authority, ability and validity to a person or group of people. It can also be termed as a process of gaining power, developing power, taking or seizing power.

Robbins et al 1998:91 defined empowerment as a process by which individuals and groups of people gain power, access to resources and control over their own lives. In doing so, according to him they gain ability to achieve their highest personal and collective aspirations and goals.

Napier added that it is the empowerment of lives of the individual who needs to be empowered, not the helper or social worker who does not need it. Empowerment does not place blame on lack of resources (not having any resources at hand) and power. It does not mean that problems develop because of personal deficiencies. It is a process of increasing intrapersonal, interpersonal and political power so that individuals can take action to improve their own lives. Empowerment addresses power dynamics in and between those three levels mentioned above.

4.2.5.1 Approach to women's empowerment and its measurement

Mayoux (1998:15), a writer and researcher on gender, development and empowerment, defined empowerment as a term generally used to describe a process by which powerless people become conscious of their own situation and organize collectively to gain greater access to public services or to the benefits of economic growth. She stated that it is all about:

- Focus on individual capacities rather than underlying constraints
- Sees targeted assistance to individuals or groups of individuals as priority to enable them to change their position within existing social structures and thus only indirectly challenging the structures themselves
- Focus on women rather than gender (position and power in the society in relation to men) or class relations
- Particular emphasis on changing to achievement and self-confidence

Mayoux continued that empowerment could be seen in terms of community development and self-sufficiency. Although the term is frequently used in general terms, in many programmes the term 'women empowerment' is considered best avoided as being too controversial and political.

The assumption remains that increasing women's access to microfinance, savings and credit, will increase women's decision-making in the household and access to income for both production and consumption and improve their status in the community. The women cooperative association in the Niger Delta region in this study accesses loan from microfinance institutions or savings (contributions among themselves) and are empowered economically, politically and socially. The money in their hands empowers them economically and on the social aspect of empowerment, their status in the community is improved as they can involve in decision making both in the household and the community while political empowerment enables them to have right to political positions. The loans are invested on income generating businesses and they use the income in self-help development projects such as provision of safe drinking water, schools, markets etc. The women interests however coincides with those of the household, particularly children. Having understood 'women empowerment', it is necessary at this juncture to see the way empowerment is being measured based on economic, social and political factors.

4.2.5.2 Measuring empowerment

Egbu (2006:7) in his book stated that measuring empowerment may vary according to the context i.e. the social, culture and political context of a given society. Under this we have:

1. **Economic empowerment**, which can be measured in terms of woman's ability to utilize available resources (in self-help projects or household), and it involves level of economic independency (availability of resources for the execution of projects), not depending on anyone for its provision.
2. **Social empowerment** which can be measured in terms of the ability of a woman to participate in decision making at the household and community level.
3. **Political empowerment** can be measured in terms of a woman's capacity to participate in political affairs. As a member of a political group or cabinet she is exposed to be a political candidate, and similar activities are included here too.

The impact of Microfinance loans on women empowerment however, can be judged from its contribution to enable them to have their own sources of income as well as develop their economic assets (investing in income generating businesses; provision of safe drinking water etc.) and human capital (training of their children in schools). This will definitely assist them to build their self-esteem and improve their political, economic and social influence in the community.

Brief chapter summary

In this chapter rural development was described and some theories such as cooperative organizing and agency theory (the relationship between the principal and agent as seen in the women cooperative association and their members where the women association is the agent who received the loan from the microfinance on behalf of their members the principal.), information asymmetry, moral hazard and adverse selection, transaction costs approaches and empowerment theory were addressed.

The theories were treated considering their relationship to this study. The cooperative organizing section looked at the definition of a cooperative and various ways in which cooperatives are formed considering the women cooperative association which is the main focus of this study. The women cooperative associations are formed with the aim of serving the needs of their members and every cooperative represents simultaneously an association of persons in the sense of sociology and social psychology as well.

Other theories like information asymmetry gave an insight on the importance of giving true information by both parties involved in a contract such as the cooperative associations and the MF banks in order to maintain trust and more lasting relationship. In this case lack of trust may hinder access to loans by the cooperative associations from the MF banks.

The moral hazard and adverse selection was also discussed in this chapter. It is very vital for full information to be given by the parties which are responsible for such during contractual agreement like the women cooperatives in this study to the MF banks. This will eliminate any

type of risk or uncertainty in business as the MF banks cannot actually ascertain the risks ahead of time.

The transaction cost theory was addressed in this chapter and entails the costs the cooperative associations have in making a contact with the MF banks. The labour input here by the women association cannot be measured but are termed as the transaction costs of acquiring the loans from the MF banks.

Finally in this chapter the empowerment theory which entails giving power, authority or validity to a person or group of people could be related to the women cooperative associations who are empowered by the MF banks through giving loans for their economic activities. The women association who received loan from the microfinance institution and their membership contribution (savings) are empowered economically, politically and socially. The financial assistance is to help them in rural development and improvement of their standard of living. Based on my findings from the women cooperative association in the Niger Delta area, it is difficult for the individual woman to access loan from the banks. This is because of the huge collateral that is charged on each loan. Through the help of the microfinance institutions the women association can access loan which the primary reason is to assist their members with financial needs. This loan gives the women power and authority (such as in decision making and economic activities) in their community.

The figure below diagrammatically represents the theoretical framework discussed in this chapter, which shows the interaction between MF loans, information flow, trust and women empowerment. In a nutshell, individual women who make up the women cooperatives, request for MF loans through their cooperatives.

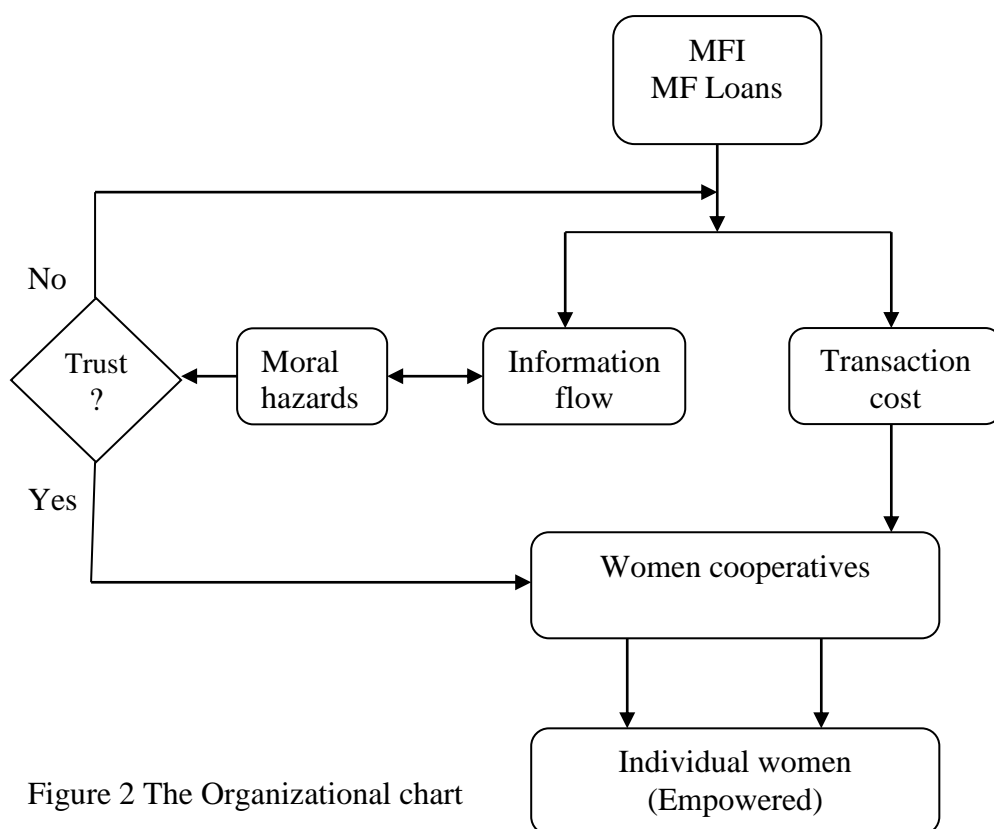


Figure 2 The Organizational chart

On the left hand side of this figure, information and conditions about MF loans emanating from MFIs are passed on through the leaders of the women cooperatives. Not delivering such information adequately and completely by the MFI, and the women cooperatives giving adequate and correct information from their side (information asymmetry), can constitute a moral hazard.

As shown in the figure, “Yes” refers to the situation whereby through the information provided by both parties (MFI and women cooperatives) trust is established (conditions for the loans met). In this case, loans are accessed by women cooperatives, which can then be disbursed to the individual members to empower them. Likewise, “No” refers to the situation where, for any reason, no such trust is established and the women cooperatives do not have access to the loans.

The right hand side of the figure shows that the transaction costs are borne by the women cooperatives, which are also passed down to the individual members.

5. Analysis and Discussion

This chapter aims at addressing the research questions stated earlier in the Chapter 1 in view of the theoretical framework discussed in Chapter 4. These research questions are:

Can empowered rural women cooperative organizations constitute a sustainable means towards rural development (improvement in the standard of living), social and economic change in the Niger Delta region of Nigeria?

If so, what can be learned from the dynamics of such associations that can be applied to reach a conclusion, and what necessary measures could improve such a conclusion in order to increase its impact?

The rural women in the Niger Delta region before the emergence of microfinance and women cooperative associations, found it difficult to access loans from the commercial banks. The individual woman could not access loan from the bank without providing a huge collateral. These rural women who needs money to invest in their various businesses or trades could not access any based on huge collateral. The level of poverty was so high and most women could not attend to any household or community activities. The standard of living was low at this period of time. This affected their rights and privileges in contributing to the economic, social and political matters in their community. A woman with no access to loan or credit and without enough resources could not perform any economic activity such as attending to household matters, sending children to school or even providing basic amenities in the community (such as safe drinking water etc.). This problem of not being able to access loan from the banks, led to the introduction of microfinance institutions by private organisations and also cooperative associations by women in the rural areas. One good thing with the microfinance institutions is that they do not ask for so huge collaterals. The women cooperative association have their goal as helping their members with financial assistance. The group accesses loan from the microfinance and give to their members who in return pay back without interest. The group serves as a collateral to individual members and also makes sure that they repay loans at maturity to avoid penalty and risk in not accessing loan again.

In order to clearly investigate the research questions, this discussion has been broken down into four sections (see sections 6.1 – 6.4 below). Each section addresses a specific component of the research questions.

5.1 What factors are inherent in rural women cooperative associations that can be harnessed to facilitate improved standard of living (rural development and change)?

5.2 Can empowered rural women's cooperatives really help in improving the standard of living in their community?

5.3 What factors contributes to or hinder the possibility of access to microfinance institutions?

5.4 How can policies contribute to the creation of the microfinance institutions?

5.1 What factors are inherent in rural women cooperative associations that can be harnessed to facilitate improved standard of living (rural development and change)?

Ikelegbe (2005:245) described the Niger Delta as 'a resource-rich region usually characterized by struggles over benefits (fighting for natural resources such as petroleum and oil by local dwellers) that has marginality as the basis of gendered movements'. The women in the rural communities due to their impoverishment and marginalization, are aggrieved in the oil economy thereby engaging in struggles for justice and fair benefits through forming associations such as the cooperatives. This women's indigenous cultural, socio-economic, development, mutual support and informal sector groupings (cooperative associations) are important associational formations that are vital in local government economic empowerment, local participation and social cushions in the community. The cooperative association comprises of women from a particular community in the Niger Delta irrespective of their status and within the age group of 18 and above. The conflict in the Niger Delta region due to the slow development undergone is of a great concern to the women in particular.

Most of the women cooperative associations engage in the governance (political leadership) and local participation (decision making) to achieve the community development (improved standard of living through the provision of basic amenities). They are very vital tool that could be used often in the community to enhance development and change in general. In Akpabio 2007:313, Tripp (2000:233) stated that the proliferation and increased roles of associations in rural area and women participation is changing the terrain of women status, autonomy and collective roles in the local (rural) and urban communities. This could be related to the Niger Delta region and the women cooperative association in this study who

experienced social changes in their status through the financial assistance (credit and loan) from the microfinance institutions and contribution among themselves.

The women cooperative associations act as the major credit sources for their local groups. They empower them to become self-sustaining by pooling together (financial contribution) their resources to assist needy members and embark on community development activities. In (Akpabio 2007:313), The World Bank asserted that ‘most successful’ (local) groups appear to be ones in which a large proportion of lending capital is raised from group members’ savings. Most of the women cooperative associations gather as a group, pooling their resources and lends to their members (loans). The members on the other hand engage in viable businesses with the loans, make profits and return the loans to their associations.

These rural women often define their interests and also set their own agendas for more participation in the community development. They do this as a cooperative association and during their monthly or yearly meetings. It should be noted however, that the increased poverty, deepening socio-economic disruption, decline of local economies, mass unemployment as well as persistent neglect of the region generated growing disenchantment with the multinational oil companies and the state to restiveness and anger in the Niger Delta region.

As a result of the above, the formation of the women groups emerged to challenge the oil companies and the state. Making development sustainable (engaging in some of the economic activities towards the actualization of improved standard of living such as self-help community projects) is one of the abilities that are found in the women association. They try to meet the needs of their families and communities with the self-help projects which also serve as a benefit to the nation at the long run. Some of the projects the women cooperative association engage in are, contribution to the maintenance of roads, building of community hospitals, schools etc.

5.1.1 Goals of the Empowered Rural Women Cooperatives Association towards rural development and transformation

The rural women cooperatives’ main goal is to engage mostly in self-help projects towards the development of their rural community. Most of the activities of the rural women

cooperative members are targeted towards the actualization of changing rural communities by the provision of basic infrastructural facilities. This made them mostly eager to plough back the income they realize among themselves as a group into the purse of the society through self-help projects with the goal of improving their standard of living.

On this study of the rural women cooperative associations in the Niger Delta Region, interacting and exchanging ideas of business among themselves is one of the association's main goals. However, the goal of meeting their social needs could be actualized through participating in social related activities. Stated below are also some of their goals as a cooperative association. This is from the Obazu Progressive Women Association, Mbieri, one of the cooperative associations in the Niger Delta.

- Empower rural women economically, socially, politically and thereby promote sustainable development.
- Develop skills, improve knowledge and promote culture and consultation in decision processes.
- Give poor rural women a sense of belonging and the opportunity to benefit from and contribute to the development in the Niger Delta Region.

(source:Obazu Progressive Women Association, Mbieri).

The goals of the women cooperative mentioned above buttresses the cooperative theory analyzed in our theoretical framework in Chapter 4, and according to Valentinov (2004:8) cooperative organizations:

Have mostly been economic in character, but have had moral, ethical, social, cultural and political motivations as well. In order to function as vehicles for the values, the cooperative organizations must function efficiently: so the basic ideas and ethics have been supplemented with practical experiences to form instrumental values.

5.2 Can empowered rural women cooperative associations really help in improving the standard of living in their community?

This section will explore several methods and ways in which the rural women's organization has built up self-reliance. This women cooperative organization is made up of rural women from 18 years and above. They come together to form a cooperative association irrespective of their position (status) in the community with a common goal. The women associations are

helping women to overcome difficulties in their various businesses and to ensure a decent living of the families. They engage themselves in new ideas, activities and skills. They may be seen as a channel of change in the remotest areas. I will first of all look at the roles and strategies of empowerment.

5.2.1 Roles and Strategies of Empowerment

The rural women cooperative association in the Niger Delta region plays a very vital role in the rural development (improving the standard of living) and they do this through the help of loans accessed from the microfinance institutions and contributions among themselves. The role of the women association is linking their members to resources that will enhance their self-esteem and problem solving. The money empowers them economically, politically and socially. They are able to do some economic activities, involve in decision making and also take political positions in their different communities. The women role in the rural communities have helped in the actualization of rural development thereby improving their standard of living (poverty alleviation). The women association also plays a financial role to their members by giving financial and business advice to them (helping or educating them to gain knowledge on their businesses through seminars and workshops), acting as collateral for accessing loans from microfinance which their individual members could not do due to huge collateral and also contributing to improving their standard of living (self-help projects such as provision of basic amenities).

5.2.2 Brief History of the Women Cooperative Associations in the Niger Delta Region

Ajayi and Otuya (2005:7) defined a Cooperative Association or Society as a business body owned and operated by a self-help voluntary association of members' patrons for mutual benefits. This is usually the most common self-help development projects women embark on to assist in their rural community's development. It is also called the cooperative (thrift) society. The savings which the women get from the thrift can be used for investment in agricultural and rural development projects such as weaving and pot making just to mention but a few. Some of the women do engage their finances in palm oil processing as Delta State

is noted for its palm oil processing activities. Here the end product is always small scale soap industries by the women based on my findings from the women group.

In some cases, the women cooperatives association engages in setting up private schools which are basically for economic benefits for them and the entire society. Provision of market places, maternity centers and orphanages are also done in order to actualize social and health benefits. The women always decide among themselves during their yearly meeting on the kind of investment to engage in with the amount they have at hand (loans from the microfinance invested in various trades and also their membership contribution). Most of the large investments take a long time of savings before actualization while some are done through the collaboration with the local or state governments. They have meetings with their local or state government officials in order to know the kind of project that they can support; mostly the big ones such as maintenance of roads, electricity supplies and other development projects. The women do this because they want to better their state of living (improve standard of living) and that is why they task themselves with such income from investments. The investments generate revenue which they use to repay loans as well as save for their projects. Some of the self-help projects like markets, schools and hospitals generate revenue though is done a times with the assistance of the local government in that particular community.

From my findings from the women cooperative official, the women as a group have access to the microfinance banks and can serve as collateral for any of their members who needs loan from the group. They do this because most of the individual members cannot afford to provide requested collaterals by the banks. In Nigeria some microfinance banks are in the business of giving micro loans to associations or individuals with little interest to encourage them in investments. This is one of the benefits one gets for being a member of the association.

Loans among the women cooperatives are given mostly for the establishment of new businesses or maintenance of the existing ones. Interests are paid during repayment and punishment can be given to any member who defaults payment by increasing interest during repayment. The women are empowered economically (engagement in economic activities in the household and community), politically (participate in politics or leadership positions in their community) and socially (given rights to decision making on community development)

through the provision of loans by their association. With the help of the loan they engage in different businesses or some self-help projects such as provision of safe drinking water, maintenance of road, schools and markets towards the development of their community.

5.2.3 Women Cooperative Associations in the Niger Delta

Some of the women cooperative associations in the Niger Delta will be reviewed in this section.

5.2.3 .1 The Bille Women Progressive Union

Ejituwu & Gabriel (2003:162) presented the Bille Women Progressive Union as one of the women cooperative associations in the Niger Delta region. The organization was founded in about the 19th century by a woman, Queen Ikpakiaba. This Union, like any other organization, had aims and objectives among which were the following:

- **To foster unity and love among Bille women, in particular, and women in the State and the Nation, in general**
- **To keep abreast with current affairs as they affect women, and find possible solution to such problems**
- **To embark on self-help projects to supplement government effort by providing certain basic facilities to make life more meaningful to the people of Bille Kingdom and**
- **To ensure that Bille women were not left behind in the crusade to attain self-sufficiency.**

This association has in 1977 embarked on a large town hall project in Bille town. Also under self-help scheme, funds were raised and Rivers state government grants also came in. Of recent, the Bille women progressive interfered with local political affairs such as chieftaincy matters in deciding appointment of more chiefs in Bille kingdom. They were also involved in checking the abuse of power of local authorities. They did this by sending delegation to the ruler of their kingdom asking him to sit up while administering the territory. This association of women engages on many self-help development projects leading to rural development and change. The Bille group though did not benefit from the microfinance institutions in accessing loan but raise funds among themselves with the government's grants to actualize their development projects. They have the same goal with the women cooperative for this study

(Obazu Progressive Women Association) of self-help projects towards development in their community with the mind of supplementing government effort by providing certain basic facilities to improve their standard of living.

5.2.3.2. Obazu Progressive Women Association Mbieri, Owerri

The Obazu Progressive Women Association is one of the Women Cooperative Associations situated in one of the Niger Delta regions (Imo State). The basis of the organization lies in the village, i.e. in the women's group. As villages and people differ, all the women's group and the associations they form are special also (considering what their goal is). This association's primary goal is to promote the well being of women in agriculture, economic decision making, for the total development of the capacities of women to contribute to self-reliance and sustainable development in the household and community. Their membership strength is about 350 women living in the same community and its environs (Obazu- and Owerri city). Some of the members are traders, farmers, fishers and small business entrepreneurs (such as tailors). The women's groups are different ages and new ones are welcome all the time. Their meetings are held once in a month except on an emergency call. The women pool their resources together (financial contribution) for a certain period of time in order to engage in self help development projects. They decide among themselves on what kind of project to invest in. They do not only invest in the money pooled together among them, but loans acquired from the microfinance banks. The loans are also invested in some of their existing businesses, new businesses, farming, fishing etc. and the proceeds are used for self-help development projects such as provision of safe drinking water, schools, markets etc. in their rural community. The social impact of the women cooperative in their community is that with the help of the loan from the microfinance, they are socially empowered and this gives them the opportunity to participate in the decision making while economically they are also empowered. The economic empowerment (financial resources) gives the women cooperative the privilege to engage in economic activities leading to improving their standard of living. The women have a huge impact to their community in the area of development with the help of the microfinance loan as well as the contribution among themselves. In the household poverty is alleviated while in the community changes have taken place due to the provision of the basic facilities which was absent from the beginning.

Some of their objectives are stated below:

Their objectives are to:

- **Empower rural women economically, socially, politically and thereby promote sustainable development.**
- **Develop skills in different trades, improve knowledge and promote culture and consultation in decision processes.**
- **Give poor rural women a sense of belonging and the opportunity to benefit from and contribute to the development in Nigeria.**
- **Promote popular participation and bottom-up approach in decision making**
- **Give the youth a sound knowledge of the local technology, tradition and culture that are sustainable for economic development.**

(Source: Obazu Progressive Women Association, Mbieri).

5.3 What factors are against or facilitate the possibility of access to microfinance institutions?

Getubig et al, (1997:10) stated that in general MF can be more viable strategy for sustainable poverty alleviation, if more is to be done on programme outreach and depth. The programme needs to accommodate many poor households in developing countries. Currently only few of the world poor have access to the services by this MF (less than 5%), and if we exclude Bangladesh, the only country where truly large number have been reached, the number falls to less than 1%.

5.3.1 Factors against accessibility to MF loans by the organized women groups in the Niger Delta region

Mayoux, (1998:5) asserted that the main objective of the microfinance institutions is mostly to give loans to the economically active poor (such as the women cooperative in the Niger Delta region). The active poor here means one who is ready to utilize the money into meaningful and productive use just like the women cooperative association in this study. The loan from the microfinance were invested into meaningful (businesses) and productive

(farming, trading etc.) activities. From my findings in the Niger Delta region, by the 1990s microfinance had become a key strategy for poverty alleviation and women's empowerment. The past decades has experienced an increase in funding from microfinance, channeled through NGOs and governments from large international donors. The women have been the target for the scheme because of higher female repayment rates and their prioritization of expenditure on family welfare. They are consistently better in promptness and reliability of repayment.

5.3.2 Barriers for women in accessing micro credits

In my studies on the women cooperative association in the Niger Delta Obazu Progressive women association I learnt that the individual woman encounter some problems in accessing the micro credits or loans from the microfinance banks. This is because they request for small loans and the banks see them as risks to their investments. There is much cost from this small loans when given in large numbers. The problem of costs on loans is also a barrier to accessing credits from the banks by the women with the huge collateral placed on it. Relating this to Mayoux's (a writer on development issues) stated some barriers for women in accessing micro credits and these are as follows:

- Resistance from banks because of costs of large numbers of small loans to borrowers perceived as risky investments
- Corruption and use of credit programmes as a form of political patronage is common
- Inflexible credit 'packages' inappropriate to the needs of poor borrowers
- Support services are often insufficient, bureaucratic and inflexible to local circumstances
- Requirement for collateral and/or minimum savings and/or husband's signature as guarantor
- Poorer women often had neither the resources nor the skills for the particular types of loans on offer
- Costs of loan application e.g. application fees, service fees, lender services and bribes to officials.

Though the above mentioned barriers make the accessibility of credits by the women hard sometimes, there still exist some factors that facilitate its accessibility. This will be treated in the next section.

5.3.3 Factors that facilitate accessibility to MF loans

In my interviews with some of the women cooperatives members, I discovered that most of the associations serve as collateral for each member for the accessibility of loans. The MF banks give loans to these organizations or individuals (not to the women alone) in need of it while interests are charged on return. Most of the poor cannot meet up with the demands of the banks before accessing loans and this is why they belong to associations that give them opportunity to obtain loan indirectly. In the absence of such opportunities, these rural women may not have access to obtain any financial assistance from the MF banks as they cannot present collateral that might be needed in the process. This is one of the benefits of belonging to the cooperative association.

The women also enjoy the benefit of not paying high interest on loans received from their association. This is in the case where the loans are given directly from the association's purse.

This practice exists just to encourage them in their individual businesses and thereby improving development in general. In a situation where a member is not able to pay back loan on time, she could be given the grace of extension without charging extra interest on it.

Another factor that facilitates accessibility to MF loans by the women is the repayment of it on time. If the loan is given for a specified period of time, the MF institutions expect its repayment according to agreement. Defaulting in loan repayment may hinder accessibility next time, leading to lack of trust. By belonging to the women cooperative association, the women also enjoy getting assistance from the group on loan repayment at a given time. The association sees that their members do not default in their loan repayment.

Some of the women use their loans to build up their existing businesses, engage in new trades and uses the proceeds to assist in self-help projects in the community such as building of town halls, schools and markets places etc. They are thereby empowered having access to loans for improving their standard of living, development of their rural communities and nation in general.

On the other hand, inability to pay up loans by individuals on time can hinder accessibility from the MF banks and also attract more interest on the borrower. Some individuals if granted

loans are unable to pay back at maturity. This makes it difficult to have access next time they need it. This is one of the reasons women belong to a cooperative association where they get help in repayment of loans by being a member.

5.4 How can policies contribute to the creation of the microfinance institutions?

In Moser (1993:1) he stated that in the world of policy and planning where fashions come and go women and development concerns are peculiar anomalies. They resolutely refuse to disappear.

In Ugochukwu (2005:8) report, he stated that the development dilemmas which have agitated the minds of scholars, development experts, government, as well as the people of Niger Delta, for over a century, are still with us. This means that for a long time (over a century) there has been an issue of development in the Niger Delta region which are yet to be resolved.

Akpabio (2007:308) reported that a growing perception of the importance of NGOs by the international community and many governments is driven by their role in democratic pluralism and the hope that they might share some of the costs of providing development services and by their perceived ability to reach the rural poor.

The women cooperative associations in the Niger Delta region for instance, an NGO engage in some of the development services that enables them reach out to the rural poor in their communities. This is a very vital role and they also share the costs of providing this development services with the government. They join hands with the government sometimes to build some basic infrastructures needed by their communities. The funds they invest here are mostly from their pooling of resources.

The government is not always left alone to perform these development services. Akpabio also argues that NGOs in Nigeria, as a group deliver more aid than the entire United Nations Organisation (UNO) system and disburse more money than the World Bank. With reference to Africa, Akpabio revealed that NGOs operating therein manage nearly 3.5 billion dollars in external aid compared to less than 1 billion dollars in 1990.

He added that the ability of women to contribute to the development of process depends on the extent to which they participate in decision making process at all levels. The women associations mostly perform development roles in their rural communities when given the

opportunity to participate in the decision making processes. They bring in ideas on how things could be done community wise leading to development and change in their various rural communities.

Akpabio asserted that there can be no true people's participation in governance and development without the equal participation of women and men in all spheres of life and levels of decision making. Women and men should be involved equally in developmental issues to allow true participation in decision making.

5.4.1 Policy issues in Rural Development and Change

In my own understanding about policy, I can say that it plays a significant role in nation building. With policy the government can formulate strategies on how to solve a particular problem such as economic, development, security etc. in the nation at a given time. This study will highlight the role of policy issues in bringing about rural development and change in the Niger Delta Region through women cooperative associations. The Niger Delta Region has its own peculiarities in both demographic and economic terms. These peculiarities need to be kept in mind while formulating policies.

Whereas some policies could benefit just a few, there is need to formulate and design policies that would facilitate adequate private organisations for example, the women cooperatives association participation in rural development efforts.

The NEEDS programme outlines policies and strategies designed to promote economic growth in the country. The NEEDS, a federal strategy is complemented by an equivalent at the State level, the State Economic Empowerment and Development Strategy (SEEDS). The main goal of the NEEDS is to reduce poverty.

In ifad.org report, it was stated that the government recognizes the importance of empowering people to design and manage their own development activities. The strategies for protecting poor rural people by the government are:

- Access to credit and land
- Participation in decision making
- Access to agricultural extension services
- Access to improved seeds and planting materials, farm inputs and tools and

- Traditional thrift, savings and insurance schemes.

The current policy also includes integrating women into economic mainstream and promoting them secure access to land, agricultural water and financial services. This means that the women will be involved in economic decision making and also given rights by the government to lands for agricultural purposes with financial benefits. There is also a commitment from the government to strengthen rural financial services, including improved access to credit as a key to reduce poverty thereby bringing development and change.

5.4.2 The concept of Rural Development and Change

Ajayi and Otuya. (2005:1) wrote that rural development is about improving the quality of life of all members of rural society. This entails providing basic amenities such as food, shelter, good roads, markets, safe drinking water and necessary health centers for the rural people to live a better life. If the rural people have such amenities, the quality of their lives will be improved just like the ones in urban areas. Some of these amenities are mostly absent in the rural areas thereby making living uncomfortable.

In Nigeria, it started during the colonial era when there was promotion of self-help to improve health, nutrition and general community welfare by the Social Welfare Officers (SWOs) i.e. the people responsible for the community's welfare.

Ajayi and Otuya added that a sound rural community development can revolutionize rural life into fast-growing urban centers. The rural development could turn to urban area when basic facilities such as good roads, schools, hospitals and safe drinking water are present. This could be related to the women cooperative associations in the Niger Delta region of Nigeria that embarked on activities leading to the change of the rural life into urban.

Ajayi and Otuya. (2005:1) also described community development as:

A process by which the efforts of the people themselves are linked with those of the government to improve the socio economic and cultural conditions of the community, thus enabling them to contribute more fully to national progress.

Ugochukwu, (2005:35) argued that one of the most pressing needs of the Niger Delta region is to build up the economy of both the rural and urban areas through processes which are

interlinked and mutually reinforcing. The region has in 2005 set a master plan called NDR Master Plan towards the alleviation of poverty and development of rural communities.

Ugochukwu continued that the stated goals of the NDR Master Plans are:

- **To make a major impact on living standards, particularly where there are the greatest human need of the Niger Delta population and**
- **To devise the most effective ways of increasing economic enterprise, industrial activity and productivity in general.**

Ugochukwu added that the Master Plan in addition to sharing the federal government's NEEDS (National Economic Empowerment and Development Strategy) Programme, also shares the UN Millennium Development Goals of: A human development agenda (Health, education, housing, gender issues and environmental sustainability).

The study will further investigate factors against rural development and change specifically regarding women cooperative associations.

5.4.3 Factors against Rural Development and Change

Though there are some positive factors leading to rural development and change either from the women cooperatives or government in the Niger Delta, there also exist some factors that work against its achievement.

The development policy centre 2001 reports stated that the UN Declaration on the Rights to Development of 1986 recognizes that the human person is the central subject of the development process and that development policy should therefore make the human being the main participant and beneficiary of development. This approach to development promotes participatory development in policymaking, project conception and implementation. Obstacles to rural development include the absence of an effective and integrated approach, inadequate funding, and corruption.

Another category of obstacles is limitations placed on non-government organizations (in this respect, women cooperatives) from embarking on certain development projects, such as road construction. Worse still for development initiatives, is the people's whole dependency on the

central government and on the oil companies within the Niger Delta region, based on my findings. Hence they have been unable to fully seek alternative communal self-help strategies to enhance their livelihoods and develop their environment.

Ugochukwu, (2005:15) stated that the problem of inadequate funding by government is yet another factor preventing some agencies in the Niger Delta regions from the execution of most of their development projects. He added that the lack of political will also on the part of the government has been the main reason for the lack of commitment by the political authorities to provide adequate funding for development in the Niger Delta.

Ugochukwu added that the governments often interfere unduly in the affairs of various agencies thereby delaying development. OMPADEC for example, one of the agencies on development projects in the Niger Delta experienced interference from the government. In the contract, ability and competence was not considered, rather contract awards was on rewarding political supporters and fellow members. This could be seen as what causes most of the development projects to be uncompleted or poorly executed.

According to him, in the Niger Delta case, there was also the problem of corruption on the part of the Agency officials. He stated that part of the money meant for the promotion of sustainable development in the Niger Delta was converted to private use. Such problem can hamper development thereby delaying rural change at the long run.

Ugochukwu continued that lack of community participation is another factor against rural development and change in the Niger Delta region. The people in the region neither saw nor regarded the projects on development initiated by the agencies as their own. They were not committed to the initiatives formed by the agencies and this resulted in the vandalization of many of the projects as soon as they were commissioned. The above illustration is not associated with the women cooperatives and rural development in the Niger Delta, but it is good to know about other things that are against rural development and change in that area.

The next chapter draws a conclusion on this study, and will consider some recommendations for further studies.

6. Conclusion and Recommendation for future work

The last chapter of this study was intended to address the research questions mentioned earlier in the first chapter, which was supported by literature findings.

The main research question was:

Can empowered rural women cooperative associations constitute a sustainable tool towards rural development and c change in the Niger Delta region of Nigeria?

If so, what can be learned from the dynamics of such associations that can be applied to reach a conclusion, and what necessary policies could enhance such a conclusion in order to increase its impact?

The research questions were clearly investigated by breaking them down into four sections in chapter 6. In these sections specific components of the research questions were addressed.

Most of the women association engage in the governance and participation toward their community's development. According to my findings, they are the major credit sources for their local groups and this is done through empowering them to become self-sustaining. They pool together their resources (contribution) to assist their needy members while embarking on community development activities such as building of schools, markets, hospitals, educating their children in schools etc. They do this in order to improve their standard of living.

It should be noted here that, before the association's formation, the women were not opportune to live a self sustaining life, economically empowered and were not participants in their local community's governance.

The factors inherent in these rural women association as mentioned above are the means towards the facilitation of rural development and change in their local communities. These factors which I could address as pronounced differences were as a result of loans or credits they received from their association that empowered them to actions.

Can empowered rural women cooperative associations really help in rural development and change? Based on my literature review and findings, the empowered rural women cooperative associations could help in rural development and change in the Niger Delta

Region. The rural women cooperative association in this study from the Niger Delta region contribute to rural development and change in their community. The loans which the group got from the microfinance institutions and the contributions among themselves were used for some economic activities and they were empowered. They were empowered economically as they could invest on divers businesses, socially were able to participate in decision makings while politically got involved in the leadership positions in their community.

Also the women involvement in establishing new businesses or existing ones could be seen as a help towards rural development and change. Their engagements in self-help projects according to my findings also help in rural development.

According to Dunford, (1998) the MF loans the rural women received from their associations, captured its original image by the international society as it provides poor households particularly women with primary child-rearing responsibilities, with a very practical multiple-use resource: cash. These rural women cooperative associations could be more sustainable strategy for rural development and transformation if more is to be done on giving more loans to them which will empower them greatly.

They are empowered socially and politically thereby promoting sustainable development. Their status, which changes later give them voice in their communities than before as they were empowered socially and politically. They could context in their communities also. The poor rural women will also have a sense of belonging and opportunity to benefit from and contribute to the development in Nigeria as addressed in the Obazu Women Association objectives.

So far, I have addressed the rural women cooperative association's various ways of helping in rural development and transformation. These women as seen could mainly be empowered through the loans they receive from the MFIs. I would at this point say that the government also has an important role to play in realizing the impact of the MF program intervention.

They should try to arrange enabling environment for the MF program by ensuring political stability, a stable macro-economic environment and low inflation rates. In order to have sustainable MF intervention, the government should keep infrastructure in place that link more remote areas to markets.

The MFIs on the other hand, should endeavour to give micro loans to associations or individuals with low interests to encourage them in investments. If there is much MF coverage in the rural communities of Niger Delta Region, it will really help as the coverage seems to be very low at this time.

I have addressed the question: what factors are inherent in the rural women cooperative associations that can facilitate rural development and transformation and the ways in which the women could really help. Let me now look at the next research question: what factors are against or can facilitate the accessibility of the MF loans?

To answer this question, I will firstly say that the objective of the MFI's is mostly to give loans to the economically active poor i.e. the one who is ready to utilize the money with meaningful or productive use. MF could be seen as a key strategy towards poverty alleviation and women's empowerment according to Mayoux (1998:5).

The Niger Delta rural women cooperatives are one of the organizations that seeks loans from the MFI's for projects mostly on development and transformation of their rural areas. In my interview with the officials of the women cooperative in the Niger Delta region, I understood that though the loans are given to them (the women group) to aid in development, there still exist some constraints on the accessibility of it. This makes it impossible for the MF banks to give loans to the women. Inaccessibility of the loans might be due to costs of large numbers of small loans to borrowers. It is so, because the MFI's perceive it as a risk thereby withholding the loans from them. The issue of corruption and use of credit programmes as a form of political patronage can serve as a barrier also.

The requirement of collateral or minimum savings is yet another barrier to accessing the loans. The MF would need certain collateral from individuals before giving loans, and because some of them do not have it, the association serves as collateral in receiving the loans on their behalves. This could be seen as one of the benefits the members get in joining the cooperatives. They also monitor their businesses to see if there are indexes showing physical growth in them and physical inspection of business sites are done. Here the growth indexes signifies that the money given as loans are effectively utilized, if not advise are given on how to manage existing or new businesses.

On answering the question: what factors can facilitate the accessibility of loans by the women cooperatives, I can say that the provision of the collateral by the cooperative association gives them the opportunity to access the loans from the MFI's. It could be said here that once one join the cooperative, she is covered by the association who presents collateral to the MFI's before the loans are given.

Loan repayment gives the cooperatives access to the loans also. If the loans are repaid on time, they have more access on its next accessibility and if not it could serve as a hindrance in accessing the loans. Late payment can attract more interest on loans, so the women must avoid this by paying on time. If a member for instance, defaults on the loan, the cooperative as a group pays on her behalf in order to maintain the relationship with the MFI's. This could be seen as one of the problems facing the association or any other organization. Newer and more flexible disbursed monitoring of loans should be considered and they should also find newer methods of debt recovery by finding new indexes or criteria for accessing the success of individual loans.

The last section of this chapter addresses the research question: what policy issues can be deduced or designed that can enable the government facilitate rural change through rural women cooperatives?

Through my studies I found out that some of the policy issues that can be designed to enable the government facilitate rural change through the women cooperatives in the Niger Delta Region are: The women engagement in development services enables them reach out to the rural poor in their communities, and this can assist the government in facilitating rural change by sharing the costs of this services with the women.

Another policy issue could be found in giving opportunities to the women in decision making processes. This will lead to bringing in ideas on how things could be done community wise, leading to development and transformation in their various rural communities.

In the policy formulation, the rural women should be integrated into the economic mainstream. Promoting them to secure development facilities such as the provision of

financial services from the government, will serve as a key to reducing poverty and bringing development and transformation.

In conclusion, this study showed that empowered rural women cooperative associations in the Niger Delta Region is a sustainable tool for rural development and change. They are engaged in governance, self-help development projects such as building of schools, hospitals, markets, educating their children etc., local government economic activities in conjunction with the government (such as work on how projects would be carried out) and acts as major credit sources for their local groups, empowering them to become self-sustaining through giving of loans.

When they are socially and politically empowered, it leads to sustainable development in their various communities. Their participation in decision making processes and integration in policy formulation brings development and transformation to their rural communities.

Rural development and change irrespective of its progress in the Niger Delta Region through the activities of the oil companies, rural women cooperative associations and the MF institution still had some factors against its success. Efforts should be geared towards the realization of this goal of rural development by the parties involved. The government on their part should also try, by providing facilities for the rural women to empower them in achieving this goal.

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Personal messages

- Obazu Progressive Women Association, Mbieri: Informal interview with the women association's official (Mrs. Stella).
- Olive microfinance Lagos: Informal interview with the Manager Mr. Agbai Egbu.

Appendix 1: The Nigeria Map showing the Study Area (Niger Delta).



Indicated towards the south East (downwards) is the area of study (Niger Delta)
courtesy: map of the world.

