

Chapter 1

How Does Microfinance Empower Women in Nigeria? A Study

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ABSTRACT

That microfinance institutions empower women has become a heated debate at both theoretical and empirical economics. A large proportion of women in developing countries are characterized by segregation, relegation, poverty, vulnerability; majority of them engaged in agriculture and related economic activities, while a few others have menial jobs. The objective of this chapter is to determine how microfinance has empowered women in Nigeria. It employed propensity score matching and logit model to estimate the effect of microfinance on women empowerment and welfare. The results show that age of women, education, belonging to saving association, and operating an account are the determinants of women empowerment and welfare as they access finance from the microfinance banks. It was also observed that there is disparity among women who have access to liquidity. It is recommended that more microfinance banks be cited in the rural sector where the majority of the poor reside, policies like low interest rates, national awareness, and incentives for more women to access micro-credits.

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INTRODUCTION

Women play a crucial role in the economic development of their families and communities but certain obstacles such as poverty, unemployment, low household income and societal discriminations mostly in developing countries have hindered their effective performance of that role. Therefore, most of them embark on entrepreneurial activities to support their families. Studies have shown that women entrepreneurship could be an effective strategy for poverty reduction in a country, since women are the worst hit in such situation (Ekpe et al., 2010).

In order to support the women in their attempts to vanquish poverty, several governments in Nigeria have initiated a series of empowerment programmes. Some of these programmes include Peoples' Bank, Family Economic Advancement Programme (FEAP), Better Life for Rural Women, and Poverty Alleviation Programme (PAP). Despite these laudable programmes, they have failed to address the empowerment and poverty reduction among the Nigerian women (Awojobi, 2013).

Microfinance has emerged a major strategy to solve twin problems of poverty and unemployment that continue a major threat to the policy and economy of the developing countries. Some studies, for instance, Qazi (2007), Narender (2007) and Sing (2009) have identified the benefits of microfinance as women empowerment, poverty alleviation and employment opportunities.

From the early 1970s, women's movements in a number of countries, notably India, became increasingly interested in the degree to which women were able to gain access to and benefit from poverty-focused credit programmes and credit cooperatives (Mayoux & Hartl, 2009). The problem of women's access to credit was highlighted at the first International Women's Conference in Mexico in 1975, leading to the setting up of the Women's World Banking network. In the wake of the second International Women's Conference in Nairobi in 1985, there was a mushrooming of government and NGO-sponsored income generating programmes for women, many of which included savings and credit. From that moment, there emerged increasing awakening and interest into the need for women to have more access to financial services at the rural setting, since the greater percentage of women live in the rural areas.

Women empowerment is part of the third Millennium Development Goals (MDG) (MDG Report, 2006). When women are empowered, there appear to be the following impacts: (1) gain more equality and control over their own lives, (2) contributing: (a) directly to their children's human capital (nutrition, health and education) and thereby indirectly to their nation's income growth; (b) directly to the wealth and well-being of their nations, and (c) indirectly to their country's national income growth through their own and their educated daughters by lower fertility (there is an inverse relationship between the fertility rate and national income growth) (Nessa et al. 2012). According to Blumberg, (2005), more female economic power might help reduce corruption, poverty, conflict and violence in nations. It has been observed by Mayoux (2005) that women's empowerment through access to saving and credits, employment income opportunities, consumption, mobility, education, health, control of asset, personal security and political participations increase the wellbeing of women.

Empowerment of women is crucial for the emancipation of poverty and meaningful participation of entrepreneurship development. It is assumed that increasing women's access to micro finance will enable women to make a greater contribution to household income and this, together with other interventions to increase household wellbeing, translate into improved wellbeing for women and ability to bring about wider changes in gender inequality (Biswas, 2008). Micro finance institutions target women with the explicit goal of empowering them. In actuality, the effect of these micro finances intervention and provision of resources include access to and future claims to both material and social resources. They

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