

# **Micro Financing and Economic Empowerment in Nigeria**

**Presented by: Prof Obiora Ike**



# Introduction

- Poverty is not destined, it is man-made
- Poverty has resurfaced in Nigeria
- Access to Capital, jobs or start up grants has been a major barrier
- Government failure to alleviate poverty
- Financial sector relevance in supporting a people centred economy
- Reducing the gap between the rich and the poor



# Essentials of Micro financing

- Sustainable loan conditions
- Service delivery
- Collective responsibility and group formation
- Incremental repayment, staggered disbursement and monitoring
- Compulsory savings
- Skilled and dedicated staff
- Creating an enabling environment
- Customised financial services and product development
- Financial sustainability
- Capacity building, training and skills enhancement



# Background to Nigeria's MFB Challenges

Unequal distribution of limited resources

Gender imbalance

Perception that women require temporal relief or aid

## **Role of MFB's**

Catalytic role in promoting underprivileged women

Provide accessible credits

Help the expansion of Micro enterprises

Create new businesses

Empowering and raising the standards of living



# The problems on Ground

- Lack of access to capital for landless and asset-less
- Lack of funding to promote self reliance projects
- Lack of affordable training and capacity building programmes
- Poor infrastructure
- Erosion of the middle class
- Marginalisation of women and youth
- Lack of integration of the informal sector into the economy



# Consequences from this Reflection

1. Monetary policy must not be damaging
2. Extension of loans at high interest rates is an ethical challenge



# Ethical Implications of Financial/Economic Activities

- Short term gain must not destroy long term advantage
- The need for solidarity and subsidiarity
- Preferential option for the poor
- Concentration of power in a few hands is contrary to democratic principles
- Destruction of resources through environmental degradation or other abuse does not serve the purpose of justice and peace
- Respect for private property must not lead to the absolute appropriation of the majority of resources by a few
- The use of resources to promote social justice remains an ideal for action
- The priority of labour over capital has been established
- The avoidance of speculation and monopoly is a sure path to economic justice



# Conclusion

- Business as a calling
- Economic growth through access to capital at affordable rates
- Challenges on the regulator: Central Bank of Nigeria

