MONITORING IMPACT ANALYSIS OF MICROFINANCE INSTITUTIONS ON RURAL HOUSEHOLDS WELLBEING IN OYO STATE: A CASE STUDY OF IFAD/RUFIN SUPPORTED PROJECT

FINAL DRAFT REPORT

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LIST OF ACRONYMS AND ABBREVIATIONS

- BOA-Bank of Industry
- CBN-Central Bank of Nigeria
- DFID- Department for International Development
- FDC-Federal Department of Cooperatives
- FGN-Federal Government of Nigeria
- IFAD-International Fund for Agricultural Development
- MFBs: Microfinance Banks
- MFIs: Microfinance Institutions
- MSEs: Micro and Small Enterprises
- MSMEDF: Medium, Small and Microenterprise Development Fund
- NAMB: National Association of Microfinance Banks
- NAPEP: National Poverty Eradication Programme
- NACRDB- Nigerian Agricultural Cooperative and Rural Development Bank
- NBS: National Bureau of Statistics
- NMFB-Non-Micro Finance Bank
- RIMS: Results and Impact Management Systems
- RUFIN: Rural Finance Institution-Building Programme
- UNDP: United Nations Development Programme
- VSCGs: Village Savings Credit Groups

EXECUTIVE SUMMARY

The Global Masters in Development Practice based at the Earth Institute of the University of Columbia New York, United State in collaboration with International Fund for Agricultural Development (IFAD) commenced a graduate Win-Win Field Practicum Grant for student undergoing a study in development practice at all the Partner University of which University of Ibadan is the only partner university in Nigeria. IFAD in collaboration with RUFIN developed an impact assessment research topic that was advertised and won. The research topic is *Monitoring Impact Analysis of Microfinance Institutions on Rural Households Wellbeing in Oyo State: A Case Study of IFAD/RUFIN Supported Project.* The overall development goal of RUFIN is to create an enabling microfinance environment for rural poverty reduction. In particular, it aims to enhance access of rural poor households, particularly woman headed households, physically challenged, and rural youth to financial services. Therefore this study is aimed at measuring impact analysis of microfinance institutions on rural households' wellbeing in Oyo state: a case study of IFAD/RUFIN supported project, using descriptive and inferential statistics. Six specific objectives were developed to guide the study. Purposive and simple random sampling techniques were employed in selecting 300 households from the two benefitting local government areas and 150 households from the control Local Government. All of the 450 copies of the questionnaire administered were retrieved and used for the study. Data for the study were obtained from primary source using interview schedule guided by structured questionnaire. Descriptive and

relevant inferential statistics such as frequencies, percentages, mean, were used for data analysis. Majority of the beneficiaries (56%) were female compared to non-beneficiaries (42%) while 44.3% and 58% of beneficiaries and non-beneficiaries were males. The age range of the beneficiaries is between 19 and 70 with the mean age stands at 42.9 years while that of the non-beneficiaries is 20-66 years with a mean age of 42.4 years which is an indication that the respondents were in active and productive age. Furthermore, Majority (96.3% and 66.7% respectively) of the respondents are married and had some form of formal education. For instance, most of the beneficiaries and non-beneficiaries respondents have completed secondary (45% and 52.7% respectively) and post-secondary (21.3% and 32% respectively) school education while the remaining 33.7% and 15.3% of the respondents had no formal education or uncompleted secondary school education meaning that literacy level among the respondents was 11 years, an indication of high literacy level among respondents in the study areas. The average household size of the respondent was about 5 persons. 64.58% of beneficiaries and 60.94% of non-beneficiaries had a household size of 5-8 persons. A total of 1609 benefitting household members were captured during the study.

The study elucidates the impact of the RUFIN program on the beneficiaries within the intervention period. The survey reveals that majority of the benefitting respondent experience improvement with regards to Size of dwelling unit (78.7%), Quality of dwelling unit(85%), Farm machinery(42.3%), Household income (94.3%), Household saving (93.35), Access to credit (83.7%), Business assets (95%) and Profit making (97%), which great underscores the impact of the programme of the asset capital of the beneficiaries. It further goes to show the ability of the beneficiaries to develop coping strategies in the advent of any form of stressors. It is also noteworthy that due to the improved financial status of the beneficiaries about 57.3% attested to business and product expansion.

RUFIN through her programme was also able to create a perception in the mind of the beneficiaries that the government is mindful of the rural poor. This was indicated in the responses of the majority to the Responsiveness of government to community needs (67.3%), gender issues (71.3%), physically challenged individuals (55.7%), recognition of membership of association (90%) and opportunities to access financial services (83%) and this as cause the beneficiaries to seek for the continuation of the programme.

The impact of the progamme is also seen in the number of group formation volunteers who by virtue of the training that they have received were now able to form new groups which constitute about 37% of the respondents that were capture during the survey. This is an indication that the program is sustainable which totally allays the fear of project retrogression.

The gender mainstreaming of the program was evident from the number of beneficiaries that have had access to credit (Male-29%, Female-36.3%) and this was also emphasized by improved workload of women and the girl child (70.7% and 72% respectively) of the beneficiaries and as such there is an improvement in the participation of the women in their households and communities.

CHAPTER ONE INTRODUCTION

1.1 Background to the Study

The Rural Finance Institution Building Programme (RUFIN) is a Loan Agreement of US$27.2 million between the International Fund for Agricultural Development (IFAD) and the Federal Government of Nigeria. The central objective of the programme is to develop and strengthen Micro Finance Banks (MFBs), other member-based Micro Finance Institutions (MFls), by enhancing the access of the rural populace to the services of these institutions in order to expand and improve agricultural productivity and Micro-Small Rural Enterprises.

The goal is to alleviate poverty with a particular focus on the rural poor and especially women, youth and the physically challenged. The study therefore presents empirical findings on the impact of Rural Finance Institution Building Programme (RUFIN) on the livelihood of the indirect beneficiaries in south west state of Oyo state of Nigeria with particularly focus on the beneficiary local governments of ATISBO and Ibarapa East Local Government. As indicated in the literature, poverty is number one problem in the world today as depicted by the following startling statistics: three billion people live below US$2 per day (World Bank, 2001); one and half billion people live below US$1 per day; 70-90 per cent of people in the developing world are poor;

No Poverty is the number one goal of the seventeen Sustainable Development Goals (SDGs); and 75 per cent of the world poor are women. It seems as if all the strategies applied in the past to fight poverty have proved ineffective, but the world seems to have found a most promising strategy. From the historical literature, informal saving and credit unions have operated for centuries across the world. In the middle Ages, for example, the Italian monks had created the first official pawn shop (1462 AD) to counter usury practices. In 1515 Pope Leon X authorized pawn shops to charge interest to cover their operating costs. In the 1700s, Jonathan Swift initiated the Irish Loan Fund System, which provided small loans to poor farmers who had no securities. It is on record that the fund gave credit to about 20 per cent of all Irish households annually. In the 1800s, the concept of the financial cooperative was developed by Friedric Wilhelm in Germany. By 1865, the Cooperative movement had expanded rapidly within Germany and other European countries, North America and some developing countries (Bright, Helms, 2006).

In early 1900s, adaptations of the models developed in the preceding century appeared in some parts of rural Latin America (Bright and Helms, 2006). Efforts to expand access to agricultural credit, in Bolivia for example were made unsuccessful as the rate charged was too low and banks failed. By early 1950 – 1970, experimental programmes were on stream to extend small loans to groups of poor women to enable them invest in micro business. These experiments were initiated by the Grameen Bank of Bangladesh, ACCION International in Latin America and the Self-Employed Women‟s Association Bank in India (Little Field, Morduch and Hashemi, 2004). The term Microcredit began to be replaced by microfinance in the early 1990. By that time the term had started to include savings, and other services such as insurance and money transfers (Basu et al, 2000). Microfinance is the provision of financial services, such as loans, savings, insurance, money transfers, and payments facilities to low income groups. It could also be used for productive purposes such as investments, seeds or additional working capital for micro enterprises. On the other hand, it could be used to provide for immediate family expenditure on food, education, housing and health. Microfinance is an effective way for poor people to increase their economic security and thus reduce poverty. It enables poor people to manage their limited financial resources, reduce the impact of economic shocks and increase their assets and income (Robinson, 2001). Microfinance is no longer an experiment or a wish, it is a proven success. It has worked successfully in many parts of the World – Africa, Asia, Latin-America, Europe and North America. It is safe and profitable; indeed it is the oldest and most resilient financial system in history. The key issues in Microfinance include the realization that poor people need a variety of financial services, including loans, savings, money transfer and insurance which Microfinance provides. It is a powerful tool to fight poverty through building of five basic assets and serving as an absorber against external ties and financial shocks. Microfinance involves building of financial sub-system which serve the poor and its architecture could be easily integrated into the financial system of the nation.

The other key issues of Microfinance are the fact that it can pay for itself and should do so if it is to reach a large number of poor people. Microfinance is not limited to only micro-credit; it is inclusive of other financial services, such as micro-insurance, micro-asset finance, money transfer and savings.

Furthermore, donor funds are meant only to support and assist Microfinance institutions and not compete with them. In the developed world, leaders talk about the poor and how to alleviate poverty. One hears this often at political and conferences across Europe and other parts of the World. There are also talks of strategies of equitable trade, debt relief, subsidies and aid flows etc. It has become clear that the ultimate strategy for the World to meet the needs of the poor is through microfinance which gives them access to financial services to enable them make everyday decision on: payment of children school fees; payment for food and shelter; meet health bills and meet unforeseen finance needs resulting from flood, fire, earthquake, etcetera. Microfinance may not be able to solve all the problems of the poor, but it certainly puts resources in their hands in order for them to live an enhanced standard of life. Microfinance has globally achieved great accomplishments over the last 30 years. It has shown that poor people can be viable customers and that microfinance can create strong institutions which focus on them. No doubt Microfinance has strongly attracted the interest of private sector investors. However, the following challenges, among others, face Microfinance institutions: They need to increase the scale of financial services to the poor; they need to reach out and seek the poor wherever they are and give them access to finance. The Grameen Bank of Bangladesh has set a good example in this direction by allowing credit and other services to cost less for the poor and train staff to be uniquely suitable to Microfinance business. The latter enhances efficiency and sustainability of the sector; and develops and tailors products to meet the needs of the clients – the poor. This study presents evidence based and empirical findings on the impact of rural finance institution building programme on livelihood of the indirect beneficiaries of ATISBO and Ibarapa local government of Oyo state in Southwest Nigeria.

1.2 Rationale for Research

Before the 1970s, the Nigerian experience in Microfinance was limited to Self Help Groups, Rotating Savings and Credit Associations, Cooperative Unions Community, Savings Collectors and Local Money Lenders. They were all informal and largely unregulated. They were mainly Micro-Credit savings mechanisms. Their strengths were associated with good repayment records due to peer pressure and other cultural mechanisms. However, their weaknesses lay in low level access to capital and limited range due to informal non-structured frame work. Between 1970 and 1990, there were several government initiatives in the form of Rural Banking Programme (RBP); Sectoral Allocation of credit by Central Bank; Agricultural Credit Guarantee Scheme (ACGS); Nigerian Agricultural and Co-operative Bank (NACB) and the National Directorate of Employment (NDE) etc. These efforts were largely incoherent, and mainly targeted towards enhancing subsidized credit in agriculture and a few other sectors of the economy. They were not sustainable as a result of poor repayment records and inefficient administrative structures. In the 1990s, the Federal Government embarked on other initiatives, such as the Peoples Bank, (1990-2002), Community Banks, Nigerian Agricultural Insurance Corporation and National Poverty Eradication Programmes and the Family Economic Advancement Programme. These were focused on rural and community small-scale financing. They were all short lived and unsustainable as a result of poor government policies and corporate governance.

Between 2000 to date, there have been other initiatives such as the merger of the Peoples Bank (PB), Family Economic Advancement Programme (FEAP), and NACB into the National Agricultural, Cooperative and Rural Development Bank (NACRDB). Then came the National Economic Empowerment and Development Strategy (NEEDS), and the launch of Microfinance Policy in 2005. These are more interactive initiatives resulting from wider consultations with stakeholders with the hope of better success than their predecessors.

The fact of the matter is that there are too many poor in South West Nigeria who require micro/small financial services such as Credit, Insurance, Money transfer etcetera in order to engage actively in productive activities and improve their standard of living. Paradoxically, governments across the world, particularly in Nigeria over the years, have not been able to adequately help the poor in spite of all the rhetoric's and several failed poverty-alleviation project. Since the discovery that Microfinance can help the poor to access credit and other financial services that will ensure better life for them, a lot of works have been carried out. It is this light that the new strategy adopted by FGN/IFAD-RUFIN focuses on building the capacity of the village savings and credit groups and the Micro-finance institution so as to foster a linkage that is mutual and that can be sustainable. This research intends to explore and to establish the developmental relationship between microfinance and livelihood status of the indirect beneficiaries.

1.3 Objectives of the Study

The general objective of the study is to assess the impact of microfinance institutions on rural households' wellbeing in Oyo State, Nigeria. The broad and specific objectives are:

(i) To assess the relevance of the programme on the targeted rural dwellers

1. To assess the effectiveness of the strategies deployed in the implementation of the programme.
2. To measure the timeliness of credit disbursement processes
3. To assess the impact of the programme on the social economic (Income generation, poverty reduction, wealth creation and access to basic social infrastructures) wellbeing of the targeted rural poor.
4. To measure the sustainability indicators that the programme addresses

(ii) To assess rural women access to financial services under the Programme

1. To analyse the impact of the programme on female gender
2. To analyse the gender impact on loan repayment

1.4 Significance of the Study

The significance of this study cannot be over emphasized. Poverty is pervasive in our economy and attempts to alleviate it have not yielded the desired results. Therefore, it is necessary to review the impact of government intervention program such as the FGN/IFAD-RUFIN to measure the severity of poverty in the country with a view to assessing how rural finance institution building program could help to reduce the incidence through capacity building of all level of beneficiaries. It is also necessary to understand how rural microfinance institutions could contribute to economic development of the nation, by enhancing the productive capabilities and welfare of a largely distressed/vulnerable segment of the society.

1.5 Limitation to the study

The impact monitoring of RUFIN was conducted with a substantial cooperation of the respondent owing to the effect it had on them but the language barrier was of little significant. It was overcome with the use of interpreters. The enumerator's integrity was a challenge that was overcome with the daily review of respondent feedbacks.

CHAPTER TWO LITERATURE REVIEW

2.1 Microfinance: A Review of Background, Operations and Structure/Models

2.1.1 Brief Historical Background

Societies the world over have different ways of addressing the financial needs of the poor. In Nigeria, the thrift or Esusu system is well known. It provides instruments for small savings, revolving loans and credit facilities. However, the pioneering work of Prof. Yunus has opened a new dimension to micro credit financing. He introduced the practice that has come to be known as microfinance in which small scale loans are made available mainly to women with little or no access to traditional sources of financial capital. According to Hennessey (2006), Yunus founded the Gramen Bank in 1983, now widely popular and seen as a model being replicated by many including leaders, NGOs, and advocacy groups in dozens of countries.

By challenging traditional banking system about the credit worthiness of borrowers and often giving uncollaterised loans, Microfinance has unlocked the entrepreneurial ambitions of some of the world‟s poorest people. In addition, it is responsible for creating and sustaining new income-generating activities in poor areas traditionally dependent on subsistence farming. Over the last three decades, the popularity of microfinance has steadily increased. Many in the West saw microfinance as a pivotal innovation in the fight against poverty in the developing world. One reason for this upsurge in popularity is that in Bangladesh, as in other places where microfinance has taken root, the overwhelming majority of borrowers have been women. This gender policy is by design. Women in the developing world whether due to cultural factors or pure poverty are frequently excluded from participating in economic activity outside of the home. But in the case of microfinance, they tend to be more financially responsible than men, and more integrated with the peer groups that mutually borrow and re-enforce loan repayment. It is on record that Grameen bank boasts of a repayment rate on loans that often carry high interest rates, indicating that microfinance is not a form of charity. The borrowers use their loans to produce marketable products and make enough profit on the sale to payback their lender in full.

From Hennessey (2006) study, it is certain that microfinance, in its various adaptable models can assist the world to reduce and alleviate poverty and enhance economic development, particularly in developing economies. Pollinger and Cordero-Guzman (2007) submitted that micro-entrepreneurs have considerable difficulty in accessing capital from mainstream financial institutions. In their view, this is because the costs of information about the characteristics and risk levels of borrowers are high. In order to understand the implications for providers of microfinance in pursuing the strategy of relationship based financing of micro-entrepreneurs the authors study the relationship based financing as practiced by microfinance institutions (MFIs) in the United States and the lending process. In the process, they were able to determine the break-even price of a microcredit product. When they compared the results obtained with the actual prices offered by existing institutions, they came to the conclusion that "credit is generally being offered at a range of subsidized rates to microenterprises".

The question implied from the conclusion in the preceding paragraph is: will MFIs have to raise additional resources from grants or other funds each year in order to sustain their operations, as few are able to survive on the income generated from their lending and related operations? The authors finally observed that such subsidization of credit to microenterprises by microfinance institutions has implications for the long term sustainability of the institutions. What has come out clearly in this review by the authors is that it is costly for microfinance institutions to finance micro-enterprises. They are unable to do so profitably relying only on their normal operations, and they need to subsidize by additional funding raised from donors in the form of grants and other sources. This explains why many microfinance institutions have not been able to assist the microenterprises as much as it is desirable. United Nations Secretary General"s Report (1998) on the "role of microcredit in the eradication of poverty" suggests the need to strengthen their operations and also makes particular plea for ensuring that microcredit projects are established in a broader context in order to support the small enterprise sector of the economy. The report highlights the activities of the United Nations system and NGOs in support of microcredit, giving special emphasis to the World Bank-led consultative Group to assist the poorest. The specific detail relating to micro-credit practice mentioned in the report is the prominence given to the matter, as it relates the recent success of small scale lending programmes such as the Grameen Bank of Bangladesh. These rely on lending (usually a few hundred dollars) to small enterprises in agriculture, distribution, crafts, trading and similar activities. The participatory nature of these projects, "together with the emphasis on women entrepreneurs and employment creation have raised hopes of reducing poverty through this approach".

Hulme and Mosley (1996) examine the impact of microfinance programmes on income, and poverty via the effects on productivity and employment. Other researchers who made similar observations are Khandker (1998), Cohen and Sebstd (2000). These other researchers include the effects on seasonality of consumption, labour, children‟s nutrition, schooling, fertility and contraception. The result of these research efforts show that microfinance can have the potentials to help the poor improve their lives. In particular Hulme (2000) observed that 21 per cent of borrowers managed to lift their families out of poverty within four years of participation in microfinance and extremely poor conditions declined from 33 per cent to 10 per cent among participants. However, he contends that there is the need for a much careful monitoring of these programmes by microfinance institutions and the donors, with awareness that micro credit could have both positive and negative impacts on loan recipients. These observations are a guide for improved performance in the future but do confirm that the poor can and should benefit from the services of microfinance.

2.2 Review of Microfinance Models

The Grameen Bank Model: This model emerged from the work of Prof. Muhammad Yunus in Bangladesh in 1976. It focused on the poor and low-income households. The bank operates as a unit set up with a Field Manager and bank workers covering a designated area of about 15 to 22 villages. Manager and workers visit villages in order to familiarize themselves with the environment and identify clientele and explain purpose, functions and mode of operation. Groups of five prospective borrowers are formed from which only two receive a loan in the first instance while others take their turns later. The Group is then observed for a month to see if members are conforming to the rules of the bank. If the two beneficiaries of a loan facility repay principal plus interest over a period of 52 weeks, others become eligible. As it is, there is substantial group pressure to make individual conform to the rules and regulations governing the operations of the bank, particularly with respect to repayment of loans. In the Grameen bank model, group formation is also used for other purposes such as educating the members, awareness building, and collective bargaining.

It is also possible to borrow as an individual. This is a direct credit facility to the borrower without formation of groups or generating peer pressure in order to ensure repayment. However, it is always emphasized that the lender should know his customers well enough before loans are granted. There is also the Village Banking. This is community-based credit and savings arrangement which consists of 25-50 low income individuals that seek to improve standard of living through self-employment activities. Initial loan capital may be externally sourced but members run the bank themselves by choosing members, elect officers and establish own by-laws, distribute loans to individuals, collect repayment and savings by themselves through the officers. Loans are backed by moral collateral and the promise that the group stands behind each loan by way of guarantee. Adaju (2006) presents very clear cut model of microfinance. This is a model of credit lending position of a "90-between" organization: between lenders and borrowers. Intermediary plays a critical role in generating credit awareness and education among the borrowers including starting savings. In this model, activities are geared towards raising "credit worthiness of the borrowers to a level that is sufficient to attract borrowers". Links developed by the intermediaries could cover funding, programme links, training, and education and research. These activities can take place at individual, local, regional, national and international levels. A target community can form an association through which various microfinance activities are initiated. The association can be composed of youth only or women only. The association may be a savings group, religious group, political, cultural or professional. The important thing is that the group should have something similar in common in order to foster smooth interrelationship. Credits are usually arranged in such a manner that some members of the association or group take loan facilities in turn such that while some members enjoy loan facilities the other members of the group provides security for the loan by standing as guarantors.

Another method of operation is through bank guarantees. Bank guarantee is used to obtain a loan from a bank and may be arranged externally through donors, government agency or internally that is within members of a savings group. Using guarantee is a credit collateral, loans obtained may be given directly to an individual beneficiary or to a self-formed group. Several international and UN organizations have created international guaranteed funds which banks and NGOs can subscribe to for onward lending or to commence microcredit programmes. The Community Banking methodology treats the whole community as one unit. It establishes semi-formal or formal institutions through which microfinance is dispensed. It is formed by the help of NGOs and other organizations who train community members in various financial activities of the community banks. Often community banks are also part of larger community development programmes which use finance as an inducement for action. However community banking has been phased out in Nigeria giving way to microfinance banks. Quite a significant number of microfinance banks in Nigeria today, transmutated from community banking. Cooperative Associations, these constitute another model of microfinance operation. They are autonomous associations of persons that are voluntarily united with the desire to meet their common economic, social and cultural needs as well as their aspirations. The model is a jointly owned and democratically, controlled enterprise which treats the whole community as one unit. In some cases financing and savings activities are included in their mandate. Cooperatives are very common in Nigeria.

Finally, there is the Credit Union. This is a unique member driven, self-help financial institution usually organized by and comprised of members of a particular group or organization who agree to save their money together and make loans to members from the savings at reasonable rates of interest. Usually members have common bonds either by virtue of common workplace, labour union or living in the same community. Membership of credit unit is open to all who belong to the group, regardless of race, religion, colour or creed. It may be a non-profit financial cooperative.

2.3 Review of Baseline Report on Poverty incidence in Nigeria

The report elucidated that Poverty and hunger still continue to undermine developmental efforts in Nigeria. Analysis of poverty incidence by sectors indicated that poverty was more pronounced in the rural areas than in urban centres, while it was also higher among large households and those with lower levels of education. Similarly, poverty was more pronounced among farmers and households of larger size with household heads that acquired lower level of education.

According to the Word Bank (2014) and NBS (2014), the national poverty rate in 2012-13 was given as 33.1 percent. Poverty rate was 44.9% in rural areas, and only 12.6% in urban areas, but perhaps more revealing are the wealth variations between Nigeria's different geopolitical regions, with more impoverishment found in the north than in the south. For instance, the poverty headcount in the relatively more industrialized south-west, with the lowest poverty rate, fell from 21.2 percent in 2010-11, to 16 percent in 2012-13 and rose to 27.36 percent in 2015. The poverty count in the north-east rose from 47.1 percent to 80 percent over the same period. The north-east, with the highest poverty rate in the nation, is the region that has been most affected by Boko Haram in Nigeria (NBS, 2014). Poverty was least dominant in the Southwest (49.8 percent), South-South (55.5 percent), and South-East regions (59.5 percent).

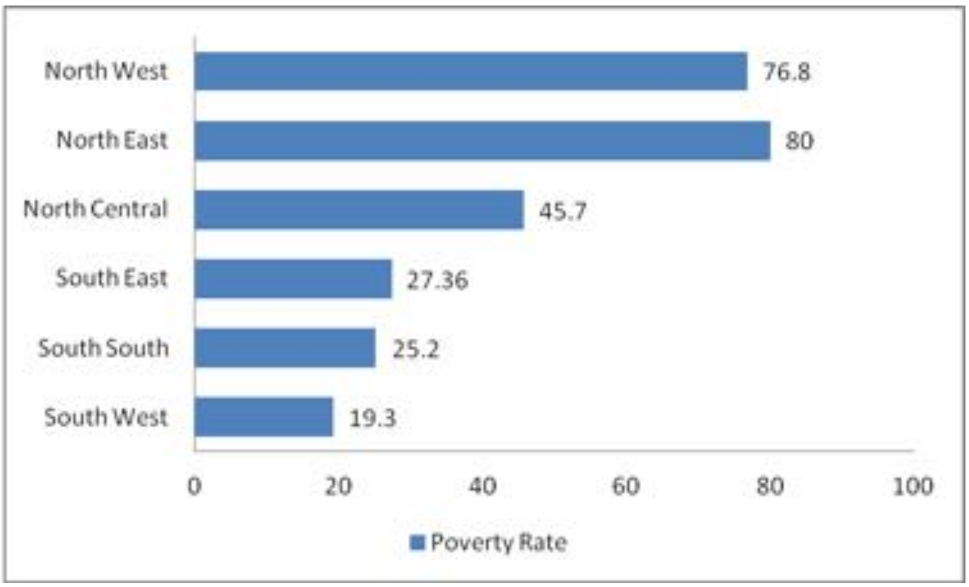


Figure1.1: Poverty Rate by Geo- political Zones

Source: NBS, 2014

At the state level, Zamfara and Yobe state, in the north- west and north- east had the highest poverty rate of 91.9 percent and 90.2 percent respectively in 2014 followed by Jigawa and Bauchi State. Other states that had above 75 percent poverty rates include: Kano (76.41 percent), Sokoto (85.3 percent) and Kebbi (86 percent) while Lagos had the lowest (8.5 percent) poverty rate as compared to other states like Imo (19 percent) Rivers (21.1 percent), Akwa Ibom (23 percent) and 33.1 percent in Cross River state. The study state Oyo state has a poverty rate of 29.4% in the same period as shown in figure 1.2

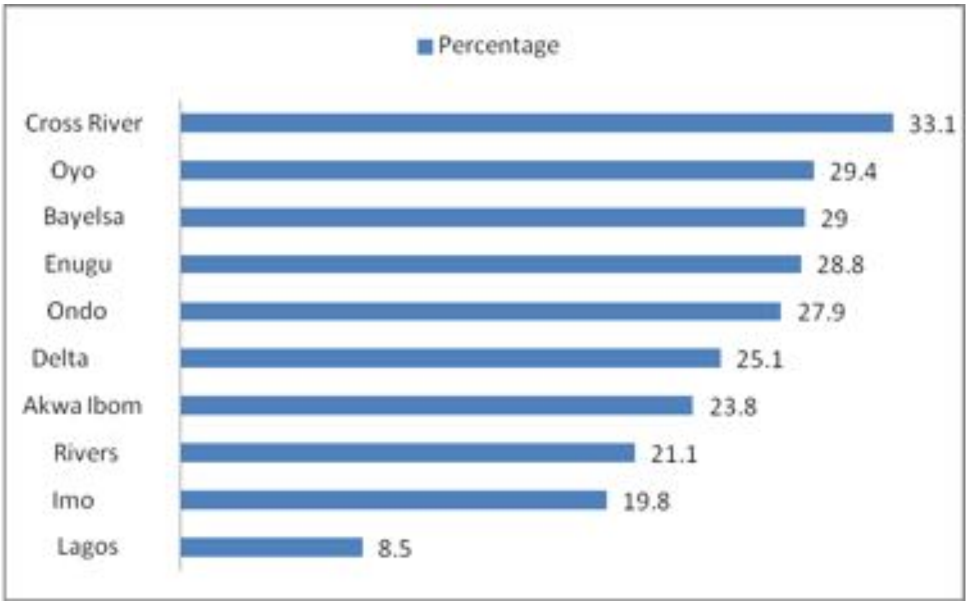


Figure 1.2: States with Low Poverty Rates
Source: NBS, 2014

The level of achievement in poverty reduction is still very slow when compared to the Government efforts on the issue. This could be due to a large extent the poor implementation of pro-poor programmes. Consequently, poverty and hunger are still pervasive. Several authors (Olaitan, 2005; Eluhaiwe, 2005; Ukeje, 2005; Abosede 2007; Idolor, 2007; and Idolo and Imhanlahimi, 2011) have alluded to the fact that the passion surrounding the twin issue of micro finance and poverty reduction remains a continuing and intense one. There is the general acknowledgement that the relationship between micro finance and poverty reduction is complex, and that provision of micro finance alone is not enough to lift people out of poverty. To this extent, micro finance activities in Nigeria subscribes to a mix of goals, including outreach to poor households, capacity building and sustainability in the bid to achieve poverty reduction.

A continuing challenge is how to deepen and maintain outreach to poor households on a sustainable basis; as well as significantly increase the impact of micro finance activities on the lives and activities of the economically active; especially rural poor. Also a detailed in-depth analysis of how access to credits and other financial services have impacted positively on the businesses, assets, households and lives of the economically active rural poor, whose needs and interests micro finance are meant to serve.

CHAPTER THREE THEORETICAL FRAMEWORK AND METHODOLOGY

3.1 Introduction

The objective of his section is to measure impact analysis of microfinance institutions on rural households' wellbeing in Oyo state: a case study of IFAD/RUFIN supported project. Various forms of microfinance (formal, non-formal, and informal) have been adjudged to be important means of poverty reduction and growth of microenterprises. It is our main aim in this research to verify the view that an empowered rural/village saving and credit group and rural microfinance institutions are catalysts of change, poverty alleviation and livelihood enhancement of the rural poor in Nigeria.

3.2 Theoretical/ Analytical Framework

3.2.1. Theoretical Framework

Introduction In the subsection 1.1 of this study, the extent of poverty was highlighted. Poverty by definition is multifaceted. It can be described as a situation of lack of basic necessities of life including basic food, shelter, medical care and safety. It is acknowledged that poverty is an outcome with various dimensions including social, political and economic. According to Hazel and Haddad (2001), poverty consists of two interacting deprivations: physiological and social. Physiological deprivation is a state of individual"s inability to meet basic material and physiological needs resulting from lack of income. Social deprivation refers to an absence of elements that are empowering such as autonomy, time, information dignity and self-esteem. In a more general term that allows international comparison, poverty can be seen as a statistical measure that indicates the annual income for a family to survive. This is commonly known as "poverty line".

Microfinance is the supply of loans, savings and other basic financial services to the poor. SMEs require a wide range of financial resources to meet working capital requirement, build assets, stabilize consumption and shield themselves against risks, Ehigiamusoe (2005). Financial resources include working capital loans, consumer credit, savings, pensions, insurance and money transfer services. In this study MFIs are seen as means of providing credit to the through their village saving group for the purpose of improving their business enterprises which will in turn affect their economic and social standing.

3.2.2 Analytical Framework

The analytical framework will be based on the Sustainable Livelihood Framework which was first developed by the Department for International Development (DFID, 2001) and used by Olayide and Ikpi (2013) will be adapted as the analytical framework for the study. The proposed analytical framework explicitly accounts for the theoretical and empirical continuum of livelihoods assets (inputs) leading to production output; and the livelihood outcomes (well-being). Furthermore, the proposed analytical framework recognizes the role of financial asset (capital) and institutions in influencing well-being and development outcomes. As in the DFID framework the ability of people to access food therefore depends on their assets. Assets act as a buffer between production, exchange and consumption. Assets are built up in times of surplus and can be converted into food or production inputs in times of need. Peasants, and, more generally, poor people tend to have fewer assets than other groups and may be constrained in the utilisation of those assets they do possess due to their partial integration in (imperfect) markets and society. Different assets have different roles in production, exchange and entitlements.

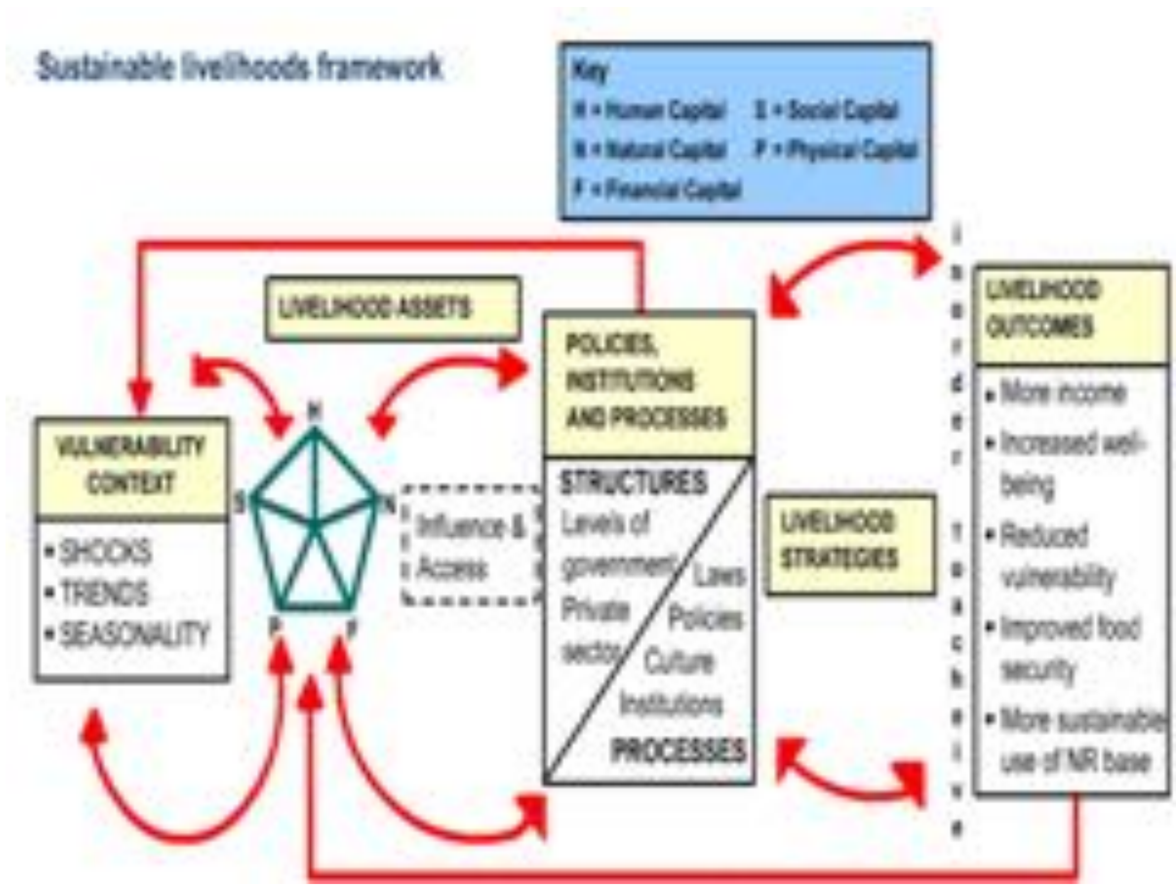
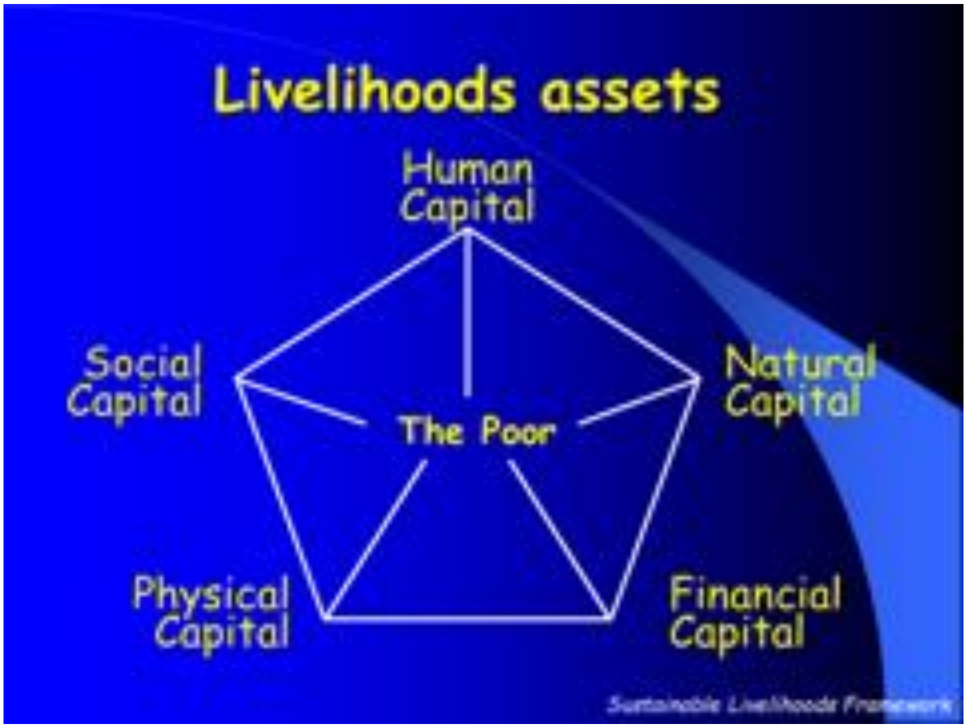
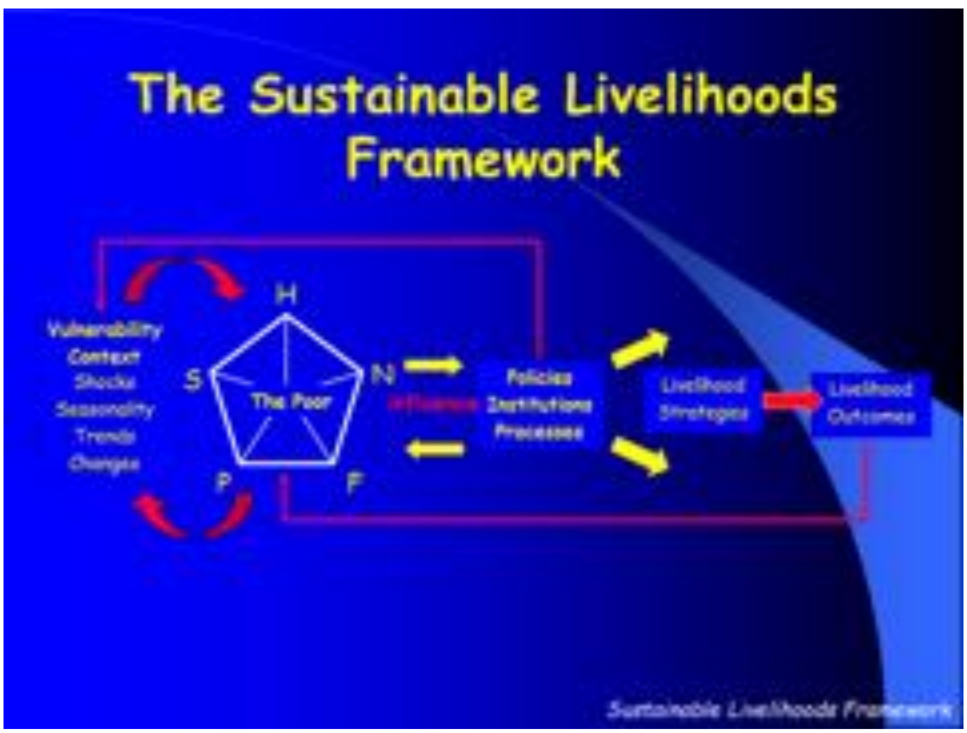


Figure 3.1:. Source: Adapted from Olayide and Ikpi (2013)





Figures 3.2 & 3.3 Source: Sustainable Livelihood Framework (DFID)

3.3 RESEARCH METHODOLOGY

3.3.1 Research Design

This section covers the description of the type of survey adopted in the study. It is expected to define the population, the sample size as well as the sampling technique adopted in selecting the sample size. Sources of data collection, data analysis and data presentation are part of the research design. This research is designed to study the impact analysis of microfinance institutions on rural households' wellbeing in Oyo state: a case study of IFAD/RUFIN supported project. The purpose is to assess the role of RUFIN in stimulating capacity building for the MFIs and the VSCG providing the need linkages to improving the livelihood of the indirect beneficiaries. ATISBO and Ibarapa-East Local Government of Oyo State constitute scope of field survey. Questionnaire was administered in a survey conducted among the benefitting microfinance banks and the Village Saving and Credit Groups in the benefitting LGAs.

3.4 Study Area

3.4.1 State of Study Area

Oyo State is an inland State in southwest Nigeria. The capital of Oyo State is Ibadan. The State is bounded in the north by Kwara State, in the east by Osun State, in the south by Ogun State and in the west partly by Ogun State and partly by the Republic of Benin.

3.4.2 Historical Considerations

Oyo State was formed in 1976 from the former Western Region, and originally included Ọsun State, which was split off in 1991. Ọyọ State is homogenous, and mainly inhabited by the Yoruba ethnic group who are primarily agrarian (farmers) but have a predilection for living in high density urban centers. The indigenes mainly comprise the Oyos, the Ibadans and the Ibarapas, all belonging and speak Yoruba language. Ibadan is reputed to be the largest indigenous city in Africa, south of the Sahara. Ibadan had been the centre of administration of the old Western Region, Nigeria since the days of the British colonial rule. Other notable cities and towns in Ọyọ State include Ọyọ, Ogbomọsọ, Isẹyin, Kiṣi, Okeho, Saki, Eruwa, Lanlate, and Igbo-Ọra. The climate in the State favours the cultivation of crops like maize, yam, cassava, millet, rice, plantain, cacoa tree, palm tree and cashew. There are a number of government farm settlements in Ipapo, Ilora, Eruwa, Ogbomosho, Iresaadu, Ijaiye, Akufo and Lalupon. There is abundance of clay, kaolin and aquamarine. There are also vast cattle ranches at Saki, Fasola, Moniya and Ibadan.

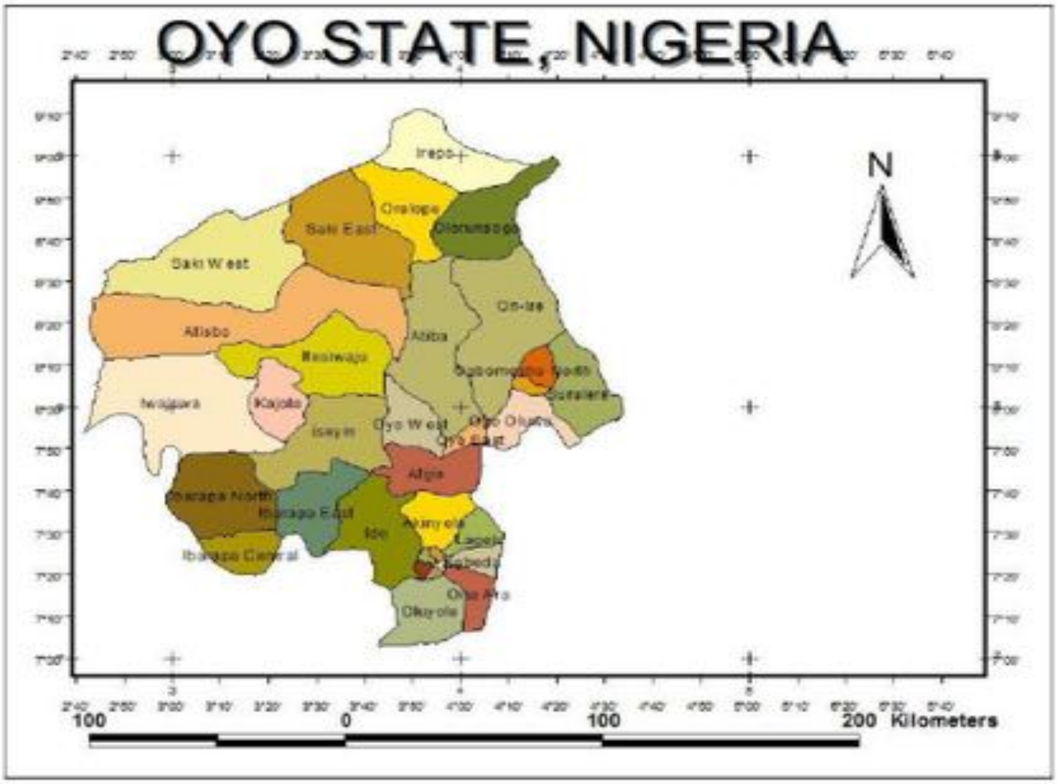


Figure 3.4 Source: Google Map

3.4.3 Geographical Location within the Country

Oyo State has a land area of about 27,249 square kilometers. The stretches of northern zones of Oyo falls within the transition woodland or Southern guinea while some parts of the north are derived guinea savanna where the Asasbari hill is a prominent relief feature, the Tropical High forest covers much of the southern zone. The dry season runs from November to March while the rain season from April to November. Between December and January is harmattan while the rainy season is characterized by high humidity and occasional gusty winds.

River Osun and Oyan are within the State borders, the former serves as the source of the man-made Asejire lake, a reservoir of water storage for domestic and industrial consumption.

3.4.4 Demographic Situation

Oyo State is one of the most populous states in Southern Nigeria. The State largely comprised Yoruba speaking people of various dialects such as Oyo, Ibadan, Ibarapa while there are significant Fulani settlements in parts of Northern Oyo.

3.4.5 Socio-economic Data

Features	Statistics
Land Area	32,249 Km2 (Cultivatable: 27,107.5km2)
Population (Approximation from 2006 census)	7 million people
Working Population (Approximation)	4.5 million
Gross State Product (GSP)	Approx. N381.1bn
Per Capital GSP (Approximation)	N84, 688

Table 3.1: Socio-Economic Data (http://yeso.oyostate.gov.ng/news/Govspeech.pdf) (NBS)

3.5 Population and Sample Design

The target population for this study consists of the benefitting VSCG in the LGAs as well as the MFB and MFI in the two LGAs. According to the secondary data obtained from RUFIN there were a total number of 295 groups as at May 2016.

	AKINYELE LOCAL GOVERNMENT, MONIY		
RUFIN GROUPS CATEGORY RATING, MAY, 2016			
No	**Category**	**No of groups**	**%**
1	Strong	65	96
2	Moderate	3	4
3	Weak	0	0
	Total	**68**	**100**

Table 3.2 Source: RUFIN Report, May 2016

	IBARAPA-EAST LOCAL GOVERNMENT, ERUWA		
RUFIN GROUPS CATEGORY RATING, MAY, 2016			
No	**Category**	**No of groups**	**%**
1	Strong	141	100
2	Moderate	0	0
3	Weak	0	0
	Total	**141**	**100**

Table 3.3 Source: RUFIN Report, May 2016

	ATISBO LOCAL GOVERNMENT, TEDE		
RUFIN GROUPS CATEGORY RATING, MAY, 2016			
No	**Category**	**No of groups**	**%**
1	Strong	86	100
2	Moderate	0	0
3	Weak	0	0
	Total	**86**	**100**

Table 3.4 Source: RUFIN Report, May 2016

The sample selection takes into cognizance the groups that are women led so as to underscore the gender parity of the study.

Focus group discussion and Key Informant guide was use to obtain relevant information from participating MFB, MFI and a cross section of members and leadership of the VSCG.

3.6 Data Collection and Source of Data.

At the core of the impact evaluation are two measurements: a baseline survey conducted before the beginning of the intervention and one follow-up survey, conducted afterward. We shall employ the use of Qualitative survey method which are Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs) and quantitative survey methods (structured questionnaire administration). Multi-stage sampling techniques will be employed. A total of 450 (that is, 150 from each LGA) beneficiaries will be sampled

The type of data to be collected include: socio-economic data, welfare data, gender-specific data and information on the administration of credits by the MFIs.

Both secondary and primary data are being used in this research work. The primary data were collected through the use of well-structured questionnaires, and administered by well-trained enumerators in the study area. The study covers two benefitting LGA and one Non-benefitting LGA in Oyo state, Nigeria, Secondary data were obtained from the records made available by the RUFIN Coordinating centre in Abuja, Nigeria through relevant reviews and publications, text books and publications of the Central Bank

3.7 Reliability of Instrument.

The questionnaire employed for the primary data in this study was pilot-tested at Akinyele LGA a benefitting LGA and found very reliable. It led to rework before the main study was conducted. Although the respondents may be subjective, the questionnaire is still able to capture relevant and needed information based on their opinions. Using Statistical Package for Social Sciences (SPSS) that data were analyzed.

3.8 Questionnaire.

Basically, the questionnaire is structured in such a manner that brings out maximum information about the indirect beneficiaries of the group and also of the group to which they belong. loan activities of group, the five domain of livelihood assets. The questionnaire contains a combination of closed and open ended questions. The open ended questions encourage respondents to provide detailed answers to the questions, while answers to the closed ended questions require that the researcher seeks further clarification from other sources in order to be able to use such information adequately.

The questionnaire seeks information about the personal data of respondents, circle of credit obtained from the banks, the use to which such loans are put, length of time for repayment, profit profile of small scale business borrower's etcetera. The questionnaires were administered directly to respondents and responses were collected immediate, except where the respondent asked for more time. This ensures collection of a high percentage of responses, for analysis and results presentation. The schedule of the questionnaire is attached as an annexure to this chapter.

3.9 Analytical Technique

Descriptive statistics and cross tabulations will be used to describe the socio-economic characteristics of the beneficiaries' households. The loan default rate will be computed. Similarly, the poverty indices (using the Foster–Greer–Thorbecke, FGT) will be computed, and compared with the baseline data.

The probit regression model will be used to assess the influence of access to credit on beneficiaries' household socio-economic characteristics while the Tobit regression model will be used to estimate the determinants of default rate.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Socio-economic characteristics of the respondents

Table 4.1.1 The Mean Age of respondents

	BENEFICIARIES	NON-BENEFICIARIES
	%	%
Mean Age	42.9	42.4

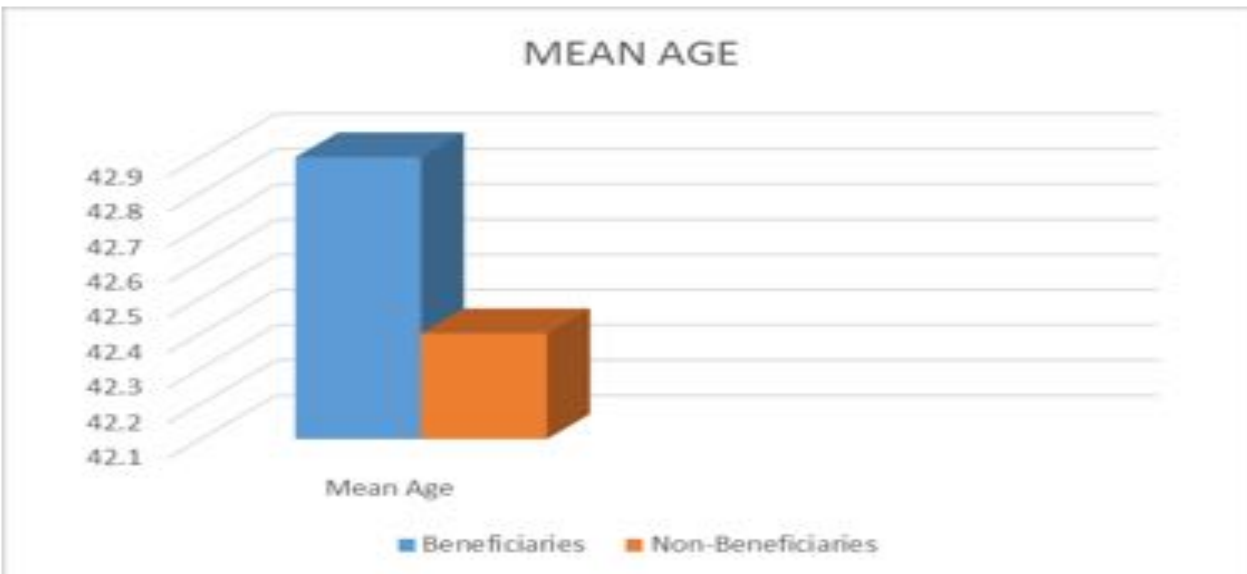


Fig 4.1.1: Source: Field survey 2017

The table 4.1.1 and Figure 4.1.1 above shows that the ages of the beneficiaries respondent range between ages 19 years to 72 years and the mean age is 42.9 years while that of the non-beneficiaries ranges between 20 years to 66 years and the mean age is 42.4 years which implies that the respondents were in the active and productive age range. Age has been found to determine how active and productive the individual would be, which implies that majority of the beneficiaries, in the studied area are energetic and still able to do manual work and it can be concluded that the beneficiaries are in their "working age" and as such the likelihood of moving out of poverty and food insecurity is high.

Table 4.1.2 Gender of respondents

	BENEFICIARIES	NON BENEFICIARIES
Gender	%	%
male	44.3	58.0
female	55.7	42.0

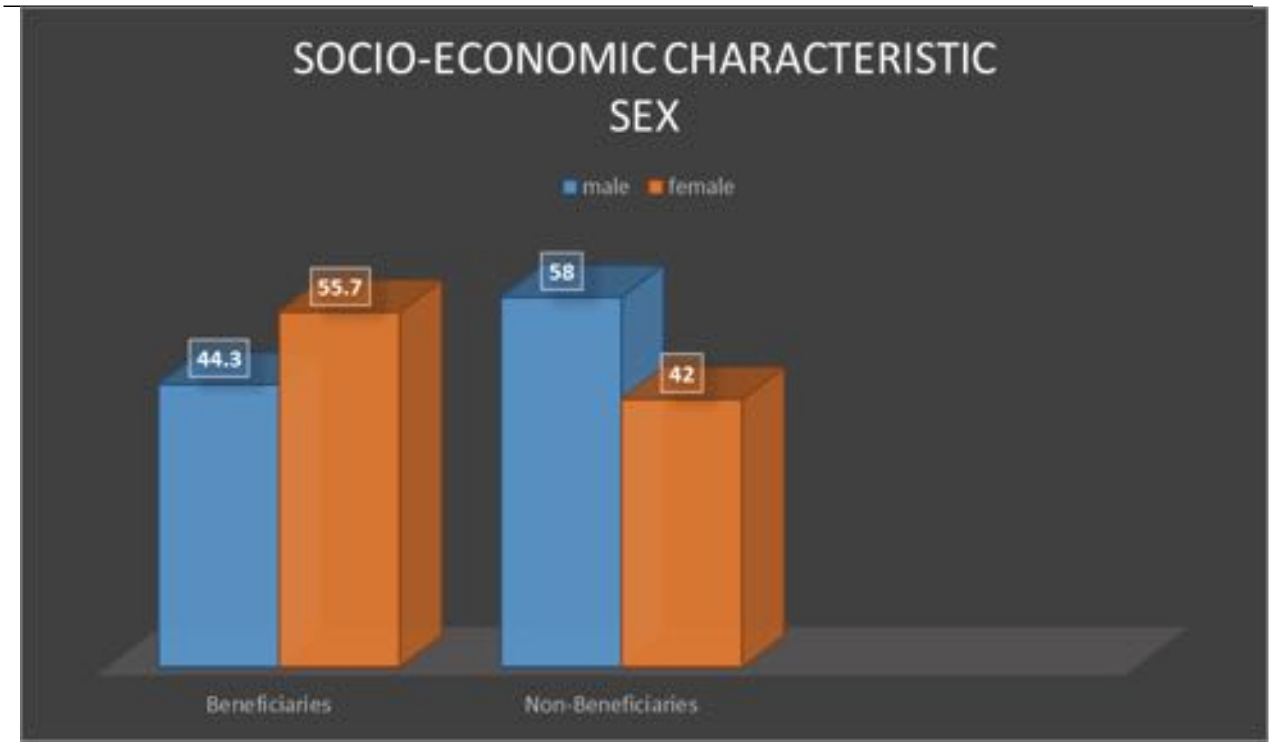


Fig 4.1.2: Source: Field Survey 2017.

The table 4.1.2 and Figure 4.1.2 above shows that 44.3% of the beneficiaries are Male compared to 58% of the non-beneficiaries while 55.7% of the beneficiaries are Female compared with 42% of the non-beneficiaries. This underscores that the RUFIN programme is female gender inclusive and completely relevant to the beneficiaries

Table 4.1.3 Marital Status of the respondents

	BENEFICIARIES	NON-BENEFICIARIES
Marital Status	%	%
single/never married	3.0	18.7
married	96.3	66.7
separated	.7	2.0
divorced	0	4.0
widowed	0	8.7

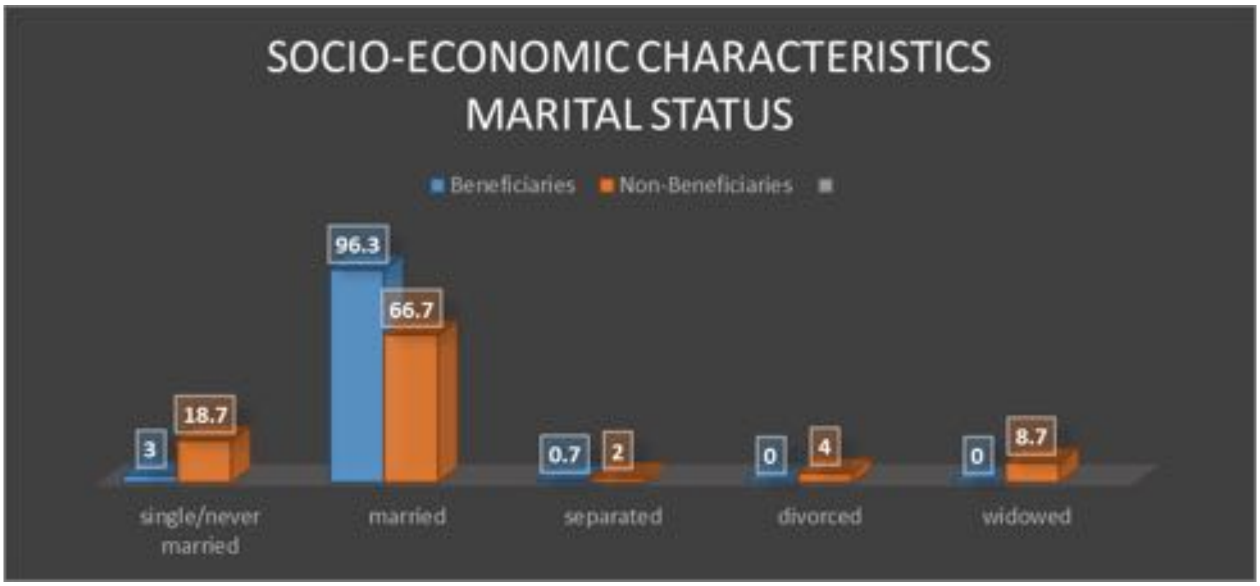


Fig 4.1.3 Source: Field survey 2017

The above table 4.1.3 and Figure 4.1.3 reveals that 3% of beneficiaries and 18.7% of non-beneficiaries are single/never married as at the time of survey. 96.3% of beneficiaries and 66.7% of non-beneficiaries are married, and 0.7% of beneficiaries and 2% of non-beneficiaries had separated from their spouses. The beneficiaries have record of divorced and widow which underscores that marriage in the African culture is a hallmark of responsibility and also that the various religious faith adduced to the fact that Marriage is the foundation for household development. RUFIN Programme was able to cover the greatest household within the study area.

Table: 4.1.4 Level of education of respondents.

	BENEFICIARIES	NON-BENEFICIARIES
Highest Education	%	%
no formal education	7.7	.7
primary education not completed (years)	6.7	2.7
primary education completed	12.7	8.0
secondary school not completed (years)	6.7	4.0
secondary school completed	45.0	52.7
post-secondary education (years)	21.3	32.0

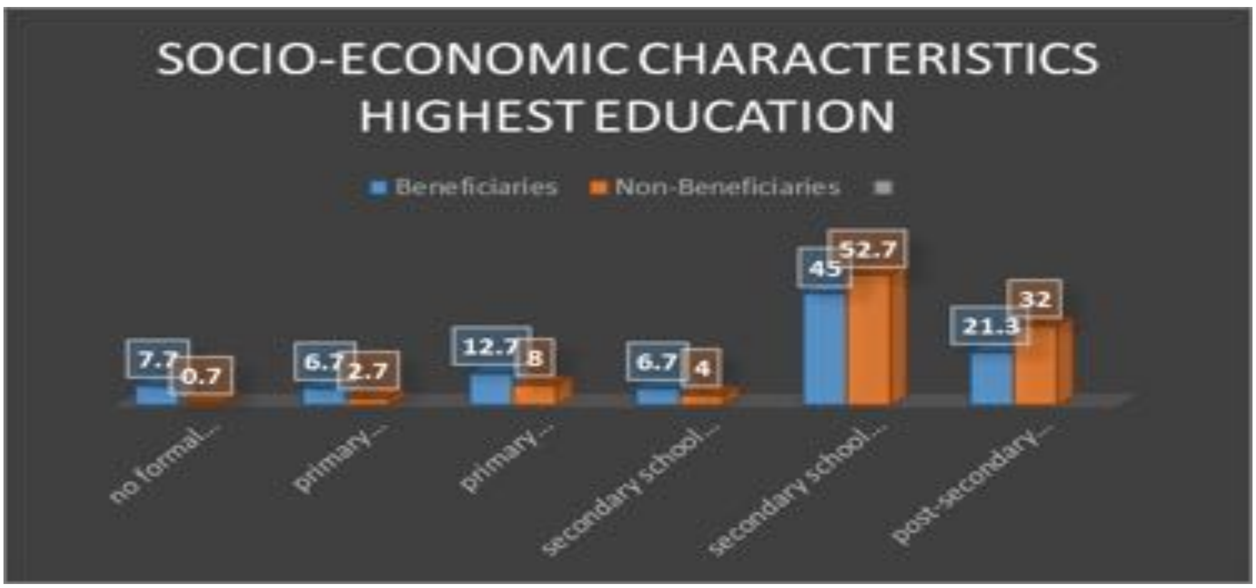


Fig 4.1.4. Source: Field Survey 2017

The above Table 4.1.4 and Figure 4.1.4 reveals that most of the beneficiaries and non-beneficiaries respondents have completed secondary (45% and 52.7%) and post-secondary (21.3% and 32%) school education while the remaining 33.7% and 15.3% of the respondents had no formal education or uncompleted secondary school education. The level of education plays significant role in the success of any micro credit based programme and the studied area indicates a high literacy level among respondents. The level of education could determine the level of opportunities available to improve livelihood strategies, enhance food security and reduce the level of poverty. High education status of farmers and petty traders will enable them acquire knowledge and skills, for budgeting, saving, adoption of innovations and using resources as it was demonstrated by the RUFIN programme. (Esturk and Oren, 2014). Okojie (2002) also reported that, the higher the educational level of the household head, the greater the household welfare and food security and, the lower the probability of the household being poor. RUFIN therefore is program that is relevant to the targeted rural working poor.

Table: 4.1.5 Enterprises experience of respondents

	BENEFICIARIES	NON-BENEFICIARIES
Type of Enterprises	%	%
farmer	31.0	11.3
craft making	11.3	10.7
petty traders	40.0	22.0
others (specify)	13.7	54.7
farmer and petty traders	3.7	.7
farmer and craft making	.3	.7

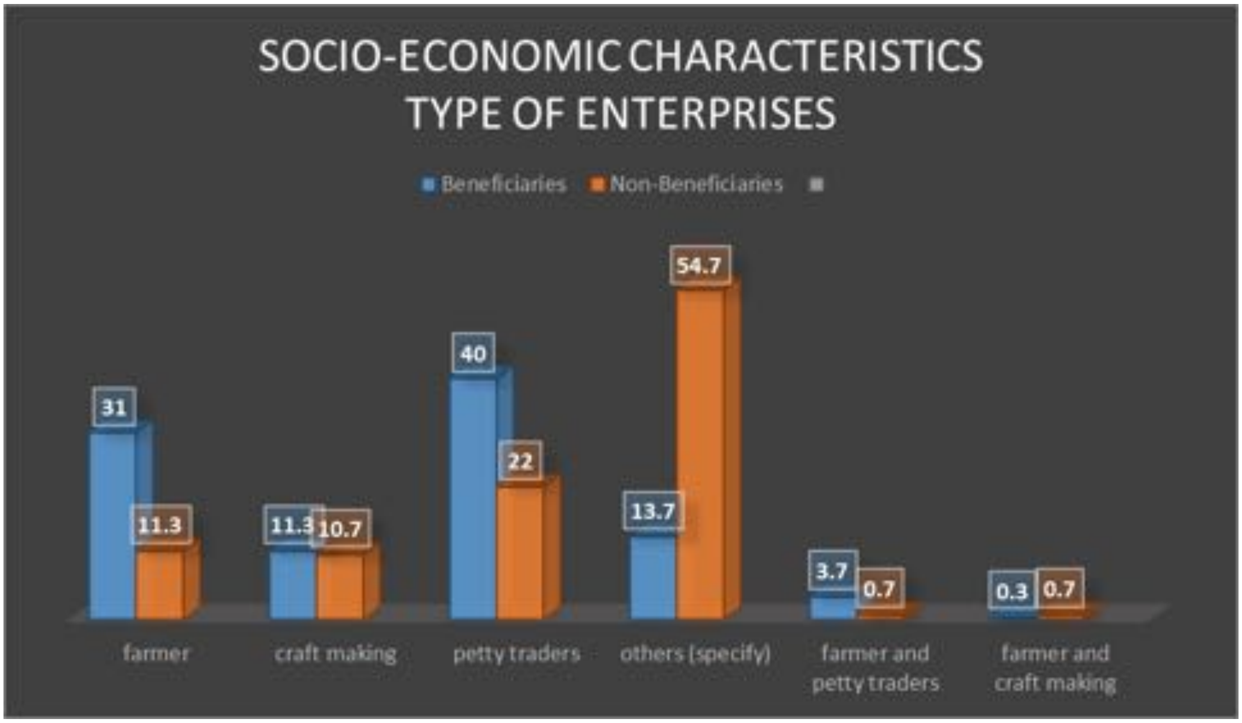


Fig 4.1.5 Field Survey 2017

The above Table 4.1.5 and Figure 4.1.5 shows that 40% of the respondents were engaged in Petty trading, 31% are farmers, 11.3% are craft makers, 4.0% engages in bi-vocational enterprises (Farming and petty trading-3.7% Farming and Craft making-0.3%). 13.7% of the respondent engages in other enterprises that are not captured in the survey instrument.

Table: 4.1.6 Linkage for access to credit.

	Beneficiaries	Non-Beneficiaries
Circle of Loan	%	%
.00	32.3	81.3
1.00	19.3	18.7
2.00	25.7	0
3.00	4.3	0
4.00	10.3	0
5.00	3.7	0

6.00	1.0	0
7.00	.3	0
8.00	3.0	0

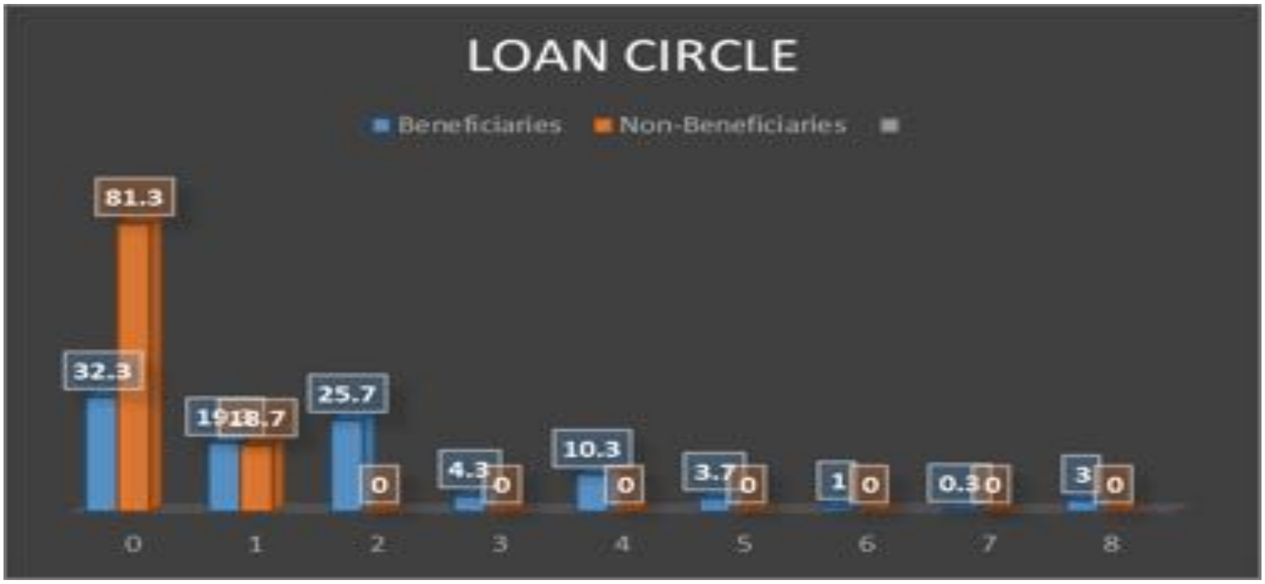


Fig 4.1.6 Field Survey 2017

The Table 4.1.6 and Figure 4.1.6 above shows that majority of the beneficiaries have enjoyed a linkage to access credit. It worthy of note that 18.7% of the non-beneficiaries have access to credit which is as result of the spillover effect of impact of RUFIN programme. A second degree Impact.

Female Gender access to credit

Table: 4.1.7 Gender Access to credit

Variables	Frequency	Percentage
Male	87	29%
Female	109	36.3%
Unlinked Gender	104	34.7%

Total	300	100%

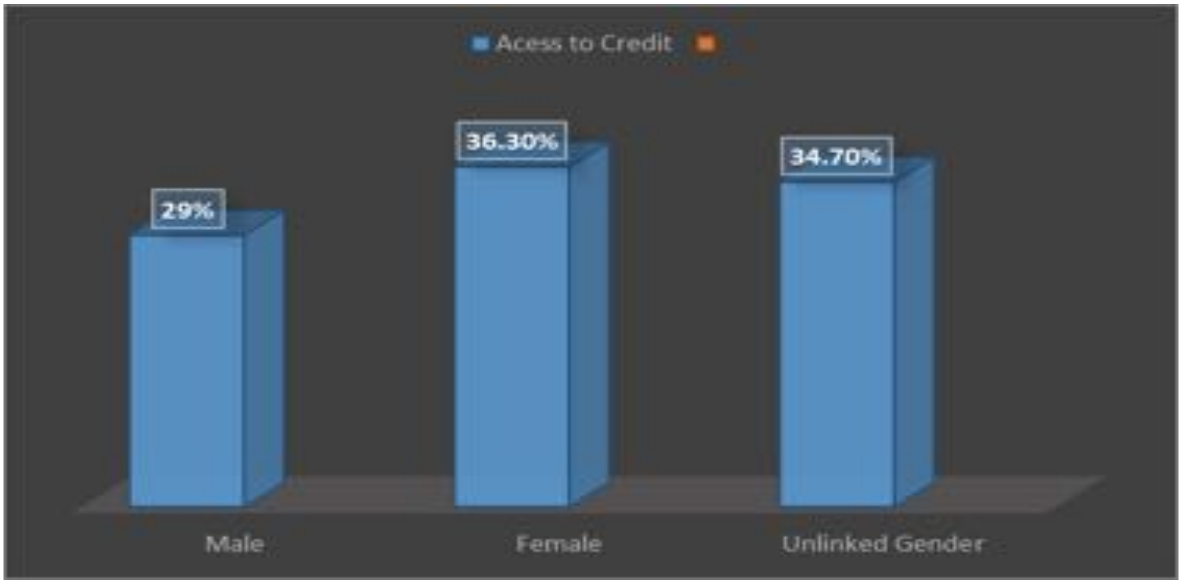


Fig 4.1.7 Field Survey 2017

The above Table 4.1.7 and Figure 4.1.7 shows that 36.3% of the loan beneficiaries are female while 29% are male. The underscores that the RUFIN programme gave priority to the female gender and this was attested to by the MFI officials. And it is believed that majority of 34.7% that are on the verge of being linked to the MFI are female.

COMPARATIVE ANALYSIS OF THE IMPACT OF RUFIN ON RURAL HOUSEHOLD, BETWEEN BENEFICIARIES AND NON-BENEFICIARIES OF THE SUPPORTED PROJECT.

Table: 4.1.8. The manifestation of the Project on the Physical and Financial Assets of the respondents.

Variables	Beneficiaries				Non-Beneficiaries			
	Improved (%)	No Change (%)	Worsened (%)	Not Applicable (%)	Improved (%)	No Change (%)	Worsened (%)	Not Applicable (%)
Size of dwelling unit	78.7	16.7	4.7	0	18.7	81.3	0	0
Quality of dwelling unit	85	10.3	4.7	0	53.3	46.7	0	0
Farm machinery	42.3	22.7	6.7	28.3	15.3	28.7	0	56
Household income	94.3	2.7	3	0	80.7	19.3	0	0
Household saving	93.3	4.7	2	0	61.3	32.7	6	0
Access to credit	83.7	15	1.3	0	54	46	0	0
Business assets	95	4	1	0	53.3	46.7	0	0
Profit making	97	2	1	0	58	42	0	0

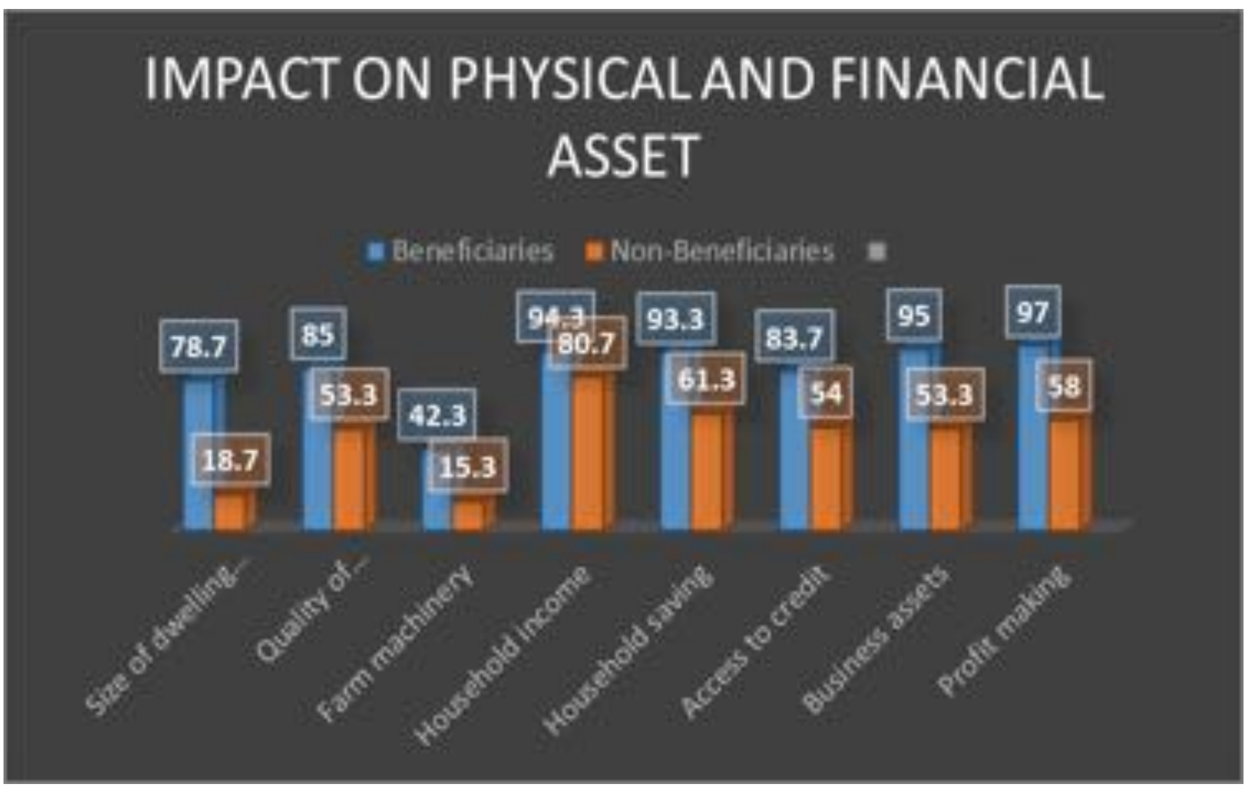


Fig 4.1.8 Field Survey 2017

From the above Table 4.1.8 and Figure 4.1.8, it was evident that the project has a very strong positive impact on the physical and financial assets of the beneficiaries of the RUFIN supported project. This was established as a result of more than 75 percent of improvements that happened to the physical and financial assets (Size of dwelling unit, Quality of dwelling unit, Farm machinery, Household income, Household savings, Access to credit, Business assets and Profit making) of the project beneficiaries. It was only in a case that there was no record of up to 75 percent improvement, and this was farm machinery which has 43.2 percent improvement.

However, this was due to the fact that there was no provision for direct farm machinery in the implementation of the supported project, the beneficiaries got these implements through the funds they were able to access as a result of the project through the MFBs. Consequently, hence the low record of improvement in their farm machinery, similarly, in spite of the low record observed the improvement still surpass that of non-beneficiaries, which recorded 15.3 percent improvement in their farm machinery. This could still owed to the fact that, there was no supported program on ground either from the government or non-governmental organizations (NGOs) through which this categories of people could derive benefits.

Subsequently, the only improvement worthy of note from the non-beneficiaries sections that stood as the control units of the research work was their household income which also has more than 75 percent improvement level. In the same vein, it was still lesser compared to that of the beneficiaries with 94.3 percent level of improvement. Therefore, these results showed significant level of impact the supported project has on the physical and financial assets of the beneficiaries.

Table: 4.1.9. The manifestation of the Project on the Social Capital and Empowerment of the respondents.

Variables	Beneficiaries			Non-Beneficiaries		
	Improved (%)	No Change (%)	Worsened (%)	Improved (%)	No Change (%)	Worsened (%)
System of Farm input supply	52	43.3	4.7	0	99.3	0.7
Responsiveness of government to community needs	67.3	21.7	11	6.7	52	41.3
Responsiveness of government to gender issues	71.3	24	4.7	6.7	64	29.3
Responsiveness of government to the needs of the poor	64.3	26.7	9	6.7	58	35.3
Responsiveness of community to the needs of the poor	62.3	28.3	9.3	0	64.7	35.3
Responsiveness of government to the needs of the physically challenged	55.7	37.3	7	6.7	66.7	26.7
Linkage between community and NGOs	83.7	10.3	6	11.3	63.3	25.3
Linkage between community and the private sector	70.3	23.7	6	27.3	50	18.7
Membership of association	90	9.7	0.3	69.3	27.3	3.3
Access to financial services	83	16.3	0.7	43.3	53.3	3.3

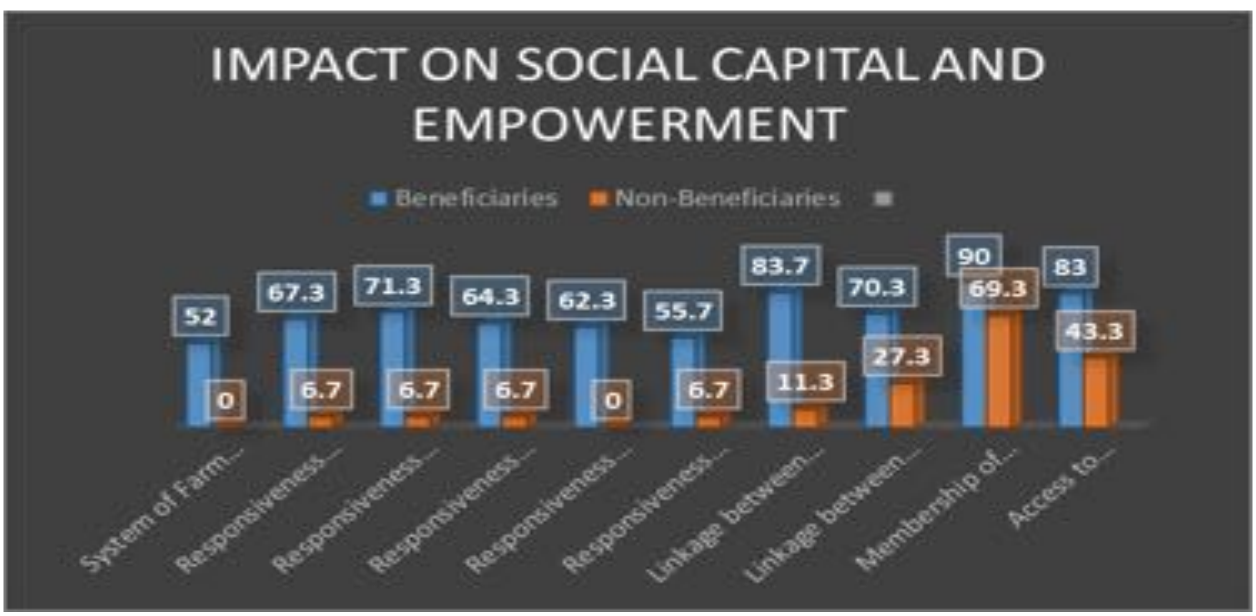


Fig 4.1.9 Field Survey 2017

The above Table 4.1.9 and Figure 4.1.9 revealed and reflected on the social capital and empowerment of the respondents. It was observed that the supported project by RUFIN brought note-worthy improvements to the beneficiaries' social capital and empowerment. This was established as a result of 70 or more percent level of improvements on these variables;

i. Responsiveness of government to gender issues
ii. Linkage between community and NGOs
iii. Linkage between community and the private sector
iv. Membership of association, and
v. Access to financial services of the beneficiaries.

Although in some variables, the percentages of the improvements are less than 70 percent but to a reasonable extent, it was still appreciable. These are;

i. Responsiveness of government to community needs
ii. Responsiveness of government to the needs of the poor
iii. Responsiveness of community to the need of the poor, and
iv. Responsiveness of government to the needs of the physically challenged.

The consequence of this low record was tantamount to the down-shift in the economic level of the country, which was general tagged as "recession". This was captured through the open-ended questions that the beneficiaries responded to.

On the other hand, considerable amount of improvement was also noted from the non-beneficiaries sections (control units), and this was their membership of association which has

69.3 percent improvement level. Similarly, it was still lesser compared to that of the beneficiaries with 90 percent level of improvement. The implication of this was that the non-beneficiaries also have a reasonable way of forming a cooperative society through which any individual could be a member and could also be empowered as long as he/she belong that society. In the same vein, it was observed that their societies lack substantial capacity in the area of finance due to the fact that the societies have no link with the government, private sector and non-governmental organization (NGOs).

Therefore, these results also showed significant level of impact the supported project has on the social capital and empowerment of the beneficiaries.

Table: 4.1.10. The manifestation of the Project on the Human Capital and Empowerment of the benefiting respondents.

	YES	**NO**
Variables	%	%
Human capital development (training)	91.0	9.0
Linkage and market information	92.7	7.3
Dissemination of improved processing techniques	72.7	27.3

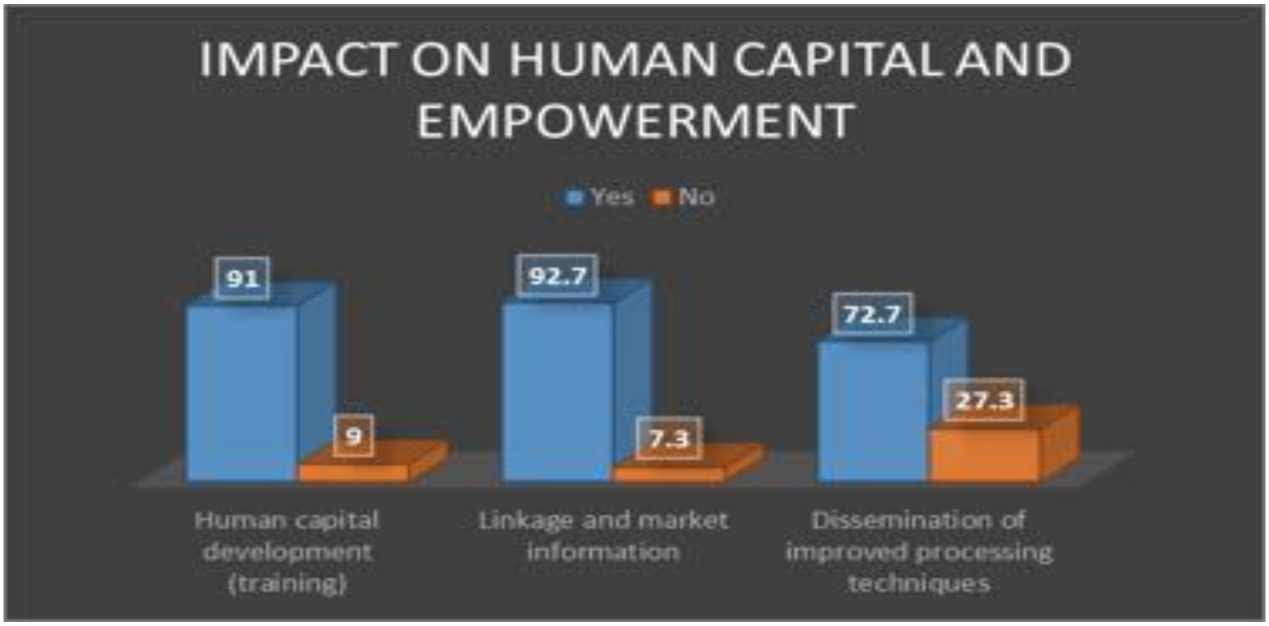


Fig 4.1.10 Field Survey 2017

The Table 4.1.10 and Figure 4.1.10 above indicated the impact of RUFIN on the human capital resource of the benefitting individuals. 91% have be trained while 92.7% have access to linkages and market information and 72.7 % have enjoyed some forms of skill improvement. Human Capital development is key to any successful intervention.

Table: 4.1.11. The Sustainability indicators measured in terms of economic, social and environmental

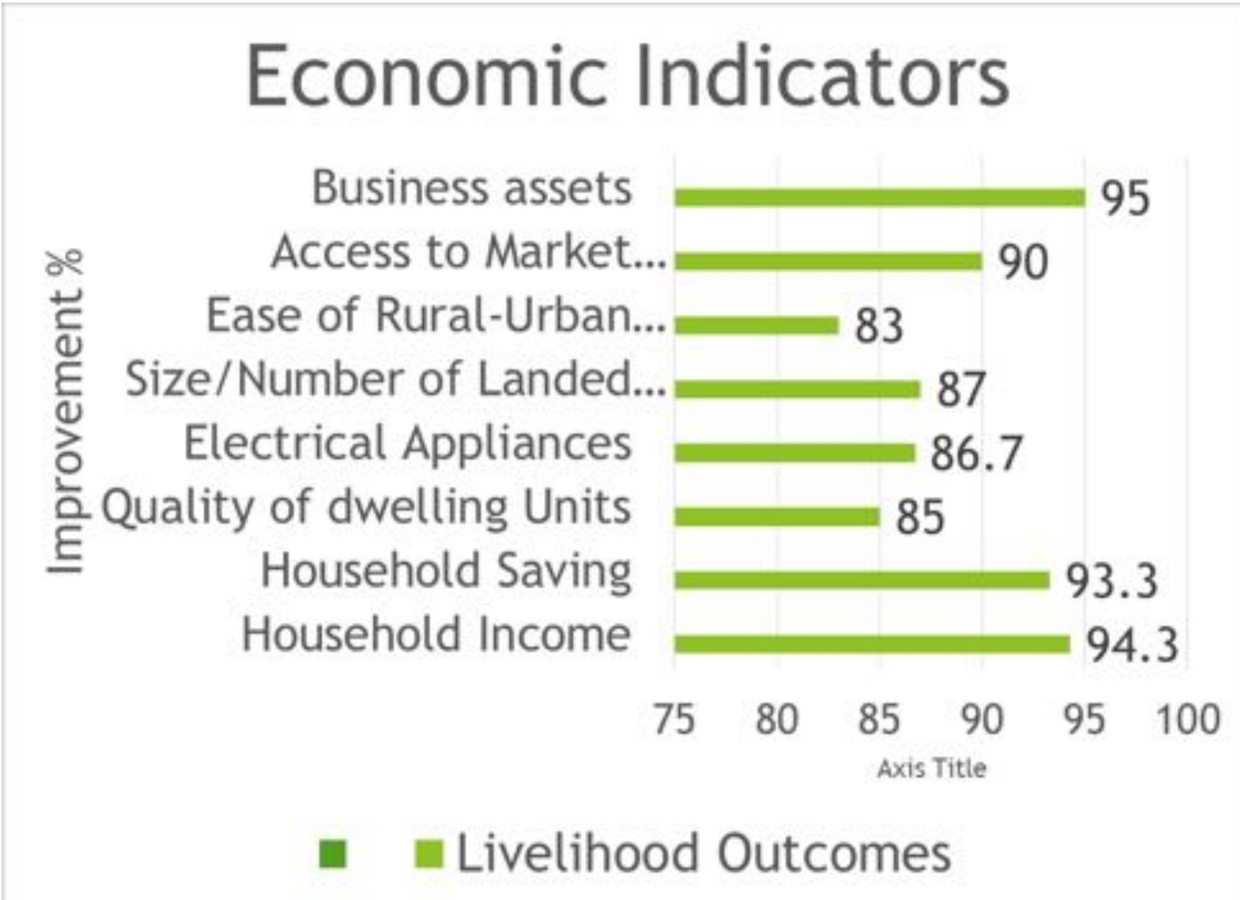


Fig 4.1.11 Field Survey 2017

The programme delivers on the economic dimension of sustainability which are expressed in the figure above. Over 80% of the respondent experience improvement in their business asset, household saving, household income, quality of dwelling unit etc. Economic empowerment of the rural poor was a major trust of the programme.

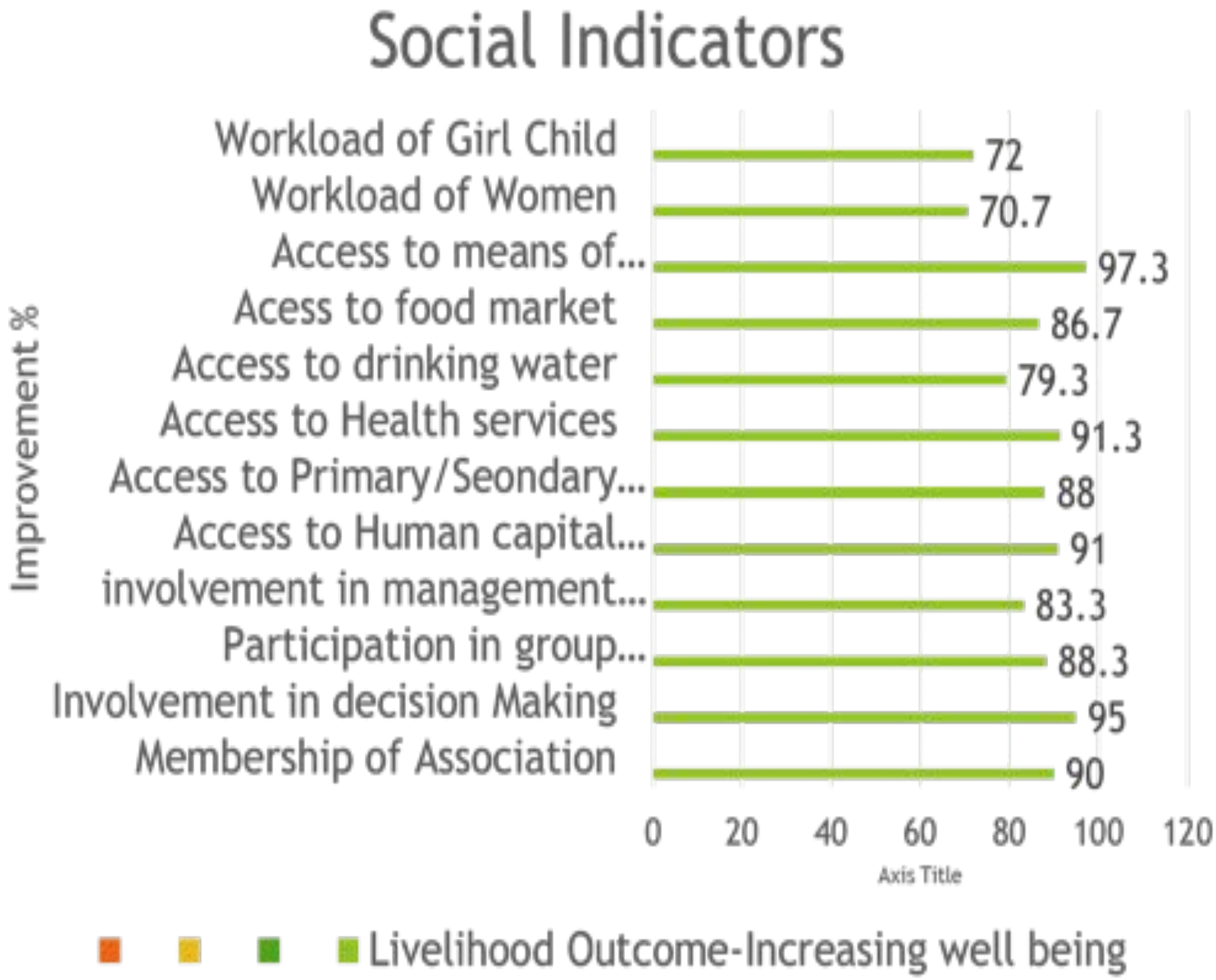


Fig 4.1.12 Field Survey 2017

The programme addresses the social dimension of sustainability through it impact as measured above. Over 70% of the beneficiaries have experience improvement female gender inclusion, access to food market, drinking water, health service, education and community participation etc. indeed RUFIN as deliver of its mandate of social inclusiveness.

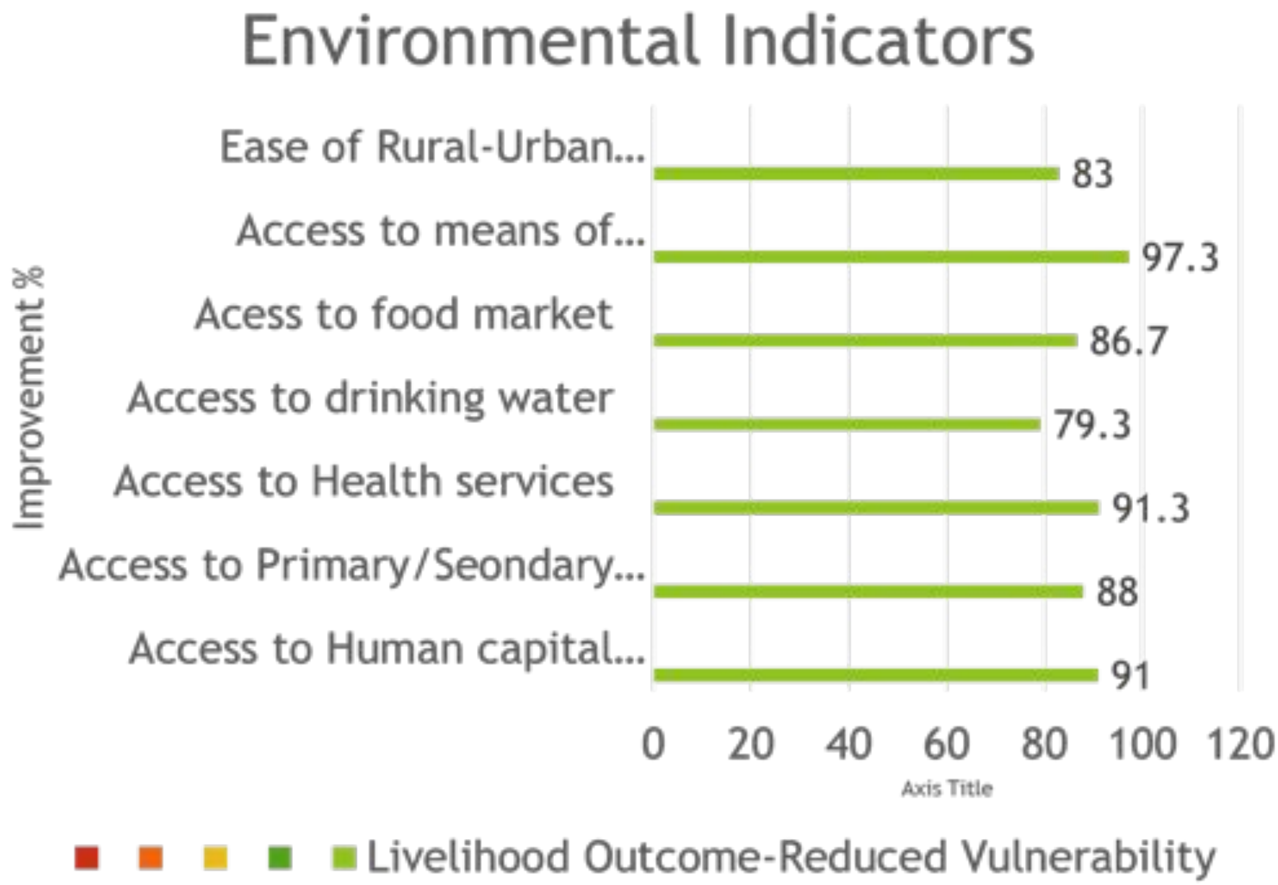


Fig 4.1.13 Field Survey 2017

The third dimension of sustainability is the environment and it is a key component in measuring sustainability of any developmental programme. Over 79% of the beneficiaries experience ease of rural-urban movement which amplified the peaceful coexistence of the community and development is hinged on prevailing environmental peace. Other environmental variables measured are access to transportation, food market, drinking water, health service, education and human capital training (skill acquisition)

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The focus of this study is to proof with empirical evidence the impact RUFIN had on the in-direct beneficiaries who in this case are the individual member of the groups and their household. From the result findings it can said that the microfinancing of farming and small scale enterprises in the rural areas in a major policy trust towards alleviating poverty. Living standards of group members have improved through the acquisition of assets such as furniture, motorbikes, cars and home-improvement investments. Increase in household cash flows has enabled smoother payment of children's school fees, purchase of better quality of food, easier payment for medical treatment and better participation in community decision making process. Following the introduction of the volunteers, the number of groups in the villages has started increasing meaning that more households will be affected positively.

The project in itself was faced with some short comings as attested to by the respondent. It must be noted that emphasis must be lay also on the level of worsened responses of the beneficiaries, knowing fully well that the purpose of every research is to improve on the existing situations and circumstances, some of the beneficiaries lamented on the loan assessment procedure of the MFBs from which they were getting financial assistance which ranges from high interest rate, short repayment duration, credit disbursement un-timeliness, difficulties in getting civil servant as a guarantor and insufficient fund to procure business asset and farm implements. All these factors have taken its toll on the beneficiaries' business asset and profit making.

The sustainability of the programme can be guaranteed by satisfying the sustainability indicators which are economic, social and environmental which the RUFIN had delivered to the targeted beneficiaries. Over 80% of the beneficiaries experience improvement in the economic wellbeing while over 70% experienced improvement in their social wellbeing and over 79% experience improvement in the prevailing environment that have positive impact on their wellbeing. RUFIN indeed is a sustainable programme.

It is to be noted also that many of the RUFIN interventions which have produced promising results were introduced quite late in the project life and required major thrust in follow-up and implementation to ensure and firm their sustainability.

Rural population can only be helped if intervention are designed for continuity which was a concern for RUFIN according to the Mid-term report of 2013. Rural microfinance as demonstrated by RUFIN is a veritable tool towards alleviating poverty.

5.2 Recommendation

These observations prove that in order for microfinance to serve the poor properly, all factors such as social fabric of the community, capabilities of borrowers and local conditions of host communities need to be weighed and balanced so as to achieve smooth operations that will benefit both the borrower and the lender. Microfinancing intervention in rural communities must at the formation stage takes into account the need of the people.

The apex bodies that are saddle with the responsibility of helping the poor out of poverty must conduct a social inclusive capacity building on the implementers of rural micro financial services and also approve the establishment of Rural Outreach Units (ROUs) to further consolidate on the gains of the programme. The hiring of the RUFIN VSCG volunteers as agents by R-MFIs should also be considered so as to increase the bottom tier beneficiaries.

The establishment of socially inclusive loanable fund with lowest possible interest must be considered as the option of financial service for the rural poor and also the establishment of equipment and machinery centre where simple and basic equipment and machinery can be access at an affordable fee that will foster a return on Investment. This is of great importance in order to advance the wellbeing of the rural poor. The RUFIN model should be adopted by Government at Federal, State and private level to entrench the benefit of microfinancing to the rural poor.

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