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MICROCREDIT ALTERNATIVES FOR SUSTAINABLE NATIONAL DEVELOPMENT: A FOCUS ON NIGERIA'S POLITICAL ECONOMY

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Abstract

Sometimes in developing countries there arises the tendency for the true fundamentals of credit provision to be overlooked, in pursuit of the orthodoxy. In this regard, a functional conceptualization of microcredit is considered crucial. Hence in this study, microcredit concept is considered critical to the understanding of the importance of credit delivery in the formulation and implementation of strategies for accelerating the pace of economic growth and sustainable national development. Invariably, the general objective of the study was to examine the microcredit alternatives for sustainable national development, with a focus on the political economy of Nigeria. Thus, the specific objectives were to (i) highlight the prevailing concept of microcredit in the political economy of Nigeria (ii) examine the contribution of prevailing microcredit practice in Nigeria, to sustainable national development and (iii) recommend how microcredit administration can be utilized in accelerating the pace of development in Nigeria. The study adopted as methodology, the critical mode of research and utilized as theoretical framework, the political economy approach. Findings of the study indicate that the prevailing concept of microcredit in the political economy of Nigeria, centers on poverty alleviation. However, the prevailing microcredit practice has not produced evidence of overt poverty reduction. An alternative form of microcredit recommended by the study is the type that its packaging guarantees full credit recovery. The second alternative conceptualization in the study is that microcredit is principally for the generation of multiplier effects in the economy, not singly for the fighting of poverty. In conclusion the study posits that the current fixation with microcredit as the supreme poverty alleviation methodology in Nigeria requires urgent rejection.

Keywords*:* Microcredit, Sustainable National Development, Political Economy

Introduction

The formulation and implementation of strategies for accelerating the pace of growth and sustained economic development has continued to occupy the political and reforms agenda of developing countries such as Nigeria. An essential component of this endeavour is the need to properly identify development priorities, the financing gaps and measures to address them (Alegieuno, 2010:1). Sometimes, development priorities, financing gaps and measures to address them translate to a single important matter, which is provision of credit. Hence, in an era of financialization (Foster, 2008), there may arise in some developing countries, the tendency for the true fundamentals of credit provision to be overlooked, in pursuit of the orthodoxy. In other words, there is the tendency that some developing economies may ill-define their credit deliver needs. According to Palley (2007:2) financialization is a process whereby financial markets, financial institutions, and financial elites gain greater influence over economic policy and economic outcomes. Financialization transforms the functioning of economic systems at both the macro and micro levels. Its principal impacts are to (1) elevate the significance of the financial sector relative to the real sector, (2) transfer income from the real sector to the financial sector, and (3) increase income inequality and contribute to wage Stagnation. Additionally, there are reasons to believe that financialization may put the economy at risk of debt deflation and prolonged recession. Financialization operates through three different conduits: changes in the structure and operation of financial markets, changes in the behavior of nonfinancial corporations, and changes in economic policy (Palley, 2007:2). Financialization reformulates the financial foundations of national economies and invariably the international financial architecture and in the process can divert the attention of national political economists from the fundamentals of effective credit delivery.

It is not within the scope of the paper to consider if financialization is receding or not. Financialization is only mentioned in the study, in the context of how a sound credit culture may enhance the chances of cyclical shocks being effectively absorbed by a national economy (Soludo, 2008). In this regard, the availability of microcredit is considered crucial. In this study therefore, microcredit concept is considered critical to the understanding of the importance of credit in the formulation and implementation of strategies for accelerating the pace of growth and sustained economic development. In other words, what is the prevailing conceptualization of microcredit in the political economy of Nigeria? What has the prevailing microcredit practice contributed to sustainable national development in Nigeria? How can microcredit administration be utilized in accelerating the pace of development in Nigeria? Invariably, the general objective of the study is to examine the microcredit alternatives for sustainable national development, with a focus on the political economy of Nigeria. Thus, the specific objectives are to (i) highlight the prevailing concept of microcredit in the political economy of Nigeria (ii) examine the contribution of prevailing microcredit practice in Nigeria, to sustainable national development and (iii) recommend how microcredit administration can be utilized in accelerating the pace of development in Nigeria. The study adopts as methodology, the critical mode of research. The theoretical framework is the political economy framework

The Concept of Micro Credit and the Practice of Micro Finance

The definition of microcredit (in Nigeria) has continued to be characterized by multifarious tendencies. According to Idumanje (2001:255), microcredit refers to credit facilities given to small scale business proprietors, to enable them engage in productive economic activities, capable of generating income (Idumanje, 2001:255). This definition incidentally suggests that only small-scale business proprietors may approach the lender for microcredit negotiation. But Idumanje (2001:255) continues: small-scale businessmen and the rural and urban poor have low propensity to save, hence they need credit intervention. Parenthetically, Idumanje (2001:255) hereby acknowledges that the rural and urban poor, not necessarily small scale business proprietors can benefit from microcredit. In other words, a beneficiary of microcredit can purely spend it for instance, on consumer goods and can also spend it on income-yielding ventures. Reminiscent of the diverse tendencies, reflected in the definition of microcredit by Idumanje (2001:255), Ugwu (2008:91), citing Okali and Otiti (1992), argues: microcredit has to do with soft loans usually given to small and medium scale entrepreneurs, farmers and artisans /craftsmen, etc, to enable them procure, produce or improve their productivity as well as increase their general welfare. Microcredit could lead to the establishment of cottage industries, livestock farming, fish ponds and piggery farming. It could lead to real successful farming, to the extent of export promotion of agricultural products such as palm produce, cashew, coconut and allied products. Microcredit could be facilitated by organized groups such as cooperative societies, clubs, town unions, age grades, etc and /or individuals (Ugwu, 2008:91).

Ugwu (2011:51) further asserts that “micro credit is not profit oriented venture”. This assertion indeed raises the issue of whether the funds involved are rather grants-in-aid. It however, truly begins to appear as if the bottom-line is that microcredit in its broadest conceptualization, places emphases on low interest rates, as different from its non-interest element consideration. Sometimes also, the impression is created that microcredit can only be talked about, in the context of community and rural banks (See Uche, 2007:19). Furthermore, in a somewhat dreary explication of availability of microcredit, Ezeudo (2010:40) has also contended that availability of microcredit can also be described as the existence of microcredit, as provided by micro finance institutions, conventional financial institutions or government agencies (Ezeudo, 2010:40). The tedious nature of this contention aside, it exemplifies the confusion surrounding the definition and consequently, the effective utilization of microcredit, in the political economy of the Nigerian state, for sustainable national development. Fundamentally, microcredit in the opinion of this paper is squarely a credit product. Hence, once the possibilities of non-interest and non-performance are permitted to be embedded in the packaging of the product, it begins to lose the features of credit and begins to appear more like grants-in-aid.

Let it be duly noted at this juncture that the institutionalization of the microcredit concept in its modern popular conceptualization is attributable to the intervention of Mohammad Yunus. According to The Encyclopedia Britannica (2010) microcredit, also called micro banking or microfinance, refers to a means of extending credit, usually in the form of small loans with no collateral, to nontraditional borrowers such as the poor in rural or undeveloped areas. This approach was institutionalized in 1976 by Muhammad Yunus, an American-educated Bangladeshi economist, who had observed that a significant percentage of the world’s population has been barred from acquiring the capital, necessary to migrate out of poverty. Yunus set out to solve this problem through the creation of the Grameen Bank in Bangladesh. The Grameen approach is unique because the small loans are guaranteed by members of the borrower’s community; pressure within the group encourages borrowers to pay back the loans in a timely manner. Grameen’s clients are among the poorest of the poor, many of whom had never possessed any money and relied on a barter economy to meet their daily needs. Using microloans, borrowers are able to purchase livestock or start their own businesses. By 1996, Grameen had extended credit to more than three million borrowers and was the largest bank in

Bangladesh, with more than 1,000 branches. The success of microloans in Bangladesh led to similar programs in other less-developed nations, including Bolivia and Indonesia. Some are sponsored by foundations, religious organizations, or nongovernmental organizations, such as Opportunity International and the Foundation for International Community Assistance (Encyclopedia Britannica, 2010). In 2008, the Mexican bank, Compartamos, was criticized for parlaying its micro lending program into a profit-making operation, charging high interest rates, widely regarded as usurious (Encyclopedia Britannica, 2010). Developments such as the foregoing tend to give credence to the assumption that microcredit must be devoid of the profit element. But microcredit is characterized by manifold conceptualizations.

Yunus (2006) provides the following elaborate exposition: The word "microcredit" did not exist before the seventies. Now it has become a buzz-word among the development practitioners. In the process, the word has been imputed to mean everything to everybody. No one now gets shocked if somebody uses the term "microcredit" to mean agricultural credit, or rural credit, or cooperative credit, or consumer credit, credit from the savings and loan associations, or from credit unions, or from money lenders. Thus, when someone claims microcredit has a thousand year history, or a hundred year history, nobody finds it as an exciting piece of historical information (Yunus, 2006:1). According to Yunus (2006:1) this is creating a lot of misunderstanding and confusion in the discussion about microcredit and in so doing; we really don't know who is talking about what and he proposes that we put labels to various types of microcredit, so that we can clarify at the beginning of our discussion which microcredit we are talking about. To him, this is very important for arriving at clear conclusions, formulating right policies, designing appropriate institutions and methodologies. Hence, instead of just saying "microcredit" we should specify which category of microcredit. He went ahead to suggest a broad classification of microcredit as follows: (1) Traditional (informal) microcredit (such as, moneylender's credit, pawn shops, loans from friends and relatives, consumer credit in informal market, etc.) (2) Microcredit based on traditional informal groups (such as, tontin, Susu, ROSCA, etc.) (3) Activity-based microcredit through conventional or specialized banks (such as, agricultural credit, livestock credit, fisheries credit, handloom credit, etc.) (4) Rural credit through specialized banks (5) Cooperative microcredit (cooperative credit, credit union, savings and loan associations, savings banks) (6) Consumer microcredit (7) Bank-NGO partnership based microcredit (8) Grameen-type microcredit or Grameencredit (9) Other types of NGO microcredit and (10) Other types of non-NGO non-collateralized microcredit.

Yunus (2006:2) further asserts: the point is that every time we use the word "microcredit" we should make it clear which type (or cluster of types) of microcredit we are talking about. Otherwise we'll continue to create endless confusion in our discussion (Yunus, 2006:2). Grameen-type microcredit or Grameencredit has understandably become a re-occurring version of the microcredit system and in the process too, its peculiar features have also become the source of the manifold mixtures in the microcredit literature and ostensible microcredit practice. In this regard, Yunus (2006:2-4) has tabled a comprehensive list of the distinguishing features of Grameencredit, on the basis of which the Grameen replication programmes or Grameen type programmes are known. These general features of Grameencredit are: (1) It promotes credit as a human right (2) Its mission is to help the poor families to help themselves to overcome poverty. It is targeted to the poor, particularly poor women (3) Most distinctive feature of Grameencredit is that it is not based on any collateral or legally enforceable contracts. It is based on "trust", not on legal procedures and system (4) It is offered for creating self-employment for income-generating activities and housing for the poor, as opposed to consumption (5) It was initiated as a challenge to the conventional banking which rejected the poor by classifying them to be "not creditworthy". As a result it rejected the basic methodology of the conventional banking and created its own methodology (6) It provides service at the doorstep of the poor based on the principle that the people should not go to the bank, bank should go to the people (7) In order to obtain loans a borrower must join a group of borrowers (8) Loans can be received in a continuous sequence. New loan becomes available to a borrower if her previous loan is repaid (9) All loans are to be paid back in installments (weekly, or bi-weekly) (10) Simultaneously more than one loan can be received by a borrower (11) It comes with both obligatory and voluntary savings programmes for the borrower (12) Generally, these loans are given through non-profit organizations or through institutions owned primarily by the borrowers. If it is done through for-profit institutions not owned by the borrowers, efforts are made to keep the interest rate at a level, which is close to a level commensurate with sustainability of the programme rather than bringing attractive return for the investors. Grameen credit's thumb-rule is to keep the interest rate as close to the market rate, prevailing in the commercial banking sector, as possible, without sacrificing sustain-ability. In fixing the interest rate, market interest rate is taken as the reference rate, rather than the moneylenders' rate. Reaching the poor is its nonnegotiable mission. Reaching sustainability is a directional goal. It must reach sustainability as soon as possible, so that it can expand its outreach without fund constraints (13) Grameencredit gives high priority on building social capital. It is promoted through formation of groups and centers, developing leadership quality through annual election of group and centre leaders, electing board members when the institution is owned by the borrowers (Yunus, 2006).

To develop a social agenda owned by the borrowers it undertakes a process of intensive discussion among the borrowers, and encourages them to take these decisions seriously and implement them. It gives special emphasis on the formation of human capital and concern for protecting environment. It monitors children's education, provides scholarships and student loans for higher education. For formation of human capital, it makes efforts to bring technology, like mobile phones, solar power, and promote mechanical power to replace manual power. Grameencredit is based on the premise that the poor have skills which remain unutilized or under-utilized. It is definitely not the lack of skills which make poor people poor. Grameen believes that poverty is not created by the poor; it is created by the institutions and policies which surround them. In order to eliminate poverty all that is needed to be done is to make appropriate changes in the institutions and policies, and/or create new ones. Grameen believes that charity is not an answer to poverty. It only helps poverty to continue. It creates dependency and takes away individual's initiative to break through the wall of poverty. Unleashing of energy and creativity in each human being is the answer to poverty. Grameen brought credit to the poor, women, the illiterate, and the people who pleaded that they did not know how to invest money and earn an income. Grameen created a methodology and an institution around the financial needs of the poor, and created access to credit on reasonable terms, enabling the poor to build on their existing skill, to earn a better income in each cycle of loans (Yunus, 2006).

Accordingly, Yunus (2010:1) contends: I want to see a world free from poverty. Poverty does not belong in a civilized human society. Its proper place is in a museum. The Grameen Bank and affiliated institutions are dedicated to providing opportunities that can help improve the socioeconomic condition of people who live in abject poverty. I believe that microcredit has a key role to play in reducing poverty (Yunus, 2010:1). Hence, it is this poverty alleviation philosophical foundation of the founder of the Grameencredit - the most popular of modern microcredits that has given rise to the impression that all microcredits are devoid of profit-making considerations and that all microcredits are indeed, for the wretched of the earth.

Micro finance on the other hand, has been described as the provision of credit, savings and financial services to very poor people in order to create opportunities for them to create, own and accumulate assets and to facilitate consumption (Focus, 1998; cited in Owualah, 1999:66). This immediately explains that microcredit is an aspect of micro finance. However, the emphasis on “the very poor” in this definition also throws up the issue of whether micro finance is truly meant for only the wretched of the earth. Microcredit it seems is an integral part of micro finance and in practical terms, their nuances are interwoven. Owualah (1999:66) thus contends that micro finance therefore, refers to the provision of credits to the poor (the poor again), at subsidized interest rates, with little or no recovery rates at public sponsored financial institutions (Owualah, 1999:66). We see again that it is this element of subsidized interest rates, offered by public sponsored financial institutions which tolerate little or no recovery that creates the impression that all microcredits are devoid of profit motives. In the process, conventional banks, particularly in the Nigerian context, shun microcredit instruments. As already pointed out above, it is erroneously held by some scholars that microcredits are only talked about, in the context of community and rural banks but not within the orbit of conventional banks (Uche, 2007:19).

However, it has been posited by Focus (1998), cited in Owualah (1999:66) that the apparent lack of interest in micro finance operations by conventional financial institutions can be traced to the following reasons: (1) High transaction cost of micro lending which are usually higher than in conventional bank lending (2) The more labour intensive nature of micro finance services and the special challenges in the recruitment, training and motivation of staff engaged in micro finance operations (3) The opportunity costs of using bank deposits for micro lending compared with returns from alternative uses (4) High reserve requirements, which usually leaves little deposit base for micro lending in the face of competing demands (Owualah, 1999:66). The issue of the position of the commercial/conventional banks on microcredit/micro finance has been summarized by Owualah (1999:67) as follows: despite these constraints, conventional commercial banks have both organizational and structural characteristics that make them amenable to successful micro finance operations. These include their extensive branch network and physical infrastructure to cater for a large number of micro finance customers and their well established internal controls, administrative and accounting systems, to keep track of large number of transactions. Others are their access to deposit and equity funds instead of depending on budgetary allocations and volatile donor resources; ability to offer loans, deposit and a wide range of other financial services and the pursuit of goals which foster prudent management, cost effectiveness, profitability and sustainability of banking operations…It is against the foregoing background that commercial banks in developing countries have begun to perceive micro finance not only as a profitable venture but a veritable public relations tool; although there exists a wide gap between their present level of accomplishments and what they are capable of doing (Owualah, 1999:67). In other words, it is not really the banks that hoisted on the political economy, the notion that microcredits are principally, poverty alleviation designs. Therefore, in re-contextualizing and repositioning microcredit, for economic development in Nigeria, the banks are likely to be willing partners. Furthermore, microcredit in the context of this paper, is specifically speaking, a product of many variants. Micro finance on the other hand, refers to the collectivities of methodologies for delivering microcredit.

The Political Economy Of Nigeria in the Cntext of the Developmental Challenges

According to Majekodunmi and Adejuwon (2012:193), who cited Sumner (2008), political economy is a comprehensive interdisciplinary framework that is based in Marxist social theory. It involves not only the interrelationship between economics and politics but also the interconnections between the various levels of social interaction, from the local through the national to the global. The primary goal of political economy is to know how societies are, and can be transformed. A political economy approach helps us to develop a critical attitude toward organized power and understand the challenges and opportunities we face in building dynamic and democratic alternatives (Majekodunmi and Adejuwon, 2012:193). Furthermore, according to Youngman (2000:3), also cited in Majekodunmi and Adejuwon (2012:193), the political economy approach deliberately moves the focus of analysis from individual choice and behavior to a consideration of the historical and structural context within which individual action takes place. This approach entails a number of basic concepts. First, social phenomena exist within a historical and structural context shaped by the mode of production and its class relations. Second, the manner and extent of the influence of the economic foundation on particular aspects of society is a matter for specific investigation in each case. Third, the dominance of the capitalist mode of production at the world level means that country-level studies must situate their analysis within the context of the global political economy. Fourth, the different classes pursue their own interests, and these interests are conflictual. Fifth, although class relations are the main determinant of social phenomena, they are not the sole determinant - other inequalities such as gender, ethnicity, and race have significant effects. Sixth, the conflicts in society are reflected in the state, which institutionally serves the interests of capitalist accumulation and reproduction. Seventh, intellectual and cultural lives are shaped by the capitalist mode of production and by the contestation between different classes and groups in society. And eighth, opposition to the existing capitalist socioeconomic order is expressed not only by political parties but also by social movements and other organizations in civil society that articulate alternative conceptions of society and how it should develop (Youngman, 2000:29-30, cited in Majekodunmi and Adejuwon, 2012:193).

Essentially, this paper is not rooted in Marxism, even if as highlighted above, the political economy framework of analysis possesses immense Marxist antecedents. In this paper therefore, the political economy is the manifestation of the interplay of politics and economics in the nation-state. Hence, we talk about the political economy of Nigeria. Usually, the local political economy exists with linkages with the international political economy which invariably is a product of the interface of politics and economics. Against this background, we proceed to look at the political economy of Nigeria which essentially presents a picture of democratic capitalism. Streeck (2011:3) characterizes democratic capitalism as follows: a political economy ruled by two conflicting principles, or regimes, of resource allocation: one operating according to marginal productivity, or what is revealed as merit by a "free play of market forces," and the other following social need, or entitlement, as certified by the collective choices of democratic politics. Governments under democratic capitalism are under pressure to honor both principles simultaneously, although substantively, the two almost never agree - or they can afford to neglect one in favor of the other only for a short time until they are punished by the consequences, political in the one case and economic in the other. Governments that fail to attend to democratic claims for protection and redistribution risk losing their majority while governments that disregard the claims for compensation from the owners of productive resources, as expressed in the language of marginal productivity, cause economic dysfunctions and distortions that will be increasingly unsustainable and will thereby also undermine political support (Streeck, 2011:3).

Hence, the orthodox Nigerian conceptualization of microcredit as the supreme poverty reduction methodology (see Ediomo-Ubong and Iboro, 2010; Appah, et al, 2012; Jegede, et al (2011) is interwoven with democratic capitalism. In this regard, the populist political elite embrace microcredit as poverty alleviation largesse. The motivation is the satisfaction of social need. The motivation is more about populism than economic determinism. Invariably, in the Nigerian experience, microcredit practices have not aided the course of economic progress and national development. Streeck (2011:3/40 further contends that economics as a "science" instructs citizens and politicians that markets are better for them than politics, and that *real* justice is *market* justice under which everybody is rewarded according to contribution rather than to needs redefined as rights. Incidentally, the political economy of Nigeria is ruled by market justice exponents. The highly influential World Bank bureaucrat and current Minister of Finance and Coordinating Minister for the Economy in Nigeria, Dr Ngozi Okonjo-Iweala is both nationally and internationally, a leading market justice practitioner. Her influential contributions to policy directions in the political economy of Nigeria are obviously coloured by her World Bank background. However, Amaefule (2013:1) quotes the World Bank as announcing that over 100 million Nigerians live in destitution. The World Bank Country Director for Nigeria, Marie-Francoise Marie-Nelly, said this at the bank's Country Programme Portfolio Review in Enugu, Nigeria, on Tuesday, November 12, 2013. According to the World Bank boss, the number of Nigerians living in destitution makes up 8.33 per cent of the total number of people living in destitution all over the world (Amaefule, 2013:1). In this paper, the incidence of over 100million destitute Nigerians typifies the developmental challenges of the Nigerian state and in particular the contradictions of the political economy that is enveloped by democratic capitalism.

By 1996 in Bangladesh, Grameen had extended credit to more than three million borrowers and was the largest bank in the country, with more than 1,000 branches. The success of microloans in Bangladesh led to similar programs in other less-developed nations, including Bolivia and Indonesia (Encyclopedia Britannica, 2010). As at 2013, over 100 million Nigerians out of a total population of 174.5 million people (CIA, 2013) are destitute. In the political economy of Nigeria, a routine matter, such as the preparation, consideration and approval of the annual budget of the state, is usually exacerbated to the status of miniature warfare. Let us attempt some illustrations with the 2014 budget, already presented to Nigeria's National Assembly, but debate is yet to commence on the budget proposal as the month of January 2014 comes to an end. In the first place, according to Effanga (2014), the budget proposal itself is scandalous. The first observation to make is that the budget proposal allocates 76.3% to recurrent expenditure and just 23.7% to capital expenditure. One interpretation of this is that the budget is meant to just keep the country and its institutions running with nothing spectacular to show for it. A budget focused on massive development of infrastructure would assign more to capital expenditure rather than to recurrent which covers personnel and overhead costs (Effanga, 2014). According to Alechenu, et al (2014), the All Progressives Congress (the main opposition group of politicians in the country) is set for a showdown with the Federal Government as it has directed its members in the National Assembly to block all legislative proposals, including the 2014 Appropriation Bill, until constitutionalism is restored in Rivers State, in particular and the nation in general. On the other hand, Ameh et al (2014) report as follows: Senators and House of Representatives members elected on the platform of the Peoples Democratic Party (the ruling party in Nigeria) have vowed to crush a plan by the opposition All Progressives Congress to block the passage of the 2014 budget. Indeed, if all of this display of arsenal of warfare is about passage of mere Appropriation Bill, the Nigerian state merits being known as a giant that can ruthlessly deal with its detractors, especially if they decide to come from across the Nigerian borders. Essentially, the orchestrated distractions such as the type in the foregoing prevent the political elite from concentrating on the development challenges in the political economy. Development in this context would be exemplified by reduction in the level of destitution in the land, as different from the construction of airports, hosting of international conferences and making of speeches of doubtful value, as indications of development consciousness. Hence, it is strongly opined in this paper that microcredit be retabled as a development-inducing credit instrument, as opposed to a poverty management instrumentation.

The microcredit Alternatives for Sustainable National Development in Nigeria

Sustainable national development in the context of this study is intrinsically related to sustainable economic development. It is also important at this juncture to highlight that economic development in this study also highly relates with economic security, which in the final analysis should be human-centered. It is quite distinct from economic development as represented by growth-figures from the officialdom. Hence, by the problem of economic development may be meant the problem of accounting for the observed pattern, across countries and across time, in levels and rates of growth of per capita income (Lucas, Jr, 1988:3). In this study, per capita income still means a measure of the amount of money that is being earned per person in a certain area (http://www.investopedia.com). However, the twin concepts of poverty and inequality, which in their extreme cases translate to destitution, are more in tune with our methodology (Okeke, 2014:8). However, to combat poverty and inequality requires job creation, employment generation, availability of food and provision of shelter that can come through credit provision that guarantees multiplier effects, not the extension of ostensible credit in the form of charity. In effect, in the political economy of Nigeria, where microcredit is perceived highly as poverty alleviation instrumentation, the politico-economic elite also engage in the massive looting of public treasury that leaves the very poor, perpetually in avoidable poverty (see Ojukwu and Shopeju, 2010).

In the history of Nigeria's political economy, it was once doggedly contended that there were no alternatives to a certain economic prescription. We refer of course to the Structural Adjustment Programme (SAP) of the Ibrahim Badamasi Babangida Administration (1985-1993). Citing Nigeria's Newswatch Magazine of July 24, 1989:14, Ofuebe (2001:224), quotes the then Nigeria's Military President as follows: The Structural Adjustment Programme is the only alternative we have if we are to reduce Nigeria's total dependence on oil as its foreign exchange earner. This administration is committed to the programme because there is no viable alternative (Ofuebe, 2001:224). Political economists on the other side of the then SAP debate of course reminded the SAP apologists that even in death, there is an alternative, which is death. But we must return to our microcredit mainstream. The SAP-aside was for the purpose of highlighting that economic concepts do have alternatives. Hence, we proceed to contend that microcredit, as a financial intermediation product, has very many conceptual alternatives. If we go by the orthodoxy, its interest element may be de-emphasized but what must be considered very strange is the notion that microcredit may be availed as a form of largesse that does not have to be recovered. In other words, we strongly contend that one of the alternative forms of microcredit is the type that its packaging guarantees full recovery. For instance, microcredit can be delivered against the emoluments of junior academics in a Nigerian University community, to facilitate research productivity. Indeed, the dearth of productivity linkages between academic research and the industries in Nigeria is among the critical problems of the Nigerian economy (Offiong and Chikwem, 2011: 20-21). In this regard, the earlier the research initiatives of the budding researchers are duly funded, the higher the possibilities of productivity linkages between their ultimate research output and the intended end-usages. We highlight that the governing elite in Nigeria are not enamored by such unattractive suggestions that border on research and development. Therefore, to wait for them to properly fund research and development, increasingly resembles waiting for Goddot!

Our second alternative conceptualization is that microcredit is principally for the generation of multiplier effects in the economy, not for the fighting of poverty as sole purpose. Indeed, microcredit is principally a credit instrument. It is not fundamentally a chance to dole out funds to the wretched of the earth. Hence, the defining feature of microcredit is in the comparatively minimal value of the credit. It is neither in the pricing nor in the credit's non-performance. As a result of these misconceptions, microcredit in the developing economies such as that of Nigeria continues to face the issues classified as constraints. Thus, Aryeetey (2005) cited in Ediomo-Ubong and Iboro (2010:175) has noted that most microcredit programs in the developing world are hampered by constraints, including limited loan portfolio, administrative problems, lack of proper co-ordination of activities and problems associated with loans and interest repayment. Ediomo-Ubong and Iboro (2010:176), in respect of their study area continues: Although, the scheme has made a difference in the lives of benefiting rural households, it is also fraught with a number of setbacks. Among these constraints, problems with repayment of credit and interest are the most prominent. The rate of repayment has been very slow as to render the scheme inefficient. Key managers of the program, including program officers, monitoring and evaluation officers and credit recovering team members, pointed out that most of the beneficiaries pay their monthly loan funds several weeks or months after the date they are supposed to remit. They further observed that even the interest due to the organization, which goes into administrative cost and payment of lender's interest, are also tied down by the majority of beneficiaries. In some cases, resort has been made to litigation as a way of obtaining repayments. Such drastic measures, however, further compounds the problem. The problem of repayment of loan funds and interests arise from a number of factors, which together constitute clogs in the wheel of the scheme's progress. These factors include the perception that credits are rural people's share of government's revenue allocation. One of the program officers told us that: Since they see the loan we give them as their share of government revenue, some of the beneficiaries do not take the demand for repayment of loans seriously, much less interest repayment; they regard this as a way of ensuring that they use the funds properly and not squander it. Unfortunately, this deeply embedded cultural attitude towards credit program has been very impervious to change, despite effort to educate beneficiaries on the need to make remittance. Poor savings culture of beneficiaries poses another formidable constraint to microcredit schemes. Most beneficiaries find savings a very difficult practice to imbibe. They spend most of their income on household food, children's education and on the acquisition or redemption of leased lands. Furthermore, some beneficiaries consider their income too small to be saved. Thus, in the face of pressing economic challenges such as feeding, they consider spending the funds to address these needs a rational decision. The value that rural people bestow on feeding, children's well-being, and land makes saving a secondary consideration. As a result, they often lack the funds to make repayments for credit obtained (Ediomo-Ubong and Iboro, 2010:176)

According to Akanji (2002:13), by the understanding of the level of poverty in Nigeria, Government attempted with several microcredit programs to alleviate poverty programs/projects such as Agricultural Development programs (ADPs), National Directorate of Employments (NDE), Better Life for Rural Dwellers (Later named Family Support Programs), the Directorate of Food, Roads and Rural Infrastructure (DFRRI) were pursued during 1986 to 1999. Other institutions that have also attempted purveying micro-credit were the rural banking scheme (1977-1990), People's Bank (1987-1990); Community Bank (1990 to date) and in addition, the Central Bank of Nigeria's Agricultural Credit Guarantee Scheme, which came into existence since 1977. Although all the programs were directed at improving the productive base for sustainable growth, most of the efforts at purveying microcredit to alleviate poverty were largely irrelevant and urban structured from the standpoint of the realities of (who is the poor?) - understanding the poor. The programs in terms of resource endowment were dominated by government who gave paternalistic subventions in trickles. The way the programs had functioned over the years was such that the credit system was essentially directed at meeting the needs of elites whereas the program is largely for small peasant poor group. The semi-bank agencies in the system, some of which were created precisely to redress the weaknesses of the existing system were saddled with myriads of problems, especially inadequate funding as well as lack of appropriate skills to mobilize/identify the poor and cannot therefore provide the essential remedy in a sustainable way. The most serious problem in the agencies set to provide credit (NACB, etc) was the fact that they lacked adequate professional staff. CBN (1986) credit study shared that some 64% of personnel of NACB were administrative staff. Lending procedure were tortuous, with extremely demanding forms for completion by uniformed and illiterate farmers and the target group who are basically seeking relatively small loans (Akanji, 2002:13).

Indeed, the problem has to do with the prevailing viewpoint that microcredit can not be effectively delivered within the operational templates of the existing conventional banks. Paradoxically, there were delivery bottlenecks in the conventional banks and there have also been serious delivery bottlenecks in the new creations for microcredit service to the poor. The alternative is to use financial intermediation, to provide jobs, food and shelter for citizens. According to Owualah (1999:67), despite their constraints, conventional commercial banks have both organizational and structural characteristics that make them amenable to successful micro finance operations. These include their extensive branch network and physical infrastructure to cater for a large number of micro finance customers and their well established internal controls, administrative and accounting systems, to keep track of large number of transactions. Others are their access to deposit and equity funds instead of depending on budgetary allocations and volatile donor resources; ability to offer loans, deposit and a wide range of other financial services and the pursuit of goals which foster prudent management, cost effectiveness, profitability and sustainability of banking operations (Owualah, 1999:67). Essentially, microcredit that would generate further multipliers for sustainable national development in Nigeria has to be delivered within the larger operational template of the reformed conventional banks, as the current contrary designs amount to playing the ostrich.

Conclusion

Indeed, there are no universal decrees to the effect that microcredits should be availed, devoid of interest elements or with its credit performance imperatives overlooked. It is true that a seminal strategy of Muhammad Yunus, which emanated from Bangladesh, transformed microcredit into a universal weapon of the fight against poverty. However, microcredit remains fundamentally, an instrument of financial intermediation. In developing economies and indeed elsewhere, microcredit can also be given some seminal reconceptualization. Microcredit can for instance, be utilized in the bridging of the research gap between budding academics in the developing countries and their counterparts in the First World. In this regard, what is desired in the political economy of Nigeria is a new national microcredit template that can enhance the prospects of sustainable national development, by being devoid of designs to convert it to poverty amelioration largesse in the hands of market justice political economists. It should also not be a recipe for a harvest of failed banks. In conclusion therefore, we posit that the current fixation with microcredit as the supreme poverty alleviation methodology in Nigeria requires urgent rejection.

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