

Is Demographic Characteristics an Important Factor in Microfinance Operations?

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Abstract

This study examined the demographic characteristic in microfinance delivery in Nigeria with Lift Above Poverty Organization (LAPO) as a case study. Microfinance programs have received increasing attention over the decades, despite the wide publicity given to the democratic characteristics, there still exist diverse results on its capacity to reduce poverty. The objective of this paper is to determine how the demographic characteristics of LAPO affect poverty status of the respondents. This study, adopted a non-experimental design by constructing counterfactual that involved the use of treatment and control groups. Both group was selected based on the organization's eligibility criteria which is the poverty assessment score as the baseline data at their entry point. Respondents were selected through multi-stage sampling from Edo and Delta States, Nigeria. The data collected were analyzed through descriptive and logistics regressions. The result indicated that the four explanatory variables (age, education, gender and household size) used were significant. The study recommended that rural community and women (age 3–50) should be given attention in microfinance activities and that it is important to pay attention to the negative relationship between gender and inequalities in developing societies as women are more focused in income generating activities.

Key Words: Microfinance, Poverty, Credit, Impact, Household

Introduction

In order to meet the financial needs of the poor, microfinance services emerged. Christen, Vogel, and McKean (1995) contend that microfinance has overturned the view that the poor is unbankable and not fit to enjoy financial services. Thus, microfinance program has ushered in a set of new methods, tools and processes in the provision of financial services to the poor. Microfinance has become a veritable tool for eliminating capital constraints which hitherto limited the poor in investing and improving its productive horizon and has been described by some scholars as the 'missing link strategy' to poverty alleviation.

According to Ledger wood (2001) microfinance is the supply of loans, savings, and other basic financial services to the poor. Microfinance gives financial services like loan facility, saving opportunity, transfer of money and insurance of health and business, to the poor people which are ignored by commercial banks. Microfinance helps these persons for smooth working of their business and makes their own assets. Outreach of Microfinance had increased significantly in the past few years. The World Bank's estimation is that total of 70000 International institutes are working as Microfinance Institutes, these Institute has issued \$2.5 billion as credit to poor people and total borrowers are approximately 16 million.

Most financial systems all over the world are undergoing reforms, and in a bid to meet unsatisfied demands for financial services particularly for the poor segment of the population. A variety of microfinance institutions (MFIs) have emerged overtime. These reforms in domestic financial markets have the potential to play a catalyst role in poverty reduction through the entire financial markets and the institution that support them. In view of the phenomenal growth of microfinance industry in the last four decades, the sub-sector has been viewed as the new mantra in the fight against poverty. Buoyed by the success recorded by this financial sub-sector in meeting the needs of the poor, development community has shown an increased interest towards expansion and transformation of the industry.

Further review of the literature has identified a framework developed by Schreiner (2002) based on social welfare theory. Schreiner suggested six dimensions of outreach to measure the social benefits of microfinance for poor clients and showed how to use the framework to estimate the net social benefits of BancoSol, a microfinance institution in Bolivia. This appears to be a more comprehensive framework for measuring the adherence to the poverty alleviation mission and thus, is adapted in this paper along with theory of finance and economic development in assessing the impact of microfinance on household poverty status.

However, several questions are being asked regarding its efficacy particularly in the areas of delivery mechanism, lending methodology, client targeting, product and services design, sustainability and self-sufficiency, in attaining the set objectives. As the speed of globalization is catching up with countries, many developing nations are re-directing their attention towards a liberalized financial system in which an all-inclusive financial landscape emerges. Towards this end, an array of researches are being undertaken to estimate the impact of microfinance on poverty reduction. Nonetheless, to put microfinance practice in proper perspective, there is the need to examine microfinance relationship with financial development and economic growth, as well as establish the place of microfinance in the context of demographic characteristics of beneficiaries. This paper will assess the efficacy of microfinance on demographic characteristics of the Lift Above Poverty Organization.

The Nigerian Microfinance Context

In Nigeria, the microfinance policy regulatory and supervisory framework was launched in December, 2005. The framework provides a roadmap for the participation of stakeholders in microfinance delivery services, whose concept was well received in Nigeria, culminating in the conversion of 606 erstwhile community banks to microfinance banks (MFBs) at the end of December, 2007 and licensing of 363 de novo MFBs, resulting in a total of 969 MFBs as at August 31, 2010 (The Nigerian Microfinance Newsletter, 2010). Furthermore, the Microfinance Policy that was launched in 2005 created the framework for licensing, regulation and supervision of privately owned microfinance banks. The policy also provides for the participation of various institutions such as deposit money banks, non-governmental organizations-microfinance institutions and financial cooperatives in the provision of financial services.

The microfinance banks are licensed by the Central Bank of Nigeria (CBN, 2005), to conduct microfinance operations such as mobilizing micro-savings and deposits from the public, extending credit and other financial services to the poor. The institutions are supervised by the CBN and are required to comply with the Supervisory and Regulatory Guidelines for MFBs. The MFBs also set up their apex association known as “National Association of Microfinance Banks” (NAMBs) to create the platform for capacity building, generic product development and marketing, as well as information/resource sharing and prompting best practices, among members.

Microfinance is often advocated as a solution to multiple social problems in Nigeria, and with poor persons having access to credit, they can make investments in enterprises that could bring them out of poverty. By the understanding of the level of poverty in Nigeria, Government made attempt with several programs to alleviate poverty, such as Agricultural Development Programs (ADPs), National Directorate of Employment (NDE), Better Life for Rural Dwellers (later named Family Support Program), the Directorate of Food, Roads and Rural Infrastructure (DFRRI), which were pursued between 1986 and 1999. Other institutions that have also attempted purveying micro-credit were the rural banking scheme (1977-1990); People’s Bank (1987-1990); Community Bank (1990-2007). It would be good to note that, according to the Microfinance Policy Framework that was launched in 2005, the erstwhile community banks that met the requirement of increasing their capital base to N20 million by the end of the year 2007, were converted into microfinance banks.

Although all the programs were directed at improving the productive capacity for sustainable growth, most of the efforts at spreading micro credit to alleviate poverty were largely irrelevant, urban structured from the standpoint of the realities of (how is the poor?) – understanding the poor (Akanji, 2006). Basically, there are four (4) formal and five (5) informal model of spreading micro credit to the target group. The most successful had been the informal model because in Nigeria and several developing economies with high poverty, some individual,

households and regions remain isolated from markets and mechanisms of borrowing and lending or insuring against risk (Aryeety, 2002). As a result, informal lenders tend to target the poor (including women), though not always successful as observed by Akanji (2006). What was then required is how to equip institutions (informal lenders) to reach the poor at the least cost. Formal institutions were far from the poor and were unable to spread the credit facility to them due to limited knowledge between the informal and the formal institutions.

A Framework for Linkage

A framework for linking informal saving collectors to formal institutions was advocated and was welcomed. There was a merger of designated banks which were prepared to obtain information about the informal sector, strengthen group schemes, encouraged successful turnaround of micro credit programs in Nigeria. The following Federal institutions were merged, Nigeria Agriculture and Cooperative Bank (NACB), People's Bank of Nigeria (PBN) and Family Economic Advancement Program (FEAP), to form the Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) in 2001.

Income in Nigeria is closely linked to social and economic status. While the upper and middle classes inhabit the 'formal income from their formal ventures and employment, on the other hand, the poorest and low-income status are largely 'informally' employed. Low income households are not usually involved in regular income occupations and therefore wait for job creation strategies to absorb them; they 'permanently inhabit' a dependent segment of the so called developing Nigerian economy, in which opportunities for jobs, or for independent and self-sustaining entrepreneurial capital accumulation, are minimal.

The critical role of finance in the realization of the goals motivated the government, in collaboration with the Central Bank of Nigeria, to formulate the Financial System Strategy (FSS) 2020 in 2007, as part of an overall National vision, which aims to make Nigeria one of the 20 largest economies in the world by 2020. Though poverty reduction has long been a high priority for the Government of Nigeria, microfinance is still an experimental tool in its overall strategies. Over the years the Federal Government of Nigeria has demonstrated strong commitment to the provision of financial services and economic empowerment to the poor and low-income segments in the country.

Literature Review

The global past development efforts were characterized by lack of institutional viability, bureaucratic sprawl, unchecked corruption, abysmal repayment rates, burgeoned overhead and transaction costs, limited products and poor client targeting (Morduch, 1999; Adams et al, 1984; & Gonzalez-Vega, 1998). In addition, clients viewed the loans as grants which make the institutions unsustainable. However, the past efforts were vilified as unsustainable and loss-

making institutions, where default arrears eroded sometimes more than half of the institution's capital (Hulme and Mosley, 1996).

However, the 1970s ushered in a new wave of thinking about development paradigm in which there was a change in orientation towards viewing economic growth as a main development goal that encompasses poverty reduction and rural development. Thorbecke (2000) maintains that the radical neo-Marxist dependency theory was the catalyst for the change in orientation of most of the government-directed credit programmes. This paradigm shifts in development strategies provided the impetus for the World Bank to adopt the "basic human needs" approach in its lending policy to increase allocation of resources to neglect areas. Pagura (2003) observes that the major impediment to improve the livelihood of poor people around the world is non-availability of credits.

Subsequently in the 1980s, the introduction of the Structural Adjustment Programmes (SAP) in developing countries coupled with the debt crisis and the use of neo-liberalism by the western world ushered in free market reforms and reduction in government participation in many sectors (Aryeetey, 1995; & Ostthoff, 2005). This new development enhanced the emergence of a more market-based approach as a replacement to the government subsidized credit schemes. To address the inadequacies of past rural credit and development effort, microfinance emerged as an unusual financial practice providing financial services to low income households (Brau and Woller, 2004). In other words, the shortcomings of past development strategies especially in the area of development finance propelled the emergency and rapid expansion of microfinance (Montgomery and Weiss, 2005).

The microfinance sub-sector has become one of the recent development strategies that have generated so much hope for poverty reduction in low income countries. Accordingly, microfinance has helped to address two town problems of development finance; namely, the exclusion of the poor from access to financial services and the political interference with development finance and its dependence on subsidies. Hence, the evolution of microfinance reflects the broader vision of development paradigm expressed in the Millennium Development Goal Number One (MDG) which is poverty alleviation.

Microfinance is increasingly being projected as a "win-win strategy" (Morduch, 1999; Hulme, 2000). Roche (1999) defines impact as the systematic analysis of the lasting or significant changes, positive or negative, intended or not – in people's lives brought about by a given action or series of actions. Robison (2002) contends that microfinance empowers the clients to protect, diversify and increase their income, as well as to accumulate assets, reducing their vulnerability to income and consumption shocks.

For over three decades there has been a lot of impact literature which offers a diversity of findings with regard to the type of impact. Chen and Snodgrass (2001) conducted thirty-two

impact assessments studies and summaries the key findings from these studies and reported the impact of micro-enterprise credit services, with special focus on household economic security, enterprise stability and growth and individual control over resources. The studies show a varying degree of positive impacts on program participants, most especially increase in household and enterprise income and assets. Mixed results or effects were found on employment, children's schooling and women's empowerment (Chen and Snodgrass, 2001).

A descriptive and anecdotal report of microfinance impact was reported by Hossain (1988) using the Grameen Bank, comparing the welfare of Grameen clients to qualified non-clients in Grameen villages as well as non-clients in non-Grameen villages the author's findings show that the Grameen members were 43 per cent higher in household income than the non-members in the non-Grameen villages whose household income was 28 per cent and equally higher than the eligible non-members in the Grameen villages. Also, the studies revealed that the per capital spending on food for the Grameen members were 8 per cent higher than the non-members in the Grameen villages, and 35 per cent higher on food and 32 per cent also on clothing than those who are the non-members in the non-Grameen villages.

The most extensive impact studies of microfinance that control for selection bias and nonrandom placement in group lending was the study by Pitt and Khandker's (1998) in Bangladesh. The study was on 'Microfinance and Poverty: Evidence Using Panel Data. Their finding indicates that: the loans given to the women were having higher marginal impacts than the loans that were given to the men. And the household consumption was increased by 18 taka for every 100 taka lent to a woman, whereas for a man it got increased by 11 taka; for every one per cent increase in credit to Grameen women there was the probability of girl's school enrolment being increased by 1.86 per cent; an increase in credit of 10 per cent to member women will increase the arm circumference of the girls by 6 per cent; there was an increase in the height-for-age of girls by 1.16 per cent and 1.42 for boys for every one per cent increase in credit to the women.

An impact study was conducted in Thailand using Village banking by Coleman (1999), two villages were used to generate data, a village that participated in the village bank microfinance program and the villages that were designated to participate but had not participated. The result shows that: there was no impact on any asset or income variables for members of the village bank; there was no evidence that the village bank loans were directed to income generating activities (IGA) or for productive activities; neither were households involved through self-selection in the village bank.

Coleman (2004) repeated the study of 1999 using the same data and changed the estimation approach to control for self-selection. The results indicate that there is a difference between the ordinary members and the village bank committee members. The impact of micro credit on the ordinary members wellbeing was either insignificantly different from zero or

negative while that of the committee members of the village bank was positive on income, wealth, labor, savings and productive expenses.

Impact studies on rural household in Philippines was conducted by Okondo, Orbeta, Dingcong&Infantado (2008) using quasi- experimental design. Evidence from the results showed that higher numbers of the existing clients, new clients and non-participating households accredited and deemed qualified for the program were not poor. The results were all positively significant on program loan, per capital income, per capital total expenditure and per capital food expenditure. The study also revealed regressive impact, i.e. negative or insignificant for the poorer households and positive with the richer households.

The first impact study on LAPO was done by the United Nations Capital Development Fund (UNCDF) (2003), which was purely for donor agency. A total number of 471 members of LAPO were interviewed and the data were analyzed through descriptive statistics. The impact domain under consideration was on individual level, household, enterprise level and community level. The result showed that 90.7 per cent of LAPO targeting clients were the poor. There were no significant changes between the control group and the treatment group as per what they contribute to household income because forth control group 82 and 83 per cent respectively agreed that they do. In terms of household asset acquisition the treatment group acquired more than the control group. In enterprise profit 86.9 per cent of the treatment group members report an increase in enterprise profits compared to 80.1 percent of the control group which was statistically significant. For employment the control group recorded 0.17 against the treatment group of 0.12 per cent which was statistically insignificant.

From the foregoing, microfinance can be said to have evolved as a result of conflict of different ideas and ideologies. However, the appropriateness and the exact role of microfinance are still highly contestable. This schism as noted by Morduch (1999) transcends the modalities and operations of microfinance (Brau and Woller, 2004; Montgomery and Weiss, 2005; and Osthoff, 2005). However, Morduch (1999) notes that microfinance has outperformed all past development finance schemes with repayment rates reaching an average of at least 90 per cent.

The above studies have produced mixed results as to what impact of microfinance is relative to the upliftment of the welfare of the microfinance clients. Brau and Woller (2004) observed that to make comparison across impact studies are greatly complicated by the contextual heterogeneity of programs assessed and the diversity of empirical methodologies employed.

Methodology and Analysis Techniques

Structured surveys were explored in this study. The samples of interviewees included both the treatment and control groups. Ten (10) branches were randomly selected from forty-one (41) LAPO branches in Edo and Delta States of Nigeria. A multi-stage sampling technique was

adopted in the selection of the respondents. Both states were stratified into three senatorial districts each. Seven hundred and fifty questionnaires were distributed and four hundred and eighty-six were retrieved from the respondents representing 64.8 per cent for both treatment and control groups. A counterfactual was constructed that involved both treatment group(TG) and control groups (CG) from the same organization (LAPO). The treatment group are those members with loans and who have spent more than one year in the program. While the control group are those who have not gotten loans either because they are new members who have just been registered as members or are less than one year in the program with one cycle.

Descriptive and logistics regression analyses were employed for the paper. This study applied logistic regression to evaluate the impact of LAPO program on demographic characteristics of the respondents'. Logistic regression deals mostly with variables that are either dichotomous or dummy in nature, usually coded 0, and 1. The participation is a dichotomous variable taking less than 12 months = 0; greater than 12 months = 1. The linear probability model is thus written as:

$$P_1 = E(Y = 1/X_1) = B_1 + B_2X_1 \dots\dots\dots 1$$

Where X is the independent variable and Y – 1 means any of the outcome (poor or non-poor). The estimation of the logit Model that shows the mathematical representation of the impact of microfinance on demographic characteristics of the clients using Ordinary Least Square (OLS) equation is estimated by including the odd ratio is as follows:

$$l_1 = \ln\left(\frac{P_1}{1 - P_1}\right) = \beta_1 + \beta_2X_1 + u \dots\dots\dots 2$$

Table 1: List of variables affecting the poverty status of the households for logit model analysis

Variables	Description of variables
<i>Explained Variable</i>	
Poverty status (y)	1 if household is poor 0 if household is non-poor
<i>Explanatory variables</i>	
Loc	Location (rural – 0; urban = 1)
g	Gender (male = 1, female = 0)
a	Age
ed	Education (Years of formal school education)
ms	Marital status (married = 1, single = 0)
hs	Household size (number of people living and feeding together)

Source: Field Survey 2018.

Interpretation of Results

Demographic Characteristics of Respondents

Table 2 shows the demographic characteristics of respondents. It reveals that most LAPO clients are female: Females constitute 65.9% and 83.9% of the CG and TG members respectively. The result suggests that the proportion of males among the recent clients i.e. CG, has increased from 16.1% to 34.1%. The high number of female respondents in this survey testifies to the fact that most of the beneficiaries of microfinance are females. Cheston and Kuhn (2002) gave reasons for women targeting by MFIs: that there is a negative relationship between gender inequalities in developing societies; lower standard of living among the women; and women are poorer and more disadvantaged than men.

Table 2: Demographic Characteristics of Respondents

Characteristics	Control group		Treatment group	
	Freq.	%	Freq.	%
Gender				
Male	47	34.1	56	16.1
Female	91	65.9	292	83.9
Total	138	100.0	348	100.0
Age range (years)				
18 – 30	50	36.2	60	17.2
31-40	60	43.5	158	45.4
41-50	25	18.1	97	27.9
51-60	2	1.4	21	6.0
61 & above	1	0.7	12	3.4
Total	138	100.0	348	100.0
Educational qualification				
No formal education	12	8.7	39	11.2
Primary education	50	36.2	130	37.4
Junior Secondary Sch	25	18.1	63	18.1
GCE/SSS	35	25.4	62	17.8
NCE	7	5.1	31	8.9
Graduate	9	6.5	23	6.6
Total	138	100.0	348	100.0
Marital status				
Married	110	79.7	314	90.2

Single	15	10.9	12	3.4
Divorced	2	1.4	6	1.7
Widowed	11	8.0	16	4.6
Total	138	100.0	348	100.0
Household size				
4 & below	64	46.4	98	28.2
5-8	64	46.4	210	60.3
9 & above	10	7.2	40	11.5
Total	138	100.0	348	100.0
Residence				
Rural	82	59.4	175	50.3
Urban	56	40.6	173	49.7
Total	138	100.0	348	100.0

Source: Field Survey, 2018

As shown in the table most LAPO clients are young. About 79.7% and 62.6% of the CG and TG respondents are 40 years old and below while 20.3% and 37.4% of both groups are 41 years old and above. The fact that most of the respondents are young agrees with the findings of Tomori, Akano, Adebisi, Isola, Olukemi and Omolara (2005) who found that the bulk of the poor are in their youthful age. The educational distribution of the respondents as shown in table 2 indicates that the modal educational status is primary school with a percentage of 36.2% and 37.6% for the control and treatment groups followed by GCE/SSS with a percentage of 25.4 and 17.8 for both groups. The Junior secondary school recorded 18.1% and 18.1% respectively for both groups, and while those with NCE make up 5.1% and 8.9% for CG and TG, graduates constitute 6.5% and 6.6% of both groups. The results show that most LAPO clients are literate but their general education level appears to be low.

Table 2 also reveals that most LAPO clients are married: the control and the treatment groups recorded 79.7% and 90.2% respectively. These clients probably required the loan to improve or start a business in order to cater for their families. Their family size ranges from 5-8 for most TG clients (60.3%) while 46.4% of the CG in each case has a size range of 4 and below and 5-8. This suggests LAPO clients have fairly large family size, which will require support. The residential distribution of the clients is almost equal for the TG with 50.3% residing in rural areas compared with 59.4% of the CG who live in the rural areas as shown in Table 4.7. about 40.6% and 49.7% of both groups reside in urban areas.

Loan Investment Area

Table 3 reveals the various areas in which respondents invested the loan received from LAPO. The results indicate that 88.2% of the TG believed that their income contribution to

household welfare has increased. Comparatively, only 16.8% of the CG believed that their income has contributed increasingly to their family upkeep. According to Table 6 more than half of the TG (57.5%) spent N5,001 – 10,000 monthly on household maintenance while most CG (67.9%) spent between N1,000-5,000.

Table 3: Loan investment areas

Variables	Control group		Treatment group		total	
	Freq.	%	Freq.	%	Freq.	%
Trade	99	71.7	250	71.8	349	71.8
Farming	27	19.6	107	30.7	134	27.6
Tailoring	4	2.9	26	7.5	30	6.2
Services	-	-	19	5.5	19	3.9
Manufacturing	-	-	6	1.7	6	1.2

Source: Field Survey, 2018

This variation in their monthly expenditure suggests that the TG have more funds to spend more than the CG clients and suggest the positive impact of LAPO on household welfare.

Perceived Status of consumption/Feeding Pattern and Income

Result on table 4 indicates that most TG clients (90.8%) perceived their feeding or consumption pattern to have increased since they joined the LAPO program. Only 28.3% of the CG shared similar perception with most (68.1%) having the view that it has not improved. Since the CG are recent clients in the program, and most having not received any loan it is understandable why they felt that their feeding pattern has not improved. In a study conducted by Pitt and Khandker (1998) using three micro lending institutions in Bangladesh, they found that household consumption increased by 18 takas for every 100 taka lent to treatment group.

Comparatively, the result of the table 5 suggests that most members of the TG (88.2%) have experienced increase in income in the last 12 months relative to the CG (27.5%). From empirical studies of microfinance impact in India and Bolivia by Chen and Snodgrass (2001) and Mosley (2001), it was shown that the incomes of the treatment group members exceeded that of the control group members, suggesting that being a longer client of LAPO contributes positively to income increases. This indicates that the expansion process did not affect members' consumption and feeding pattern, also it shows that LAPO is still maintaining its poverty alleviation mission.

Table 4: Household feeding status

Variables	Control group (<12 months)		Treatment group (12-30 months)	
	Freq.	%	Freq.	%
Household feeding status				
Not improved	94	68.1	24	6.9
Improved	39	28.3	316	90.8
No response/undecided	5	3.6	8	2.3
Total	138	100.0	348	100.0
Perception of Income status (last 12 months)				
Decreased	13	9.4	8	2.3
Same/Neutral	87	63.0	33	9.5
Increased	38	27.5	307	88.2
Total	138	100.0	348	100.0

Source: Field Survey, 2018

Respondent Asset Base

Table 5 shows the business asset base of the respondents. The result for business asset suggests that on all assets listed the TG have more of the assets than the CG. For example, while 38.2%, 30.5% and 28.2% of the TG have purchased or owned wheelbarrow, fridge for storage and cooking utensils respectively only 8%, 13.8% and 14.5% respectively of the CG owned similar assets. The result suggest that the TG owned more assets than the CG suggesting the effectiveness of LAPO in enhancing household and business welfare. Khandker (1998) and Mosley (1999) found that, for all three microfinance programmes in Bangladesh and Bolivia that they surveyed, household net worth and asset level did increase. It was concluded that providing larger loans allowed the LAPO to gain higher returns on capital and the effect of borrowing on household net worth was greater.

Table 5: Respondent Asset Base

Variables	Control group		Treatment group		total	
	Freq*.	%	Freq*.	%	Freq*.	%
Business Assets Purchased						
Wheel barrow	11	8.0	133	38.2	144	29.6
Fridge for storage	19	13.8	106	30.5	125	25.7
Cooking utensils	20	14.5	98	28.2	118	24.3
Hoes and cutlasses	19	13.8	78	22.4	97	20.0
Grinding machines	5	3.6	87	25.0	92	18.9
Bicycle or machine	18	13.0	60	17.2	78	16.0

Chairs and tables	7	5.1	54	15.5	61	12.6
Construction of kiosk of store	8	5.8	23	6.6	31	6.4
Canopy			5	1.4	5	1.0

Source: Field Survey, 2018

**Multiple responses*

Test of significant relationship of demographic factors and poverty status of respondents (Logistic regression)

The hypothesis tested states as follows:

Ho: There is no significant relationship between respondents' demographic characteristics and poverty reduction.

Hi: There is a significant relationship between respondents' demographic characteristics and poverty reduction.

Research Results

The results of logistic regression that treated the hypothesis above are presented in table 10. It shows the demographic variables on how it effects respondents' likelihood of being non-poor. The Hosmer and Lemeshow test ($X^2 = 6.87$, $df = 8$) is not significant at the 5% level implying that the model is appropriate for the analysis. The Omnibus Tests of Model coefficients ($X^2 = 529.59$, $df = 6$) is significant at the 1% level (critical $X^2 = 2.576$). this implies that the model is better or appropriate in explaining the outcome variable (i.e. poverty level) with the given explanatory variables. The pseudo R^2 value (0.197) implies that 19.7% variation in respondents' likelihood of being non-poor is explained or accounted for by the explanatory variables. The overall correct percentage reduction is 64.8%, which implies that the model predicts or correctly classifies the respondents into the poverty lasses (poor or non-poor) by up to 64.8%. The logistics results for the individual variables reveal that four of the explanatory variables were significant in explaining respondents' likelihood of being non-poor. These are; gender, age, education and household size.

The result for gender ($b = -946$) was negatively significant, which means gender has a significant effect on poverty reduction

Table 6: Relationship between respondents’ demographic characteristics and poverty status

Variables	B	S.E.	t-ratio	Sig.	Odd ratio
Location	.219	.215	1.037	.309	1.245
Gender	-.946	.258	13.479	.000	1.388
Age	.042	.014	9.109	.003	1.043
Education	.060	.023	6.575	0.010	1.062
Marital status	-.063	.351	.032	.858	.939
Household size	.165	.049	11.432	.001	1.179
Constant	-2.049	.573	12.800	.000	.129

Hosmer & Lemeshow Test ($X^2 = 6.87$; $df = 8$)

Pseudo R-Squared = 0.197

Model $X^2 = 529.59$, $df = 6$

Prediction = 64.8

The result is significant at the 1% level since the calculated 5 (13.479) is greater than the critical t (2.352) which implies a negative relationship between gender of the respondents and poverty reduction. The implication of the result is that gender has a negative impact on reducing poverty. The od ratio (1.38) implies that a unit increase in gender increases the odd or likelihood of respondents living above poverty by 38%, holding other variables constant. Cheston and Kuhn (2002) gave reasons for women targeting by MFIs: that there is a negative relationship between gender inequalities in developing societies; lower standard of living among the women; and women are poorer and more disadvantaged than men.

Age ($b = 0.042$) is significant with an odd ratio of 1.043. This suggests that the age increases the chances of the respondents being non-poor i.e. living above poverty line. The odd ratio of 1.043 implies that a unit increase in age increases the odd or likelihood of respondents living above poverty by 4.3%, holding other variables constant. The result indicates that age had a positive influence on the probability of the respondents being non-poor. This result is significant at the 1% level since the calculated t (9.109) is greater than the critical t (2.576).

Education ($b = 0.060$) was also positively related to respondents’ probability of being non-poor. The positive result implies that the higher the educational attainment of the respondents the higher their probability of being non-poor or living above poverty. The odd ratio of 1.062 indicates that a unit increase in educational level will increase respondents’ odds or likelihood of living above poverty by about 6.2% when other variables are controlled for. The result is significant at the 5% level (Critical t = 1.96). The positive effect of education may be explained by the fact that education increases economic opportunities of a person and also the

capability to manage a fund and business. The result disagrees with that of Niranjana (2007) who found that education had a negative and significant impact on the welfare and poverty status of clients. Wodon (1997) measured poverty in Bangladesh across socio-economic and sectoral (urban and rural) groups. His findings showed education, land ownership and occupation to be significant determinants of poverty.

Household size ($b = 0.165$) was also positively related to respondents' probability of being non-poor. It implies that higher household size has a poverty increasing role. The odd ratio of 1.17 indicates that a unit increase in household size will increase respondents' odds or likelihood of living above poverty by 17.9% when other variables are controlled for. The result is significant at the 1% level (Critical $t = 1.96$). Hulme and Mosley (1996) found a positive impact on borrower income with an average increase over the control groups ranging from 10-12% in Indonesia, to around 30% in Bangladesh and India where no significant impact was recorded on clients' gender, education and location.

Conclusion and Recommendations

Microfinance for the poor has become a focus of attention in the Nigerian development since 2005. The microfinance revolution has built an innovation in financial intermediation that lowers the cost of risks of lending to poor households. Over the years most Non-Governmental Organizations operating as microfinance institutions all over the world have been focusing on the poor household with little or no educational background, rural communities, and women especially and households with low income. The demographic characteristics of beneficiaries of microfinance activities of Lift Above Poverty Organization shows that age, gender, education and household size are significant influences in determining beneficiaries of Microfinance Institutions in being poor or not. It is therefore recommended that rural communities should be given more attention while dispensing microfinance activities to assist them breakout of poverty. Women should be given more attention because of the negative relationship between gender inequalities in developing societies. Special attention should be given to the ages from 30 to 50 because they belong to the work force age bracket of the society and they are more focused and committed to their income generating activities. It is therefore recommended that further study should involve religion.

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