



Research Article

MICROCREDIT AND POVERTY REDUCTION: A CASE OF NIGERIA

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ABSTRACT

The issue of poverty reduction continues to attract attention from world governments and various organizations. In developing countries like Nigeria, there are programmes designed to help alleviate poverty especially in the rural areas. The establishment of specialized banks for this purpose remains one of the key frontiers for achieving this goal. This study therefore is aimed at evaluating the impact of microcredit on poverty reduction in Nigeria within the period 1999 to 2014. The study also captured the effects of microfinance banks size on the poverty alleviation agenda. The error correction model (ECM) analytical technique was used to estimate our model equation. The findings showed that microcredit has negative and non-significant impact on poverty reduction in Nigeria. Interestingly, the size of microfinance banks in Nigeria has a positive impact on poverty reduction. In line with theoretical expectation, interest rate was found to have negative and significant effect on poverty reduction. We therefore conclude that microcredit have not played any significant role in alleviating poverty in Nigeria, which may be attributed to the inefficiency of the microfinance institutions due to widening interest rate gap. This gap indicates that loans are not channeled to areas where results are optimum. This has made the microfinance institutions to deviate from their core responsibility of making micro loans affordable to the target population but rather channel such loans and advances to juicy business interests and forfeit the core goal of empowering the teaming rural and low-income population. We recommend that the monetary authorities and regulatory institutions play effective role in ensuring that cost of micro-funds is affordable, and that microfinance banks do not just amass deposits but extend adequate microcredit to the target population at affordable interest rate.

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INTRODUCTION

Extreme poverty and lethargic economic growth underlie the slow pace of economic development among developing countries of the world. The spate of poverty has a domino effect. It adversely affects human capital, which is the greatest asset of any nation. When the human resource wanes as a variable in the production function, even the strongest economy will begin to sag and crumble. The shock waves vibrate through the entire economic system, and a visible outcome would be severe slack in economic growth and development. Soludo (2005) asserts that robust economic growth can be achieved only if a focused programme is put in place to reduce poverty through empowering entrepreneurs and the rural poor by making it less difficult for them to access factors of production, particularly credit. However, the rural poor have largely been excluded from obtaining credit and enjoying other financial services provided by the informal financial institutions.

Toby and Akani (2014) affirm that access to financial services has enabled many families throughout the developing world to make significant progress in their own attempts to escape from poverty.

Mazumder and Wencong (2013) pointed that Bangladesh is a pioneer and origin of the conceptualization of microcredit program. They stated that the country embarked on the program with the aim of reducing poverty and stimulate socio-economic changes in the rural populace. Okafor (2016) explains that the evolution of microcredit services from the domain of charity to financial sustainability metamorphosed into microfinance. In Nigeria, the establishment of microfinance banks expounds the journey towards poverty alleviation. These banks are normally located in rural communities and such other places where they can be easily accessed by the target niche. Microfinance here refers to the extension of small amount of capital to financially constrained entrepreneurs in other to help them fulfill their dreams. Microfinance banks can therefore be said to be created to fill the financing gap by lending to the rural poor at low-interest. Anyanwu (2004) explains that besides the provision of capital to the poor, microfinance banks play leading role in fighting poverty at both individual and institutional levels. It is a supportable argument that formal lenders like the deposit

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money banks continuously turn down loan requests from emerging entrepreneurs, potential commercial farmers and the financially weak in general. As a result, such borrowers can resort to the microfinance banks for microcredit, or opt to augment their personal savings with borrowing from informal lenders (e.g ISUSU), friends and relatives etc. Irobi (2008) emphasized that due to financial exclusion, the poor have designed a wide range of community-based informal financing options to meet their pressing financial needs. Exclusion, according to Jegede, Kehinde and Akinlabi (2011), ranges from fractional exclusion in developed countries to total exclusion predominantly in the Less Developed Countries.

According to CBN (2011), the formal financial institutions provide financial services to about 35 per cent of the economically active population in the country while the remaining 65 percent are excluded from accessing financial services.

In Nigeria, it is required that microfinance banks shall be adequately capitalized and technically sound, and concerned with lending with strict adherence to cash flow as well as the character of clients. Unlike the traditional financial institutions, microfinance banks are characterized by the simplicity of their operations, which suits the borrowers who are largely illiterates. They mobilize domestic savings, regardless the smallness of the amount, and in the same token extend very small loans and advances to them without insisting on the provision of asset-based collaterals. Effective and efficient grass root intermediation will no doubt guarantee economic empowerment of the rural poor. Hence, knowledge of the role of loans and advances in stimulating economic growth therefore led to the effort by the Federal government through the Central Bank of Nigeria to continuously fine-tune policies affecting the activities of micro financial institutions in order to ensure that microloans are efficiently channeled to the rural populace.

While the activities of microfinance banks in Nigeria appear to be robust and far-reaching, the impact of such activities, particularly on poverty reduction and the promotion of economic growth have remained vague, and is a subject of heated debate among development economists and researchers. Though a number of studies have looked into the connection between microcredit and poverty reduction, only few have indeed extended such effort to ascertaining how microcredit impacts on the economy as a whole. Most of the literatures in this subject ended up studying a sampled population in a given region or state, and used the analyzed result to make a generalized statement, which many are reluctant to accept. The perceived shortcoming of such researches motivated this study. Hence, our aim is to use published secondary data and various econometric techniques to find out the effect of microcredit on poverty reduction and economic growth in Nigeria.

Review of Related Literature

According to Central Bank of Nigeria (2006) microfinance is the provision of a wide range of financial services such as loans, savings, money transfers, payment services, and micro-insurance to poor and low income household and their small and

micro enterprises. Okafor (2015) sees microfinance as a lift above microcredit. He appreciates microfinance as a mini-supermarket of micro-financial services for the poor. These include microcredit, micro-savings, micro-leasing, micro-insurance, money transfers and micro-investment services. He concludes that microcredit is a subset of microfinance. CBN (1999) defined poverty as a state where an individual is not able to cater adequately for his or her basic needs of foods, clothing and shelter; is unable to meet social and economic obligations, lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructure such as education, health, portable water, sanitation and consequently has limited chance of advancing his or her welfare to the limit of his or her capabilities. According to Okafor (2015), poverty is the absence of the needed wherewithal to achieve a desired goal. It is a lack. From a statistical point of view, World Bank (2015) emphasize that Nigeria is the largest country in Africa, with a population of about 173 million people, and accounts for 47% of West Africa's population. Nigeria is the biggest oil exporter in the continent, and has the largest natural gas reserves in Africa. A dismal statistics by the National Bureau of Statistics indicate that about 112million (out of over 170million) Nigerians live below the poverty line. A grim disclosure by the World Bank reveal that the population of Nigerians living in poverty increased significantly and indicted that 67 per cent of the entire population live in poverty. This revelation is an irony of a resource boom where a country with vast mineral deposit is ranked among the 25 poorest counties in the World (UNDP, 2001).

The existence of poverty in Nigeria predates 1960, when Nigeria gained her independence. World Bank (1995) defined poverty as an economic situation where a household lack sufficient income to take care of the minimum nutritional need necessary for growth and long-lasting survival. Poverty is a vicious circle of a lot of daunting challenges and difficult circumstances, which bereft the poor of choices and lowers their standard of living. Year to year, there may be no improvement in the life and living of such people and, most times, such adverse circumstance could extend from one generation to another.

According to World Bank reports, poverty in Nigeria is endemic and evident. It is found to be more prevalent in the rural areas. According to Lewu (2000), both sectoral and multi-sectoral approaches were designed in the concerted efforts aimed at addressing the manifestation of poverty in the lives of Nigerian people. Sectoral approaches include education, health, agriculture, housing, transport, and the financial sectors, while the multi-sectoral approach encompass the National Directorate of Employment (NDE), Directorate of Food, Roads and Rural Infrastructures (DFRR1), Better Life for Rural Women, Family Support Programme many others (Evbuomwan, 1999). Moreover, there was the formation of a number of organizations such as; Peoples Bank of Nigeria (PBN), The Community Banks (CBs), Nigeria Agricultural Insurance Corporation (NAIC), Family Economic Advancement Programme (FEAP) and

Nigeria Agricultural and Co-operative Bank (NACB). By the year 2000, FEAP, PBN and NACB were amalgamated to form the Nigeria Agricultural Co-operative and Rural Development Bank (NACRDB), with the sole responsibility of providing monetary and financial services to alleviate the level of poverty in the country, and to support the National Poverty Eradication Programme (NAPEP) (Imoisi and Opara, 2014).

Despite the array of measures taken to alleviate poverty in Nigeria, none has actually produced the anticipated result. According to Alfa, Otaida and Audu (2014), the key to poverty alleviation is empowerment. It is important to note that micro, small and medium scale enterprises across the globe play critical role in poverty alleviation through their employment generation potentials. In Nigeria, these potentials with respect to small and medium enterprises have been limited by lack of access to credit, which is needed to start a new business, expand existing ones, or to transform the current scope of economic activities. Fostering employment generation and poverty alleviation via micro, small and medium scale enterprises will yield more fruit with the availability of multiple channels of financial services delivery (CBN, 2011). Over the years, a handful of government developmental programmes have been designed with a view to improving the standard of living of rural people through education and economic empowerment. Like the other programmes and policies, the role of microfinance banks has come under scrutiny. Okonkwo, Ezike and Igboji (2015) highlighted that it has been proven that when microfinance is harnessed properly, it can go beyond the micro-level as a critical part of the process of economic empowerment by which the poor can pull themselves out of poverty lines.

Microcredit Objectives in Nigeria

CBN (2011) emphasized that microcredit policy in Nigeria is geared towards achieving the following specific objectives:

- Ensuring that the economically active poor are provided with timely, affordable, and dependable financial services;
- Enhancing the standard of living of the active poor in the country by creating employment opportunity for them and increasing their productivity as well as their household income;
- Fostering synergy and absorbing the informal microfinance sub-sector into the conventional financial system;
- Enhancing services delivery to micro, small and medium enterprises;
- Encouraging savings mobilisation for intermediation and rural transformation;
- Establishing linkage programmes between microfinance institution, deposit money banks, development finance institutions and specialized funding institutions;
- Provision of reliable ways for the administration of government's microcredit programmes alongside that of high net worth individual on a non-recourse basis; and

- Establishing a platform where microfinance service providers can interact, exchange ideas and share experiences.

Microcredit Policy Targets in Nigeria

In line with the objectives highlighted above, the microcredit policy targets are as follows;

- To ensure that access to financial services of the poor but economically active is increased by 10 per cent annually;
- To raise ratio of microcredit as percentage of total credit to the economy from 0.9% in 2005 to not less than 20% in 2020; and share of microcredit as percentage of gross domestic product from 0.2% in 2005 to not less than 5% in 2020;
- To ensure that all states, the federal capital territory and at least two-third of all the Local Governments Areas participate in microfinance activities by 2015; and
- To eliminate gender disparity by making sure that women's access to financial services is increased from the required minimum of 10% to 15% annually (CBN, 2011).

The effect of the above policy measures and targets are subject of scholarly discourse among researchers, organizations and the academia. While highlighting poverty in numbers, however, World Bank (2014) maintained that a large number of families in Nigeria are clustered quite close to the poverty line, indicative of vulnerability. An estimated 60 per cent of the population lives below 140 per cent of the poverty line, which is close to US\$ 2 dollars a day (purchasing power parity corrected). Analysis reveals that poverty reduction in Nigeria is primarily an urban phenomenon. Though new estimates present what appears to be a more optimistic picture of poverty and its reduction in Nigeria, a majority of the population remains vulnerable to poverty. Rural poverty (44.9%) is a lot higher than urban poverty (12.6%), while the rate of poverty reduction is much slower. Relatively, high rate of poverty in rural areas explains that increasing agricultural productivity could have significant implications for poverty reduction. The new-rebased GDP (US\$ 509 billion in 2013) and poverty numbers confirm the prime importance of urban growth in jobs creation and poverty reduction in Nigeria (World Bank, 2014).

Monetary authorities and economic team in developing countries have often sought lasting solutions to the debilitating effects of poverty, in other to improve the standard of living and enhance economic growth. One of such ways to achieve this aim is through the extension of microcredits to the vast poor population. Microcredit therefore pertains to the extension of small credit facilities (otherwise known as microloans) to impoverished borrowers who do not have provable credit history, collateral or secure employment. Microcredits are fashioned to alleviate poverty by supporting small and micro-businesses, entrepreneurs and

provide empowerment to women. This programme targets rural communities and such borrowers who due to their economic status cannot meet the conditions set by conventional lenders.

Some works have actually attempted to find out the effect of microcredit on poverty reduction. For instance, Jegede, Kehinde and Akinlabi (2011) used the chi-square test, F-test and T-test in their empirical assessment of the relation between microfinance loans and poverty alleviation in Nigeria. The findings indicated that there is a significant difference between those people who have access to microfinance institutions and those who do not. It further revealed that microfinance institutions have significant effect in alleviating poverty. The study concludes that microfinance institution is indeed an effective strategy of poverty reduction and a good tool for channeling credit to the poor. Using annualized time series data covering the period 1993-2012,

Okafor (2015) examined the impact of microfinance banks activities on poverty alleviation in Nigeria. The OLS estimated result revealed that microfinance banks activities have no positive impact on poverty alleviation in the country.

Toing a similar path, Oluyole (2012) selected some rural farm households in Imowo community in Ijebu-Ode Local Government Area of Ogun state, Nigeria as he investigated whether microcredit has any effect on poverty alleviation in Nigeria. The study revealed that there is significant difference between the mean income of the beneficiaries of microcredit before and after the concerned microcredit project.

The study investigates microcredit as a strategy for poverty reduction in Nigeria, Abur and Torruam (2012) made use of primary data, which was applied on a cross-sectional data of over 200 respondents. The analytical tools employed include descriptive statistics and the logit regression model. The result showed that microcredit influenced the poverty status of the respondents over the period covered by the study, and therefore came to the conclusion that microcredit has played a major role in reducing poverty among the respondents.

Ofoegbu (2013) evaluated the impact of microfinancing on poverty alleviation among rural dwellers in Nigeria. Both descriptive and inferential statistical analysis of the collected rural sample data revealed that, nearly 50% of sampled respondent live in poverty, and lacked basic needs of life. Multiple OLS regression analysis, showed that credit received from corporative societies have more significant impact on the alleviation of poverty than those obtained from microfinance banks. The study attributed this non-significant effect to the high interest rate charged by microfinance banks, which the respondent customers reported to be very high.

Making use of primary data, and employing relevant descriptive and analytical tool, Agbaeze and Onwuka (2014) attempted to examine the impact of microcredit on poverty alleviation in Nigeria. The study used some selected rural farm households in Enugu East Local Government Area of Nigeria as case study. The results of the study showed that poverty level is high among the rural population; but those that have access to microcredit appears to be relatively faring better than those who do not have

access to microcredit. In other words, access to microcredit has positive but non-significant effect on poverty alleviation among the rural populace

While assessing the relation between microcredit and poverty reduction in Bangladesh, Mazumder and Wencong (2013) collected primary data two phases from the same respondents over a-one-year period (April 2009 and April 2010), and equally used a face-to-face interview schedule from a sampled 360 microcredit recipients. The study revealed that there was significant improvement on income, assets acquisition, standard of living and poverty reduction. In other words, accessibility to microcredit was critical to the increase in the income of credit recipients, an indication that microcredit appears an important factor in minimizing the poverty situation among the rural poor.

METHODOLOGY

Essentially, we are studying events that have already taken place. In other words, this study adopted the *ex-post facto* design, and covered periods of 16 years from between 1999 to 2014. We chose 1999 as our base year because the year marked the emergence of democratic rule in Nigeria. Hence, we consider it an awakening which will have meaningful policy implications in the fight against poverty in Nigeria. We sourced our data from the central bank of Nigeria statistical bulletins and the OECD database. The Engel and Granger co-integration approach was used to ascertain if the variables have long run association while the Error Correction Model was employed to ascertain both direction and magnitude of the variables, as well as speed of adjustment to long-run equilibrium.

Model Specification

The model of this study will be patterned after the work of Abur and Torruam (2012). The model is of the form:

$$\ln(P/1 - P) = Z = \beta_0 + \beta_1 x_1 + \mu_i \quad (1)$$

Z = poverty status, β_0 = constant; β_1 = parameters to be estimated. One of the explanatory variables X = amount of loan offered by micro finance; μ = error term. However, the above model will be duly modified to take account of our distinct variables for the study. We therefore present our model thus,

$$PI_t = \beta_0 + \beta_1 \text{Log(MCRDT)}_t + \beta_2 \text{Log(MBSZ)}_t + \beta_3 \text{Log(INT)}_t + \mu_{t-1} \quad (2)$$

- Where,
- PI_t = Poverty Index at time, t
 - Log(MCRDT) = Logarithm of total loans and advances of microcredit institutions
 - Log(MBSZ) = Logarithm of microfinance size (measured as the ratio of total assets of Nigerian Microfinance banks to GDP)
 - INT = Interest rate (as a conditioning variable)
 - β_0 = Constant term
 - $\beta_1, \beta_2, \beta_3$ = Parameter estimates

μ = Error term

RESULTS AND ANALYSIS

Tests for Stationarity

Table 1 Phillip-Perron Unit Root Test

Variable	Phillips-Perron test statistic	1% Critical Value	5% Critical Value	10%critical Value	Order of integration	Durbin-Watson stat
PI	-7.936238	-3.263834	-2.526826	-2.991073	1(1)	1.794363
MCRDT	-8.645273	-3.263834	-2.526826	-2.991073	1(1)	2.072446
MBSZ	-8.278369	-3.263834	-2.526826	-2.991073	1(1)	1.648298
INT	-5.092621	-3.263834	-2.526826	-2.991073	1(1)	1.880373

Source: E-views Results

A result of diagnostic test for unit root is presented in table 1 above. The results showed that all the variables are stationary. Phillip-Perron test statistic for each of the variable is less than the critical values at 1%, 5% and 10%. Stationarity of the variables were attained of same order, meaning that the variables are co-integrated. Moreover, to confirm the reliability of this result, the Durbin Watson statistic value for each variable is significant at approximately 2.00, which means, confirms the absence of autocorrelation problem in the time series data.

Table 2 Descriptive Statistics

	PI	MCRDT	MBSZ	INT
Mean	65.99375	35974.87	0.003919	18.24375
Median	67.00000	22501.70	0.003650	17.77000
Maximum	88.00000	91243.54	0.006100	24.85000
Minimum	54.00000	1314.000	0.001000	15.14000
Std. Dev.	11.04388	32783.82	0.001471	2.409309
Skewness	0.355705	0.516099	-0.168007	1.350847
Kurtosis	2.140532	1.763093	2.098795	4.599844
Jarque-Bera	0.829859	1.730249	0.616717	6.572437
Probability	0.660387	0.420999	0.734652	0.037395
Sum	1055.900	575598.0	0.062700	291.9000
Sum Sq. Dev.	1829.509	1.61E+10	3.25E-05	87.07158
Observations	16	16	16	16

Source: Authors' computation

Table 2 presents a descriptive analysis of our variables and also represents our preliminary test for normality. Poverty Index (PI) showed some important traits of normality. Poverty index has skewness value of 0.36 and a peakness value of 2.14.

The probability of JarqueBera test for normality with the value of 0.66 > 0.05 reveals that the data is normally distributed. Likewise, the explanatory variables but interest rate (INT) all showed strong evidence of normality. This was confirmed by the p-value of the JB-statistics which respectively are greater than 5% critical value while the p-value for INT is 0.037395 < 0.05.

Figure 1 reveals the forecast properties of PI as a function of the control variables. The variance proportion is significant while the covariance proportion is significantly high. Predictability within the regressors is normal as the blue line (PIF) lie perfectly between the upper and lower red bounds.

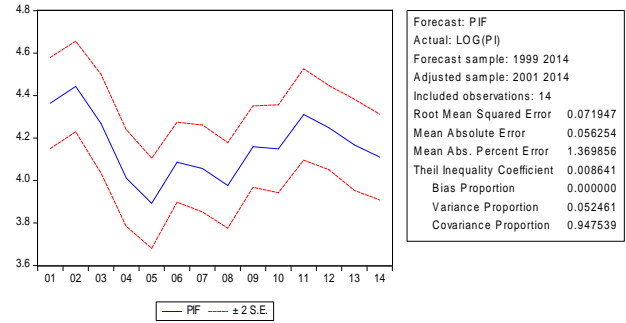


Figure 1 Forecast for Explained Variable (PI).

Regression Result: Error Correction Model

Table 4 ECM Regression Result

Dependent Variable: PI				
Method: Least Squares				
Date: 03/10/16 Time: 22:17				
Sample (adjusted): 1999 2014				
Included observations: 16 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic Prob.	
C	9.884923	1.515413	6.522924	0.0001
LOG(MCRDT)	-0.165404	0.045412	-3.642305	0.0054
LOG(MBSZ)	0.317025	0.109885	2.885048	0.0180
LOG(INT)	-0.803381	0.256477	-3.132376	0.0121
ECT(-1)	-0.788553	0.189335	5.432441	0.0004
R-squared	0.830555	Mean dependent var	4.160353	
Adjusted R-squared	0.766358	S.D. dependent var	0.171538	
S.E. of regression	0.089733	Akaike info criterion	-1.711501	
Sum squared resid	0.072468	Schwarz criterion	-1.483266	
Log likelihood	16.98051	Hannan-Quinn criter.	-1.732628	
F-statistic	9.626811	Durbin-Watson stat	2.179501	
Prob(F-statistic)	0.002606			

Source: Author's eviews results

Model Equation:

$$PI = 9.884923 - 0.165404\text{Log(MCRDT)} + 0.317025\text{Log(MBSZ)} - 0.803381\text{Log(INT)} - 0.788553$$

Note: P-value = 0.0054 < 0.05

The result in table 4 above reveals that the overall regression model is significant. This is evidenced by the probability of F-statistic (0.002606), which is less than 0.05. This result is reliable as the Durbin-Watson statistic (2.179501) is very significant at approximately 2.0, which confirms that the regression does not have autocorrelation problem. It is also noteworthy that the error term (ECT), which is the residual value, is negative and significant. This indicates a movement towards attainment of long-run equilibrium in our model. Sequel to this, the residual (ECT) coefficient (-0.788553), which is the speed of adjustment, shows that 79% of the errors in the long-run is corrected over one year period.

As observed from the result above, the coefficient of MCRDT is negative and does have a statistically significant impact on PI. We can therefore say that microcredit have negative and significant impact on poverty reduction. In the other hand, the microfinance bank size (MBSZ) has positive and significant impact on poverty reduction in Nigeria. Moreover, in line with our a priori expectation, cost of fund (interest rate) has negative and significant effect on poverty reduction in Nigeria.

The R^2 is the coefficient of determination and indicates the percentage of the dependent variable explained by the independent variables. From the model above, the R^2 value of 0.83055 implies that 83 percentage variations in the dependent variable (PI) was explained by the independent variables (MCRDT, MBSZ and INT) and the remaining 17% was explained by variables not included in the model. The adjusted R^2 take account of more number of regressors if included and it still explains 77% variation in the dependent variable.

Table 4 Tests for Statistical Validity of Model

*Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	0.546437	Prob. F(2,10)	0.5954
Obs*R-squared	1.477805	Prob. Chi-Square(2)	0.4776
**Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	0.703861	Prob. F(2,12)	0.5140
Obs*R-squared	1.574900	Prob. Chi-Square(2)	0.4550
Scaled explained SS	1.211501	Prob. Chi-Square(2)	0.5457
***Ramsey RESET Test			
Equation: UNTITLED			
Specification: PI C Log(MCRDT) Log(MDSZ) INT			
Omitted Variables: Squares of fitted values			
	Value	df	Probability
t-statistic	0.189854	11	0.8529
F-statistic	0.036044	(1, 11)	0.8529
Likelihood ratio	0.049071	1	0.8247

Source: Authors'

From table 5, *represents test for serial correlation. The results show that our model has no problems of autocorrelation. ** Displays the test heteroskedasticity which reveals that our model is not homoskedastic which is desirable. *** Ramsey test indicates that our model is well specified.

CONCLUSION AND RECOMMENDATIONS

The issue of poverty reduction continues to attract attention from world governments and various organizations. In developing countries like Nigeria, there are programs which were designed to help alleviate poverty especially in the rural areas. The establishment of specialized banks for this purpose has remained the key frontier for achieving this goal. This study therefore is aimed at evaluating the impact of microcredit on poverty reduction in Nigeria. The study also captured the effects of microfinance banks size on the poverty alleviation agenda. The error correction model (ECM) analytical technique was used to estimate our model equation. The findings showed that microcredit has negative and non-significant impact on poverty reduction in Nigeria over the period 1999 to 2014. Interestingly, the size of microfinance banks in Nigeria has a positive impact on poverty reduction. In line with theoretical expectation, interest rate was found have negative and significant effect on poverty reduction. We therefore conclude that microcredit have not played any significant role in alleviating poverty in Nigeria, which may be attributed to the inefficiency of the microfinance institutions due to widening interest rate gap. This gap indicates that loans are not channeled to areas where results are optimum. This has made the microfinance institutions to deviate from their core responsibility of making micro loans affordable to the target population but rather channels such loans and advances to juicy business interests and forfeit the core goal of empowering

the rural and low-income population. We recommend the monetary authorities and regulatory institutions to play effective role in ensuring that cost of micro-funds is affordable, and that microfinance banks amass deposit but extend adequate microcredit to the target population.

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