Online Journal of Arts, Management and Social Sciences (OJAMSS);
Vol.2 No.2, June 2017, pg.149 - 163 (ISSN: 2276 – 9013)

IMPACT OF MICRO-CREDIT ON POVERTY REDUCTION IN NIGERIA

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Abstract

This paper attempts to assess the impact of micro credit on poverty reduction in Nigeria. Poverty reduction and socio-economic development could be a direct measure for real development. The fight against poverty in Nigeria has been and is still being fought from so many fronts. Among one of the fronts is the area of micro credits from profit and non profit institutions. So many efforts have been and are being made by private and public sectors in the fight' against povertythrough micro credit financing. The literature review done in this study has shown that Nigeria have been *dogged in its fights against poverty through financing. Using the method of OLS regression analysis, the researcher embarked an empirical work to test the impact of micro finance activities on poverty reduction. The result showed the expected negative relationship between micro finance lending and poverty. However, the regression result and analysis have shown that there is a lot of room for improvement. The impact of micro financing on poverty reduction is still low and not significant in wiping out poverty from our land. Therefore, there is need to increase infrastructural and basic services provision for the citizens of Nigeria; and to create a friendly investment environment that will enable and attract micro enterprises and small and medium scale establishments.*

Keywords*:* Impact, micro Credit, poverty Reduction and Socio-economic development

Introduction

Okun and Richardson (1970) cited in Udabah (2002) economic development is a "sustained secular improvement in material well being, which we may consider to be reflected in an increasing flow of goods and services". This means that economic development can be measured in terms of welfare. The Millennium Development Goals (MDGs) has embarked on total reforms which are aimed at poverty reduction and socio economic development. Nigeria, being in league with the Millennium Development. Goals, has been making effort to touch poverty reduction and better standard of living.

Poverty reduction and socio-economic development could be direct measures for real development. Hence, Koinyan, (1987) states that development starts only when man is able to take control of his environment, to manipulate his environment, to manage progressively everything in thatenvironment, to increase his production and productivity of all those things he needs to live a qualitatively better life. The satisfaction of basic needs, the eradication of poverty and the promotion of a self reliant style of development calls for the exercise ofpublic power. Eradication of poverty remains a majorproblem facing developing countries of the world.

Development shows an in-depth increase in physical, mental, socio- cultural and economic standard. It includes such invisible standard as human resources development and intellectual ingenuity. It is not only an economic growth but economic growth plus positive change in social cultural and institutional development. Economic development, according to Nzenwa (2000) is on increase in per capital of the people within the state, In other words, the higher per capital income, the higher the level of development adopted economically.

In his own analysis, Maxwell, (2014) views economic development as a positive attitude of the people towardsproject development with a view to enhance their living condition thereby raises their standard of living. Economic development is an increase in the wealth of the people with a view to possess effective demand (i.e. purchasing power) to their basic wants. In other words, the ability of the people to influence their environment positively and secure such needs and wants that enhance their higher standard of living could be viewed as economic development. Welfare sees economic development as bothstructural and functional transformation of all economicindices from low to high state (Welfare quoted in Peter 2005). Tohim it shows economics growth accompanied by functional changes in the structure of the economy plus political, social and economic structure. It includes positive changes in technology, socio economic and institutional arrangement that enhances output.

The concept of poverty is defined according to individuals' perception. Ajakaiye (1998) in his review of the massive literature on poverty shows that a standard concept of poverty remains elusive because of its multi dimensional nature as well as its dynamic properties. It is viewed metaphorically as elephant and complex to define as Aboyade (1975) noted that, poverty, like an elephant, is more easily recognized than defined. Current trends have focus on the perception of the poor himself, consequently, poverty is perceived by poor Africans to include alienation from the community, food insecurity, crowded homes, and usage of unsafe and inefficient forms of energy, lack of jobs that are adequately paid and/or secure, and fragmentation of the family. Narayan, Chambers, Shah, & Petesh, (2000). A view of the poor is that expressedby a poor man in Kenya in 1997 as reported by Narayan, *et al.* (2000) thus: "Don't ask me what poverty is because you have met it outside my house. Look at the house and count the number of holes. Look at my utensils and the clothes that I am wearing. Look at everything and write what you see. What you see is poverty".

Statement of the Problem

The fight against poverty in Nigeria has been and is still being fought from so many fronts. Among one of fronts is the area of micro credits from profit and non profit motive institutions. Haque and Yamao (2009), states that poverty alleviation through micro credits is now well recognized all over the world as micro credit evangelists, governments, donors, developmental agencies and other sector have an increasing interest in using the micro credit medium to advance the course of poverty reduction as well as enhancehuman capita! development. In a bid to strategize/utilize the benefits of micro credit in alleviating poverty and enhancing human capital development in Nigeria, the Central Bank of Nigeria (CBN) formulated the micro finance policy and frame work in 2005. The December 2005 policy statement establishing Micro Finance Banks in Nigeria was laudable and well-intentioned as the micro finance industry was fast becoming the next "frontier" for the financial service industry to provide and promote the grant of micro credit.

Against this background, the researcher intends to examine the impact of micro finance has created to reduce poverty in Nigeria.

Research Objectives:

The major purpose of the study is:

(i) To determine the level of relationship between micro finance credit and the rate of poverty reduction in Nigeria.

(ii) To evaluate the extent of micro finance credit in reducing poverty in Nigeria.

Research Question

(i) What are the relationship between micro finance credit and the rate of poverty reduction in Nigeria?

(ii) What is the extent of micro finance credit in reducing poverty in Nigeria.

Research Hypothesis

Ho_1: Micro Finance credit has no significant impact onpoverty reduction in Nigeria.

H_{A1}: Micro finance credit has significant impact on povertyreduction in Nigeria.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Theoretical Framework

Micro Credit

A credit culture is an important part of developed economy. Nzenwa (2000), believes that credit creates newbusinesses. Credit culture helps people to develop ideasand execute them. Credit purchase creates fund andincrease investment for more production, thereby making more goods and services available for sales to the public. However, it creates a multiplier effect in terms of flow of goodsand services. This leads to economic growth which could betransformed to economic development (Nzenwa 2000)

Micro credit has to do with soft loans granted to smalland medium scale entrepreneurs, farmers and artisans/craftsmen, etc to enable them procure, produce or improve their productivity as well as increase their general welfare. Micro credit leadsto the establishment ofcottage industries, livestock farming, fish ponds and piggery and farming. It could lead to real successful farming to the extent of export and promotion of agricultural products such aspalm produce, cashew, coconut and allied product. Micro credit could be facilitated by organized groups such as cooperative societies, clubs, town unions, age grade andindividuals (Okali, & Otiti 1992).

The international year of micro credit was launched on 18th November, 2004 with the following as its objectives.

- ✓ Assess and promote the contributions of micro credit and micro finance to the millennium development goals (MDGs).

- ✓ Promote public awareness and understanding of micro credit and micro finance sector.
- ✓ Support sustained assess to financial services and micro finance as well as vital points of the development

- ✓ Support sustainable assess to financial services and Encourage innovation and new partnership promoting and supporting strategic partnership to buildand expand the outreach and success of micro credit and micro finance (www, cenbank. agric.microcredit.html).

Micro credit emphasizes on financial sector and strengthening the powerful but often untapped entrepreneurs spirit existing in community around the world. It is aimed at empowering the poor and the low-income earners by engaging them in profitable economic activities, live better lives and contribute to the nation building.

According to the charter establishing micro credit, it has to be observed by all United Nations (UN), member countries annually with national programmes and events aimed at cheating awareness on the relevance of micro credit.

In Nigeria, the programme is being channelled to the National Poverty Eradication Programme (NAPEP) and through the National Economic Empowerment and Development Strategies (NEEDS).

The United Nations Development Programmes (UNDP) launched the pilot micro finance project called "micro start" in1997. It brought together stakeholders of micro credit and Donor agencies such as USAID, World Bank, EU, DFID, Ford foundation ate. UNDP after assessing some micro finance institutions in Nigeria based on its lay down criteria, approved some micro finance institutions in June 2000.

A take off grants of ₦815,000 was given to each of the MFIs for onward disbursement to the people/groups in accordance with MFIs requirement, Recently the Federal Government through the Central Bank of Nigeria (CBN) has approved most of the community banks as MFIs, thereby making MFIs ubiquitous nationwide. Hence Anyanwu (2004) states that micro credit is the scheme aimed at enhancing the status of both the urban poor and rural poor. Micro credits is aimed at building communal capacity for wealth creation among enterprising poor people and promoting standard of living through strengthening rural banking methodology and eradicate poverty through the provision of micro credit for skill acquisition,

In evaluating these micro finance institutions, two major criteria are used.

a) Outreach and
b) Sustainability

While outreach is the ability of micro finance institution to provide high quality financial services to a large number of clients, sustainability is the ability of these MFIs and micro-credit beneficiaries of having mutual confidence on one another in transecting and retaining loans/credits agreement businesses.

The primary goal economic planning in Nigeria is the attainment of rapid increase in the nation's productive capacity with a view to improving the living standard of the people. Roth (1997) believes that micro-credit is the only ingredient in the mix of factors necessary for a successful enterprise to respond to potential demand for goods and or services. He sees micro credit -financing as the main tool for rural and social development.

In 2014, the Federal Government through the National poverty Eradication programme (NAPEP) came up with micro finance coordination programme which aimed at providing micro credit to the poor on a sustainable basis (NAPEP 2004). The coordination programmes describes micro finance as "the provision of credit savings and other financials services to micro -entrepreneurs and low income borrowers" it further emphasizes that due to inaccessibility of the poor and low income earners to commercial banks lending and their incapability to provide collaterals, microcredit financing is principally designed to target the poor to help alleviate their poverty status thereby encouraging economic and social development. The objective of micro finance "as a poverty alleviation strategy is to assist the poor who cannot otherwise make savings, accumulate assets or invest in any meaningful income generating activities that would help break the cycle of poverty" (MFCP,2004). Micro finance coordination programmes MFCP also aims at:

a) Making available a large pool of fund for micro credit.
b) Bringing the interest rate at a subsidized rate so as toencourage the poor and the borrowers, henceencouraging the poor for the participation of theprocess of Nigeria's economic growth and developmentby raising their standard of living.
c) Recognizing and encouraging community banks andsome commercial banks to register as micro financeinstitutions (MFCP 2014).

According to the working document of NEEDS, it offers (among other programmes) improved irrigation for farmersfor the production of crops/food varieties and help boost agricultural activities and to tackle poverty head-on, support small and medium scale enterprises that will help create jobs and in conjunction with the State Economic Empowerment and Development Strategies (SEEDS) and Local Economic Empowerment and Development Strategies(LEEDS); NEEDS seeks to implement integrated rural development programme general development etc (NEEDS 2014).

Micro credit has the featured of group delivery and economic empowerment for low income earners or rather the poor. The structural mechanism and product of micro credit financing are designed to meet the financial needs of those locked out by banks and other formal financial institutions. These groups are the small business owners or entrepreneurs. They could be professionals or artisans (skilled or unskilled) who are cash trapped towards capacity building and or skill acquisition.

Micro credit scheme deals mostly with beneficiaries who are usually ill-equipped in terms of educational skills andmanagement techniques. These group are not versed in feasibility studies and professional speculated market survey/prediction; hence the loans attract little or no collateral with very low interest rate. Of course micro -credit scheme offers loans of maximum of one million naira to a group of not more than twenty members. In other words, as the name implies, it offers fund which obviously is low in size (i.e. small loans).

Poverty Profile in Nigeria

In determining the poverty profile of the Nation, following broad indicators have been used, reflectingthree dimensions of the human development index: longevity, educational status and economic achievement. For want of space, only the Income aspect will be highlighted in this study.

Income poverty in terms of real incomes for individuals and households.

- Materials and child mortality
- Nutritional status
- Educational status
- Employment status
- Access to, and use of medical services
- Access to water and sanitation

Income Poverty

Data from the federal office of statistics showed that theaverage household income for each state in Nigeria in 2014/15 was2,615, with an average of N2, 865 for households that had a male head and IM 1,674 for households with female heads. For 1998/99, the figure rose to N2, 879, with an average of N3,275 for households with male heads and N 1,733 forhouseholds in which female was head. The average per capita household income for 1997/99 was N727, with N736 for males and N706 for females. Per capita expenditure for dropped from more than N4,600 in 2013N1,497 in 1996, also following dropped the trend N2,400 in 2013to slightly more than N1,000 in 2015 (Annual Abstract of Statistics 2015).

Data from 1996 also showed that 57% of Nigerian citizens were living in poverty, with about 15% in extreme poverty. 43% of the population was living above the poverty line, the trend of poverty in the state can be understood by considering that in 2014, the proportion of people classified as extremely poorwas 2.1%. By 2014, the figure rose to 6.7%; by 2015, it was 12.3% and by September 2015, 14%. The figures forthe moderately poor group rose from 7.8 in 2014to 37.1.% in 2015. The increasing incidence of poverty in Nigeria corresponds to the trend at developing countries. Theproportion of extremely poor people in Nigeria rose from 2013 to 29% in 2015 while that of moderately poor peoplerose from 215 in 2013 to 365 in 2015. (National Office of Statistics 2015).

Data from a survey in Nigeria taken in 2015 showed that by income, 75 % of the rural dwellers and 42% of the urban population were in the extremely poor category. The figures are similar using expenditure indices, with 63% and 34% of the rural population respectively, being in the extremely poor category.

In addition, data from CWIQ (2015) survey showed that only 21% of households surveyed on their perception of their economic situation felt that it was better than a year ago, while 35% said it was worse. About 50% of those surveyed said it was the same or did not know.

Basic policies for financing

The estimated financing will be kept review and updated to reflect the impact of more thoroughly-cost interventions (DFID, 2006).

The long-term plan to increase the level of internally generated resources used in funding the PRS. In this respect therefore, there are three critical issues regarding the funding of the PRS from internally generated funds. The first issue was that of increasing revenue from internalsources. The PRS contained within it a strategy for enhancing the internally generated revenue of the state through the following means.

Enhancing the tax base of the state through increase in economic activity and the size of the formal sector. The strategy to promote entrepreneurship and self help was expected to enhance the economic base of the state over time by the introduction of micro - enterprises into the formal sector. It was also expected that the strategy to make the state investment-friendly attracted businesses to the state, thus increased tax base of the state. There was expected increase in the level of personal income tax, value-added tax, capital gains taxes, as well as tenement rates, and other fees.

The issue of internally generated revenue was tackled on the area of public financial management. Specific actions in this respect include establishing a proper database of taxabie individuals, reforming the board of Inland Revenue for greater effectiveness, as well as the plugging of leakages in the assessment and collection of taxes, rates and fines. There was increase in some rates, especially tenement rates on property, to ensure that individuals with high spending profiles were taxed accordingly. The government however recognized the need to proceed with caution in this area, so as to introduce rates that will be more of a disincentive.

Empirical Review

The other issue that has an impact on the level of resources available for funding the PRS is that of dept. Data from the national Dept management office show that the outstanding dept of the state was about $293m in 2002 with a dept payment and servicing burden. Of about $34m per annum. As has already been noted, high dept levels incapacitate the ability of the state to embark on development projects. The administration is also conscious of the need to build financial sustainability by avoiding dept traps for future administrations. There will thus be an effort to reduce dept levels by curtailing borrowing .As already mentioned earlier, 3 dept management office will be set up to develop a strategy for a sustainable financial future for the state.

Linked with the issue of dept is that of the state's pension liability. The policy thrust here is obviously to reduce, if not eliminate the backlog of pension liability by the year 2014. The state will also commence a contributory and fully-funded pension scheme to ensure future financial sustainability and that people receive their entitlements as they are due.

Another financing policy thrust is to seek the consolidation of overseas development assistance (ODA),by direct budget support where possible. It is expected that the being undergone by the state will create a conducive environment for this to be the case. The task of coordinating all ODA has also been vested in the economic Development unit; the office of the special Adviser to the Governor on Economic Matters.

In order to finance the PRS, and also in line with the basic principle of communication and participatory governance, the Government will seek cost-sharing andco-financing arrangements, as well as other Initiatives for catalysing deeper involvement by communities and other stakeholders. Specific financial interventions have been determined following the priority sectors agreed by the Joint Planning Committee for NEEDS and SEEDS ((DFID, 2015)

According to (DRD, 2015), below is the overall Resource Envelope Projections.

	2013	2014	2015
Note	N’000	N’000	N’000
Recurrent Revenue			
Internally generated 1	2,000,000 (13%)	3,000,000 (18%)	3,500,000 (20%)
State of share 2	12,000,000 (77%)	12,000,000 (71%)	12,000,000 (67%)
Federation Account	1,563,798 (10%)	1,800,000 (11%)	2,000,000 (11%)
Value-added tax	15,563,789	16,800,000	17,500,000
Total Recurrent			
Revenue			
Recurrent Expenditure			
Personnel costs 3	6,191,857 (61%)	5,572,671 (60%)	6,000,000 (62%)
Overhead costs 4	2,394,706 (24%)	1,915,764 (21%)	1,900,000 (20%)
Consolidated			
Revenue Fund	1,500,000 (15%)	1,750,000 (19%)	1,750,000 (18%)
Charges			
Total Recurrent			
Expenditure	10,086,562 (69%)	9,238,435 (58%)	9,650,000 (58%)
Transfer to Capital			
Development of Fund	5,477,226 (31%)	7,561,565 (42%)	7,850,000 (42%)
Capital Receipts			
Transfer from Capital			
Development Fund	5,477,226 (66%)	7,561,565 (60%)	7,850,000 (65%)
Opening balance	300,000 (4%)	300,000 (3%)	300,000 (2%)
Internal loans 5	0.0%	0.0%	0.0%
Grants 5	1,500,000 (18%)	2,000,000 (18%)	2,500,000 (21%)
Other capital receipts 6	1,000,000 (12%)	1,200,000 (11%)	1,500,000 (12%)
Total capital Receipts 7	8,277,226	11,061,565	12,150,000

Table 1.0: Resource Allocation among strategic Objectives

Resource Allocation among strategic Objectives				
	Note	N’000	N’000	N’000
Resource Envelope		8,277,266	11,061,565	12,150,000
Capital projects for govt. agencies/other sectors/planning reserve	20%	1,655,445	2,212,313	2,430,000
Available Resource Envelope		6.621.781	8,849,252	9,720,000
Support entrepreneurship &self help-	8%	66,178	884,925	972,000
Provide basic social services	28%	2,317,623	3,097,238	3,402,000
Improve basic infrastructure	32%	2,648,712	3,539,701	3,888,000
Ensure sustainable environment	4%	662,178	884,925	486,000
Create investment-friendly environment	8%	662,178	884,925	972,000

Source: DRD/PRS/SEEDS, 2015.

Several literatures exist locally and internationally on the impact of microcredit on poverty alleviation and human capital development. The results of these works have been conflicting as well as exciting as it has triggered several researches in this area of finance,Khandker (1998) found that there had been an increase in household incomes which were a direct result of microfinance programmes. However, in another study using Khandker's own data, Morduch (1998) found that the income effect was due to mis-targeting of the microfinance programme and that the perceived increase in incomes was due solely to those already above the poverty line who had managed to access the programme. Accordingly Mordurch states that Khandker had made the mistake of assuming that the target-groups were ail below the poverty line when, in. fact, this was not the case. Other conflicting evidence as to the income effects as it relates to poverty alleviation and enhanced human capital development of microcredit has resulted in uncertainty as to whether microcredit has any effect on poverty measured in monetary terms. What is agreed, however, from most studies is more prosaic, and that microfinance reduces variability of income over time within households (Zaman 1999).

Hashemi, *et al* (1996) found that on eight indicators ranging from increased mobility, making independent purchases, through to political and legal awareness, access to credit from microfinance institutions had a positive impact on empowerment. Hague and Yamao (2009) studied the impact of microcredit on poverty alleviation in rural areas in Bangladesh. The study was conducted specifically to find out whether microcredit hasthe power *to* alleviate the poverty in Bangladesh, a country with more than 40% on living below the poverty line. The study was basedon randomly collected primary level data from thirty-five villages of Bangladesh and consisted of 300 microcredit women members of famous Non-government Organizations (NGOs) and Microfinance

Institutions including Grameen Bank, Bangladesh Rural Advancement Committee (BRAC), Association for Social Advancement (ASA), Thengamara Mohila Sabuj Sangha (TMSS) and others, who had been borrowing from these financial institutions for more than six years. Findings showed that, the amount of credit was insufficient to run income generating activities that can generate such earnings by which one can repay the weekly instalments after mitigating the least requirements to survive. Heavy pressure by field workers of NGO-MFJs compelled them to borrow from other sources with an exorbitant interest rate to pay the weekly instalments and savings. Having no alternative means to repay the entire-loan, they fell into the problem of additional indebtness, from which a borrower never came out of the vicious circle of poverty and remained the same as they were before. From the survey, it was also found that, the poor with certain level of income and without indebtness can improve their livelihoods after proper utilization of microcredit. It was also found that, NGO-MFIs disburse loan only to wealthier poor and no longer interested in the chronic or hardcore poor to reduce their severe poverty in Bangladesh, the pioneer of microcredit.

Also, Lensink and Pham (2008), based on a sample of rural households retrieved from the Vietnam Household Living Standard Surveys2004 and 2006, examined the impact of microcredit on household self employment profits in Vietnam, Using several estimation techniques, the empirical analysis reveals that neither access to microcredit nor participation in microcredit programs significantly affect household self employment profits. In contrast, both credits from commercial banks and access to commercial bank credit have positive effects on household self employment profits, hence microcredit from microfinance institutions does not assist in poverty alleviation.
Yahaya, Osemene and Abdulraheem (2011) posit that microfinance banks supply micro loans, savings and other financial services to the poor and low income population on a sustainable basis and help in the alleviation of poverty and examined the effectiveness of microfinance banks in alleviation of poverty in Kwara State of Nigeria. The data collected were analyzed through the use of t-test and Analysis of Variance (ANOVA). From the research findings, results revealed that microfinance has significant role to play in the economy, as it helps reduce poverty by providing financial services to the active poor, help in generating employment and also provide small loans to grow small businesses. It was recommended that regulatory and other statutory bodies should monitor the interest rate on loans and advances to make it accessible to micro-clients. Government should make available necessary infrastructural facilities that will help increase the output of micro entrepreneurs.

Given the sharp differences from studies on the impact of microcredit on poverty alleviation, this work will examine the role of microfinance banks' intermediation activity in alleviating poverty in Nigeria.

There are indications that the existing literature did not agree on the impact of micro credit on poverty reduction. While some agreed that there is a positive impact of the micro credit on poverty reduction, others argued that there is a negative impact of the micro credit on the poverty reduction and human capital development. So there is no general consensus on the impact of micro credit on poverty reduction.

Research Design

The researcher adopted *ex-post facto* research design. This is because the researcher had no control over variables.

Source of Data

The study used secondary data obtained from the central bank of Nigeria, United Nations Development Programme Publications and the National Bureau of Statistics for the period, 1999 to 2008.

Model Specification

In specifying the model, the following symbols were used to denote their respective variables:

PI = Poverty
LDR = Loan Deposit Ratio (Proxy for micro finance)

Therefore, the model is specified as:

PI = f(LDR)

PI = $\beta_0 + \beta_1$ LDR + μ

Where f^1LDR) < 0

Our model equation was analyzed by employing theOrdinary Least Square Regression analysis using STATA 11computer software, The signs and significance of theregression co-efficient were relied upon in explaining thenature and influence of the independent and dependent variable (Poverty Index and Loan Deposit) as to determine both magnitude and direction of impact. The ordinary least square regression analysis was employed for the purpose of establishing the relationship and impact of micro finance credit on poverty reduction in Nigeria.

A Prior Theoretical Expectation

It was expected that a negative and linear relationship exists between poverty and micro financing in Nigeria.

DATA PRESENTATION AND INTEPRETATION OF RESULT

The result of the statistical analysis done with STATA 11 computer software is presented below:

PI = 95.66 -0.54LDR
(3.7) (-1.20)
P(t) (0.005 (0.265)
F(1,8) = 1.43
R-squared = 0.1520

The empirical result shown above implies that:

1. There is a negative relationship between poverty and micro finance credit over the period under study. This is in agreement with *a priori* expectations. As micro finance credit increases, poverty level declines.

2. When LDR increase by₦1, poverty rate falls by 54k.
3. Micro finance credit has no significant with poverty based on the probability value of the t-ratio, which lies above 0.05.
4. Furthermore, the value of the coefficient of determination (R^2) shows that only 15.2% of the changes in poverty are attributed to micro finance credit.

Summary

Poverty reduction and socio-economic development could be a direct measure for real development. The fight against poverty in Nigeria has been and is still being fought on many fronts. Among one of the fronts is the area of micro credits from profit and non profit motive institutions. It has been stated that poverty alleviation through micro credit is now recognized all over the world as micro credit evangelists, governments, donors, development agencies and others have an increasing interest in using the micro credit medium to advance the course of poverty reduction as well as enhance human capital development. In Nigeria, so many efforts have been and is being made by private and public sectors in the fight against poverty through micro finance. Furthermore, there is a negative relationship between poverty and micro finance credit from 2013 to 2015 year as micro finance credit increases, poverty level declines.

Recommendations

Considering the import of the findings, the following recommendations become imperative:

1. There should be increased infrastructural and basic services provision for the citizens of Nigeria.
2. Create a friendly investment environment that will enable and attract micro enterprises and small and medium scale establishments.
3. Stimulation of growth in sectors that are broad based, especially growth in micro -enterprises and SMEs in the area of agricultural.
4. There is need for the government to build a strong government to confront the problem of poverty in Nigeria facing and going through with all the strategy it has adopted.
5. Corruption may affect the successful implementation of the poverty reduction strategy in Nigeria. Safety and efficient use of funds designated for the purpose of wiping out poverty should in be guaranteed.

Conclusion

The literature review done in this study has shown that Nigeria have been dogged in its fight against poverty though micro financing.

The impact of micro financing on poverty reduction is still low and not significant in wiping away poverty from our land.

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