

*Full Length Research Paper*

# **The influence of micro-credit on poverty alleviation among rural dwellers: A case study of Akoko North West Local Government Area of Ondo State**

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The study which was conducted in Akoko North West Area of Ondo State, examined the influence of micro credit on poverty alleviation among rural areas. The study among other things examined the socio-economic characteristics of respondents, activities of the Ondo State micro credit agency (OSMA) and the influence of micro credit on some selected macroeconomic variables of respondents. Data were sourced with the aid of well structured questionnaires from 120 respondents randomly selected from Arigidi and Okeagbe. The data collected were analysed majorly with the aid of descriptive statistics. Findings show that the incidence of poverty was high among the economically active age bracket as the mean age was 33 years. Result also showed that all respondents acquired formal education as 60% had above primary school education. Also, 39.2% of total respondents had no specific occupation before the inception of the scheme. Moreover, the scheme had positive influence on respondents' major macroeconomic variables namely income, savings, consumption expenditures and asset acquisition. Among other things, the level of poverty was high as reflected in the type of residence, cooking materials, health institutions attended by respondents and educational institutions attended by their children. Generally 20.8, 30.9, 47.5 and 0.8% rated the programme good, poor, fair and excellent respectively. The study recommends a greater coverage of the state by the scheme. Recipients should also be encouraged to reinvest their profits in other productive economic activities.

**Key words:** Micro-credit, poverty, rural areas.

## **INTRODUCTION**

Poverty for long has been a major contending force against the pace of development in Nigeria especially the rural areas. It has remained persistently unabated despite many laudable programmes designed to alleviate it. Thus poverty has become a major concern for development experts and international agencies. The level and incidence of poverty have been on the increase since the implementation of the Structural Adjustment Programme (SAP) in the 1980s. Reports from UNDP (2008), Federal Office of Statistics (2001) and World Bank (2001) showed that the incidence of poverty rose from 28.1% in 1980 to 43.6% in 1985, and by 1996, it rose to 65.6%. As far back as 1990, the UNDP Human Development Report described Nigeria as a rich country with poor population and also as the poorest and most deprived OPEC Country (UNDP, 2008). Moreover, the country ranked 142<sup>nd</sup> in

human development rating.

Apart from the increase in the incidence of poverty, the population of the poor has been on the increase. Report from the Federal Office of Statistics (2001) revealed that the percentage of the core poor increased from 62% in 1980 to 93% in 1996 whereas, that of the moderately poor rose from 28.9 to 36.3% within the same period. The depth and severity of poverty can also be seen in the proportion of income spent on consumption. The core and moderately poor spent 75 and 73% of total income for consumption purposes, respectively, while the non poor spent only 53% of total income on consumption. This is more or less an indication that the economy is still largely underdeveloped.

It cannot be gainsaid that poverty is the bane of rural development in Nigeria considering its limitation on

economic growth, human capacity development, standard of living and efficiency and production of labour. The rural areas are characterized by social, economic, cultural, political and environmental deprivation. Among other things, the rural areas are plagued with vicious cycle of poverty, that is, low income, low productivity, low savings, low capital formation, low investment and back to low productivity. One of the most crucial problems of rural development is lack of rural credit facilities from the formal financial institution because of their inability to provide required collateral securities. On the other hand, credit facilities from the informal sectors are often accompanied with high interest rates which make it unprofitable for the poor small holders. Therefore, the introduction of micro finance in the rural areas will go a long way to break the vicious cycle of poverty and hence accelerate the pace of development among the rural dwellers.

In view of the above, the study aims at examining the influence of the Ondo State Micro Credit as packaged under State economic empowerment development strategy (SEEDS) on the incidence and level of poverty in some selected rural areas of Ondo State. Among other things, the study also considers the socioeconomic characteristics of beneficiaries and the impact of the scheme on some selected socio-economic variables of respondents.

## Literature review

Poverty has become a general phenomenon that is perceived to mean different things to different people at different times and places. Ogwumike (2001) defined poverty as a situation where a household or an individual is unable to meet the basic necessities of life, which include consumption and non-consumption items, considered as minimum requirement to sustain livelihood. Ogwumike (2001) and Odusola (2001) referred to poverty as a condition of deprivation which could be in form of social inferiority, isolation, physical weakness, vulnerability, powerlessness and humiliation.

Literatures have not really been able to give a general consensus as to the meaning and definition of poverty. This may not be unconnected with the fact that poverty affects various aspects of man which are more physical, moral, economic, political, social, religious, cultural and psychological. It is a state of any form of involuntary deprivation that a person, household and society can be subjected to.

Generally, a person's perception of poverty is a function of his present experience, condition of his environment, the aim of such definition, his vocation and his definition of the good life. For instance, the perception of poverty by the poor will be quite different from that of the rich. Moreover, the perception of an economist will be quite different from that of the house wife or an illiterate person. According to Babashola (1997) the perception of

poverty is relative to country, people and continent. Find below some selected definition of poverty: Ojo (1995): Poverty is manifested in form of hunger which when protracted results in famine, Desai (1992): Lack of capabilities to carry out certain activities which may include capabilities to live long and ensure reproduction, capabilities for healthy living and social interaction and capabilities to have knowledge and freedom of expression and thought, Demery and Squire (1996): Inability to meet basic nutritional needs, lack of good education, health, life expectancy and high child mortality rate. Others such as Madinagu (1999), Oladunni (2001) and Englama and Bamidele (1997) defined poverty as a state of lack of adequate basic necessities of life such as food, clothing, shelter; inability to meet social and economic obligations, lack of gainful employment, skills, assets and self esteem, limited access to social and economic infrastructure such as education, health, portable water and sanitation. There have been many write-ups on the definition of poverty. However, one could summarize the definition of poverty as a state of lack or pronounced deprivation. The first refers to lack of basic needs and social and economic infrastructures and the second is the inability to live the life one desires as a result of ill-health, economic dislocation and bad weather; all of which weakens a person's bargaining power and reinforces a person's ill-being.

Various factors have been identified as being responsible for poverty in Nigeria. The report by the World Bank Poverty Task Force in 2002 identified the following as the major causes of poverty in Nigeria and other African countries viz:

1. Inadequate access to employment opportunities.
2. Inadequate physical assets such as land and capital, minimal access to credit.
3. Inadequate access to means of supporting rural development in poor regions.
4. Inadequate access to market.
5. Low endowment of human capital.
6. Lack of participation in the design of development programmes.

Akeredolu and Sheffiden (1997) in their theories, that is, power, capitalist, individual attribute and corruption theories identified the following as the major causes of poverty in Nigeria.

1. The structure of political power which empowers the ruling class to determine the allocation of opportunities, incomes and wealth which in most cases is used to its advantage.
2. The crude exploitation of workers through low wages and poor conditions of service thus leading to the pauperization of the working class.
3. Lack of motivation, aptitudes and abilities on the part of the individual.

#### 4. Mismanagement of resources by the constituted authority.

The devastating effects of poverty can not be overemphasized. The World Health Organisation (WHO) described poverty as the world's deadliest disease and suffering which wields its destructive influence at every stage of human life, from the moment conception to the grave. Poverty has the capability of bringing untold hardship to its victims. One can conclusively say that poverty is dehumanizing. The poor has no voice in the society, no access to good health, facilities, education and other social amenities. He is simply involved in what can be described as misery-go-round syndrome. This calls for urgent attention of any development oriented government. Hence the various governments have evolved many programmes to alleviate poverty among her populace. Such programmes include directorate of food, roads and rural infrastructures, better life/family support programme, national directorate of employment, the petroleum trust fund, people's bank, community bank, mass transit programme and family economic advancement programmes. However, these programmes only succeeded in partially improving the living conditions of the populace. They were unable to yield the desired results of alleviating poverty in the country. This could be because the concept of poverty is not only concerned with economic matters but also social and political issues. Moreover, problems such as bureaucracy, government ineptitude, lack of funds, political instability and wrong perception of the programmes contributed immensely to the failure of most of the programmes.

#### The concept of rural areas

Roldfield and Goss (1977) in their classical work on the "Little Community" differentiated between what they called the urban and the rural area. They identified minimum social characteristics of rural areas and concluded that all societies that exhibit social characteristics that differ from such are urban areas. They therefore described the rural area as a society that is small, isolated, non-literate and homogeneous with a strong sense of group solidarity. According to Fasoranti (2008), the ways of living are conventionalized into coherent system which is called culture; behaviour is traditional, spontaneous, uncritical and personal.

The largest proportion of Nigeria's population are rural dwellers characterized with low standard of living, low level of education, lack of access to standard social infrastructures, low income, savings and investments. Ojo (1995) described this situation as a manifestation of the vicious cycle of poverty. Demographically, UNESCO defined any area with a population of less than 20,000 as community. This is also accepted by the 1991 Nigerian population census. The rural areas are made up of the aged, adolescent/youths and children. The concentration

of schools, industries, opportunities for paid jobs and modern social facilities in urban areas contributed to the rapid depletion of the rural areas. Among other things, the rural areas are majorly agricultural and thus constitute the basis of agricultural production in the country. Given this central place of the rural areas in national development, it is imperative to put in place programmes that will address the basic problems affecting the areas. Hence the introduction of poverty alleviation programmes packaged as national economic empowerment development strategy (NEEDS), SEEDS and local economic empowerment development strategy (LEEDS) operated by the federal, state and local governments respectively.

#### Concept of micro credit

The CBN defines micro-credit as the provision of credit services to those who are not traditionally served by the conventional financial institutions. It could thus be defined as the provision of small loans that are repaid within short period of time to those that lack collaterals. The major purpose of micro credit is to build up capacities for wealth creation among enterprising poor and to provide sustainable sources of livelihood to rural dwellers.

The practice of micro-credit dated back several centuries in Nigeria. From time immemorial, there have been traditional microcredit providers such as 'esusu', 'ajo', savings collection and traditional cooperative societies. These are informal self-held groups which provided credit to low income earners. In order to consolidate the efforts of such informal credit providers and also to enhance the flow of financial services to the rural areas, the government at various levels initiated series of credit programmes. Examples include rural banking programme, sectoral allocation of credit, agricultural credit guarantee scheme (ACGS), the establishment of the Nigerian agricultural and cooperative bank, the people's bank and a host of others.

The creation of the Ondo State Micro-Credit Scheme (OSMA) was one of the major policies of the government to alleviate poverty in the state. The poverty alleviation package consists of capacity building through skill acquisition, entrepreneurial development training programme, gainful employment for the youth through the Youth-in-Agriculture Programme (YIAP) and financial empowerment through the various micro-credit schemes.

Since the creation of the state in 1976, various micro-credit schemes were introduced by various administrations. Record has it that about ₦56 million was expended between 1976 and 2003 (OSMA, 2007). However, the schemes were bedeviled with many problems such as inadequacy of funds, poor recovery mechanism and wrong perception of the programme by the recipients. These inadequacies prompted the present administration to evolve a well coordinated, functional and people-centred Ondo State Micro Credit Agency (OSMA) with the sole aim of coordinating credit delivery and recovery

**Table 1.** Age distribution of respondents.

| Age bracket  | Frequency | Percentage |
|--------------|-----------|------------|
| 26 - 30      | 16        | 13.3       |
| 31 - 35      | 22        | 18.3       |
| 36 - 40      | 40        | 33.3       |
| 41 and above | 120       | 100        |

**Table 2.** Educational status of respondents.

| Educational status   | Frequency | Percentage |
|----------------------|-----------|------------|
| Primary school       | 48        | 40         |
| Secondary school     | 40        | 33.3       |
| Tertiary institution | 32        | 26.7       |
| Total                | 120       | 100        |

in the state.

Presently, OSMA operated 14 credit windows for accessing over ₦3 billion made available by the government under the following schemes:

1. Micro enterprises loan schemes
2. Ondo State Agricultural Development Trust Fund
3. Entrepreneurial Development Training Programme
4. Ondo State Oil Producing Area Development Commission (OSOPADEC) loan programme
5. Resettlement loan scheme
6. Tricycles Youth Empowerment Scheme
7. Ondo State Palliative Loan Scheme
8. Public Officers' Loan Scheme
9. Local Government Staff Loan Scheme
10. Youth Empowerment Programme through GSM.
11. Ondo State Government Micro Finance Institution (ODSG-MFI) Loan Scheme.
12. Women Fund for Economic Empowerment (WOFEE) and Sundry Loan Scheme.

The major target of OSMA is the low income earners and the rural dwellers. The primary objective is poverty alleviation by stimulating appropriate economic activities in the various local government areas with a view to raising the level of productivity. This study therefore examines the activities of OSMA and their role in poverty alleviation in the state.

## METHODOLOGY

The study area: The study was conducted in Akoko North West of Ondo State. The area is made up of Arigidi, Irun, Ogbagi, Isinsin, Ajowa, Oyin, Afin, Okeagbe. The people of the area are majorly engaged in the production consumption and processing of crops such as cassava, yam, maize, kola nuts and cocoa among others. Other practicing occupations include petit trading, barbing, fashion

designing, hair dressing and handicraft. The people are mostly of the Yoruba race who shares common language and culture.

## Sources and nature of data and sampling method

The study employed two sources of data collection viz primary and secondary sources. The secondary sources included relevant academic journals, text books, Central Bank Publications and Ondo State Micro Credit Agency Publications. The primary sources involved the use of well-structured questionnaire administered on 120 randomly selected respondents from Arigidi and Okeagbe. The two towns selected are mostly involved in the micro-credit scheme. Information was collected on variables such as age, educational status, sex, marital status, occupation, types of residence, consumption pattern, savings and income of respondents among others.

## Method of data analysis

The data collected were analysed with the aid of qualitative methods which include the use of tables, frequency distribution and percentage distribution.

## Data analysis

### Socio-economic characteristics of respondents

#### Age distribution of respondents

Findings in Table 1 showed that 13.3% of total respondents were below age 30; 51.6%, between age 30 and 40 years while 35.1%, above 40 years. The mean age was about 33 years. This shows that a large number of recipients are still in their economically active years which may imply high level of productivity, all things being equal. This is also an indication that a high proportion of the active labour force was not economically employed before the introduction of poverty alleviation programmes in the study area.

#### Educational distribution of respondents

Table 2 showed that all respondents possessed formal education. Findings showed that 40, 33.3 and 26.7% had primary, secondary and above secondary education, respectively. From "a priori" expectation, this is expected to improve the performance of the beneficiaries of the poverty alleviation programmes. Nevertheless, majority of the respondents had only primary school education.

#### Occupational distribution of respondents.

The occupational distribution represented in Table 3 showed that 25, 16.7, 19.1% were civil servants, farmers and traders, respectively, while 39.2% had no specific occupation.

**Table 3.** Occupational distribution of respondents.

| Occupation    | Frequency | Percentage |
|---------------|-----------|------------|
| Civil service | 30        | 25         |
| Farming       | 20        | 16.7       |
| Trading       | 23        | 19.1       |
| Unemployed    | 47        | 39.2       |
| Total         | 120       | 100        |

**Table 4.** Types of residence.

| Type of Residence  | Frequency | Percentage |
|--------------------|-----------|------------|
| Flat               | 9         | 7.5        |
| Face-me-I-face-you | 111       | 92.5       |
| Total              | 120       | 100        |

**Table 5.** Health institutions attended by respondents.

| Health Institution | Frequency | Percentage |
|--------------------|-----------|------------|
| Private hospital   | 10        | 8.3        |
| Public hospital    | 52        | 43.4       |
| Herbal homes       | 27        | 22.5       |
| Self medication    | 18        | 15         |
| Prayer house       | 13        | 10.8       |
| Total              | 120       | 100        |

**Table 6.** Consumption pattern of respondents.

| Consumption Pattern | Frequency | Percentage |
|---------------------|-----------|------------|
| Carbohydrate        | 60        | 50         |
| Protein             | 18        | 15         |
| Fruits              | 39        | 32.5       |
| Vitamins            | 3         | 2.5        |
| Total               | 120       | 100        |

## Respondents by their poverty indices

### Types of residence

Findings represented in Table 4 show that 92.5% of total respondents lived in "face-me-I-face-you" kind of house while 7.5% lived in flat.

### Health institution attended by respondents

Table 5 shows that 8.3, 43.4, 22.5, 15 and 10.8% obtained medical care from private hospitals, public hospitals, herbal homes and prayer houses, respectively,

**Table 7.** Feeding pattern of respondents.

| Feeding pattern | Frequency | Percentage |
|-----------------|-----------|------------|
| 1-1-1           | 21        | 17.5       |
| 1-0-0           | 9         | 7.5        |
| 0-0-1           | 9         | 7.5        |
| 0-1-1           | 39        | 32.5       |
| 1-0-1           | 42        | 35         |
| Total           | 120       | 100        |

**Table 8.** Cooking methods of respondents.

| Cooking materials | Frequency | Percentage |
|-------------------|-----------|------------|
| Firewood          | 42        | 35         |
| Charcoal          | 26        | 21.7       |
| Sawdust           | 6         | 5          |
| Kerosene stove    | 38        | 31.7       |
| Electrical stove  | 8         | 6.6        |
| Total             | 120       | 100        |

while 15% employed self medication. The high percentage attending public hospitals, herbal homes and prayer houses shows level of poverty in the study area.

### Consumption pattern of respondents

Results in Table 6 showed that 50% of respondents fed majorly on carbohydrate while 15, 32.5 and 2.5% included protein, fruits and vitamins in their food intakes, respectively. This portends danger to the health of the people living in the study area.

### Feeding pattern of respondents

Result showed that 67.5% of the respondents ate two times per day missing either break fast or lunch, 15% ate once per day while 17.5% ate 3 square meals per day (Table 7).

### Methods of cooking

Cooking in the study area was majorly done through the traditional methods, that is, the use of fire wood, kerosene and charcoal. Only a handful of people used electrical stove and sawdust. Table 8 showed that 35, 21.7, 5, 31.7 and 6.6% used firewood, charcoal, sawdust, kerosene stove and electrical stove, respectively.

### Educational institution attended by children

Table 9 shows that 68.3% of total respondents enrolled their children in public schools while only 31.7% sent their

**Table 9.** Educational institution attended by children of respondents.

| Institution    | Frequency | Percentage |
|----------------|-----------|------------|
| Private school | 38        | 31.7       |
| Public school  | 82        | 68.3       |
| Total          | 120       | 100        |

**Table 10.** Activities of OSMA.

| Activities                    | Frequency | Percentage |
|-------------------------------|-----------|------------|
| Micro credit loan             | 39        | 32.5       |
| Agricultural development loan | 1         | 0.8        |
| Entrepreneurial development   | 32        | 26.7       |
| Micro enterprises loan        | 10        | 8.3        |
| Tricycles/youth empowerment   | 13        | 10.8       |
| Ondo State parliative loan    | 2         | 1.7        |
| Public officers' loan         | 8         | 6.8        |
| Local government staff loan   | 13        | 10.8       |
| Sundry loan                   | 2         | 1.6        |
| Total                         | 120       | 100        |

**Table 11.** Amount of loans by respondents.

| Amount of Loan      | Frequency | Percentage |
|---------------------|-----------|------------|
| Under N250,500      | 69        | 57.6       |
| N250,500 - N500,500 | 12        | 10         |
| Above N500,500      | 1         | 0.8        |
| N1million and above | 1         | 0.8        |
| None                | 37        | 30.8       |
| Total               | 120       | 100        |

children to private schools. This may not be unrelated to the high fees paid in private schools and the inability of parents to pay such.

### Operations of the Ondo State Micro Finance Agency (OSMA) in the study area

#### Type of loans obtained

OSMA operated a wide range of credit windows in the study area. Hence an average person in the study area has various opportunities to improve his/her credit base. Table 10 shows the various credit windows. The table shows that 32.5 and 26.7% obtained micro credit loans and entrepreneurial development loans respectively.

#### Amount of loans granted to respondents

The amount of loans granted to beneficiaries ranged

between ₦5,000 and ₦5, 000000. Table 11 shows that 57.5% obtained loans less than ₦250,000 while 1.7% had over ₦ 500,000. However, 30.8% of total respondents did not obtain any loans for reasons not explained. The security collateral required was a function of the type of loan obtained. OSMA required 25 and 10% of loans obtained as down payment depending on the size of the loans. However, there were some that required no deposit. Findings showed that majority, that is, 76.8% of total respondent paid 10% of loans received as collateral, 0.7% paid 25% of loans received while 22.5% required no collateral security.

Loans were obtained for diverse purposes such as trading, farming, transportation, hair dressing and barbing saloons. The duration of loans obtained ranged between twelve and forty-eight month. Among other things, profits from such loans were used majorly in paying children school fees while few respondents used such to procure fixed assets.

### Influence of micro-credit on selected macro economic variables of respondents

The study showed marked improvement in major macro economic variables of the respondents. Such variables are levels of income, savings, expenditures on consumption and acquisition of fixed assets. For example, Table 12 showed that 48, 73 and 32.5% had income, savings, consumption expenditures and assets of less than ₦5,000, respectively, while 52, 27, 40 and 67.5% had over ₦5,000 as income, savings, consumption expenditures and fixed assets before the introduction of micro-credit in the study area. However, after the micro-credit, the situation changed. The table showed that 33, 42.5, 31.7 and 17.5% has income, savings, consumption expenditures and fixed assets of less than ₦5,000 while 67, 57, 31.7, and 17.5% has income, savings, consumption expenditures and fixed assets of less than ₦5,000, and 67, 57.5, 68.3 and 82.5% had income savings, consumption expenditures and fixed assets above ₦5,000, respectively. These findings show that the introduction of micro-credit in the study area brought great improvement in the living standards of the respondents.

### Perception of micro credit scheme by respondents

The perception of the micro credit scheme by the respondents is presented in Table 13. The table shows that 53% of total respondents agreed that the programme was specifically designed to favour the poor while 43% were undecided, and 3% disagreed. However only 20% agreed that most people benefited from the programme while 75.8% disagreed and 4.2% undecided. This is an indication that a large percentage of target population remained uncovered by the scheme. In the same vein,

**Table 12.** Influence of macro-credit on selected macro-economic variables.

| Variable                       | Before the loan |            | After the loan |            |
|--------------------------------|-----------------|------------|----------------|------------|
|                                | Frequency       | Percentage | Frequency      | Percentage |
| <b>Income</b>                  |                 |            |                |            |
| Below 5,000                    | 58              | 48         | 40             | 33         |
| 5001 – 10,000                  | 15              | 13         | 24             | 20         |
| 10001 – 20,000                 | 5               | 4          | 22             | 18         |
| 20,001 – 30,000                | 21              | 18         | 10             | 8          |
| 30,001 – 40,000                | 12              | 10         | 14             | 12         |
| 40,001 – above                 | 9               | 8          | 10             | 8          |
|                                | 120             | 100        | 120            | 100        |
| <b>Savings</b>                 |                 |            |                |            |
| Below 5,000                    | 88              | 73         | 51             | 42.5       |
| 5001 – 10,000                  | 21              | 18.27      | 30             | 25         |
| 10001 – 20,000                 | 8               | 7.         | 17             | 14.2       |
| 20,001 – 30,000                | -               | 3          | 10             | 8.3        |
| 30,001 – 40,000                | -               | -          | 11             | 9.2        |
| 40,001 – above                 | -               | -          | 1              | 0.8        |
|                                | 120             | 100        | 120            | 100        |
| <b>Expenditure consumption</b> |                 |            |                |            |
| Below 5,000                    | 72              | 60         | 38             | 31.7       |
| 5001 – 10,000                  | 31              | 25.8       | 32             | 26.7       |
| 10001 – 20,000                 | 12              | 10         | 30             | 25         |
| 20,001 – 30,000                | 4               | 3.4        | 13             | 10.8       |
| 30,001 – 40,000                | 1               | 0.8        | 5              | 4.1        |
| 40,001 – above                 | -               | -          | 2              | 1.6        |
|                                | 120             | 100        | 120            | 100        |
| <b>Fixed asset</b>             |                 |            |                |            |
| Below 5,000                    | 39              | 32.5       | 21             | 17.5       |
| 5001 – 10,000                  | 28              | 23.3       | 35             | 29.1       |
| 10001 – 20,000                 | 20              | 16.6       | 28             | 23.3       |
| 20,001 – 30,000                | 15              | 12.5       | 12             | 10         |
| 30,001 – 40,000                | 11              | 9.1        | 14             | 16.7       |
| 40,001 – above                 | 7               | 5.8        | 10             | 8.4        |
|                                | 120             | 100        | 120            | 100        |

Source: Field Survey, 2008.

41.7% was of the opinion that OSMA has not achieved his objection, 18.3% agreed while 40% had no opinion. Perhaps this was because the role of the scheme could not be visibly identified, despite the intensive and wide publicity attention given the scheme all over the state.

Nevertheless, 62.5% of total respondents agreed that the scheme has increased the living standard of the people in the study area as reflected in the improvement in the levels of income, savings, consumption expenditures and acquisition of assets. As for the major limitation of the scheme, 61.7% identified politics as a bane on poverty alleviation programme in the area. There is the

general belief that only members of certain political parties had access to the benefits of the scheme. Generally, 20.8, 30.9, 47.5 and 0.8% rated the performance of the scheme as good, poor, fair and excellent, respectively (Table 14).

### Summary, recommendations and conclusion

The study examined the effects of micro-credit scheme on poverty alleviation among rural dwellers in Akoko North West Local Government Area of Ondo State. With

**Table 13a.** Perception of micro-credit scheme by respondents.

| Respondent        | Frequency | Percentage | Total |
|-------------------|-----------|------------|-------|
| Strongly agree    | 42        | 35         | 77    |
| Agree             | 22        | 18         | 40    |
| Uncertain         | 53        | 43         | 96    |
| Disagree          | 2         | 2          | 4     |
| Strongly disagree | 1         | 1          | 2     |
| Total             | 120       | 100        | 220   |

Source: Field survey, 2008.

**Table 13b.** Most of the citizen in Ondo state that benefited from the scheme (OSMA).

| Respondent        | Frequency | Percentage | Total |
|-------------------|-----------|------------|-------|
| Strongly agree    | 10        | 8.3        | 18.3  |
| Agree             | 14        | 11.7       | 25.7  |
| Uncertain         | 5         | 4.2        | 9.2   |
| Disagree          | 57        | 47.5       | 104.5 |
| Strongly disagree | 34        | 28.3       | 62.3  |
| Total             | 120       | 100        | 220   |

Source: Field survey, 2008.

**Table 13c.** The Ondo State Micro-Finance Agency has achieved its objectives.

| Respondent        | Frequency | Percentage | Total |
|-------------------|-----------|------------|-------|
| Strongly agree    | 0         | 0          | 0     |
| Agree             | 22        | 18.3       | 40.3  |
| Uncertain         | 48        | 40         | 88    |
| Disagree          | 32        | 26.7       | 58.7  |
| Strongly disagree | 18        | 15         | 33    |
| Total             | 120       | 100        | 220   |

Source: Field survey, 2008.

**Table 13d.** The Ondo State Micro-Finance Agency Programme has increase the standard of living of most Ondo State citizen.

| Respondent        | Frequency | Percentage | Total |
|-------------------|-----------|------------|-------|
| Strongly agree    | 29        | 24.2       | 53.2  |
| Agree             | 46        | 38.3       | 84.3  |
| Uncertain         | 35        | 29.2       | 64.2  |
| Disagree          | 7         | 5.8        | 12.8  |
| Strongly disagree | 3         | 2.5        | 5.5   |
| Total             | 120       | 100        | 220   |

Source: Field survey, 2008.

the aid of well structured questionnaire, data were collected from 120 respondents randomly selected from

**Table 13e.** Political instability is a bane on poverty alleviation programme.

| Respondent        | Frequency | Percentage | Total |
|-------------------|-----------|------------|-------|
| Strongly agree    | 27        | 22.5       | 49.5  |
| Agree             | 47        | 39.2       | 86.2  |
| Uncertain         | 32        | 26.7       | 58.7  |
| Disagree          | 12        | 10         | 22    |
| Strongly disagree | 2         | 1.6        | 3.6   |
| Total             | 120       | 100        | 220   |

Source: Field survey, 2008.

**Table 14.** Evaluation of micro credit by respondents.

| Respondent | Frequency | Percentage | Total |
|------------|-----------|------------|-------|
| Good       | 25        | 20.8       | 45.8  |
| Poor       | 37        | 30.9       | 67.9  |
| Fair       | 51        | 47.5       | 104.5 |
| Excellent  | 1         | 0.8        | 1.8   |
| Total      | 120       | 100        | 220   |

Source: Field survey, 2008.

two towns where the scheme was practiced. Data collected included age, educational status, major occupation, savings, income, asset acquisition and poverty indices among others. The data collected were analyzed with the aid of descriptive statistics.

Findings showed that poverty was high among the economically active age bracket as the mean age was 33.3%. Also, it was revealed that all respondents possessed formal education though 40, 33.3, 26.7% had primary, secondary and tertiary education respectively. Moreover, 39.2% of total respondents had no specific occupation before the inception of the micro credit scheme. Moreover, analysis of major poverty indices showed that the incidence of poverty was high in the study area. Among other things, the scheme has positive influence on major macro economic variables such as income savings, consumption expenditures and asset acquisition of respondents in the study area. The general perception of the people is that the programme was primarily designed to favour the poor. However, 75.8% were of the opinion that the majority of the target population has not actually benefited from the programme. The major limitation identified in the study area was partisan politics which hindered easy access to the scheme. Generally, 20.8, 30.9, 47.5 and 0.8% rated the programme as good, poor, fair and excellent, respectively.

The study therefore recommends a wider coverage of the state by the scheme. Moreover, the scheme should be divorced from politics so as to achieve the set goals of the programmes. Generally, the benefits from the



programme should be intensified by mandating beneficiaries to invest profits in economic activities.

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