Journal of Good Governance and Sustainable Development in Africa, Vol. 2, No 1, Jan., 2014
Website: http://www.rcmss.com ISSN: 2346-724X (Print) ISSN: 2354-158X (Online)
Agba, A. M. Ogaboh; Stephen Ocheni; Festus Nkpoyen, 2014, 2(1): 1-13

Microfinance Credit Scheme and Poverty Reduction among Low-Income Workers in Nigeria

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Manuscript ID: RCMSS/JGGSDA/13001

Abstract

The duty of industrial sociologists/social scientists is not limited to observing the morphology and social interactions in formal organizations; it include the critical assessment of government policies, programmes, schemes and how they affect workers welfare. This study therefore examines the effect of microfinance credit scheme on poverty alleviation among low-income workers in Nigeria. To achieve this objective, the study elicited data through structured questionnaire from 540 purposively selected respondents. The participants were selected from nine (9) local government areas in Akwa Ibom State; 3 from each Senatorial District of the state. Data obtained was analyzed using Pearson product moment correlation. Findings reveals that, microfinance credit scheme increases low-incomes workers access to credit facilities and promote their engagement in small and medium enterprises as well as enhance their ability to savings. We recommended among others that government should make policies that promote the growth and sustenance of microfinance credit scheme in the country; and that government should intensify awareness among low-income workers to enable them take full advantage of the scheme.

Key words: *Microfinance, microcredit scheme, poverty alleviation, low-income workers, and workers welfare.*

Introduction

Poverty has been recognized as a universal social problem that commands the attention of governments and international organizations. Poverty here entails a condition characterized by severe deprivation of basic human needs including food, safe drinking water, sanitation facilities, health, shelter, education and information (World Summit for Social Development, 1995). It includes people who earn and spend less than one US Dollars per day. It is lack of, or inadequate access to social services (Agba et al, 2009). Nigeria over the past five decades has embarked on various health, economic, educational, political, cultural and social reforms that are either home initiated or as a response to international agreed on poverty reduction. Despite government efforts, the incidence of poverty in Nigeria has been galloping since the 1980s (Agba et al, 2009). Statistics shows that poverty level on Nigeria move from 28.1 percent in 1980 to 46.3 percent in 1985; it escalated to 65.6 percent in 1996 and 71.3 percent in 2005 (Central Bank of Nigeria, 2005 [a&b]; Onyeagba, 2008). Plethora of literature continue to show that over 70 percent of Nigerians live on less than one US Dollar per day only better than Mali 73 percent, compared to Ghana 45 percent and Brazil 8 percent. In 2002 according to Ekong (2003), over 70 percent of Nigerians were still living below the international poverty line despite government's multiple poverty alleviation programmes.

Consequently, on December 15, 2005, the federal government of Nigeria launched microfinance credit scheme as a milestone towards eradicating poverty in the country. The scheme was introduce under the microfinance policy regulatory and supervisory framework as a potent tool of poverty reduction in the country. Microfinance credit scheme formed a vital component of already existing poverty reduction programmes. The scheme was designed to add or spice up programmes such as national Poverty Eradication Programme (NAPEP), National Economic Empowerment and Development Strategy (NEEDS), National Directorate of Employment (NDE) among others (Ike, 1996; Okiti & Nwachukwu, 2008).

Microfinance credit scheme was introduce to create universal access to loan for a significant number of low-income persons as well as stimulate and sustain their socio-economic welbeing (Nwigwe, Omonona & Okoruwa, 2012). The scheme serves as the gateway through which low-income household get easy access to financial assets in the country. Microfinance credit scheme mediate the delivery of small credits, low interests and non-collateral loans to poor households in many developing countries (Aryetey, 2005; Olomola, 2008). It is a strategic plan in building global financial system that meets the financial and developmental needs of a vast majority of poor people across the world. It is a potent tool for solving multiple socio-economic problems that challenge the survival of poor persons in Nigeria (Okon, Etim, Offiong, 2012; Nwigwe, Omonona & Okoruwa, 2012).

More than half a decade of the introduction of the microfinance credit scheme in Nigeria, its efficacy in addressing poverty especially among low-income workers remains a debatable issue. According to Akinji (2006), despite the operations of microfinance credit scheme in Nigeria, poverty level in the country especially among low-income workers continues to increase greatly because of the limited knowledge of the poor who are supposed to benefit from the scheme. According to Nelson and Nelson (2010), the eloquent fact that poverty level in Nigeria is increasing in the face of many microcredit schemes is worrisome. The near absence of empirical data on the effectiveness of microcredit scheme in reducing poverty in the country is even more an issue. The concern of this study therefore is not only to examine the effect of microfinance credit scheme on poverty reduction among low-income workers, but to general empirical data that would support concrete policy design and implementations in Nigeria.

Literature Review

Low-income Workers and Poverty Trend in Nigeria

A large proportion of Nigerian workers whether in the public or private sector are low-income earners. They earn wages that are only enough to multiply their race. The Nigerian workers especially low-income employees received starvation wages, and over 75 percent of them live in abject poverty. Hundreds of thousands of them live in rotten tenements and cannot afford adequate medical services. It is increasingly difficult for these set of workers to send their children to school. It is even more difficult for them to survive in the face of increasing inflation of about 14 percent (Nigeria Labour Congress, 2009; Cheeka, 2009; Agba & Ushie, 2013). The precarious situation of low-income workers in Nigeria is even more worrisome as they have to support and cater for dependent relatives. The Nigerian worker in generally one of the least paid in sub-Saharan Africa (SSA). The Nigerian worker earns an average of 550 US Dollar per annum only above countries like Madagascar, Malawi and Democratic Republic of Congo (DRC). Being a low-income worker in Nigeria means signing bond with poverty (Agba & Ushie, 2013).

The low-income worker in Nigeria is afraid of retiring and facing uncertainty of life, in a society with gross absence of social security. The cumulative effect of low-income is the geometric increase in poverty level in Nigeria. Microcredit schemes in Nigeria were design to obstruct the incidence of poverty especially among disadvantage workers. The introduction of microfinance credit scheme in 2005 is even a step further in alleviating poverty among low-income workers in the country. Investigating the efficacy of microfinance credit scheme in reducing poverty among low-income workers is imperative and urgent.

Microfinance Credit Scheme and Microfinance Bank

Microfinance credit scheme is a strategic plan of government to use microfinance policy, regulatory and supervisory framework to create a sustainable vehicle for the provision of microfinance services to millions of the active poor all over Nigeria (Okoti & Nwachukwu, 2008:1). It is grand departure from the traditional commercial banking system in Nigeria, which lends money or provide credit facilities to medium and large-scale enterprises who are judged to be credit worthy based on available collateral. Microfinance credit scheme are established to provide microcredit to customers or clients with or without collateral (Anyanwu, 2004).

Microfinance credit scheme are designed to improve the socio-economic conditions of low-income earners (Babajide & Taiwo, 2011). The scheme achieves this objective through the provision of vital services such as loans, skill acquisition, reproductive health services, adult literacy and child education. The scheme enables entrepreneurs to take full advantage of socio-economic opportunities available in their localities (Ataguba & Olomosegun, 2012). Microfinance institutions/banks are vital organ of the microfinance credit scheme in Nigeria. The implementation of microfinance credit scheme lies significantly on the effectiveness of microfinance institutions.

According to Onyeagba (2008), microfinance institutions are established to provide microcredit loans to low-income earners and economically active poor across Nigeria. This was occasioned by the realization by government that a large proportion low-income groups and indeed active poor are not taken care of by the traditional commercial banking system that characterized the country. This is because these categories of persons cannot afford collateral required by regular commercial banks before loans are granted or accessed.

The introduction of community banks under the Community Banks Act No. 46 of 1990 marked the beginning of formal microfinance banking in Nigeria. To ensure effective service delivery to the poor especially in rural areas, the Central Bank of Nigeria in 2005 inaugurated the National Microfinance Policy (NMP), which transformed existing community banks all over the country into Microfinance Banks (MFBs). Community Banks that could not meet the capitalization programme were denied operational license (CBN, 2006 [a&b]). It worth noting that informal microfinance institutions in Nigeria still operates alongside formal ones. Informal microfinance institutions are established by traditional groups and these institutions provide credit facilities and encourage savings for the mutual benefit of members. Prominent informal microfinance institutions in Nigeria are – *Adashi* among Hausas; *Esusu* among the Igbos and *Etoto* among the Yorubas (CBN, 2000).

Microcredit Schemes and other Poverty Reduction Programmes in Nigeria

Microcredit schemes are adjudged as a solution to multiple social problems facing many countries today. It provides a new paradigm for thinking about social and economic development (Fisher & Sriram, 2002). With this understanding, successive government in Nigeria introduced a number of microcredit schemes/programmes to address the many problems facing the poor in the country. These programmes/schemes include – Agricultural Development Programmes (ADPs), Better Life for Rural Dwellers, rural Banking Scheme (People's Bank and Community Bank now called Microfinance Banks), National

Directorate of Employment (Nwigwe, Omonona & Okoruwa, 2012). Others are National Poverty Eradication Programme (NAPEP) and Bank of Industries (Agba, et al (2009).

The Nigerian Agricultural and Cooperative Banks (NACB), Agricultural Credit Guarantee Scheme and other sectorial allocation to credit schemes in Nigeria are other efforts by governments to reduce the incidence of poverty in Nigeria (Arizona-Ogwu, 2008; Abraham & Balogun, 2012). Family Economic Advancement Programme was also introduce by government to obstruct the spread of poverty, and alleviate the sufferings of those who are trip by the scourge/vicious cycles of poverty.

Since poverty is a multi-dimensional phenomenon with diverse causes and consequences, it requires multiple strategies to eradicate; consequently, government poverty alleviation programmes over the years has not been limited to microcredit scheme. Thus, other programmes geared towards alleviating poverty in Nigeria although some have in them elements of microcredit scheme, include Operation Feed the Nation (OFN) in 1976, River Basin and Rural Development Authorities in 1978, Green Revolution Programme (GRP) in 1980, Directorate for Food Road and Rural Infrastructure (DIFRRI) in 1986, Mass Mobilization for Social and Economic Reconstruction. Others are Universal Basic Education (UBE), Petroleum Special Trust Fund (PTF), Low Cost Housing Fund Scheme, National Agricultural Land Development Authority, National Housing Fund (NHF) and National Agencies for Mass Literacy (Ottong, 2006; Phil-Eze, 2008; Agba et al, 2009).

Microcredit Scheme and Poverty Reduction

Plethora of literature shows that microcredit schemes are potent tool for poverty reduction across the world (Izugbara, 2004). However, in Nigeria, the benefits of microcredit schemes are yet to be fully realized. According to Iheduru (2002), Mohammed and Hassan (2008) the efficacy of microcredit schemes in alleviating poverty in Nigeria has been very minimal largely because of lack of government and other operatives commitments.

Ottong (2006) and Agba et al (2009) posit that poverty has been prevalent in Nigeria, meaning that government efforts have failed to reduce poverty in the country. Reasons adduced for the failure of microcredit schemes in reducing poverty include – the experimental attitude of government, lack of proper implementation, poor funding, lack of experts, and lack of continuity. Others are programme hijacking by few elites, illiteracy, corruption and lack of sincerity of purpose.

Over the years, government because of the disadvantage groups has set significant number of public sector funded credit schemes. These include – Small Scale Industries Credit Scheme (SSICS), Economic Advancement Programme (FEAP), Small Medium Enterprises Loan Scheme (SIMES) (Okafor, 2006). These schemes according to Hague (2000) offers small loans to the poor to either initiate or expand income-generating activities in order to improve the livelihood of this disadvantaged group. Microcredit schemes create and enhance procedures that have resulted to high rates of savings mobilizations, ability to nurture a culture of commitment and self-reliance among low-income workers.

Microcredit scheme lends mostly to low-income workers. They lend small loans that require no collateral and are illiterate friendly with less paper work and convenient repayment schedules (Khandler, 1998). McGregor (2000) observe that, the convenience and other attributes of microcredit have gain microcredit scheme worldwide recognition as reliable instrument for combating poverty. McGregor (2000) posit that success stories of individuals and microcredit scheme the world over indicate that the scheme could be a viable tool for poverty reduction.

Pitt, Khandler and Cartwright (2003) observe that microcredit scheme play important role in poverty reduction, enterprise development, creating opportunity for savings, empowerment of vulnerable groups, promotion of gender equality, and the overall development of low-income persons in society. Johnson and Rogaly (1997), Mknelly and Dunford (2000) argue that microcredit retrieve low-income households from depths of deprivation and despair into hope, self-esteem and a sense of dignity. Hague (2000), Obitayo (2001), Carpenter (2001) and Fayorsey (2010) unanimously agreed that microcredit scheme is a panacea for poverty reduction among low-income earners. It has implications for low-income earners economic and social empowerment. It is a viable tool for improving the wellbeing of children of low-income workers.

Empirical studies by World Bank shows that a total of 2186 microfinance institutions gave loans to over 54.9 million clients out of which 26.8 million were very poor when they started the scheme. Over 4.5 million microfinance institutions exist in Africa and are significantly responsible for uplifting the livelihood of households across the continent. It reveals that households, that participate in microcredit schemes in Nigeria were able to improve their welbeing individually and collectively (Salehuddin, 2002; Nosiru, 2010).

Again, another World Bank study as reported by Husain (1998), Pitt and Khandler (1998) eloquently shows the wide-ranging effect of microcredit schemes on poverty eradication in Bangladesh. The study reveals that households who are beneficiaries of the scheme witness gradual improvement in areas of wealth acquisition, level of cash earned or income, revenue earning assets, per capital expenditure on food, cloths, house utensils and other consumables. These findings suggest that a large majority of low-income workers would have been worst off without microfinance or microcredit schemes.

Challenges of Microcredit Schemes in Nigeria

Microcredit scheme in Nigeria is bedevil by a number of factors. These factors include – corruption, lack/inadequate awareness, lack of collateral, poor loan repayments, socio-cultural practices, limited numbers of microfinance branches, poor staffing, and poor business proposals. Others are poor business strategies, ineffective regulatory oversight, improper planning, and limited financial base of microfinance institutions. It include poor access to land and poor monitoring and evaluations by top ranking stakeholders (Omorodion, 2007; Nwigwe, Omonona & Okoruwa, 2012).

Corruption is a single major obstacle to microcredit schemes implementation in Nigeria. It undermines the goals of microcredit schemes and weakens the effectiveness of social institutions that could have enable the efficacy of microcredit schemes in the country. It is largely responsible for the failure of social policies and programmes that would have graduated poor households from poverty (Agba, & Ushie, 2012).

Inadequate personnel constitute a high profile challenge to microcredit schemes in Nigeria. Agba and Ushie (2012) observe that lack of technical staff, and well experiences personnel impedes the smooth running of socio-economic programmes that are meant to alleviate poverty among a large number of poverty striven Nigerians. Omorodion (2007) posit that limited number of microfinance institutions limit the effectiveness of microcredit schemes; as supposed, beneficiaries have to travel a great deal of distances before accessing the services of microfinance banks/microcredit institutions. Other challenges to the scheme include lack of voice or advocacy from the end of the disadvantaged groups in Nigeria.

Theoretical Review

A great number of theories attempt to explain causes, consequences and way out of poverty. An attempt is made here to review some of them.

Social Structural Failure Theory of Poverty (SSTFTP)

This theory was propounded by Mark R. Rank, Hong-Sik Yoom and Thomas A. Herschl in 2003. *Social structural failure theory of poverty* emerges as a result of criticism label against *Personal Traits Theory of Poverty* (PTTP). SSTFTP opposed the opinion that a person is poor because of personal trait they possess. SSTFTP present a contrary view that opposed the idea that personal trait such as laziness, educational attainment and other traits account for why people are poor.

The main thrust of SSTFTP revolves around the idea that social structural failure is the major cause of poverty in society. Poverty is a product of failing at the structural level. Failure of social and economic structures contributes heavily to the incidence of poverty in society. For instance, the failure of the job market to provide adequate jobs with high pay, enough to cater for the welbeing of households could result to poverty (Rank, Yoom & Herschl, 2003).

SSTFTP posit that minimal net of social insecurity in society is cause by social structural failure, and this is a significant major contributor to poverty. It suggests that, poverty can be reduce in society by strengthening institutions that create high pay jobs. It include the establishment and maintenance of social safety framework that provides welfare services to members of society (Rank, Yoom & Herschl, 2003). This theory is relevant to the study because, microfinance credit scheme is a social structure that supports the provision of job especially within small and medium enterprises (SMEs) and could be a prime mover in the war against poverty in society.

Restriction of Opportunities Theory of Poverty (ROTP)

ROTP was pioneered by Arjun Appadurai in 2004 and developed upon by Dipkanar Chakravarti in 2006. ROTP posit that poverty is cause by unstable environmental conditions and lack of social and economic capital. The theory emphasized the influence of human environment on people's daily lives; and since people's lives are condition by their environment, the individual's daily decisions/actions are dependent upon what is present or what is not in the environment. As the poor continue to navigate within the environment of poverty, he/she develops fluency within the environment, but a near illiterate in the larger society or environment (Chakravarti, 2006).

Lack of capacities could cause an individual to enter the environment of poverty. This implies that, an individual who is poor lack adequate capacities with which to change his/her position. The capacity to inspire is paramount in this regard; the individual through social interactions develops aspirations that would change his/her socio-economic environment. It suggests that, a person's aspiration is conditioned by his/her environment. It therefore holds that, the better one is placed in his/her environment, the more chances he/she has to not only aspire but to fulfill his/her aspiration (Appadurai, 2004).

ROTP posit that the capacity to aspire required practice in a stable environment; and since the environment of poverty is unstable. The unstable life of poverty as defined by unstable environment, often limits the poor's aspiration to basic necessities of life such as food, cloth and shelter; and this reinforces lowered aspiration levels and could significantly obstruct change of environment or condition. It implies that the way out of poverty is to expand the aspiration horizon of the poor, to escape the reinforcement that perpetuate the poor in the environment of poverty. It entails creating programmes or making policies that provide the poor with an arena that enables he/she to practice and boost his/her aspiration. It includes designing schemes that enables the poor to meet his/her basic needs; and motivate him/her to higher aspirations (Appadurai, 2004; Chakravarti, 2006). ROTP is relevant to this study in that, microfinance credit scheme is belief to be meeting human basic necessities of life and is creating positive environment for high aspirations among beneficiaries across the world.

Study Area

This study is carried out in Akwa Ibom State, Nigeria. Akwa Ibom State located in the coastal south of Nigeria. It lies between latitudes $4^0$321 and $5^0$331 North, and Longitudes $7^0$251 and $8^0$251 East. The state is bordered on the east by Cross River State and on the west by Rivers State and Abia State and on the south by the Atlantic Ocean. Akwa Ibom State is divided into 31 local government areas for administrative convenience. The local governments include – Abak, Eastern Obolo, Eket, Esit-Eket, Essien-Udim, Etim-Ekpo, Etinan, Ibeno, Ibesikpo-Asutan, Ika-Annang, Ibiono-Ibom, Ikpe-Annang, Ikono, Ikot-Abasi, Ikot-Ekpene, Nsit-Ubium, Nsit-Ibom, Itu, etc, with Uyo as the State Capital. Uyo spans an area of 7,081 km^2 (2,734 square meters) with a total population of 2,359,736.

With a population of over 5 million people, Akwa Ibom State was created in 1987 by the then military administration. The dominant languages spoken in the state are – Ibibio, Annang and Oron; and these are spoken alongside English language. The people of Akwa Ibom State are predominantly Christians with a pocket of traditional and other religious faithfuls.

Over 55 percent of Akwa Ibom people work in the private and public sector. Out of the working class, majority are low-income earners who spend less than one US Dollars per day. Like most states in Niger Delta Region of Nigeria, Akwa Ibom State, despite its current position as the highest oil and gas producing state in the country, a vast majority of its people are poor because of low-income (Abiodun, Agba & Ushie, 2007). This study drew its sample from these categories of workers whose income is less than one US Dollar per day.

Methodology

Descriptive design (survey method) was used to obtain data for the study. A structured questionnaire was administered to five hundred and forty (540) respondents that were purposively selected from nine (9) local government areas (3 from each senatorial district) in Akwa Ibom State. Six communities were selected from each district giving a total of eighteen (18) communities. Thirty (30) low income respondents were selected from each community. The instrument used for this study was subjected to thorough scrutiny and evaluation by experts in the field of test and measurement. The degree of consistency or reliability of the questionnaire was determined by carrying out the test-retest within an interval of one week.

The questionnaire measured microcredit variables on a 6-point Likert scale. The data derived from the questionnaire were coded for the various response options as shown in Table 1. The data were analyzed using Pearson product moment correlation.

Table 1: Coding of Variables

Response Option	Positive	Negative
VSA	6	1
SA	5	2
A	4	3
D	3	4
SD	2	5
VSD	1	6

Where
VSA= Very Strongly Agree
SA = Strongly Agree
A = Agree
D = Disagree
SD = Strongly Disagree
VSD = Very Strongly Disagree.

A positive response to a positive question received a highest score of 6 for very strongly agree (VSA), while a negative response to a negative question received a highest mark of 6 for very strongly disagree (VSD). Other scores followed this arrangement.

Hypothesis 1: Low-income workers access to credit facilities has no significant relationship with poverty eradication. Pearson product moment correlation was used to explore the relationship between access to credit and poverty reduction. The result is presented in Table 2.

Table 2: Pearson product analysis of relationship between low-income workers access to credit and poverty reduction
(n = 540)

Variables	**Σy** / **Σx**	**Σy^2** / **Σx^2**	**Σxy**	**r-cal**
Poverty reduction (Y)	6200	34600	51440	0.96
Access to credit (X)	4250	76540		

*Correlation significant at P<.05 (2 tailed), df = 538, crit. = .062

The calculated value of 0.96 was found to be greater than the critical r-value of .062 needs for significance at 0.05 alpha level with 538 degrees of freedom. This means a positive relationship exists between low-income workers access to credit and poverty reduction.

Hypothesis 2: Micro-enterprise promotion by microfinance credit scheme among low-income workers does not significantly relate to poverty reduction. Pearson product moment correlation was used to explore the relationship between micro-enterprise promotion among low-income workers and poverty eradication. The result of the analysis is presented in table 3.

Table 3: Pearson product analysis of relationship between micro-enterprise promotion among low-income workers and poverty reduction
(n = 540)

Variables	**Σy** / **Σx**	**$Σy^2$** / **$Σx^2$**	**Σxy**	**r-cal**
Poverty reduction (Y)	6280	34600	51000	*.89
Micro enterprise promotion (X)	6200	76540		

*Correlation significant at P<.05 (2 tailed), df = 538, crit. = .062

The calculated r-value of *89 in Table 3 was found to be greater than the critical r-value of .062 needed for significance at 0.05 alpha level with 538 degrees of freedom. This means that a significant relationship exists between micro-enterprise promotion among low-income workers and poverty reduction in Akwa Ibom State, Nigeria.

3: Opportunity for savings offered by microfinance credit scheme to low income workers has no significant relationship with poverty reduction. Pearson product moment correlation was used to explore the relationship between opportunity for savings and poverty eradication. The result of the analysis is presented in Table 4.

Table 4: Pearson product analysis of the relationship between opportunity for saving and poverty reduction
(n = 540)

Variables	**Σy** / **Σx**	**$Σy^2$** / **$Σx^2$**	**Σxy**	**r-cal**
Poverty reduction (Y)	6280	34600		*.95
Opportunity for savings (X)	6390	77000		

*Correlation significant at P<.05 (2 tailed), df = 538, crit. = .062

The calculated r-value of *.95 was found to be greater than the critical r-value of .062 needed for significance at 0.05 alpha level with 538 degrees of freedom. This means that a significant relationship exists between opportunity for savings among low-income workers and poverty reduction in Akwa Ibom State, Nigeria.

Discussion

Findings of the statistical analysis of the hypotheses proved that microfinance credit scheme (in terms of low-income workers access to credit facilities, micro-enterprise promotion and opportunity for savings) significantly relate to poverty reduction in Akwa Ibom State, Nigeria. This means that by helping low-income workers access credit facilities and promoting micro-enterprise among them would make them economically active to meet their basic needs and overcome the scourge of poverty. It also suggests that enhancing savings among low-income workers would boost their potentials and enhance their aspirations to higher helping projects or endeavours.

This findings support the observations of Nelson and Nelson (2010), Okon, Etim and Offiong (2012) and Nwigwe, Omonona and Okoruwa (2012). They posit that microcredit scheme has been significantly responsible for the growth of household. Microfinance credit schemes encourage the latent capacity of low-income workers in micro-enterprise endeavours. Microfinance credit scheme empowers low-income workers by increasing their access to small-scale loans, thereby allowing them to be more self-reliant, and economically buoyant.

Nwigwe, Omonona and Okoruwa (2012) observe that microcredit scheme create universal access for low-income workers to access institutional financial assistance that enables their families to graduate from poverty cycle. Similarly, Bhatt and Yan Tang (2001) argue that microcredit schemes create additional capital for low-income workers, as well as generate informal employment/job opportunities for many more in developing countries. The findings also support the United Nations Capital Development Fund (UNCDF, 1997) report, which state that, informal and small-scale lending arrangement by microcredit schemes, encouraged savings among low-income workers, thereby serving as cushion against economic fluctuation. It crushes hardships encountered by low-income workers.

Hollis (2002) posit that microcredit schemes available to low-income workers help in generating economic activities that boost the livelihood of this category of workers. It enable human capital to be leveraged with physical capital thereby increase poor workers' income to check poverty. It implies suggests that microfinance credit scheme have had a significant positive impact on low-income workers' livelihood. It is a vital tool for reducing poverty in Nigeria.

Okon, Etim and Offiong (2012) argue in line with the findings of this study that, microcredit scheme is a key strategy for changing the income levels of households. It is a scheme that increases household consumption especially among low-income earners. Nelson and Nelson (2012) have observed that, since microcredit leads to increase in household income; it could also enhance the ability of low-income workers to seek proper medical care and boost their children enrollment in schools at all levels.

Conclusion

In this study, the potentials of microfinance credit scheme for poverty reduction were examined. Findings show that microfinance credit scheme has had positive effect on poverty reduction among low-income workers. Findings presented in this study and literature reviewed threw light on some successes of microcredit scheme in reducing household poverty especially among low-income workers. It promotes low-income workers access to credit facilities, encourages savings and stimulates their economic effectiveness. On the

Journal of Good Governance and Sustainable Development in Africa, Vol. 2, No 1, Jan., 2014
Website: http://www.rcmss.com ISSN: 2346-724X (Print) ISSN: 2354-158X (Online)
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strength of these findings, this study recommends that government should make policies that would encourage the continuity of the microfinance credit scheme in Nigeria. The private sector should be encouraged by government to participate more actively in microfinance credit scheme through public awareness campaign. More so, government should accelerate awareness among low-income earners on the benefits of microcredit scheme to the poor in Nigeria.

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