

## **The Influence of Micro-Credit on Poverty Alleviation among Rural Dwellers: Case Study of Akoko North West Local Government Area of Ondo State, Nigeria**

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**Abstract:** 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 was sourced with the aid of well structured questionnaires from 120 respondents randomly selected from Arigidi and Okeagbe. The data collected was 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, incidence of poverty, development and resources

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### **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 United Nations Development Programme (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 (2008) Human Development Report described Nigeria as a rich country with poor population and also as the poorest and most deprived OPEC Country. Moreover, the country ranked 142 in Human Development rating.

Apart from the increase 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 increase from 62% in 1980 to 93% in 1996, whereas that of the moderately poor rose from 28.9-36.3% within the same period. The depth on

poverty and severity of poverty can also be seen in the proportion of income spent on consumption. The core poor 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 i.e., 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 earlier, 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 includes 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 such as physical, moral, economic, political, social, religious, cultural and psychological conditions of man. 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. According to Babalola (1997), the perception of poverty is relative to country, people and continent.

Ojo (1995) described that poverty is manifested in form of hunger which when protracted results in famine.

According to 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.

According to 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, 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 2001 identified the following as the major causes of poverty in Nigeria and other African countries viz:

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

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

- The structure of political power, which empower the ruling class to determine the allocation of opportunities, incomes and wealth which in most cases is used to its advantage
- The crude exploitation of workers through low wages and poor conditions of service thus leading to the pauperization of the working class
- Lack of motivation, aptitudes and abilities on the part of the individual
- 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:** Rodefeild and Goss (1977) in their classical work on the Little Community differentiated between what they called the urban and the rural area. He identified minimum social characteristics of rural areas and concluded that all societies that exhibit social characteristics that differ from such are urban areas. He therefore, described the rural areas as a society that is small, isolated, non-literate and homogeneous with a strong sense of group solidarity. According to Fazoranti (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 community with a population of <20,000. 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 contributed to the rapid depletion of the rural areas. Among other things, the rural areas are majorly agricultural and thus constituted 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 scheme.

Since, the creation of the state in 1976, various micro-credit schemes were introduced by various administrations. Record has it that about N56 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 OSMA (Ondo State Micro Credit Agency, 2007) with the sole aim of coordinating credit delivery and recovery in the state.

Presently, OSMA operated 14 credit window for accessing over N3 billion made available by the government under the following schemes:

- Micro enterprises loan schemes
- Ondo State Agricultural Development Trust Fund
- Entrepreneurial Development Training Programme
- Ondo State Oil Producing Area Development Commission (OSOPADEC) loan programme
- Resettlement loan scheme
- Tricycles Youth Empowerment Scheme
- Ondo State Palliative Loan Scheme
- Public Officers' Loan Scheme
- Local Government Staff Loan Scheme
- Youth Empowerment Programme through GSM
- Ondo State Government Micro Finance Institution (ODSG-MFI) Loan Scheme
- Women Fund for Economic Empowerment (WOFEE) and Sundry Loan Scheme

The major target of OSMA are 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.

### MATERIALS AND METHODS

**The study area:** The study was conducted in Akoko North West of Ondo state. The area is made up 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, kolanuts 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 source 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 variable 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 was analysed with the aid of qualitative methods which include the use of tables, frequency distribution and percentage distribution.

### RESULTS AND DISCUSSION

#### Socio-economic characteristics of respondents

**Age distribution of respondents:** Findings showed in Table 1 that 13.3% of total respondents was below age 30, while 51.6% was between age 30 and 40 years, while 35.1% was 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 stddy area.

**Educational distribution of respondents:** Table 2 showed that ill 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, t (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 and 19.1% were civil servants, farmers and traders, respectively while 39.2% had no specific occupation.

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	100.0

Table 2: Educational status of respondents

Educational status	Frequency	Percentage
Primary school	48	40.0
Secondary school	40	33.3
Tertiary institution	32	26.7
Total	120	100.0

Table 3: Occupational distribution of respondents

Occupation	Frequency	Percentage
Civil service	30	25.0
Farming	20	16.7
Trading	23	19.1
Unemployed	47	39.2
Total	120	100.0

Table 4: Types of residence

Types of residence	Frequency	Percentage
Flat	9	7.5
Face-me-I-face-you	111	92.5
Total	120	100.0

Table 5: Health institution 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	15.0
Prayer house	13	10.8
Total	120	100.0

Table 6: Consumption pattern of respondents

Consumption pattern	Frequency	Percentage
Carbohydrate	60	50.0
Protein	18	15.0
Fruits	39	32.5
Vitamins	3	2.5
Total	120	100.0

### Respondents by their poverty indices

**Types of residence:** Findings represented in Table 4 shows 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 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:** Result showed in Table 6 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 i.e., the use of fire wood, kerosene and charcoal. Only a handful 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

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	35.0
Total	120	100.0

Table 8: Cooking methods of respondents

Cooking materials	Frequency	Percentage
Firewood	42	35.0
Charcoal	26	21.7
Sawdust	6	5.0
Kerosene stove	38	31.7
Electrical stove	8	6.6
Total	120	100.0

Table 9: Educational institution attended by children of respondents

Institution	Frequency	Percentage
Private school	38	31.7
Public school	82	68.3
Total	120	100.0

children in public school while only 31.7% sent their 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. Table 10 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 N5,000 and 5 million. Table 11 shows that 57.5% obtained loans <N250,000, while 1.7% had over N500,000. 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 downpayment depending on the size of the loans. However, there were some that required no deposit. Findings showed that majority i.e., 76.8% of total respondent paid 10% of loans received as collateral while 22.5% required no collateral security and 0.7% paid 25% of loans received.

Loans were obtained for diverse purposes such as trading, farming, transportation, hair dressing and barbing saloons. The duration of loans obtained ranged between 12 and 48 months. Among other things, profits from such loans were used majorly in paying children school fees, while few respondents used such to procure fixed assets.

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	100.0

Table 11: Amount of loans by respondents

Amount of loan	Frequency	Percentage
Under N250, 500	69	57.6
N250, 500-N500, 500	12	10.0
Above N500, 500	1	0.8
N1million and above	1	0.8
None	37	30.8
Total	120	100.0

Table 12: Influence of macro-credit on selected macro-economic variables

Variables	Before the loan		After the loan	
	Frequency	Percentage	Frequency	Percentage
<b>Income</b>				
<5,000	58	48.00	40	33.00
5001-10,000	15	13.00	24	20.00
10001-20,000	5	4.00	22	18.00
20,001-30,000	21	18.00	10	8.00
30,001-40,000	12	10.00	14	12.00
40,001 above	9	8.00	10	8.00
Total	120	100.00	120	100.00
<b>Savings</b>				
<5,000	88	73.00	51	42.50
5,001-10,000	21	18.27	30	25.00
10,001-20,000	8	7.00	17	14.20
20,001-30,000	-	3.00	10	8.30
30,001-40,000	-	-	11	9.20
40,001 above	-	-	1	0.80
Total	120	100.00	120	100.00
<b>Expenditure consumption</b>				
<5,000	72	60.00	38	31.70
5,001-10,000	31	25.80	32	26.70
10,001-20,000	12	10.00	30	25.00
20,001-30,000	4	3.40	13	10.80
30,001-40,000	1	0.80	5	4.10
40,001 above	-	-	2	1.60
Total	120	100.00	120	100.00
<b>Fixed asset</b>				
<5,000	39	32.50	21	17.50
5,001-10,000	28	23.30	35	29.10
10,001-20,000	20	16.60	28	23.30
20,001-30,000	15	12.50	12	10.00
30,001-40,000	11	9.10	14	11.60
40,001 above	7	5.80	10	8.40
Total	120	100.00	120	100.00

Field survey, 2008

**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

Table 13: Perception of Micro-Credit scheme by respondents

Responses	Frequency	Percentage
(a) Strongly agreed	42	36.0
Agree	22	18.0
Uncertain	53	43.0
Disagree	2	2.0
Strongly disagree	1	1.0
Total	120	100.0
(b) Strongly agreed	10	8.3
Agree	14	11.7
Uncertain	5	4.2
Disagree	57	47.5
Strongly disagree	34	28.3
(c) Agreed	22	18.3
Uncertain	48	40.0
Disagree	32	26.7
Strongly agreed	18	15.0
Total	120	100.0
(d) Strongly agreed	10	8.3
Agree	57	47.5
Uncertain	24	20.0
Disagree	20	16.7
Strongly disagree	9	7.5
Total	120	100.0
(e) Strongly agreed	29	24.2
Agree	46	38.3
Uncertain	35	29.2
Disagree	7	5.8
Strongly disagree	3	2.5
Total	120	100.0

(a) The programme was specifically designed to favour the poor; (b) The most of the citizens of the state benefited from the scheme; (c) The scheme has achieved its objectives; (d) Government gave more attention to poverty alleviation programme than other programmes and (e) The scheme has increased the living standard of most Ondo state citizens

and assets of <N5,000, respectively while 52, 27, 40 and 67.5% had over N5,000 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.

Table 12 showed that 33, 42.5, 31.7 and 17.5% has income, savings, consumption expenditures and fixed assets of <N5,000, while 67, 57, 31.7 and 17.5% has income, savings, consumption expenditures and fixed assets of <N5,000, while 67, 57.5, 68.3 and 82.5% had income savings, consumption expenditures and fixed assets >N5,000, 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 shown in Table 13. The Table 13 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

Table 14: Evaluation a micro credit by respondents

Respondents	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	100.0	220.0

Field survey, 2008

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, 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).

### 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 the aid of well structured questionnaire, data was collected from 120 respondents randomly selected from two town, 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 was analysed 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 and 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.

### RECOMMENDATIONS

The study 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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