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**MICRO-FINANCING: AN EFFECTIVE POLICY TOOL FOR POVERTY ALLEVIATION IN NIGERIA IN THE  
COVID-19 ERA**

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**Abstract**

*The study examined the contributive role of micro-financing in alleviating the improvised state of the Nigerian economy with specific focus on the Covid-19 era. The study focused on Small and Medium Scale Entrepreneurs in Delta State, Nigeria. The regressor is Micro-financing proxied by provision of micro-credits and easy access to micro-credits, credit mobilization, co-operative society financing, and government transfer payments while the regressand is poverty alleviation.. The study adopted the survey research design with data derived from specially designed questionnaires, administered to a total of 385 SMEs operators who are beneficiaries of the Delta State Micro, Small and Medium Enterprises Development Agency across the 25 local government areas of the state. Regression analysis was used for test of hypothesis and it was discovered that provision of micro-credits and easy access to micro-credits have*

*favourable impacts on poverty alleviation in Delta State. However, credit mobilization, co-operative society financing, and government transfer payments had insignificant impacts on poverty alleviation. Hence, the study concludes that provision and access to micro-credits act as catalyst for poverty alleviation in Delta State, Nigeria especially in the Covid-19 era.*

*Hence, the study suggests that there is need Micro finance institutions to establish appropriate structure for accessing micro-credits. More so, both the state and federal government should ensure that soft loans which they grant to the unreached masses are sustainable. This will in turn reduce the current poverty rate inherent in the country.*

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## Introduction

In no doubt, one of the policy concerns of government at all levels is on how to unravel the misery that bothers on poverty alleviation. As such, the construct has dominated both public and political domain over the years. Accordingly, several spirited and not-too spirited efforts have overtime heralded the political and economic atmosphere in the country since time immemorial. Needless to state herein that development of a nation occurs when the economy is able to improve and sustain the standard of living of the people. Arguably, economic growth does not connote economic development. That is, there can be growth without development. It is therefore pertinent to state that development in a country means reduction in the level of poverty, inequality and unemployment without prejudice to economic growth. With emergence of Covid-19 both in the world history and the Nigerian economy, the gaps between the rich and the poor as widened. This was affirmed by the minister of the African Union (AU) stating that the emergence of the virus affected all and sundry and also made countries of the world (Nigeria inclusive) vulnerable to poverty (African Union, 2020).

Furthermore, Boateng, Boateng, and Bampoe (2015) stated that, micro-finance banks by their nature are self-financing and sustaining institution. It is important that government should not renege in any of the promises packaged in the Micro-Finance Policy Framework. In particular, it is not

enough to set up Micro-finance fund from the defunct Small and Medium Enterprises Equity Investment Fund (SMEIES); it is more important to ensure that all the bottlenecks that made it difficult for the intended beneficiaries to easily access the fund are removed to ensure easy access to the new fund by the Micro-Finance Banks for on-lending to rural beneficiaries.

Within the confine of micro-finance operations and poverty alleviations, several arguments have been raised which later culminated into two schools of thoughts. The first school of thought championed by Onukwa (2021); Mahmood, Muhammad, Tauqir and Abdul(2016) holds that micro-financing remains the most efficient poverty alleviation tool. This is because microfinance helps to empower those that are improvised (especially women), increases easy access to quality health and education, and also builds social capital among the poorest poor and improvised vulnerable communities. This further reveals that microfinance ensures that the poorest among the poor is given an equal opportunity to access micro-loans credits without necessarily passing through stringent credit collection process. However, the second school of thought championed by Kolawole (2021); Subhabrata and Laure (2017) refuted above assertion and argued that microfinance operations increases level of the indebtedness of the beneficiaries by making them to be more vulnerable economically, socially, and environmentally. Kolawole (2021) added that, if micro-loans

given to economic agents are not sustained and if the collection process is not fair, it would make economic agents to be more vulnerable to ills. More so, inability of beneficiaries to repay micro-loans has also been linked to 'hundreds of suicides' among borrower in emerging countries. As such, one should not expect that both microfinance operations and poverty alleviation should always move in a direct fashion. Justifiably, even with the increasing rate at which economic agent acquire micro-loans, they are still improvised.

Various questions that may be asked from the arguments raised above are: is it possible for micro-financing to lift impoverished communities or individuals out of poverty as some scholars claim? What are some of the coping strategies receivers should adopt to cope with rising debts as a result his/her inability to microfinance loans? What policy actions should be taken to deal with issues that bother micro financing and poverty alleviation in Nigeria? And why the poverty rate in Nigeria is still very high even with the policy attention placed on microfinance operations?

Empirically, there is dearth of studies on micro-financing and poverty alleviation with specific focus on the Covid-19 era in the Nigerian context. In recognition of above perturbing issues and perceived gap, we are motivated therefore to re-examine the effect of microfinance on poverty alleviation of Nigeria. Specifically, this paper examined the effects of provision of micro-credits and easy access to micro-credits, credit mobilization, co-operative society financing, and government transfer payments on poverty alleviation with specific focus on SMEs in Delta state, Nigeria.

Significantly, this study is expected to be instrumental in policy formulation with regards on how best to deal with bottlenecks

that surround microfinance operations in Nigeria. More so, the outcome of this paper would enlighten the public more on the benefits and shortfalls of microfinance operations. Lastly, researchers whose interests are on microfinance and poverty alleviation modeling would also find this study very interesting and didactic.

In terms of organization, while the first section of this paper focused on the introduction, the second segment of this paper reviewed extant studies. However, the third and fourth segments covered both the research methodology and discussions of results. Finally, section five covered the conclusions and policy recommendations.

## Literature Reviews

### Conceptual Clarifications

Although, most researchers use micro-credits in the stead of micro-financing; however, the two constructs are not the same. Microcredit on one hand refers to the extension of very small loans (micro-loans) to improvised borrowers which typically lack collateral, steady employment or a verifiable credit history (Wikipedia, 2020). Meanwhile, micro-finance is a broad spectrum of provision of financial services such as credit extension, insurance services, alongside the provision of other financial services to those that are improvised. In other words, it involves delivering a wide range of financial services, especially savings account to the poor households which typically lack collateral, steady employment or a verifiable credit history. By implication, micro credits in the form of micro-loans, advances, and overdrafts are parts of microfinance. However, wherein economic agents are not able to access either microcredits or micro-finance, they may resort to borrowing from money lenders at a high cost. This suggests provision of and

access to micro-credits is a critical measure of micro-financing.

Series of parameters have been used as measures of micro-financing. These include access to micro-credits, provision of provision of micro-credits and easy access to micro-credits, credit mobilization, co-operative society financing, and government transfer payment. First, the ease of microcredit involves the ease at which economic agents are able to acquire microcredit either from formal or informal societies. This is therefore critical to poverty reduction in Nigeria. Meanwhile, if credits provided are efficient, it would also reduce poverty. Furthermore, credit mobilization is viewed as a major force in microfinance. Previously, microfinance focused almost exclusively on credit; savings were the "forgotten half" of financial intermediation (.). The importance of credit mobilization has been highlighted in several papers in the context of microfinance. A few analyses have been tailored in order to take an in-depth look at the credit mobilization strategies, which are employed by various institutions and are then compared to the results (Onukwa, 2021).

Problems associated at the individual level sprout as a result of the lack of appropriate institutional savings facilities causing the individual to rely upon in-kind savings, such as the savings in the form of gold, animals, or upon informal financial intermediaries, such as Rotating Savings and Credit Associations (ROSCAs) or money-keepers. These alternative informal savings facilities do not guarantee the combination of security of funds, ready access or liquidity, positive real return and convenience, which are basic requirements or necessity of a depositor (poverty).

Additionally, cash transfers are direct, regular and predictable non-

contributory payments that raise and smooth incomes with the objective of reducing poverty and vulnerability. The field of cash transfers encompasses a diversity of transfer types (e.g. conditional and unconditional cash transfers); development objectives; design and implementation choices; and financing options. Appropriate design will depend critically on context, including political economy constraints. Transfers are often targeted at the poorest households and at sections of the population that are regarded as vulnerable (e.g. older people, persons with disabilities and children) (Kolawole, 2021) but due to government ineptitude in developing economies, these individuals have been neglected.

The theoretical case for cash transfers is straightforward, based on an assumption that individuals can be trusted and empowered to make effective use of resources available to them to improve their living standards. While poverty is multidimensional, low and variable income is central to the problem. Modest but regular and reliable flows of income from cash transfers help households to smooth consumption, enabling them to sustain spending on food, schooling and healthcare in lean periods, without the need to sell assets or take on debt. Over time, transfer income can help households to build human capital, accumulate productive assets, and obtain access to credit on better terms (Onukwa, 2021)

On the other hand, the term poverty has no generally accepted definition. This is due to its multifaceted nature. For example, the World Bank defines poverty in terms of extremely poor and merely poor. Those that are extremely poor do not have \$1.25 or less daily while those extremely poor does not have \$2 or less daily (World Bank, 2021).

However, this definition did not incorporate did not capture the social, cultural, and psychological dimensions of poverty. More so, it did not provide useful insights into the effectiveness of poverty alleviation strategies. Hence, poverty alleviation involves the conscious attempt by policy makers in reducing the poverty rate in the country. Various poverty alleviation programmes adopted in Nigeria over the years include; Farmers Development Union, Community Women and Development, Lift

Above Poverty Organization, Women Development Initiative, and Anambra Self Help Organization.

Various approaches used by the Nigerian government in addressing the increasing poverty rate in Nigeria over the years according to Edralin, Tibon and Tugas, (2015) include: Basic Needs Approach, Economic Growth Approach, Target Approach, and Rural Development Approach.

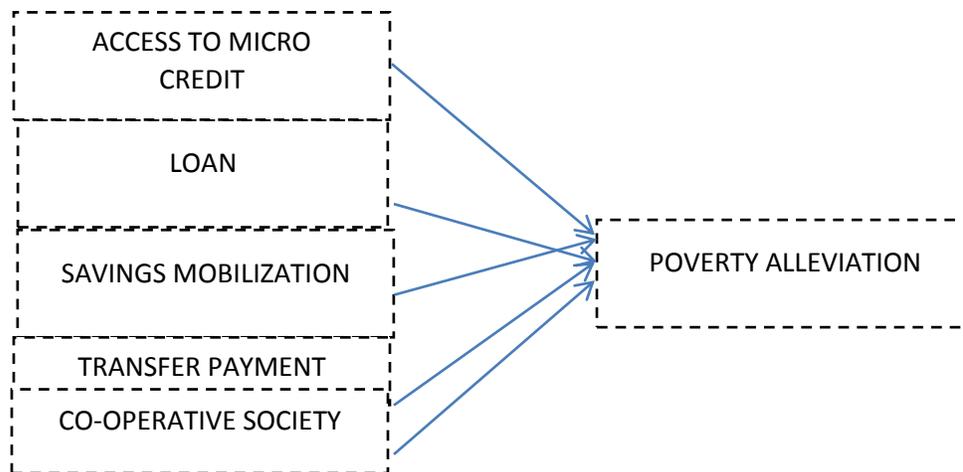
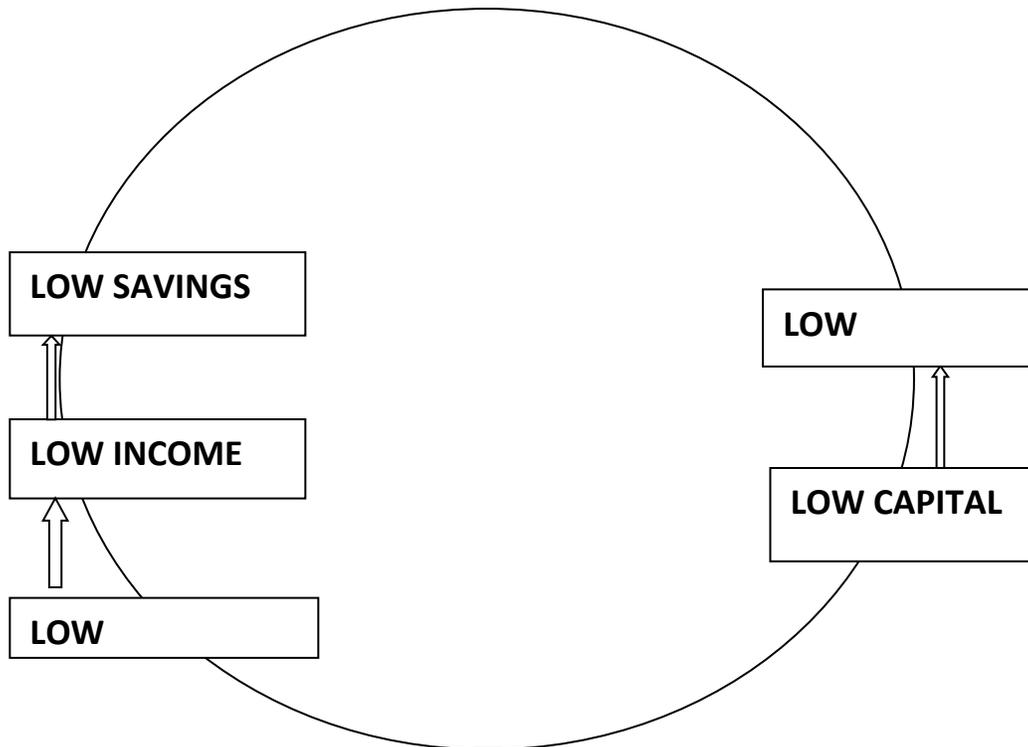


Fig. 1: Source: Researchers Model (2022).

Fig 1 above showed that micro-financing such as; (access to micro credit, government provision of loan, savings mobilization, transfer payment and co-operative society) relate with affect poverty alleviation directly.

### Theoretical Underpinning

Here the researcher reviewed two main theories namely; Vicious Cycle of Poverty. According to Ranger (2012), it is a condition where “Poverty breeds poverty” a community, region, an economy or even an individual is poor because he is poor. The vicious cycle of poverty can be illustrated thus;



**Fig. 2.2: Vicious Cycle of Poverty by Ranger (2012)**

The vicious cycle of poverty states that the poor man is poor because he is poor or a country is underdeveloped because it is underdeveloped. The vicious cycle of poverty is a kind of curse which is feared by individuals and countries because it is said that an individual/country is poor because it is poor. The theory states that there are circular relationships known as the “vicious cycle of poverty” that tend to perpetuate the low level of development in less developed countries (LDCs). The trajectory is that poverty is caused by low income. Low income engenders low savings and this in turn leads to low investment. The latter provokes low productivity and the cycle continues.

According to Jhingan (2003) cited by Kolawole (2021), the basic vicious cycle stems from the facts that in LDCs total productivity is low due to deficiency of capital, market imperfections, economic

backwardness and underdevelopment. Jhingan (2003) cited by Onukwa (2021) stressed that vicious cycle operates both on the demand side and supply side. On the demand side of the vicious cycle, the low level of real income leads to a low level of demand which in turn leads to a low rate of investment and hence back to deficiency of capital, low productivity and low income. On the supply side, low productivity is reflected in low real income. The low level of savings leads to low investment and to deficiency of capital.

The deficiency of capital in turn leads to a low level of productivity and back to a low income. Accordingly, this theory views poverty as being self-perpetuating. Therefore, for economy to develop fast and alleviate poverty, micro financing can help empower the poor income earners which will enable them engage in productive investment which will in turn employ more

hands into labour and generate self-sufficiency.

### **Empirical Studies**

Kolawole (2021) reviewed the various initiatives of the federal government of Nigeria in reducing the poverty rate in Nigeria and reported that even with the various initiatives put in place by the Nigerian government; the poverty rate in Nigeria is still remains very high. This is because most of the initiatives of the Nigerian government were supply driven as much they were could not meet the needs of the poor.

Onukwa (2021) examined the effect of microcredit on poverty alleviation in Nigeria with specific focus on Covid-19 era. The study affirmed that the efficacious role of microcredits in the informal sector and poverty alleviation is paramount in the determination of microcredit policies in Nigeria especially in the Covid-19 era. Also, access to microcredit has a direct effect on poverty alleviation strategy in Nigeria.

Ssembajjwe (2020) evaluated the impact of microfinance on poverty alleviation in Uganda. The study used both the principal component analysis and the probit regression analysis. The study collected data from 170 respondents. The study affirmed that microfinance helps to reduce poverty rate in Uganda. Hence, the study suggests that the bureaucratic process during the lending process should be reduced.

Stephen (2020) examined the effect of microfinance on the informal sector under the Covid-1 era. The study used the primary data approach. The study patterned after the multivariate analysis and affirmed that microfinance is instrumental to poverty alleviation in Nigeria. Similarly, Zhiri (2017) examined the Impact of Microfinance

services on Performance of Small and Medium Scale Enterprises in Zaria metropolis. The research design used was cross sectional and descriptive.

A sample of 300 SMEs operating with Cred Microfinance bank within Zaria Metropolis was selected. The study revealed that the microfinance services have significant impact on the level of entrepreneurship activities of SMEs in Zaria metropolis. The study recommends that the amount of loan given by MFIs to SMEs should be increased and they should also be encouraged to save to enable them grow and propel their enterprises.

Subhabrata, and Laurel (2017) critically analyzed the role of microfinance operations in alleviating the poverty rate in Bangladesh with specific focus on three (3) villages in Bangladesh. The study is an ethnographic study. The study reported that microfinance operations increased the level of indebtedness of respondents in the study area. Also, it made them to be more vulnerable economically, socially, and environmentally. As such, both microfinance operations and poverty alleviation moves in an indirect fashion.

Boateng, Boateng, and Bampoe (2015) ascertained the impact of microfinance on poverty reduction in Ghana. The study targeted 60 customers and beneficiaries of Opportunity International Savings and Loans Ltd. and Sinapi Aba Savings and Loans Company Ltd. Variables considered include individual income, access to education, household growth, housing and participation in social and religious activities as benchmarks for measuring the impact. The study reported that microfinance remains one of the veritable tools in alleviating poverty rate in Ghana.

### **Research Methodology**

### Research Design

The study was patterned after the survey research design. This research design was deemed most suitable for this paper since it is used to collect targeting at describing large population with individuals as unit of analysis in order to answer research problems.

### Population, Sample Size Determination, and Sampling Technique

A total population of 10,500 SMEs operators whom are beneficiaries of the Delta State Micro, Small and Medium Enterprises Development Agency across the 25 local government areas of the state. This figure was sourced from the annual journal and brochure of Delta State Micro, Small and Medium Enterprises, 2021.

**Table 1: Study Population**

S/N	Enterprise Activity	No of Enterprises /Groups	Females	Males	No of Persons
1	Cottage Industries	1,506	8,690	7,162	15,852
2	Trading	5,437	39,784	18,788	58,572
3	Agricultural Production	2,123	11,502	11,211	22,713
4	Service industries	1,327	7,736	6,028	13,764
5	Delta/Oceanic Micro Credit Scheme Account(DOMSA)	107	149	262	411
	<b>Total</b>	<b>10,500</b>	<b>67,861</b>	<b>43,451</b>	<b>111,312</b>

**Source: Delta State Micro Credit Programme Journal (2021)**

Meanwhile a sample size of 385 was determined using the Taro Yamen's formula as stated below:

$$= \frac{N}{1 + Ne^2}$$

**Where:**

- N = Population  
 1 = Constant  
 e = Sampling Error @ 5%=0.05

Thus,

$$= \frac{10,500}{1 + (10,500 * 0.05^2)} = 385$$

Further, the sampling technique used is the stratified sampling technique. The justification for this choice is based on the fact that the population was divided into sub-strata, based on the criteria of levels of management task performed in the organization.

### Methods of Data Collection

Data were collected majorly from the secondary sources through the aid of well-structured questionnaire administered to respondents. Meanwhile, the internet as well as the library constituted our secondary data collection medium, as well as journals, textbooks, research finding reports etc. were consulted.

### Research Instrument, its Validity and Reliability

The research instrument used in this study in attempting to look for lasting solution to the research problems is well-structured questionnaire. The questionnaire was divided into two sections – A and B containing questions on respondents profile and another on closed ended questions patterns using the 5 point Likert scaling as stated below:

5 = Strongly Agree (SA)

4 = Agree (A)

3 = Undecided (U)

2 = Disagree (D)

1 = Strongly Disagree (SD)

Meanwhile, before conducting the pilot survey, the filled questionnaires were first given to two professors in the Department of Business Management, Delta

State University, Abraka to determine if the items in the questionnaire are valid or not. Having made all the necessary corrections and adjustments, the amended questionnaire (research instrument) were the sent out to the field with a view to ensure that it elicits the desired information.

To establish the instrument is reliable, Cronbach alpha was used on a benchmark of 70% for attesting that the instrument is reliable (Sekaran, 2003). The test and re-test method was done by administering the same questionnaire within the interval of three weeks to the sample unit. To avoid faulty research instrument nullifying the reliability of our findings, 20 set of questionnaire were pre-distributed to few SME's in Asaba Delta. The summary of the test is as shown below;

**Table 1: Reliability Test**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.742	.801	12

**Source: Field survey (2021)**

Table 1 above evidenced that the variants of micro finance used for the study are good enough to measure its impacts on poverty alleviation in Delta State This further affirmed that the research instrument has a very high

because regression analysis is more dependable and reliable compared to other statistical tools. However, the research hypotheses were tested at 5% significance level. Meanwhile, the respondents' bio data were reported using both frequencies and simple percentages and frequencies.

### Data analysis Techniques

The sourced data were analyzed using the regression analytical technique through the aid of SPSS version 23. This is

### Results and Discussions

#### Questionnaire Retrieval

Below presented in table 2 is the questionnaire retrieval table:

**Table 2: Questionnaire Retrieval Table**

Respondents	Questionnaire administered	Number Retrieved	Questionnaire Suitable for Use	Percentage
SMEs operators	385	373	360	93.51%

**Source: Field survey (2022)**

Out of the 385 questionnaires distributed, only 373 were returned filled accordingly. The returned questionnaires culminated to 93.51% of the total respondents. Meanwhile, the remaining 6.49% of the total questionnaires that were shared accounted for questionnaires that were lost in transits. As such, only the 373

questionnaires returned and filled accordingly were used for running the regression.

**Sample Characteristics**

Below presented in table 3 is the questionnaire **Sample Characteristics** Bio-data of respondents:

**Table 3: Bio-data of respondents**

S/N	Bio-Data	Estimates	Frequencies	Percentages
1	Gender	Male	125	34.7
		Female	235	65.3
2	Age	Below 25	31	8.6
		26-30	109	30.2
		31-35	73	20.3
		36-40	86	23.9
		Above 40	61	17
3	Educational Qualification	PH.D	0	0
		MSC/MBA	45	12.5
		B.SC	142	39.4
		OND/NCE	173	48.1
4	Marital status	Single	189	52.5
		Married	171	47.5
		Divorced	0	0
5	WORK EXPERIENCE	>5 Yrs	158	43.9
		6-10 yrs	92	25.6
		11-15yrs	63	17.5
		16-20yrs	40	11.1
		Above 20yrs	7	1.9
6	Position in firm	Senior mgt	81	22.5
		Middle mgt	97	26.9
		Lower mgt	182	50.6

**Source: Field Survey (2022)**

From the table above, 34.7% of the total respondents are male while 65.3% are female; 8.6% of the respondents are below 25 years, 30.2% are within 26-30 years, 20.3% are within 31-35 years age, 23.9% are within 36-40 years and lastly 17% are above 40 years. None of the respondents has PhD degree, 12.5% of the total respondents have M.sc/MBA degree, 39.4% have B.sc degree while 48.1% possess OND/NCE degree. 52.5% of the total respondents are single

while 47.5% are married. None was divorced.

Again, 43.9% of the total respondents have worked 0-5 years, 25.6% have put in 6-10 years of service, 17.5% have worked 11-15 years. 11.1% have worked 16-20 years while 1.9% have worked above 20years. From the total respondents also, 22.5% are of senior management cadre, 26.9% belong to the middle management cadre while 50.6% are of lower management cadre.

**Regression Results**

The regressed results were tested at 5% level of significance. Meanwhile, both the

model summary and Analysis of variance results were presented alongside. Each of the results is presented below:

**Table 4 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.937 <sup>a</sup>	.878	.858	.31296	.878	3.048	5	94	.014	2.019

a. Predictors: (Constant), AMC, PLSG, CRM, TRP, COS

b. Dependent Variable: POA

**Source: Field Survey (2021).**

Table 4 above reported an R-Value of .937 which indicates the existence of a high correlation between micro-financing proxies and poverty alleviation in Nigeria. Meanwhile, both the R-Square value of .878 and Adjusted R-Square value of .858 indicate the existence of high predictive power of our model. This further affirmed that micro-financing is therefore relevant in poverty alleviation policy formulation in Nigeria.

Furthermore, the standard error value of 24.27008 indicates that the

parameters obtained for the micro-financing activities are significant statistically while the Durbin Watson value of 2.019 suggests that the model is not serially correlated.

The f-statistic of value 0.014 evidenced that the model is significant statistically at 5% level of significance. This implies that the model on the overall is relevant in poverty alleviation policy formulation in Nigeria.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	53.072	27.410		1.936	.101
	AMC	.243	.248	.371	.978	.036
	PLSG	.790	.250	.227	3.158	.002
	CRM	.201	.113	.587	1.774	.026
	TRP	.008	.532	.006	.015	.989
	COS	.667	.259	.724	2.575	.042

a. Dependent Variable: POA

**Source: Field Survey (2021)**

Table 5 presented the statistical results of the research hypothesis. The result evidenced that Access to micro-credits with ( $\beta = .243$  & prob. value = .036); Provision of credit to SMEs by the Government with ( $\beta = .790$  & prob. value = .002), Credit Mobilization with ( $\beta = .201$ , & prob. value =

.026) Co-operative society with ( $\beta = -.667$  & prob. value = .042) had favorable impacts on poverty alleviation in Delta State. By extension, accesses to micro-credits provision of credit to SMEs by the Government credit Mobilization and co-operative society are very influential in

alleviating poverty to its barest minimum in Nigeria.

The result above affirmed that, for poverty to be removed to its barest minimum, all the bottlenecks which makes it difficult for the intended beneficiaries to access micro-finance banks credits and that the provision of credit facilities to SMEs by the government should be sustainable. In addition, the level of micro-credit mobilization by the micro-finance banks vis-à-vis the currency in circulation outside the banking system is still low. One of the cardinal objectives for the establishment of micro-finance banks is to mobilize funds erstwhile outside the banking system but the reality on ground is that this has not been substantially achieved.

Furthermore, the study affirmed that cash transfer programmes has a high direct yet minimal impact on poverty alleviation in Nigeria.

By implication, though cash transfer programmes reduced the negative coping strategies, such as begging, prostitution, dropping out of school, distress sales of assets, reducing the number of meals, out-migration for work and casual labour of the beneficiaries of such cash transfer programmes but such programme is yet to address the issue of poverty alleviation in Nigeria. This is because often time late or missed payments may make some beneficiaries to revert back to the negative coping strategies stated above.

### **Conclusion and Recommendations**

The study examined the contributive role of micro-financing in alleviating the improvised state of the Nigerian economy with specific focus on the Covid-19 era. The regressor is Micro-financing proxied by provision of micro-credits and easy access to micro-credits, credit mobilization, co-

operative society financing, and government transfer payments. Meanwhile, the regress and is poverty alleviation. The study adopted the survey research design with data derived from specially designed questionnaires, administered to a total of 385 SMEs operators who are beneficiaries of the Delta State Micro, Small and Medium Enterprises Development Agency across the 25 local government areas of the state. Based on the various findings cited in the earlier section of this paper, this paper concludes that both the provision and access to micro-credits act as catalyst for poverty alleviation in Delta State, Nigeria especially in the Covid-19 era. Hence, the study suggests that there is need Micro finance institutions to establish appropriate structure for accessing micro-credits. More so, both the state and federal government should ensure that soft loans which they grant to the unreached masses are sustainable. This will in turn reduce the current poverty rate inherent in the country.

- Micro finance institutions to establish appropriate structure for accessing micro-credits. More so, policy makers in the microfinance industry should ensure that all the bottlenecks which intending beneficiaries may face during the lending process should be addressed so swiftly.
- Both the state and federal government should ensure that soft loans which they grant to the unreached masses are sustainable.
- Policy makers in the microfinance industry should ensure that the substantial parts of the mobilized funds of micro-finance banks should be given to the agricultural and industrial sectors so as to develop the rural economy instead of them engaging in buying and selling and other rent-seeking behaviours. This is because the latter

action do not reduce poverty rate instead it worsens it.

- Micro-Finance Banks should work out innovative ways of attracting more deposits, perhaps, through product development that offer special appeal to rural dwellers and others that are largely un-served by the conventional banks. They should also carve a niche for themselves by selecting the huge un-served segment of the financial market instead of competing with conventional banks on areas they (i.e. MFBs) lack competence.
- The government should strengthen the functionality of community and district level committees to optimize the impacts of social cash transfer programmes and address significant issues concerning beneficiary wellbeing and livelihoods.
- Policy makers should ensure that micro-credits given by cooperative societies should be at a considerable lending rate if the current poverty rate inherent in the country must be reduced. More so, substantial amount of money should be allocated to the co-operative society like the other sectors of the economy.

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