

MICROCREDIT AS A STRATEGY FOR POVERTY REDUCTION IN NIGERIA: A SYSTEMATIC REVIEW OF LITERATURE

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ABSTRACT

Microfinance was introduced in Nigeria in 2005 to give microcredit to the poor, especially the petty traders. This was to allow them to expand their businesses, increase sales and earn income. This study systematically assessed the impact of the microcredit in poverty reduction. A systematic search for quasi-experimental, observation and comparative studies published between 2008 and 2018 was conducted in five literature databases, lists of relevant studies and websites. Both qualitative and quantitative studies were included in the review and their quality assessed. Inclusion criteria were met by twenty studies. These studies showed how microcredit influence poverty reduction among petty traders who are beneficiaries of microcredit. Among these studies, fourteen focused on microfinance and poverty reduction and seven dealt with microcredit and poverty alleviation. Most studies were quantitative, eight had mixed methods and one had a qualitative analysis. Among the included studies, nineteen supported the hypothesis that microcredit contributes to poverty reduction and only one study objected to this hypothesis. While the findings of this review have revealed that microcredit is a strategy for poverty reduction, there are some challenges that hinder the accessibility to microcredit. This calls for government actions to review its microcredit policy.

KEYWORDS: Microcredit, Microfinance, Nigeria, Poverty reduction

INTRODUCTION

Poverty is real in Nigeria and new data from the Brookings Institute revealed that Nigeria is now the world capital of people living in extreme poverty. According to the findings, Nigeria has bypassed India as the country with people living in extreme poverty in 2018 (Kharas, Hamel, and Hofer, 2018). The trajectories from the Brookings Institute suggest that 87 million Nigerians live in extreme poverty compared to India with 73 million (Kharas, et al., 2018). While extreme poverty is on the rise in Nigeria by six people every minute, in India poverty continues to decrease (Kharas, et al., 2018).

The present democratic dispensation avails successful governments to initiate different poverty reduction strategies to checkmate the

rising poverty in Nigeria. One of this anti-poverty reduction strategies is microcredit that is given to petty traders to support entrepreneurship and reduce poverty. Microcredit from microfinance institutions has proven to be a powerful tool for fighting poverty (Appah, John, and Soreh, 2012). Many current empirical studies have analysed the correlation between microcredit and poverty reduction (Miled and Rejeb, 2015). The outcomes of these studies have shown that microcredit is a strategy for poverty reduction (Appah, et al., 2012; Jegede, Akinlabi, and James, 2011; Lawanson, 2016). The evidence attached to microcredits in reducing poverty prompted the Nigerian government to introduce microfinance institutions in 2005 (Awojobi, 2014). This is to allow many of the poor informal workers to have access to microcredit to fortify their business,

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increase income and reduce poverty.

While there has been a scholarly debate on the impact of microcredit on reducing poverty. This study employs a systematic review to assess the impact of microcredit on reducing poverty in Nigeria. Many studies have assessed the impact of microcredit on poverty reduction in Nigeria. However, an electronic search of a systematic review of the impact of microcredit on poverty reduction in Nigeria did not bring any positive result. Therefore, this study is not aware of previous systematic reviews that focus on microcredit and poverty reduction in Nigeria. It is against this background that this study employs a systematic review approach. In doing so, this study presents a research question: What is the impact of microcredit on the poor? The rest of the study is organised as follows. The next section presents the methods employed to answer the research question. The major results are examined in section three while section four is the discussion of the results. The final section deals with the conclusion.

METHODOLOGY

Systematic reviews

A systematic review “is a summary and assessment of the state of knowledge on a given topic or research question, structured to rigorously summarise existing understanding” (Ford, Berrang-Ford, and Paterson, 2011, P. 328) There are different techniques of conducting a systematic review, but four common requirements are known across reviews (Lawson, 2012). These are:

- Definition of the problem, inclusion and exclusion criteria;
- The search strategy;
- Criteria for the evaluation of studies; and
- Data extraction (Lawson, 2012:16).
An excellent systematic review might accomplish all the following:
- Establish to what extent existing research has progressed towards clarifying a problem;
- Identify relations, contradictions, gaps, and inconsistencies in the literature, and explore reasons for these (e.g. by proposing a new conceptualisation or theory which accounts for the inconsistency);
- Formulate general statements or an overarching conceptualisation;
- Comment on, evaluate, extend, or develop theory;

- In doing these things, provide implications for practice and policy;
- Describe directions for future research (Siddaway, 2014:1).

While most systematic reviews are conducted with peer reviewed research articles, unpublished papers and grey literature. This study only concentrated on empirical research articles from peer-reviewed journals and it uses the blending of quantitative and qualitative evidence via systematic review to analyse the impact of microcredit on poverty reduction in Nigeria.

LITERATURE SEARCH

The first step taken by this study in the systematic review approach was to conduct a search on the web through Google search engine. The electronic search produced 172,000 results after using key words such as microcredit, microfinance, poverty reduction and poverty alleviation. Additional literature search was conducted on Google scholar as well as reference lists of full text research articles included in the review.

CRITERIA FOR SELECTING THE SAMPLE STUDIES

Sample studies had to meet various inclusion and exclusion criteria to be accepted for the review. The search was limited to microcredit and poverty reduction. However, research topic in microfinance and poverty reduction also appeared alongside microcredit and poverty reduction. This study had to include microfinance and poverty reduction research articles that met the criteria of the study for the review since both microfinance and microcredit are connected. Microfinance is also called microcredit which is a type of banking service that is provided to the poor who do not have access to loans from conventional financial institutions. Micro Financial Institutions (MFIs) are responsible for giving out loans to the poor whom own financial accounts with them. This made it possible for both peer review studies on microfinance and microcredit to be included in the selection of literature.

The review of research articles only accepted empirical, peer-reviewed articles focusing on microcredit/microfinance and poverty reduction in Nigeria. Publications out of the scope of this study were excluded. This study aimed to test a hypothesis: microcredit contributes to poverty reduction.

DATA EXTRACTION

Data extraction form was used to extract important information. These include study design, geographical location, types of study, date of publication, types of analysis performed and findings. The impact of selected studies was graded in two categories: positive correlation and negative correlation.

RESULTS

SEARCH RESULTS

After using electronic search, studies were screened based on title, abstract and full-text screening. A total of 20 research articles met the criteria of the systematic review, 14 focused on microfinance and poverty reduction and the other

7 concentrated on microcredit and poverty reduction. This study describes the characteristics of the selected studies and presents the impact with reference to three categories: economic outcome, social outcome and women's empowerment. The economic outcome was sub-divided into consumption/asset creation; poverty; business; savings, employment, income and sustainable development/well-being. While the social outcome was sub-divided into three areas, these are education; health and social capital. Some studies fall under one category and multiple categories. See Table 1 for summary results from the selected studies.

Table 1: Summary results from selected studies

Study	Economic outcomes							Social outcomes			W	
	C / A 1	P 2	B 3	S 4	E 5	I 6	S/W 7	E D ₈	H 9	SC ₁₀	O ₁ 1	
Appah et al. (2012)		√										√
Jegade et al. (2011)		√					√					
Obisesan&Oyedele (2015)		√					√					
Omitoyin&Sanda (2013)								√				
Ugochukwu &Onochie (2017)		√										
Yahaya et al. (2011)		√	x		√							√
Ihugba et al. (2013)		√		x		√						
Akosile& Ajayi (2014)		√	√			√						
Ikpefan et al. (2016)			√									
Aideyan (2009)	√			√		√		√	√			
Lawanson (2016)		√	√									
Kasali et al. (2015)		√						√				
Emefesi& Yusuf (2014)	√	√										
Christensson (2017)		√										
Ilavbarhe&lzekor (2015)				√		√						√
Agbaeze&Onwuka (2004)		√										
Irobi (2008)		√	√				√			√		
Jolaoso&Asirvatham (2018)	√					√						
Okafor et al. (2016)		x										
Owolabi (2015)	√	√						√				√

√ Positive correlation; x Negative correlation

Note:	Measured	variables
C/A_1 = Consumption/ Asset creation		
P_2 = Poverty		
B_3 = Business		
S_4 = Savings		
E_5 = Employment		
I_6 = Income		
S/W_7 = Sustainable development/ Wellbeing		
ED_8 = Education		
H_9 = Health		
SC_{10} = Social capital		
WO_{11} = Women's empowerment		

STUDY CHARACTERISTICS

To ensure the study's accuracy, a table was created to record the characteristics of each reviewed study – study, methods used, thematic focus and sample size. Of the 20 selected studies, 11 were quantitative studies, 8 mixed methods and one a qualitative. In terms of thematic focus, fourteen of the studies concentrated on microfinance and poverty reduction while the remaining six studies deal

with microcredit and poverty reduction/alleviation. The selected studies' participants consist of entrepreneurs, rural dwellers, fish farmers and cooperative societies. Others are women's groups, household members, officials of MFIs, non-loan beneficiaries and MFIs clients. Seventeen of the studies are impact evaluations/assessments while the remaining three are case studies. Table 2 provides summary characteristics of the selected studies.

Table 2: characteristics of the selected studies that met the inclusion criteria

Study	Method	Thematic focus	Sample size	Type of study
Appah et al. (2012)	Quantitative	Microfinance and Poverty reduction	400 entrepreneurs	Impact assessment
Jegade et al. (2011)	Quantitative	Microfinance on poverty alleviation	80 rural dwellers	Impact evaluation
Obisesan&Oyedele (2015)	Quantitative	Microfinance and poverty reduction	140 MFIs customers	Impact assessment
Omitoyin&Sanda (2013)	Quantitative	Microcredit and poverty reduction	135 fish farmers	Impact assessment
Ugochukwu &Onochie (2017)	Quantitative	Microcredit on poverty reduction	MFIs clients	Impact assessment
Yahaya et al. (2011)	Mixed methods	Microfinance banks & poverty alleviation	400 MFIs customers 80 MFIs	Impact evaluation
Ihugba et al. (2013)	Mixed methods	Microfinance bank & poverty reduction	80 MFIs customers 40 MFIs	Impact evaluation
Akosile& Ajayi (2014)	Mixed methods	Microfinance bank & poverty reduction	5 MFIs 3 cooperative societies 40 MFIs customers 20 cooperative societies 18 workers of credit facilities	Impact assessment
Ikpefan et al. (2016)	Mixed methods	Microfinance and poverty alleviation	321 MFIs customers	Empirical investigation
Aideyan (2009)	Quantitative	Microfinance and poverty reduction	99 households	Evaluation
Lawanson (2016)	Mixed methods	Microfinance and poverty reduction	Small-scale enterprises	Empirical analysis
Kasali et al. (2015)	Quantitative	Microfinance and poverty alleviation	594 loan beneficiaries 540 non-loan beneficiaries	Empirical investigation
Emefesi& Yusuf (2014)	Quantitative	Microcredit and poverty alleviation	95 MFIs customers	Impact assessment
Christensson (2017)	Quantitative	Microfinance and poverty reduction	Households	Impact assessment
Ilavbarhe&Izekor (2015)	Quantitative	Microcredit, women empowerment, poverty alleviation	100 women microcredit clients	Impact evaluation
Agbaeze&Onwuka (2004)	Mixed methods	Microcredit and poverty alleviation	105 households Stakeholders	Case study
Irobi (2008)	Qualitative	Microfinance and poverty alleviation	Women association	Case study
Jolaoso&Asirvatham (2018)	Quantitative	Microfinance, poverty and household income	500 Households	Impact assessment
Okafor et al. (2016)	Quantitative	Microcredit and poverty reduction	MFIs clients	Impact evaluation
Owolabi (2015)	Mixed methods	Microfinance and poverty reduction	MFIs & officials MFIs clients	Case study

RESULTS: EVIDENCE OF OUTCOME AND IMPACT

ECONOMIC OUTCOMES

One of the major objectives of microcredit is to impact the poor economically vis-a-vis poverty reduction. The accessibility of loans by the poor support them to engage in profitable economic activities which can boost their income. Nineteen studies have found microcredit/microfinance positively impacting their beneficiaries economically. Among these studies, four found an improvement in consumption/asset creation (Aideyan, 2009; Emefesi and Yusuf, 2014; Jolaoso and Asirvatham, 2018; Owolabi, 2015). In Kirfi Local Government Area of Bauchi State, microcredit was responsible for the purchased of improved seeds and farm implements (Emefesi and Yusuf, 2014). In a comparative study of two microfinance institutions, Aideyan (2009) found that households receiving microloans increase food consumption more than the households not receiving microloans. However, the study did not find any increase in food consumption of programme households as against the comparison household in the second microfinance institution (Aideyan, 2009).

The primary aim of introducing microfinance institutions in Nigeria in 2005 was to give credit facility to the poor vis-a-vis poverty reduction. Around fourteen studies reported that microcredit/microfinance positively impact poverty reduction among the beneficiaries of microcredit (Agbaeze and Onwuka, 2004; Akosile and Ajayi, 2014; Appah, et al., 2012; Christensson, 2017; Emefesi and Yusuf, 2014; Ihugba, Bankong, and Ebomuiche, 2013; Irobi, 2008; Jegede, et al., 2011; Kasali, et al., 2015; Lawson, 2012; Obisesan and Oyedele, 2015; Owolabi, 2015; Ugochukwu and Onochie, 2017; Yahaya, Osemene, and Abdulraheem, 2011). In Bayelsa State, there was a significant relationship between microfinance and poverty reduction (Appah, et al., 2012). A qualitative study by Irobi, (2008) reveals that microcredit led to poverty reduction among different households and benefit the community. In a similar manner, in Enugu East LGA, microcredit has a positive impact, but not a significant impact on poverty reduction in the study area (Agbaeze and Onwuka, 2004). Only one study found a negative correlation between microcredit and poverty reduction but found a positive impact between the size of MFIs and poverty reduction (Okafor, Ezeaku, and Ugwuegbe, 2016). This outcome was rejected by the study of Christensson (2017)

which stated that the existence of many MFIs to do not lead to poverty reduction but the accessibility to MFIs is what lead to poverty reduction.

Microcredit allows poor beneficiaries to expand their businesses in order for them to earn a regular income from their investment. Six studies clearly revealed that microcredit/microfinance has resulted in the improvement of the businesses of MFIs clients (Akosile and Ajayi, 2014; Ikpefan, Taiwo, and Isibor, 2016; Irobi, 2008; Jolaoso and Asirvatham, 2018; Lawanson, 2016; Owolabi, 2015). In Mbieri, Imo State, some member of women cooperative society who took microloan invested wisely with their loans in their different businesses which yielded positive results in the long run (Irobi, 2008). In Edo, Osun and Oyo States, the financial services from MFIs and Cooperative Investment and Credit Societies led to the expansion of the businesses of informal workers (Akosile and Ajayi, 2014). On the contrary, the work of Yahaya, et al. (2011) rejected the notion that microfinance influences the growth of small-scale businesses.

MFIs offer saving products to their poor clients. This allows them to have some money saved in order to create a safety net for future expenses. The poor clients save money for investment, children school fees and healthcare. Surprisingly, only two studies reported microcredit/microfinance impacting on microsavings (Aideyan, 2009; Ilavbarhe and Izeke, 2015). In the southern part of Nigeria, the impact evaluation of two MFIs shows that 72% and 80.6% of the treatment households of the two MFIs have savings accounts as against 36.5% and 19.4% of the control households (Aideyan, 2009). In Edo State, the beneficiaries of microcredit savings have increased as compared to the period when they have no access to microcredit (Ilavbarhe and Izeke, 2015). The situation in Imo State is different as the study by Ihugba, et al. (2013) did not find any positive correlation between microfinance and poverty reduction for poor rural dwellers.

Microcredit creates employment for the poor when they use their credit for investment. One study reported microfinance impacting employment generation for MFIs clients (Yahaya et al., 2011). Some critics have argued against microcredit increasing the income of beneficiaries of microcredit. However, five studies agreed that microcredit improves the income of the poor. In Imo State, the access to credit facility from MFIs expanded the income of MFIs clients in rural

areas (Ihugba, et al., 2013). In a comparative study by Aideyan (2009), the outcomes of the study show that the treatment households have higher incomes compared to the control households. It is also reported that microcredit influenced sustainable development and wellbeing among the beneficiaries of microloan (Irobi, 2008; Jegede, et al., 2011; Obisesan and Oyedele, 2015).

SOCIAL OUTCOMES

Studies have shown that microcredit/microfinance promote social outcomes such as education, health and social capital to the beneficiaries of microcredit. A total of five studies agreed with this hypothesis (Aideyan, 2009; Emefesi and Yusuf, 2014; Irobi, 2008; Omitoyin and Sanda, 2013; Owolabi, 2015). Among these five studies, four studies reported that microcredit/microfinance positively impacted education for children of MFIs clients (Aideyan, 2009; Emefesi and Yusuf, 2014; Omitoyin and Sanda, 2013; Owolabi, 2015). In Osun State, the beneficiaries of microcredit that comprised 19.2% could pay the school fees of their children (Omitoyin and Sanda, 2013). Using a non-experimental design, Aideyan (2009) found that the beneficiaries of microcredit increased spending on their children's education when compared to the poor without access to microcredit. In Bauchi State, microcredit to farmers resulted in the improvement of the educational status of their children because their children now attend a better school as compared when there was no microcredit (Emefesi and Yusuf, 2014). In some Nigerian States, the access to microcredit significantly contributes to child education and this show that aside investing in a business, child education is influenced by microcredit (Owolabi, 2015).

There is evidence that microcredit leads to healthcare accessibility. The results of a non-experimental design in rural areas in the southern part of Nigeria showed that households that have access to microcredit can afford better healthcare services than poor households without access to microcredit (Aideyan, 2009). In terms of social capital, the Obazu Progressive Association, which is a non-governmental organisation formed by women in Imo State has been able to function effectively due to the access to microcredit by its member (Irobi, 2008). Loans to members of the association influenced them economically, politically and socially in their community (Irobi, 2008).

WOMEN'S EMPOWERMENT

Women are seen to be the poorest among the poor. To assist women to overcome poverty, development institutions, national governments and Non-Governmental Organisations (NGOs) are creating programmes that will give women access to microcredit. One of such programmes is microfinance institution which allows women to have access to microcredit which they can use to finance their businesses and earn income. Around five studies confirmed that the access to microcredit by women empowered them (Appah, et al., 2012; Ilavbarhe and Izekor, 2015; Irobi, 2008; Yahaya, et al., 2011). In Bayelsa State, women's status improved due to their accessibility of loans from MFIs (Appah, et al., 2012). One way to empower women is through income, this is because income makes them invest in businesses and earn them profits. An empirical study in Edo State shows that the access to microcredit empowered women economically this was because their income increased as compared when they have no access to microcredit (Ilavbarhe and Izekor, 2015). In Kwara State, a mixed method approach revealed that gender has a significant impact on microfinance as a strategy for poverty reduction because women made up the highest number of clients to MFIs (Yahaya, et al., 2011). In line with the empirical findings of Irobi (2008), loans from a cooperative society increased the income of the women which led to improved standard of living, social and political empowerment. Further to this, Owolabi (2015) argues that the credit facility to women increased their business assets. However, Kasali, et al. (2015) assert that women find it difficult to get loans because of their socio-cultural background in Nigeria.

FACTORS AFFECTING ACCESS TO MICROCREDIT

A systematic review of the studies suggests that the access to microcredit is hindered by (i) inadequate loan or equity capital to increase loan-able funds (Emefesi and Yusuf, 2014; Ilavbarhe and Izekor, 2015; Irobi, 2008); (ii) high interest rate (Ikpefan et al., 2016; Omitoyin and Sanda, 2013); and (iii) method of loan payment (Jolaoso and Asirvatham, 2018).

STATUS OF HYPOTHESIS

Based on the systematic review of selected studies, this study hypothesis: microcredit contributes to poverty reduction is summarised in Table 3.

Table 3: Status of hypothesis

Study	Location	Impact of poverty reduction: summary evidence	Support of the hypothesis
Appah et al. (2012)	Bayelsa State	The hypothesis is accepted that there is a significant relationship between microfinance and poverty reduction in Bayelsa State	Yes
Jegade et al. (2011)	Lagos State	The hypothesis which declared that there is no significant impact of MFIs on poverty reduction was rejected. This signifies that there is a substantial impact of MFIs on poverty reduction	Yes
Obisesan&Oyedele (2015)	Ilorin & Ibadan	It indicates that the test is Statistically significant, hence the Null Hypothesis is rejected, and the alternate hypothesis is accepted. This result affirms that Microfinancing contributes to poverty reduction in Nigeria	Yes
Omitoyin & Sanda (2013)	Osun State	The microcredit was used for different purposes such as fish farming family well-being and child education	Yes
Ugochukwu & Onochie (2017)	Nigeria	As microcredit increases, poverty level declines	Yes
Yahaya et al. (2011)	Kwara State	This study accepts the alternative hypothesis in assessing microcredit as a strategy for poverty reduction as influenced by gender	Yes
Ihugba et al. (2013)	Imo State	The predicted coefficient of microcredit has the strongest probability (98%) of alleviating poverty in rural areas	Yes
Akosile& Ajayi (2014)	Edo, Osun, Oyo States	The services of MFIs have significantly promoted poverty reduction in terms of income generating capabilities for informal sector workers	Yes
Ikpefan et al. (2016)	Lagos & Ogun States	Perhaps the strongest input of microfinance is that it empowers individuals, by giving them hope, self-esteem, and the economic powers to perform a greater role in their development	Yes
Aideyan (2009)	Southern Nigeria	The simple test results show that programme households have made some welfare gains in income and net worth of household assets	Yes
Lawanson (2016)	Nigeria	These results explain the role of microfinance in poverty	Yes

			alleviation in Nigeria and corroborate the findings of Hulme and Paul (1996) which indicated that the use of microfinance to fight poverty	
Kasali et al. (2015)	South West Nigeria		The results of predicts that microfinance is statistically significant and made a reliable contribution to predicting poverty reduction level	Yes
Emefesi& Yusuf (2014)	Bauchi State		From the findings, it is evident that microcredit facilities have a positive impact on rural farmers' poverty alleviation status	Yes
Christensson (2017)	Nigeria		The coefficient has a negative value of -1.579, confirming the hypothesis that access to microfinance institutions has a positive impact on poverty reduction	Yes
Ilavbarhe & Izekor (2015)	Edo State		This means that the income of the respondents after accessing Microcredit was higher than their income before accessing the microcredit	Yes
Agbaeze & Onwuka (2004)	Enugu State		Based on this, the null hypothesis is rejected, and the conclusion is that micro-credit has positive but non-significant impact on poverty	Yes
Irobi (2008)	Imo State		Based on the findings, one could purport that there was difference made by this credit on the women's status that also led to poverty alleviation among their different households and community in general	Yes
Jolaoso & Asirvatham (2018)	Osun State		100% of the respondents agreed loan has improve their income	Yes
Okafor et al. (2016)	Nigeria		As observed from the result, the coefficient of MCRDT is negative and does have a statistically significant impact on PI. We can therefore say that microcredit has negative and significant impact on poverty reduction	No
Owolabi (2015)	Edo State		We discover that microfinance is a practical mechanism for poverty reduction. At the minimum, the use of microfinance permits some forms of poverty reduction	Yes

Table 3 affirms that out of the twenty sample studies reviewed, fourteen studies validated the hypothesis, one study did not give credence to the hypothesis. In the case of the remaining five studies, they supported that microcredit assists their beneficiaries in various forms since poverty is multidimensional and it is not measured by income alone. Therefore, the study accepted that their findings gave credence to the study's hypothesis.

DISCUSSION

This systematic review has shown superlative findings in the form of a positive impact of microcredit on poverty reduction and women empowerment. The analysis of the reviewed studies has shown that microcredit can meet the needs of the poor and taking them out of poverty. Though some studies have argued that the impact of microcredit on poverty reduction is not significant.

Microfinance institutions always prefer to give out loans to the poor who have petty businesses. The loans are meant to expand the businesses of the poor in order for them to increase sales and make profits. The profits then act as the household's income which gives the household the opportunity to have access to healthcare, improved child education, asset creation and the expansion of businesses. In the case of women who have access to microcredit, this study has shown that they are empowered with the profit they made from their businesses. Microcredit empowers women economically, socially and politically and it improves their well-being and that of their households as well as the communities they live. This is the theory of change on the access to microcredit and its positive impact. However, some schools of thought have a problem with this theory. First, many poor households do not make use of microfinance services when they are available (Dunford, 2012). Second, many of the beneficiaries of microcredit do not invest part of their microcredit in their small businesses (Dunford, 2012). Third, most of these small businesses in which savings are invested remain too small with little return on investment which is not significant enough to reduce household poverty (Dunford, 2012).

Nevertheless, "people from poor households tap microfinance services to smooth consumption and build assets to protect against risks ahead of time and cope with shocks and economic stress

events after they occur—leading to poverty alleviation" (Dunford, 2013). There is much empirical evidence in which poor households invest their microcredit in their small businesses that do in fact expand and earn additional profit to a significant increase in the household' income and consumption.

Despite the positive impact microcredit has on its beneficiaries, there are some challenges that are hindering the access to microcredit by the poor. One common challenge is the issue of high-interest rate. When the interest rate is high, it prevents the poor from accessing microcredit. This is where policymakers should intervene if the objective of microcredit is to reduce poverty and empowering the poor.

CONCLUSION

This systematic review has shown that microcredit has the potential of reducing poverty to those who have access to microcredit. While most of the studies have supported the hypothesis that microcredit is a tool for poverty reduction, there still some pitfalls that make it difficult for people to access loans from formal financial institutions. This is while the government needs to review the policy of microcredit/microfinance in Nigeria.

While the findings of this review have revealed that microcredit is a strategy for poverty reduction, it is mandatory for a high-quality empirical evaluation to determine the relationship between the access to microcredit and the rising poverty rate in Nigeria.

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