ASSESSMENT OF THE EFFECTS OF MICRO-CREDIT ON POVERTY STATUS OF MICRO ENTREPRENEURS IN IKERE EKITI, NIGERIA

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ABSTRACT

This study investigated how engagement in microcredit programs impacts the poverty status of microentrepreneurs in the Ikere Local Government Area of Ekiti state, Nigeria. The study selected 126 respondents through random sampling, comprising 57 microcredit beneficiaries and 69 non-beneficiaries. Data was gathered via structured questionnaires and analyzed using various statistical methods including descriptive statistics, FGT poverty measure, Probit regression, and comparison of means.The average per capita household expenditure in the study area was N 13,877.49, which was used to establish poverty thresholds of N 9,251.66 and N 4,625.83 for categorizing households as moderately poor and core poor respectively. The findings revealed a poverty incidence of 27 percent among microcredit beneficiaries and 29 percent among non-beneficiaries.Probit regression analysis indicated that female-headed households tended to be economically disadvantaged compared to male-headed ones. Furthermore, each additional year of formal education, possession of assets, and participation in microcredit were associated with reductions in poverty status by 0.994, 0.0529, and 0.08 respectively.A comparison of expenditure between microcredit beneficiaries and non-beneficiaries revealed higher expenditure among the former. The study suggests that policies promoting the establishment of more microcredit groups for impoverished households could be effective in alleviating poverty.

Keywords: Poverty, microcredit, households, regression, Ikere-Ekiti, Nigeria.

INTRODUCTION

Poverty poses a significant threat to the well-being of countless individuals globally, presenting a formidable challenge for both researchers and policymakers. For instance, Sulemana et al. (2022) highlighted that approximately 10% of the global population lived in extreme poverty in 2015. This percentage decreased to 8.4% before the onset of the Covid-19 pandemic, only to rise again to 9.4% in 2020 (World Bank, 2020). By 2022, it was projected that 667 million people worldwide would be living in extreme poverty (World Bank, 2022). The poverty trend in Nigeria is not different from that of the world. In 2018, 79 million people were poor in Nigeria and the figure increased in 2023 to 104 million people representing 40% and 46% respectively (World Bank, 2023). Poverty is linked with sluggish growth (World Bank, 2023; Nwibo, 2019); shock such as Covid-19, conflict, war, drought, banditry among others (Yusuf, 2023); inadequate access to production input particularly credit and market and marketing inefficiency and lack of infrastructure.

Poverty is multidimensional in nature thereby defying all efforts to have a consensus definition of it. However, Owagbemi et. al. (2016) defined it as physical, economic, social, cultural and political deprivation capable of incapacitating an individual to the extent of not being able to afford the minimum standard of living. Poverty is absolute due to lack of access to basic needs but it is relative when the means to livelihood assets is lacking (Adeleke, et al. 2020). Tackling poverty challenge is more encompassing than estimating the number of the poor, because it also involves locating them and getting acquainted with their livelihood activities (World Bank, 2018). The concern about the devastating effect of poverty on the world's poor informed the meeting of the world leaders to come up with the millennium development goals in year 2000 and one of the agenda of the MDGs was eliminating poverty by the year 2015. The MDGs made some progress in a number of countries, however, it was succeeded by the SDGs to mop up the MDGs leftover poverty (UNDP, 2015). Therefore, Nigerian government in a spirited effort to achieve the SDGs first goal of poverty eradication, introduced a number of programmes with credit component to enable the poor gain unhindered access to small loan/credit for entrepreneurial activities. Small loan referred to as microcredit is usually a sort of microfinance advanced to an individual to engage in income generating activities (Tiwari and Jahanara, 2023) so that they can escape poverty. Financing microenterprises has the potential to reduce poverty (Tiwari and Jahanara, 2023

While the final assessment of the MDGs revealed some progress, over 800 million individuals, predominantly from sub-Saharan Africa, continue to endure extreme poverty (United Nations, 2015). Notably, according to data from the world poverty clock, out of the 15 countries worldwide experiencing a surge in extreme poverty, 13 are situated in Africa (Kazeem, 2018). Current statistics indicate that 86.9 million Nigerians are grappling with extreme poverty (Kazeem, 2018). The disparity in poverty reduction achievements across sub-Saharan African nations, including Nigeria, can be attributed to the hindrance posed by limited access to production credit, particularly in rural areas. Kigour (1998) observed that a significant obstacle to breaking the cycle of poverty is the

lack of adequate credit to procure inventory necessary for establishing sustainable small businesses. Income generating activities in which the poor can engage include microenterprises such as selling food items, vegetables, spices, cooking oil, snacks, beverages, confectionery among others. Obayelu and Orosile (2015) noted that poverty is more of a rural phenomenon. Therefore, lack of engagement in income-generating activities was the missing element of the MDGs. However, there is a ray of hope with the innovative microcredit programmes which entail extension of small loan to microentrepreneurs for income-generating activities.

Currently, the world's leaders are pursuing the Sustainable Development Goals (SDGs) which include ending poverty in all forms everywhere by the year 2030 (United Nations, 2015). In other words, the SDG of eradicating poverty aimed at mopping up the left-over MDG era poverty toll which though looks like a mirage but achievable if research gaps in terms of the causes of poverty are completely bridged. While there exist investigations regarding the impact of access to microcredit on household welfare, empirical studies focusing specifically on the effects of microcredit participation on the well-being of micro-entrepreneurs are notably lacking, leaving this area of research relatively underexplored. Given that Ekiti state is among the states with high poverty rates in the southwestern region of Nigeria and is designated as a Community Poverty Reduction Programme State, supported by funding from the World Bank, this study aims to fill this gap by assessing the influence of microcredit participation on the poverty status of micro-entrepreneurs in Ikere-Ekiti, Nigeria.

Hypothesis of the Study

1   H_0: There is no significant relationship between participation in micro credit and the poverty status of respondents in the study area.
   H_1: There is a significant relationship between participation in micro credit and the poverty status of respondents in the study area.

LITERATURE REVIEW

The contribution of credit to the development of individuals and households had been copiously documented. Credit is a crucial factor in production process, consumption smoothening, risk-bearing ability (Diagne, Zeller and Sharma, 2000). Improving the user's incomes and savings, enhancing investment and reinforcing high incomes (Mohamed, 2003) fighting against poverty and promoting gender equality (Li, 2010). Despite the potential of credit in reducing poverty, the poor are either partially or fully excluded from accessing formed (Kangogo, 2013). They are excluded due to their lack of credit worthiness, collateral and high cost of doing business with them among others (Ojo, 2014). Hence the persistence of their poverty (Li, 2010). Microcredit overcomes these challenges through group lending innovation (Kangogo, 2013).

Access to credit influences household welfare outcomes, particularly poverty reduction, through three main channels (Zeller et al., 1997). Firstly, it addresses capital constraints, allowing households to invest in labor-saving technologies and higher-yielding assets, thereby enhancing productivity. Secondly, it enhances a household's ability to bear risks and cope with uncertainty. Lastly, it facilitates consumption smoothing, aiding in managing production and consumption risks. Understanding that credit is available to cushion consumption during income fluctuations may encourage households to adopt riskier technologies (Eswaran and Kotwal, 1990).

The distinction between access to credit and participation in credit programs is crucial for accurately assessing their impacts on household welfare (Diagne and Zeller, 2001; Doan, Gibson, and Holmes, 2010). Access to credit implies a household's ability to borrow, regardless of whether they choose to utilize it, while participation indicates active borrowing. Credit-constrained households lack access to sufficient credit, impacting their ability to meet borrowing needs. This study aims to evaluate the effect of credit program participation on household poverty, utilizing data on borrowing availability.

The connection between microcredit and poverty is evident in its effectiveness in expanding access to essential social services and improving the welfare of impoverished individuals. According to Robin (2002), as incomes of poor families increase, their initial actions often include improving nutrition and sending their children to school. Although some impact evaluation studies have found that participation in credit by the poor has a positive outcome on living standards, other studies have found that welfare is not promoted through microcredit rather poor households become poorer through additional burden of debt (Chowdhury, 2004). Several authors (Ojo, 2014; Ukpe, 2016; Balogun, 2011) established the reducing effects of credit on welfare (food insecurity and poverty) in their studies. However, Khandker (1998) in his study found that rate of poverty reduction declined with increasing microcredit membership length. Also, Morduch (1998) in his study found no evidence of increase in consumption of microcredit beneficiaries. Li (2010) concluded by noting that credit may be less-successful or even counter-productive in raising the poor's living standard due to differences in effective use of credit and strength of economic base.

METHODOLOGY

Study Area

The study area is Ikere Local Government Area of Ekiti State. It is one of the sixteen local government areas in Ekiti State. Ikere is located in the southern part of the state bounded by Ado Local Government in the North, Akure North Local Government in the South, Ekiti South West Local government in the West and Ise Ekiti Local Government Area in the East. Ikere lies on latitude $7^0\,25'$N and Longitude $5^0\,19'$E and situated in the Rainforest zone.

There are two distinct seasons: the dry and wet seasons. Majority of the populace engage in agriculture as a source of income.

Source of data and sampling technique

For this study, primary data were gathered through structured questionnaires administered to household groups with and without microcredit access in the research area. The collected information encompassed socio-economic profiles of beneficiaries, their monthly household earnings and expenditures, asset ownership, and a roster of individuals borrowing credit. A list of twenty-five microcredit groups were obtained from the Poverty Alleviation office in the state capital. The list showed the distribution of microcredit groups across Ikere quarters namely: Odo-Oja, Uro and Oke – Ikere, with each quarter having different clusters of microcredit groups. A muti-stage smapling procedure was used to select samples for the study. The first stage involes random sampling of eleven microcredit groups out of the existing twenty five microcredit groups in the study area. At the second stage, seven microcredit beneficiaries were randomly selected from each of the eleven selected microcredit groups. The third stage involved snowball sampling (due to non availability of sampling frame) of seventy seven non-microcredit beneficiaries in the study area. At the end, one hundred and fifty four questionnaires were administered on the samples. However, one hundred and twenty six questionnaires were useful for the study

Analytical Technique

Different analytical tools were used to analyze the data collected from the sampled households in the study area. These included the descriptive, the FGT poverty index measure, Probit regression and difference of two means.

Descriptive Analysis

The descriptive statistics that were used in the study included percentages and frequency distribution to show the occurrence of a given sample characteristic grouped into classes.

Difference of two means
This is one common test of comparison between two populations and it used to compare two means and answers the question whether mean X_1 is equal to mean X_2:
$H_o : \overline{X}_1 - \overline{X}_2 = 0$
$H_1 : \overline{X}_1 - \overline{X}_2 \neq 0$
This is accomplished using the test-statistics formula given by:

$$Test - statistics = Z = \frac{\overline{X}_1 - \overline{X}_2}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}$$

Where:
$\overline{X}_1$ = Mean Expenditure of micro credit beneficiaries

$\overline{X}_2$ = Mean Expenditure of non-beneficiaries
S_1 = Standard deviation of Expenditure of beneficiaries

S_2 = Standard deviation of Expenditure of non-beneficiaries

n_1 = Number of microcredit beneficiaries

n_2 = Number of non-beneficiaries in microcredit

Poverty Measurement Tool

The process of poverty analysis usually commences with establishing the poverty threshold, commonly derived from consumption (expenditure) data. Calculating the percentage of the population below this poverty threshold provides a quick assessment of the magnitude of the poverty problem. In this study, total expenditure was adjusted to a per capita basis to accommodate household size variations. This was accomplished by dividing each household's total monthly expenditure by its household size.

Per capita expenditure = $\frac{\text{Total household monthly expenditure}}{\text{Household size}}$

The mean per capita household expenditure (MPCHHE) is calculated thus:
$$\frac{\text{Total per capita household expenditure}}{\text{Total number of households}}$$

The relative poverty line was constructed based on the MPCHHE of the sampled respondents for each household group. Hence, Core poor, moderately poor and Non poor were defined as:

Core poor $< \frac{1}{3}$MPCHHE

Moderately poor $< \frac{2}{3}$MPCHHE

Non-poor $\geq \frac{2}{3}$MPCHHE.

Poverty Measure

The research employed the Foster, Greer, and Thorbecke (1984) methodology to gauge the prevalence, intensity, and severity of poverty within the study region. The FGT measure is computed by assessing the proportional deficit in expenditure for each impoverished household and standardizing the total by the population size. The rationale behind opting for the FGT method lies in its ability to dissect the total population into subgroups, enabling comparative analysis.

It is expressed as:

$$P_\propto = \frac{1}{n} \sum_{i=1}^{q} \left[\frac{z-y}{z}\right]^{\propto}$$

Where:

y = per capita household expenditure
Z = poverty line
n= total population
q = population of the poor

As $\propto$ changes, P also changes to give an indication of the depth of poverty.

When $\propto = 0$, then $P_o = \frac{q}{n}$ = Headcount ratio.

The Headcount ratio (incidence of poverty) is the share of the population whose income or consumption is below the poverty line.

$$P_i = \frac{1}{n} \sum_{i=1}^{q} \left[\frac{z-y}{z}\right]^{1}$$

The equation mentioned above quantifies the depth of poverty, also known as the poverty gap, which represents the disparity between the income or consumption of poor households and the poverty line. It offers insights into the distance between households and the poverty threshold, capturing the average shortfall in income or consumption relative to the poverty line across the entire population. This measure serves to estimate the minimum level of resources required to eliminate poverty.

Also, when $\propto = 2$, it measures the severity of poverty. This is shown in the equation below:

$$P_2 = \frac{1}{n} \sum_{i=1}^{q} \left[\frac{z-y}{z}\right]^{2}$$

The severity of poverty, or poverty intensity, index considers not just the gap between the poor and the poverty line, but also the inequality within the poor population, assigning greater importance to households that are further from the poverty line.

RESULTS AND DISCUSSION

Socio-economics characteristics of respondents

Table 1 presents the socio-economic characteristics of the sampled household head. In term of gender of the respondents, 67.46% are male while the remaining 32.54% are female. The finding contradcts Makunyi and Rotich (2017) who reported participation of women in microcredit and micro-businesses than men. According to table 1, majority of responsdents regardless of their microcredit benefoiciary status are less than 60years. This implies that the respondents are in their economic active age. Being in their active age would enhance their potential to earn income. The finding is consistent with Obadimu, etal., 2023, who found that an average household head in their study was 38.5 years old.

The composition of family size shows that 44%, 21%, 25% and 10% of the respondents have family sizes of 1-4, 5-8, 9-12 and greater than 12 members respectively. The respondents have an average family size of 7

Probit regression model

Probit regression model was used to examine the effect of microcredit on poverty status of the respondents following Ojo, (2014) because poverty status which is the dependent variable is dichotomous (Yusuf *et al.*, 2022)

This is given by:

$$Y = \propto_0 + \beta_s X_s + \varepsilon_i$$

Where:

Y = Poverty status of households (poor =1, 0 otherwise)

$\propto_0$ = constant term

β_s = Parameters to be estimated

X_s = (X_1 –X_7): Vector of (non-stochastic) explanatory variables which are defined below

X_1 = Gender of household head (Male = 1, Female = 0)

X_2 = Age of household head (in years)

X_3 = Household size

X_4 = Participation of household head in microcredit group (Borrow=1,0 otherwise)

X_5 = Years of formal education of household head

X_6 = Primary occupation of household head

X_7 = Asset (Naira)

ε_i = Error ter

members. It can be inferred from the distribution that the sampled household size is fairly large. This may exert pressure of reducing per capita household income and consequently expenditure. In term of participation in microcredit, there are 45% and 55% beneficiaries and non- beneficiaries. The result is similar to Idi etal, (2019) who found in their study that an average household was composed of more than 6 members. The educational achievement of the respondents reveals that 44% lack formal education, while 21%, 25%, and 10% have attained primary, secondary, and tertiary education respectively. On average, respondents have approximately five years of formal education, equivalent to completing primary schooling. This level of literacy falls short of the recommended nine-year minimum set by the Universal Basic Education Programme. the findings is consistent with Idi etal, (2019) who reported that skills acquired in schools will be useful in managing businesses profitably. The

distribution of the respondents based on occupation reveals that 56% of respondents are involved in farming, while the remaining 44% are engaged in other occupations. This shows the significance of farming occupation in the study area. The findings support Obadimu et al, 20023 who reported earlier that people from different occupation (farming and non-farming) were involved in microcredit borrowing. The asset (savings) of the respondents with their various microcredit groups shows that most of them have savings of N5,488.08-N27,440.4. However, 26%, 10% and 2% of them have asset of N32,928.48-N54,880.8, N60,368.88-N82,321.2 and greater than N82,321.2 respectively. An average respondent has an asset of N29,041.97. Possession of assets may serve as a source of cash in time of emergency to meet cash need of the household. The result agrees with Adeoye et al, (2023) who stated that households who lack assests have higher likelihood of being vulnerable to poverty as well as having difficulty in recovering from shock.

Table 1: Selected socio-economic characteristics of sampled households

Variable	Beneficiaries n, (%)	Non-beneficiaries n, (%)	All n, (%)	Mean
Gender of household head				
Male	44 (77.2)	40 (58.0)	85 (67.46)	
Female	13 (22.8)	29 (42.0)	41 (32.54)	
Age of household head (years)				
≤30	19 (33)	15 (22)	34(26.9)	39.97
31-40	13 (22.8)	09 (13)	22 (17.5)	
41-50	16 (28.1)	17 (24.6)	33(26.2)	
51-60	07(12.3)	21(30.4)	28(22.2)	
>60	02(3.5)	07(10.1)	09(7.1)	
Household size				
1-4	5 (9)	15 (22)	20 (43.65)	7.12
5-8	35 (61)	38 (55)	73 (20.63)	
9-12	12 (21)	16 (23)	28 (25.40)	
>12	5 (9)	- (-)	5 (10.32)	
Years of education of household head				
0	12 (21)	43 (62)	55 (43.65)	
1-6	18 (31)	8 (12)	26 (20.63)	
7-12	22 (39)	10 (14)	32 (25.40)	
>12	5 (9)	8 (12)	13 (10.32)	5.12
Occupation				
Farming	30 (52.6)	41 (59.0)	70 (55.56)	
Non-farming	27 (47.4)	28 (41.0)	56 (44.44)	
Asset of household head in Naira				
1 – 15000	24 (42)	56 (81)	80 (63)	16510.54
16000 – 30000	25 (44)	7 (10)	32 (25)	
31000 – 45000	6 (10.5)	6 (9)	12 (10)	
46000 – 60000	2 (3.5)	- (-)	2 (2)	

Source: Author's computation

Poverty status of the households

Table 2 shows pobverty line determination for the study using expenditure approach. The table shows that the total monthly expenditure of the respondents is N11,617,819.48. from the total monthly ecpenditure, total monthly expenditure per capita (1,748,564.56) was obtained and from it the mean expenditure per capita was akso obtained (13,877.49). The two-third and one-third of the mean expenditure per capita were computed as 9,251.66 and 4,625.83 and used as poverty lines for moderately poor and core poor households respectively. In order words any households whose monthly expenditure per capital is less than 9,251.66 and 4,625.83 are considered moderately poor and core poor respectively.

Table 2: Poverty Line Determination

Variable	Amount (₦)
Total Monthly Expenditure	11,617,819.48
Total Expenditure per capita	1,748,564.56
Mean total expenditutre per capita	13,877.49
2/3 Mean total expenditutre per capita	9,251.66
1/3 Mean total expenditutre per capita	4,625.83

Source: Author's computation

Poverty incidence, depth and severity

The poverty incidence (Table 3) shows that 32 % of the pooled households are moderately poor while 4% are core poor. Among the beneficiaries, 27% and 3% are moderately and core poor respectively while the corresponding values for non- beneficiaries are 29% and 4% moderately poor and core poor respectively. This implies that there are more poor non- beneficiaries in microcredit than the beneficiaries. The poverty gap index or depth of the pooled moderately poor household, beneficiaries and non- beneficiaries sampled are 0.23, 0.19 and 0.20 respectively. This means that the income transfer required to bring the three categories of moderately poor households to the poverty line are 23%, 19% and 20 % of the poverty line for the three groups.

The poverty severity index measures the distance of each poor person to another. This was found to be 0.023, 0.014 and 0.018 for moderately poor of the pooled households, beneficiaries and non- beneficiaries respectively. The corresponding index for the core poor are 0.0013, 0.0021and 0.00042 respectively.

Table 3: Poverty Indices

	Non- beneficiaries			Beneficiaries			All		
	P_0	P_1	P_2	P_0	P_1	P_2	P_0	P_1	P_2
Moderately poor	0.29	0.20	0.018	0.27	0.19	0.014	0.32	0.23	0.023
Core poor	0.04	0.15	0.0013	0.03	0.24	0.0021	0.04	0.20	0.00042

Source: Author's computation.

The Effect of Participating in micro credit on Poverty status of the Respondents

The effect of micro credit on poverty status of respondents was estimated using Probit regression model. The result is presented in Table 5

Table 4: Probit regression result of the effect of benefiting from micro credit on poverty status of the respondents

Independent Variables	Coefficients	Marginal effect
Constant	2.4777 (0.9664)**	
X_1 = Gender	-1.0955 (0.4577)**	0.4055
X_2 = Age	0.0024 (0.2055)	0.0009
X_3 = Household size	0.1014 (0.8981)	0.3699
X_4=Years of formal education	-0.2725 (0.5588)***	-0.9943
X_5 = Primary occupation	0.2659 (0.4869)	0.9748
X_6 = Asset possession	-0.1450 (0.0744)*	-0.0529
X_7=Microcredit participation	-0.0220 (0.0071)***	0.0084
Pseudo R^2	0.73	
Prob>Chi^2	0.0000	
Log likelihood	-23.143	
Number of observations	126	

Asterisks denote significance *** - at 1% ; ** - at 5%; *- at 10%
Figures in parenthesis are standard errors
Source: Author's computation

Table 5 above presents the maximum likelihood estimates of the probit model. In this model, four out of the seven explanatory variables are significant. The significant explanatory variables are gender; years of formal education; asset possession and microcredit participation.

The gender of respondents exhibits a statistically significant negative coefficient at the five percent level, indicating that female-headed households tend to be poorer compared to male-headed households. This suggests that there's a decrease in the likelihood of poverty when a household is led by a male. Specifically, the marginal effect of having a male-headed household on the probability of poverty is calculated to be -0.405, implying that households headed by males are expected to experience a poverty level 0.405 units lower than those headed by females. This outcome may be attributed to the likelihood that male-headed households possess more productive resources such as land, labor, and capital, which can be utilized to generate income. This findings is in line with Omonona, Udoh and Adeniran (2008) Adeoye et al., (2020) who found that education is negatively related to poverty level.. The coefficient of education is negative and significant at five percent. The marginal effect of an educated head of household is 0.99. This implies that household headed by educated person will lower poverty level of the household by 0.99. This finding may be associated with possibility that educated household heads are likely to be more informed and able to process better information that has important poverty reduction implications. For instance, being educated should aid in identifying cheapest source of production inputs and most profitable market outlets for output. This result supports Muricho, (2015). The coefficient of asset is negative and significant at ten percent level. The marginal effect of possessing asset on the probability of being poor is 0.05. This result implies that household heads that possessed assets have lower poverty level than their counterparts who did not have asset. an utilize them for income-generating ventures or as a safety net against unforeseen circumstances. This finding aligns with Adeoye et al. (2020) who affirmed that owning assets is associated with reduced poverty levels. The coefficient associated with microcredit participation exhibits a significant negative relationship at the one percent level, indicating an inverse correlation between poverty and microcredit participation. Specifically, the marginal effect of engaging in microcredit on the likelihood of experiencing poverty is calculated to be 0.08 units lower. This suggests that household heads involved in microcredit programs are anticipated to have poverty levels 0.08 units lower than those who are not involved. This outcome could be attributed to the potential of small loans (microcredit) provided to household heads, enabling them to break free from poverty by engaging in income-generating ventures.This finding agrees with Li, (2010) and Sulemana et al., (2023) who found that microcredit reduced poverty.

Table 5: Test for Difference in Mean Expenditure

Groups	Mean Expenditure	Standard deviation	Degree of freedom	Test statistic	$Z_{\propto}$ 0.001
Beneficiaries	114,981.36	54,273.98			
Non-beneficiaries	73,398.26	56,527.12	124	4.20	2.58

Source: Author's computation

Hypothesis: H_o: $\overline{X}_1 = \overline{X}_2$

H_1: $\overline{X}_1 \neq \overline{X}_2$

Hypothesis testing was carried out to test for difference in mean expenditure of beneficiaries and non- beneficiaries of microcredit. The result (Table 5) shows that mean expenditure of beneficiaries of micro-credit is significantly different from non- beneficiaries of micro credit. Therefore, mean expenditure of beneficiaries of microcredit is higher than that of non- beneficiaries. This result could be associated with the possibility that the small loans advanced to the microcredit participants enabled them to expand the size of their businesses which invariably made them earn more money and spend more than their non- beneficiaries counterparts. This result agrees with Ukpe, (2016). The result is similar to the finding of

Kireti and Sakwa (2014), who found that increased income levels, arising from microcredit beneficiaries increased expenditure on stocks.

CONCLUSION AND RECOMMENDATION

This study has examined the effects of participating in microcredit on poverty in Ikere local government area of Ekiti state, Nigeria. It is evident from the result that microcredit beneficiaries have lower (27%) of poverty than the non- beneficiaries (29%). Also, the study revealed that mean expenditure of the microcredit beneficiaries was significantly different from that of the non-beneficiaries at 1% level of significance. Hence, the study concluded that microcredit reduced poverty.

Therefore, the study recommended that government and development partners should invest in education, and encourage microentrepreneurs to join microctredit groups by continuing to disburse empowerment programme credit through microcredit groups. Furthermore, microentrepreneurs should inculcate the culture of assest building/ accumulation from their profit.

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