Nwadiubu, Anthony, and Ifeanyi Onuka Onwuka. 2021. "Does Microcredit Reach the Poor and Most Vulnerable in Era of Pandemic? – Evidence from Nigeria." *Savings and Development* 45 (December).

Full-lenght articles

Does Microcredit Reach the Poor and Most Vulnerable in Era of Pandemic? – Evidence from Nigeria

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Keywords: financial inclusion strategy, covid-19, microcredit, poverty alleviation, covid-19 pandemic

Savings and Development

Vol. 45, 2021

The study examined the impact of Covid-19 pandemic on households' income and consumption – two economic measures used in measuring poverty. The study also assessed whether households especially those in rural areas are able to access microcredit because microcredit is a global recognised poverty alleviation strategy. It is widely recognized that access to micro-credit in developing countries empowers the poor (especially women) while supporting income-generating activities, encouraging the entrepreneurial spirit, and reducing vulnerability to shocks. The mixed method approach was adopted by the study. First, the study reviews the state of microcredit delivery in rural communities in Nigeria, identifies policy gaps in microcredit delivery and highlights the linkages between microcredit and poverty alleviation. Secondly, the study using a survey of selected rural communities, assessed whether households are able to access microcredit and other government palliatives put in place to mitigate the impact of the pandemic. The study found that majority of households could not access microcredit from formal microfinance institutions instead majority of the households' resorted to informal institutions with attendant high cost of interest while government palliatives were non-existent in the communities surveyed. The study recommended that acknowledging the role of the informal actors in microcredit delivery is the critical first step towards framing a sustainable microcredit delivery policy in which both the formal and informal institutions are involved in microcredit delivery and governance.

1.0. INTRODUCTION

Early this year, news broke out that a novel coronavirus has hit the city of Wuhan, China with substantial loss of lives. The virus later spreads to other parts of the world from early February, 2020 and currently over 123 countries are battling the scorch of the virus (Presidential Task Force on Covid-19 2020a, 2020b, 2020c). As expected, the pandemic has worsened the fate of the poor in Nigeria. Even before this pandemic, Nigeria was already battling with the scorch of poverty as a country with the largest number of people living in poverty globally (World Economic Forum 2019). The pandemic has complicated the poverty situation in Nigeria with over 93 million or approximately half of the country's population living in extreme poverty (World Bank 2020b).

Early in the year, the president of Nigeria, Mohammadu Buhari, had placed poverty alleviation in the front burner in the 2020 budget proposal (Budget Office of the Federation 2020). This was the fifth year in succession that the federal government of Nigeria has placed poverty alleviation in the front burner of fiscal discourse and the president has pledged a substantial part of the national budget on poverty alleviation in line with Goals No. 1 and 2 of the Sustainable Development Goals (SDGs) of the United Nations (United Nations 2015).

It is estimated that over 50 percent of the country's population are poor, and half of this number lives in absolute poverty (World Economic Forum 2019). Poverty is particularly severe in the rural areas, where up to 80 percent of the population there lives below the poverty line and have limited access to social services and infrastructures (International Monetary Fund 2020). The rural populace depends largely on agriculture mainly at peasant level for food and income. Women are particularly vulnerable to the pangs of poverty in Nigeria (Desai and Mellor 1993). The males in rural Nigeria have comparatively higher social status and as a result have more access to formal educational training and credit. Again, the men have higher capacity for higher productivity and can usually combine a number of enterprises which allows them to have multiple sources of income (Sadeque 2010).

It should be remarked that successive governments in Nigeria have tinkered with one programme of poverty alleviation or the other from the early 1970s. These include: the Rural Integrated Agricultural Development Programme (1972) and the National Accelerated Food Production (1972) of General Gowon regime. Others are the Operation Feed the Nation (1976) of General Obasanjo regime; the Green Revolution (1979) of President Shehu Shagari administration. When General Ibrahim Babaginda overthrew the government in 1984, he introduced the National Di-

rectorate of Employment (NDE) in 1986; the Directorate of Food, Road and Rural Infrastructure (1987); the Better Life for Rural Women; the Peoples Bank (1987) and the Community Banking Scheme (1990). All these programmes and initiatives were aimed at poverty alleviation through increased food production, infrastructural development and access to credit (Daneji 2011). However, none of these programmes was able to eradicate poverty or even reduce it to a minimal level.

Moreover, during the regime of General Abacha in 1994, the government also tinkered with some poverty alleviation programmes. These include: The Family Support Programme (1994); the Family Economic Advancement Programme poverty (1997) and the National Special Food Production (1998). These programmes merely scratched the surface of poverty in Nigeria as Nigeria remains among the top 5 countries in the world with the highest number of people living in poverty within the period (Elemi, Aforu, and Adenugua 2012).

The civilian administration of President Olusegun Obasanjo introduced the National Poverty Eradication Programme in 2001; the Presidential Initiatives on Cassava, Yam, Cocoa, Rice and Vegetable Oil and the Microfinance Scheme in 2005. These programmes and initiatives were also aimed at increased food production based on the assumption that if foods are cheap and available, nutrition level will increase which will lead to poverty alleviation. This was not to be as the number of people living in poverty in Nigeria did not abate. It must be conceded that the Presidential Initiatives on Cassava, Yam, Cocoa, Rice and Vegetable Oil programme succeeded in increasing agricultural productivity, it did not however, solve the problem of poverty as poverty persists despite the lofty achievement of the programme.

Subsequent civilian administrations in Nigeria have also introduced various programmes and initiatives to tackle the menace of poverty like the Subsidy Reinvestment and Empowerment Program known as 'SURE-P (2012) of President Goodluck Jonathan; the N500billion Social Investment Programme of 2016 and the N-Power Programme (2016) by President Mohammadu Buhari. These programmes and initiatives also failed to arrest the descent of the country further into the abyss of poverty. In fact, by 2018, Nigeria has overtaken India as the country with the highest number of people living in extreme poverty in the world (World Economic Forum 2019).

The empirical question has remained: why has the efforts to alleviate poverty in Nigeria failed miserably over the years? Ijere (1992) provided the first hint. According to him, "it has been shown that part of the experience in poverty alleviation in Nigeria is that such efforts almost always flounder due to scarcity of and restrictive access to loanable funds" (Ijere 1992, 32). The role of financial capital as a factor of production to induce economic growth and development and the need to channel credit to rural areas for economic empowerment of the rural populace can hardly be over-stressed. This much was affirmed by Soludu (2015) where he remarked that:

> "robust economic growth cannot be achieved in Nigeria without putting in place well-focused programme to reduce poverty through empowering the population at the rural areas by increasing their access to factors of production especially microcredit (p.5).

It is estimated that less than 35 percent of the economically active populations in Nigeria have access to credit through formal financial institutions while the rest are left to forage the informal path for credit which usually comes at insignificant amounts and at very high cost (Enhancing Financial Innovation & Access 2018). To remedy this situation, successive governments in Nigeria have introduced various financial programmes and initiatives to ensure the flow of financial services to the large segments of the population who are not well served and often overlooked by the formal financial institutions. These under-served and often neglected segments constitute the poorest people in Nigeria and are usually found in rural areas and semi-urban areas.

Among the programmes and initiatives to ensure flow of financial services to the poorest segments of the Nigerian population include: The Rural Banking Scheme (1977),[1] the Sectoral Allocation of Credits – a concessionary interest rate,[2] the Agricultural Credit Guarantee Scheme,[3] the Peoples Bank Scheme,[4] the Community Banking Scheme,[5] the

1 The rural banking scheme of 1977 was to inculcate the habit of banking in rural dwellers, reduce rural migration to urban areas, monetize rural areas, mobilize savings for profitable investments, and promote agro-allied industries for food self-sufficiency and to provide employment for rural dwellers (Uche 1999).

2 Under the sectoral allocation of credit, banks were directed to give preference to stipulated sectors in their credit extension and these loans will be at concessionary interest rates to spur the growth of the economy through increased productivity by these preferred sectors. However, by way of inducing efficiency and encouraging a good measure of flexibility in banks' credit operations, the regulatory environment was improved. Consequently, the sector-specific credit allocation targets were compressed into four sectors in 1986, and to only two in 1987. From October, 1996, all mandatory credit allocation mechanisms were abolished (Central Bank of Nigeria 2002).

3 Under the Agricultural Credit Guarantee Scheme, the Central Bank of Nigeria, using the Agricultural Credit Guarantee Fund guarantees credit facilities extended to farmers by banks up to 75% of the amount in default net of any security realized (Central Bank of Nigeria 2005).

4 The Peoples Bank of Nigeria was established in 1989 as a specialized financial institution by the Nigerian government to provide microcredit and other financial services to the urban poor and rural dwellers on a simple banking process without the usual formalities of conventional banks (Anyanwu and Uwatt 1993).

5 The Community Banks were specialized institutions established by community development associations (CDAs) in conjunction with private shareholders in various communities in Nigeria. No individual shareholder is allowed to own more than 5% of the shareholding of a

Microfinance Banking Scheme and the latest in the kitty, the Financial Inclusion Scheme (2012, 2017).[6] The overarching objective of these programmes/initiatives is to ensure the flow of funds and financial services to the greater segments of the Nigerian population especially those in the rural and semi-urban areas who are often neglected and where recognized, under-served by the formal financial institutions.

STATEMENT OF THE RESEARCH PROBLEM

The COVID-19 pandemic has had a far-reaching effect on the livelihood of the masses in Nigeria and the need for microcredit to smoothen consumption has heightened at this time. The financial inclusion strategy was launched in Nigeria to among other things, provide an array of financial services especially credit, at a fair price, at the right place and time without any form of discrimination to all members of the society especially those in the semi-urban and rural areas who are usually neglected by the conventional financial institutions (Central Bank of Nigeria 2017). The COVID-19 pandemic has provided an opportunity to assess the impact of the financial inclusion strategy on the lives of the intended beneficiaries.

RESEARCH QUESTIONS

The broad objective of the study is to assess whether microcredit is reaching to the vulnerable households in rural communities in Nigeria in the face of the Covid-19 pandemic. To achieve this, the following research questions were proposed:

1. To what extent has the Covid-19 pandemic affected households' income and consumption in rural communities in Nigeria?
2. To what extent are these vulnerable households able to access microcredit from formal microfinance institutions?
3. Are government palliatives reaching the poor and vulnerable households in rural communities in Nigeria?

JUSTIFICATION FOR THE STUDY

There is strong justification for this study. First, pandemics are known to produce not only health shocks but more importantly economic shocks (Department for International Development 2020). Both the International Monetary Fund (2020) and the World Bank (2020b) in their separate reports had predicted that the Covid-19 will produce severe economic shocks that could worsen the poverty level in developing countries. For Nigeria, even before the Covid-19, the country was already grappling with the scourge of poverty and with the Covid-19, it is expected that the poverty situation in the country would worsen. Therefore, depending how government responds with stimulus and how effective the interventions are, it is expected that households' income will be severely affected and consumption may be disrupted. To smoothen consumption, households will need greater access to credit and this is where microcredit will be crucial. Unfortunately, there is no completed studies in Nigeria yet on whether microcredit is reaching the poor and vulnerable households in Nigeria at this time of pandemic. Unarguably, there may be ongoing studies in this direction in Nigeria but currently, there is an empirical gap which provides a justification for this study to examine whether households in Nigeria are accessing credit at this time of pandemic when they needed it more than ever before.

Following this introduction, the rest of the paper is organized as follows. Section two is a review of efforts by successive governments in Nigeria to increase the flow of financial services especially credit to the poor and most vulnerable households in Nigeria. The methodology of the study is provided in section three and in section four; we present the data and the analysis thereof. We shall discuss the findings of the study and the policy implications. This will be followed by the recommendations.

2.0. LITERATURE REVIEW

2.1. REVIEW OF RURAL BANKING SCHEMES AND MICROCREDIT IN NIGERIA

History shows that long before the advent of conventional banking models, the indigenous people in Nigeria have various ways of meeting their financial and credit needs. These were usually through indigenous credit associations such as the rotating credit system known in various regions of the country as esusu, isusu, ajo (Ijere 1992). Other methods include: the town union associations, the age grade associations, family-pooled funds, social and religious clubs, local money lenders, etc (Owo 2002; Yaron 1992; Deaton 2005). The most common of these indigenous arrangements is the "rotating credit arrangement".[7] This method is still common in the semi-urban and rural areas in Nigeria up till this day.

community bank while the CDA, the primary promoters of the community banks will hold not less than 30% of the shares. The first community bank was Alheri Community Bank established In Kaduna in 1990 (Central Bank of Nigeria 1990).

6 This is a coordinated approach and framework implemented by the Central Bank of Nigeria (CBN) in collaboration with other stakeholders to reduce the percentage of adult Nigerians that are excluded from financial services from 46.3% in 2010 to 20% by 2020. The number of Nigerians included in the formal sector will increase from 36.3% in 2010 to 70% by 2020. This goal will be pursued through a broad range of coordinated interventions (Central Bank of Nigeria 2012).

7 According to Ijere (1992), the rotating credit system is a quasi-organized credit institution which facilitates the transfer of purchasing power for the purpose of acquiring capital goods by very need through a collective pool of funds which is allowed to rotate among members according to pre-determined criteria. According to Okafor (2004), the rotating credit system is an association of people for the pur-

However, these local arrangements had limited scope both in the level of outreach and the quantum of credit that could be availed. Besides, the interest rate could be very high (Mabogunje 1990). As a result, there was a huge gap for rural credit delivery in various parts of the country. To bridge this gap, successive governments in Nigeria have come up with various programmes and schemes over the years. We review some of these schemes briefly:

2.1.2. AGRICULTURAL CREDIT GUARANTEE SCHEME (ACGS)

The agricultural credit guarantee scheme was set up in 1977 to boost economic activities in the semi-urban and rural areas of Nigeria. The scheme was to facilitate increased access by farmers to credit. Under the scheme, banks were mandated to lend up to N5,000 (or US$13 in current value at US$1/N380) without requesting for collateral. As a counter-measure against loan default, the Central Bank of Nigeria, using the Agricultural Credit Guarantee Fund guarantees credit facilities extended to farmers by banks up to 75% of the amount in default net of any security realized (Central Bank of Nigeria 2005). However, the large amount of non-performing loans discouraged banks from extending further credit facilities to farmers. Between 1978 and 1980, most of the big borrowers did not make any repayment at all and only small borrowers repaid up to 42 percent of the total amount borrowed (Odu 2006).

The high level of non-performing loans and poor repayment behavior of most of the beneficiaries under the scheme were attributed to deliberate action by most of the borrowers who saw the scheme as an opportunity to take their share of the 'national cake'. There was also the problem of poor project appraisal and the drought of 1982 which had adverse effect on agricultural produce (Ukpong 1998).

2.1.3. RURAL BANKING PROGRAMME (RBP)

Following the report of a select committee on Financial System Review (FSR) led by Dr. Pius Okigbo, the Federal Government of Nigeria (FGN) in 1977 launched the Rural Banking Programme in order to ensure greater flow of financial services especially credit to the rural areas. The select committee, known as Okigbo committee, had in their report, highlighted the need to develop rural areas through the establishment of banks in the rural areas and to halt rural-urban migration. To this end, the country's apex regulator, the Central Bank of Nigeria (CBN), employed moral suasion to encourage the commercial banks to expand their banking services to the rural areas through the establishment of rural branches of such banks. And to ensure adherence to this appeal, the CBN approved a proposal that any request for opening of new branches must also be accompanied by a plan to establish a rural branch side by side with the urban branches (Central Bank of Nigeria 1978).

However, by the time the CBN conducted a survey in 1977 to assess the number of commercial bank branches in the rural areas; it was found that most of the commercial banks had failed to honour the obligation towards opening of rural branches. The CBN was then forced to implement the rural banking programme in June, 1977. The programme was planned in three phases to ensure seamless implementation and was expected to last until 1989. Generous incentives such as capital expenditure allowances, provision of land and accelerated approval were given to commercial banks to facilitate the establishment of branches in the rural areas in Nigeria.

The first phase of the programme ended in June, 1980 and was a huge success as 188 branches of rural branches of commercial banks had been established and by December, 1980, 194 rural branches had been established. Moreover, by the time the third phase ended in 1989, 723 out of the envisaged 766 branches had been established. And by June, 1992, 755 branches had been established (Umoh 1984).

However, these rural branches of the commercial banks were later found to be mere conduit-pipes for deposit mobilization from the rural areas which were channeled to fund investments in urban areas. The Central Bank of Nigeria (2000) reported that the rural branches of the commercial banks had lent out only 31 percent of their total loan portfolio to rural borrowers as against the 50 percent stipulated in the policy. Moreover, it was found that the sophisticated modes of operation of commercial banks coupled with their legalistic insistence on collaterals were not suited for rural dwellers and as a result, most of the rural dwellers did not embrace the rural banking programme.

The government later realized that the commercial banks even with their rural branches were not the appropriate institutions for rural banking and there was need for rural savings banks that could operate within the peculiarities of rural communities different from the conventional banks. This led to the establishment of Peoples Banks.

2.1.4. PEOPLES' BANK PROGRAMME (PBP)

The PBP was launched on October 3, 1989 in Ajegunle – a popular abode and headquarter of poor people in Lagos. The major aim of the PBP was to provide financial services especially credit to the poor and vulnerable groups in Nigeria to boost their economic activities. The envisaged clientele of PBP were the poor in the semi-urban and rural areas of the country who are usually not qualified for credit from conventional commercial banks (Babaginda 1989). The Peoples Bank were allowed to avail up to N2,000 (or US$5 in current value at US$1/N380 for a borrower at a time without collateral. This amount was later raised to N5,000 (or US$13 in current value at US$1/N380).

There was a deluge of credit requests from all branches of the bank as many people even the rich came to borrow money. Not long, it was realized that a large segment of the

pose of contributing fixed sums of money at regular intervals to meet the members' credit and various needs. These institutions are based on the principle of self-imposed but group-influenced mandatory savings.

population requires a higher-level credit than the Peoples' Bank can accommodate but yet too small a credit to attract the attention of conventional commercial banks. This situation was addressed by the federal government of Nigeria (FGN) in January 1990 during the budget broadcast where the government articulated the idea of conceiving a community bank scheme.

2.1.5. COMMUNITY BANKING PROGRAMME (CB)

The community banking programme was launched with the establishment of Alheri Community Bank in Tundun Wada, Kaduna State on Monday, 31 December, 1990 (National Board for Community Banks 1990). The Community Banks were specialized institutions established by community development associations (CDAs) in conjunction with private shareholders in various communities in Nigeria. No individual shareholder was allowed to own more than 5% of the shareholding of a community bank while the CDA, the primary promoters of the community banks will hold not less than 30% of the shares (Central Bank of Nigeria 1990). The community banking scheme ran into troubled waters due to changes in government policy and lack of supervisory clarity between the sub-regulator of the system, the defunct National Board for Community Banks (NBCB) and the apex regulator, the Central Bank of Nigeria. Matters came to head when the NBCB was scrapped in 1998 and the functions of supervision of the community banks handed over the Other Financial Institutions Department (OFID) of the Central Bank of Nigeria. After several years of uncertainty and lack of appropriate operational framework, the Central Bank of Nigeria decided to intervene in 2005 to re-jig the community banking scheme into the microfinance banking scheme. The existing community banks were required to convert to microfinance banks after meeting certain criteria.

2.1.6. MICROFINANCE BANKING SCHEME (MFB)

By 2005, it was shown that the community banking scheme had lost favour with the people and the scheme had been derailed by conspiracy of events (Adewunmi 2016). According to the Central Bank of Nigeria (2006),

> "the latent capacity of the populace in the rural areas for entrepreneurship would be significantly enhanced through the provision of credit especially microcredit and micro-financial services to enable them engage in economic activities and be more self-reliant, increase employment opportunities, enhance household income and create wealth (p.10).

These were the reasons canvassed by the apex regulator for the re-christening and re-tooling of the erstwhile community banks to microfinance banks to enable them deliver more efficiently and effectively the services of providing micro-credit and micro-finance to the segments of the society who are ordinarily overlooked and under-served by the conventional banks (Central Bank of Nigeria 2006).

However, despite the launching the microfinance scheme in 2006 by the Central Bank of Nigeria, a survey by a study group, Enhancing Financial Innovation & Access (EFInA) in 2011 shows that there was no significant improvement in microcredit delivery to the masses in semi-urban and rural areas. It was shown that more than 64 percent of Nigerians who are engaged in economic activities are not covered by any formal financial institutions. This led to the launching of the financial inclusion strategy by the government in 2012.

2.1.7. NATIONAL FINANCIAL INCLUSION STRATEGY (NFIS)

In 2012, the government of Nigeria following the trend in other climes launched the National Financial Inclusion Strategy[8] to increase access to proper financial facilities at a reasonable charge for all Nigerians. According to the Central Bank of Nigeria (2012), the NFIS was launched to make formal financial services available, accessible and affordable to all segment of the population with particular attention to the population that has been excluded from the formal financial sector. The purpose of Nigeria's National Financial Inclusion Strategy (FIS) was to set a clear agenda for significantly increasing access to and usage of financial services by 2020. The envisaged financial services are services that meet the needs of the masses and are provided at an affordable cost with no onerous requirements.

According to the Central Bank of Nigeria (2012), the National Financial Inclusion Strategy (NFIS) articulated the demand-side, supply-side and regulatory barriers to financial inclusion, identified areas of focus, set targets, determined key performance indicators (KPIs) and established the implementation structure. The NFIS was built on four strategic areas of agency banking, mobile banking/mobile payments, linkage models and client empowerment. Four priority areas were identified for guideline and framework development namely, Tiered Know-your-Customer (T-KYC) regulations, Agent Banking regulations, National Financial Literacy Strategy and Consumer Protection.

The Strategy defined a set of targets for products, channels and enablers of financial inclusion. The KPIs were defined, based on the various dimensions of financial inclusion, including access, usage, affordability, appropriateness, financial literacy, consumer protection and gender. The NFIS proposed strategies for each of these elements, which included a comprehensive set of policy and regulatory changes as well as suggested business models. In the implementation of the Strategy, the targets were further tailored to reflect the needs and challenges of individual financial service providers (FSPs).

8 Financial inclusion strategy gained traction since the early 2000s, as a result of identifying financial exclusion and its direct correlation to poverty according to the World Bank (2018).

By 2016, a study by the Central Bank of Nigeria in collaboration with Enhancing Financial Access and Innovation (2016) shows that 58.4 percent of Nigeria's 96.4 million adults were financially included comprising 38.3 percent banked, 10.3 percent served by other formal institutions and 9.8 percent served by informal service providers. It was envisaged that by 2020, Nigeria will have 70 percent of its adult population in the formal financial services sector and 10 percent included in the informal sector.

However, another survey by the Enhancing Financial Innovation & Access (2018) shows that millions of Nigerians are still excluded from formal financial services with potential loss of deposits and savings and loss of investible funds and loss of capacity of the economy to generate wealth. According to Okoye (2017), access to formal financial services especially credit is widely acknowledged as a means of credit creation and enhances capital accumulation raising the level of investment and eventually economic development and poverty alleviation.

2.1.8. REVISED FINANCIAL INCLUSION STRATEGY

In 2018, the Central Bank of Nigeria launched the revised strategy for financial inclusion. The revised strategy according to the Central Bank of Nigeria (2018) "recognizes the imperative for prioritizing the foundational constraints, the importance of innovation and the need to create an enabling environment to promote financial inclusion". Despite the current implementation challenges, there are some emerging opportunities that enhance the prospects of remarkably increasing financial inclusion over the next two and half years (2018-2020). These include:

1. the signing of an MoU in 2018 between the Central Bank of Nigeria (CBN) and the Nigerian Communications Commission on digital payment systems.
2. collaborative efforts between the CBN and Nigeria Inter-Bank Settlement System (NIBSS) to create a regulatory sandbox for innovative financial services,
3. partnership between the Committee of Bank CEOs and the private sector to roll out a 500,000-agent network nationwide.

According to the revised guidelines on financial inclusion (2018), "financial inclusion is achieved when adult Nigerians have easy access to a broad range of formal financial services that meet their needs at affordable costs". The services include, but are not limited to, payments, savings, and credit, insurance, pension and capital market products.

The implications of this policy expectation are that:

1. The requirement for financial products should be simple enough to bring such services within easy reach of all segments of the population.
2. Services should be broad enough to enable access, choice and usage and specifically include but not limited to payments, savings, credit, insurance, pension and collective investment products.
3. Financial products should be designed to meet the needs of clients taking into cognizance income levels and nearness to clients to be served through proper and appropriate distribution channels.
4. Prices for financial services such as interest rate and other indirect costs should be affordable even to low income groups.

It is envisaged in the revised policy guideline that by 2020, Nigeria will have 70 percent of its adult population in the formal financial services sector and 10 percent included in the informal sector (Central Bank of Nigeria 2018).

Given that we are in the year 2021 and the current coronavirus pandemic has made the need for financial inclusion even more compelling, there is need to interrogate the policy and assess whether the target of increased access to microcredit by the masses in the rural and semi-urban areas have been met.

2.2. REVIEW OF EMPIRICAL LITERATURE

Reports by the International Monetary Fund (2020) and World Bank (2020b) shows that Covid-19 will affect household's income and consumption and could worsen the poverty level in developing countries. Unfortunately, there was very little peer-reviewed literature available on COVID-19, microcredit availability and poverty alleviation in Nigeria at the time of this study. However, studies in other jurisdictions showed that access to microfinance could mitigate the impact of the pandemic on household's income and consumption. Microfinance is a global recognised poverty alleviation strategy. It is widely recognized that access to micro-finance in developing countries empowers the poor (especially women) while supporting income-generating activities, encouraging the entrepreneurial spirit, and reducing vulnerability (Yusifzada and Mammadova 2015).

For instance, Khandker (2005) in a study using panel data from Bangladesh found that access to microfinance helped to alleviate poverty in rural communities in Bangladesh. Similar studies by Lashley (2004) in the Caribean; Akanji (2018) in Nigeria; Imai, Arun, and Annim (2010) in India; Nawaz (2010) in Bangladesh; Montgomery and Weiss (2010) in Pakistan and Okibo and Makanga (2014) in Kenya all came to the same conclusion that microfinance is a veritable tool to alleviate poverty by empowering the poor and supporting income-generating activities of households especially those in the rural areas.

Similar results were obtained in selected cross-country studies namely: Mwenda and Muuka (2004); World Bank (2007); Westover (2008); Durrani et al. (2017); Das and Bhowal (2013); Banerjee and Jackson (2017). These studies show unequivocally that microfinance had salutary effects on poverty reduction in the selected countries and communities covered by the studies.

More recently, studies by Stephen (2020) found that access to microfinance has helped to mitigate the impact of the Covid-19 on the income and income-generating activities of households in low-income countries in Asia. Abi-Habib and Yasir (2020) in their study in India found that rural farmers who had access to microfinance during the Covid-19 induced-lockdown fared better in terms of con-

sumption smoothing than those who had no access to microfinance. Also, Afridi, Dhillon, and Roy (2020) in a Phone Survey in India found that the Urban Poor in India who had no access to microcredit were affected disproportionately than those who had access to microcredit during the pandemic.

Hadid (2020) in his study in Pakistan found that government's plan to keep millions of the citizens from going hungry during the Covid-19 induced-shutdown had salutary effects on the wellbeing of households who had access to microcredit than those who had no such access. According to his study, the government in Pakistan had made elaborate plans to ensure that the poor households and vulnerable groups had liberal access to microfinance and other necessaries during the lockdown to prevent the masses from going hungry.

Similar results were obtained by Nathan and Masselus (2020) in Paraguay and Bernard (2020) in selected poor and rural communities in Sri Lanka. Unarguably, there is a broad consensus that access to microfinance could mitigate the economic shocks occasioned by the Covid-19 pandemic on households' income and means of livelihood.

3.0. METHODOLOGY

3.1. AREA OF STUDY

The area of study is Ibadan, the Oyo State capital, Nigeria. Oyo State is an inland state in South-Western Nigeria. It is bounded in the north by Kwara State, in the east by Osun State, in the south by Ogun State and in the west partly by Ogun State and partly by the Republic of Benin.

Ibadan as a town was created in 1829 as a war camp for warriors coming from Oyo, Ife and Ijebu of South Western Nigeria (Mabogunje 1962). Ibadan was a forest site with several ranges of hills, varying in elevation from 160 to 275 meters. These features offered strategic defense opportunities for the town. Moreover, its location at the fringe of the forest promoted its emergence as a marketing centre for traders and goods from both the forest and grassland areas. Ibadan thus began as a military state and remained so until the last decade of the 19th century (Mabogunje 1962). The economy of Ibadan rested largely on agriculture (yam, maize, vegetables…), manufacture (mainly weapons, smithery, cloth and ceramics industries) and trade (palm oil, yam, kola for export, shea butter, salt, horses, and weapons from outside).

3.2. DESIGN

The cross-sectional survey design was adopted by the study. This was to enable the researcher acquire first-hand information from the respondents on their access to financial services especially credit and access to government palliatives during the COVID-19 pandemic. Some of the respondents were interviewed for in-depth information that could not be captured by the structured questionnaire.

3.3. SAMPLE AND SAMPLING TECHNIQUE

Six hundred households in Eleven (11) Local Government Councils in Ibadan metropolis were sampled. Five of the Local Councils are designated as urban areas. These include: Ibadan North, Ibadan North East, Ibadan North West, Ibadan South East and Ibadan South West. The remaining six (6) LGAs, namely Akinyele, Egbeda, Ido, Lagelu, Oluyole and Ona-Ara are designated as rural areas in line with World Bank (2020b) classification of urban and rural areas.[9]

The sampling was multi-stage and purposive. The first stage was to create two strata of respondents – those who live in urban areas and those who live in rural settlements. The second stage involves random sampling of household respondents within the strata to give all participants equal opportunity of being selected. All the respondents were sampled to ascertain if they have account relationship with any formal financial institution, access to microcredit and access to government intervention palliatives during this COVID-19 pandemic. The examination was within the explanatory variables developed by the World Bank Financial Inclusion Indicators (World Bank 2015).[10]

However, due to time constraint and for administrative convenience, 5 local government councils, two in the urban areas and 3 in the rural areas were chosen for the exercise. Those chosen in the urban area include: Ibadan North West[11] and Ibadan North.[12] Those chosen from the rural areas include: Ido,[13] Oluyole[14] and Ona-Ara.[15]

9 The study used the World Bank classification of semi-urban and rural areas to designate local councils that are semi-urban and those that are rural. According to World Bank (2020a), semi-urban and rural areas are areas which have a population of at least 5,000 inhabitants in contiguous grid cells with a density of at least 300 inhabitants per km^2; and rural areas, which consist mostly of low-density grid cells.

10 The World Bank developed a set of financial inclusion indicators that can be used to help set national financial inclusion targets and monitor progress in reaching them.

11 Ibadan North West Local Government was carved out of the defunct Ibadan Municipal Government in 1991. The administrative headquarter of the Local Government Area is located at Onireke. The LGA covers a land mass of 59.001 square kilometer with a population density of 2,938 persons per kilometer (Oyo State Government 2020b).

12 Ibadan North Local Government Area is one of the urban areas in Ibadan metropolis, Oyo State, Nigeria. Its administrative headquarter is located in Agodi, Ibadan. The LGA has a land mass of 27.0 km^2. The LGA has an estimated population of 432,900 as at 2016 with a population density of 16,033/km^2 (Oyo State Government 2020b).

13 Ido is one of the 33 Local Government Areas in Oyo State. Prominent communities in Ido Local Government Area are: Akufo, Apete, Ijokodo, Ologuneru, Oloje, Ido, Alako, Ilaju, Omi-Adio, Bako, Apata, Gbekuba, Morakinyo, Akinware, Idiiya. It has an area of 27 km^2 and a population of 156,988 according to the Oyo State Government in 2017 (Oyo State Government 2020b).

The participants were well spread out in terms of ethnicity in the local councils in the urban area and largely Yoruba in the local government councils in the rural areas.

3.4. ADMINISTRATION OF THE QUESTIONNAIRE

The questionnaires were administered directly (face to face) to the respondents with the help of research assistants[16] who are familiar with the areas and the local language. The purpose of the study and items in the questionnaire were well explained to the respondents. Those who could write fill in the questionnaire themselves and others who could not write were assisted in doing so. The research assistants were given face masks and hand sanitizers and were assigned to communities that were contiguous to minimize long distance travel because of the lockdown in Oyo State as at the time of the research. All the questionnaires administered were completed and returned same day they were administered. It took the researcher and the research assistants two weeks (including weekends) to complete the assignment.

3.5. METHOD OF DATA ANALYSIS

The study used a mixed method of statistical and econometric techniques to generate the coefficients used to test the research hypotheses. To do this, we first, analyze descriptively, the socio-economic characteristics of the household respondents. Second, the Foster-Greer-Thorbecke (Foster, Greer, and Thorbecke 1994) technique was employed to assess the poverty index, the incidence, depth and severity of poverty among respondent households.

The FGT poverty measure is defined thus:

$$P_\alpha = \frac{1}{N}\sum_{i=1}^{q}\left(\frac{Z-Y_i}{Z}\right)^\alpha \tag{1}$$

Where:

- α = non-negative parameter (0, 1 or 2) reflecting social valuation of different degree of poverty. It takes on a value of 0 for poverty incidence, 1 for poverty depth, and 2 for severity of poverty.
- Y_i = per capita expenditure (N/person/day)
- q = number of households with per capita consumption below the United Nations defined US$2.00 per person per day which was equivalent to N720.00 per person per day (US$1 = N360) at the time of the survey.
- Z = The poverty line (N720.00 per person per day); and
- N = number of households in the sample

Thirdly, we employ the Logit Regression to determine the influence of independent variable on the probability of being poor. The dependent variable is the poverty status which is represented with a binary dummy (0 and 1).

$$Y = F\left(X_1, X_2, X_3, \ldots, X_{n+U_t}\right) \tag{2}$$

- Y=poverty status, (1 if poor and 0 if non-poor)
- $X_1, X_2, X_3, \ldots, X_{n+U_t}$ are: age(years), gender (female=1, male=0), education(years), household system (number), credit use (yes=1, no=0), credit volume(₦), other jobs(₦), U_t=error term

4.0. DATA PRESENTATION AND DISCUSSION

First, we analyze descriptively, key demographic characteristics of the respondents in the surveys that are relevant to the study. We then present and analyze the incidence, depth and severity of poverty in the area using econometric and inferential statistics.

4.1. SOCIO-DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

In terms of residence, approximately 34 percent of the respondents reside in the urban area while approximately 66 percent of the respondents lived in the rural areas. This result conforms to the pattern of distribution of the questionnaires in the five local government areas two in the urban areas and three in the rural areas.

In terms of age, majority of the respondents are within the productive age brackets (i.e. 18 – 60 years). Only about 1.7 percent of the respondents are outside the productive age bracket (above 60 years). The implication is that majority of the respondents are in their productive years.

In terms of gender distribution, approximately 63 percent of the total respondents were males and 37 percent females. In terms of marital status, majority of the respondents are married (approximately 65 percent) compared to approximately 21 percent that are single. The divorced, separated and widowed on aggregate constitute approximately 15 percent of the population of the respondents.

In terms of educational qualification, the result from Table 1 shows that the educational characteristics of the population are consistent with the level of development of the study area. Majority of the respondents had secondary school education, 42 percent of the total distribution. There was also ample number of the respondents without any form of education. This group accounts for approximately 15 percent of the total distribution while those with tertiary education constituted the least respondents in the distribution approximately 10 percent of the total population.

14 Oluyole Local Government is one of the oldest Local Government council in Oyo State. The Local Government has its headquarters at Idi-Ayunre Old Lagos/Ibadan road (Oyo State Government 2020b).

15 Ona–Ara Local Government was created in 1989 by the then Military President of Nigeria, Ibrahim Babaginda. It was carved out of the Old Oluyole Local Government with the headquarters at Akanran (Oyo State Government 2020a).

16 These assistants were postgraduate students who are currently on break due to closure of schools because of the coronavirus pandemic. They were all resident in Ibadan and were mobilized for the study.

Table 1. Key Demographics of the Respondents

Characteristics	Frequency	Percentage
Area of Residence		
Urban	205	34.2
Rural	395	65.8
Total	600	100
Age Distribution		
18-30	65	10.8
31-40	220	36.7
41-50	255	42.5
51-60	50	8.3
Above 60	10	1.7
Total	600	100
Gender		
Male	381	63.5
Female	219	36.5
Total	600	100
Marital Status		
Single	125	20.8
Married	388	64.7
Divorced	37	6.2
Separated	25	4.2
Widowed	25	4.2
Total	600	100
Educational Attainment		
None	87	14.5
Adult Literacy	92	15.3
Incomplete Primary	105	17.5
Complete Primary	112	18.7
Secondary	144	42.0
Tertiary	60	10.0
Total	600	100
Religious Affiliation		
Christianity	255	42.5
Muslim	258	43.0
Traditional	87	14.5
Total	600	100
Household Size		
1-3	98	16.3
4-6	255	42.5
Above 6	247	41.2

Characteristics	Frequency	Percentage
Total	600	100
Total Household Income (Monthly)		
Less than N25,000	55	9.2
N26,000 – N60,000	388	64.7
N61,000 – N100,000	75	12.5
Above N100,000	82	13.7
Total	600	100
Non-Farm Income		
None	82	13.7
Hunting/Fishing/Wine Tapping	95	15.8
Trading	320	53.3
Others	103	17.5
Total	600	100

Source: Field Survey, 2020

In terms of religious affiliations, the study shows that there was almost equal distribution of Christian and Muslim population in the survey. There was also ample number of respondents who still practice the traditional religion, which approximate 15 percent of the population.

In terms of household size, the study shows that the predominant household size is 4-6. This accounted for approximately 43 percent of the population. This was closely followed by households with above 6 members. This accounted for approximately 41 percent of the population. Household size of 1-3 is not usually fashionable in predominantly rural communities.

In terms of household income, the study shows the total household income on monthly basis. The table shows that majority of the households (approximately 65%) falls within the income bracket N26,000 – N60,000 (approximately US$68-157 at N380/US$1). The median income for households in the distribution is N31,250 (approximately US$82 at N380/US$1). Compared to average household size of 6, this comes to approximately N5,208 (US$13) monthly. The average income above the poverty level is US$2.00 daily or US$46 monthly on 23 working days. This means that majority of the household are earning income well below the poverty line. In other words, majority of the respondents are living in extreme poverty.

Finally, in terms of non-farm income, the study shows that apart from farming, trading is the next occupation that brings income to majority of the households in the distribution (approximately 53%). Those who are engaged in hunting, fishing and wine tapping constituted approximately 16 percent of the population.

4.2. MAIN SOURCES OF CREDIT FOR HOUSEHOLDS

Table 2 is a summary of main sources of credit for households in the survey. The result shows that informal sources like family, friends, credit associations and money lenders remains the main source of credit for majority of the households sampled. The table also shows that these informal sources are very limited in terms of outreach and quantum of credit that could be availed. The average interest rate is comparatively higher from the informal sources than the formal financial institutions. The implication of the above is that the informal sources of finance has continued to enjoy a commanding lead inspite of government efforts to bring formal sources of finance closer to the people through the financial inclusion strategy. Although they charge higher rate of interest; their availability and ease of accessibility makes them more attractive to the rural populace than the formal financial institutions.

4.3. INCIDENCE, DEPTH AND SEVERITY OF POVERTY

To ascertain the incidence, depth and severity of poverty among the households sampled, the study used the expenditure approach. To achieve this, the study aggregated the total expenditure on food and non-food items by the households sampled. The households were divided into two, namely, those that have access and use microcredit and those that did not use credit. The Foster-Greer-Thorbecke (FGT) was employed to assess the poverty index, the incidence, depth and severity of poverty among respondent households. The following information was obtained as reported in Table 3.

Table 3 shows that households that had access to microcredit has higher total aggregate expenditure of N216,254 as against households that did not have access microcredit of N58,777. Again, the per capita expenditure (derived by dividing total expenditure of household by the total size of the household) show that those who have access to microcredit have higher per capita expenditure, all other things being equal. It should be noted that per capita expenditure is influenced by total expenditure and the size of the house-

Table 2. Main sources of credit for households

	Informal Sources	Co-operative Societies	Microfinance Banks	Commercial Banks	Total
Credit users	382	102	75	41	600
Loan Request (Mean)	N35,000	N60,000	N80,000	N150,000	N87,500
Amount Approved (Mean)	N30,000	N42,000	N80,000	N120,000	N68,000
Loan Duration (Months) (Mean)	2.5	2.8	3.00	3.00	2.8
Monthly Interest Rate (Mean) (%)	62	60	60	35	54.3

Source: Field Survey, 2020

Table 3. Household Expenditure

Expenditure (Nwk)	Did not Access/or Use Credit	Std Error	Access and Use Credit	Std Error	Total	Std Error
Total Food Expenditure	32,917	.0062004	128,750	.0052099	161,667	.0119126
Non-Food Expenditure	25,860	.0121212	87,504	.0122118	113,364	.0060349
Total Expenditure	58,777	.0113279	216,254	.0113176	275,031	.0085621
Per Capita Expenditure	9,796	.0097941	36,042	.0087857	45,838	.0082627
Per Capita Expenditure/day	326.5	.0086063	1,201	.0173624	1,527	.0173624
Po (incidence)	0.75	.0174312	0.55	.0150313	0.60	.0240522
P1 (depth)	0.46	.0178989	0.20	.0339986	0.30	.0291363
P2 (severity)	0.24	.0239639	0.17	.0244439	0.14	.02387736

Source: Computation based on field data (2020)

hold. In other words, the higher the household size, the lower would be the per capita expenditure and vice versa.

Therefore, the per capita expenditure for households that did have access to microcredit was N36,042 while for the households that did not microcredit was N9,796. This translates to an average of N326.50 per day and N1,201 for households with access to microcredit respectively. This again shows that households with microcredit have higher per capita expenditure per week.

In terms of incidence of poverty among the respondent households, the data on Table 3 shows that the incidence of poverty was higher on the households without access to microcredit (0.75) than on households with access to microcredit (0.55). There was similar trend for depth and severity of poverty. For instance, for households without access to microcredit has higher depth of poverty (0.46) than households with access to microcredit (0.20), more than 50 percent less. Again, the severity of poverty was also higher for households without access to microcredit (0.24) than for the households with access to microcredit (0.17).

In terms of households that are living below the poverty line, estimated at US$2/day on purchasing power parity (World Bank 2019), the data on Table 3 shows that average per capita expenditure for all the households were N326.50 for households without access to microcredit and N1,201 for households with access to microcredit respectively. If we convert and compare with the US$2/day poverty line (US$1 = N361 official rate x 2 = N722), it means that households with access to microcredit are living above the poverty line while those without access to credit are living well below the poverty line. The implication is that access to microcredit is crucial for households to maintain a minimum acceptable standard of living and to live above the poverty line. For the households without access to microcredit, their fate requires urgent government attention with appropriate poverty alleviation strategies and programmes especially at this period of the pandemic.

4.4. Impact of Microcredit and Other Socio-Economic Factors on Poverty Alleviation

The study used the logit regression to ascertain the impact of microcredit and other socio-economic factors on poverty alleviation as expressed in 3.4(b) Poverty being the dependent variable was proxied by a binary dummy (0 and 1) while microcredit and other explanatory variables were proxied by the natural logarithms of credit use, credit volume, etc

Table 4 is a summary of logit regression on a model that incorporates explanatory variables that could influence the likelihood of a household being classified as poor or non-poor (a binary dummy = 0 and 1). These explanatory variables include: age, gender, education, household size, ac-

Table 4. Summary of Logit Regression

Variables	B(coefficients)	Std Error	P-value
Access to credit	0.268	0.006	0.000
Quantum of credit accessed	-0.013	-0.005	0.011
Non-farm income	0.521	0.011	0.000
Age	-0.280	-25.11	0.000
Gender	-0.015	0.004	0.000
Education	0.531	0.010	0.000
Household size	0.280	0.011	0.000
Constant	0.484	0.016	0.000
Diagnostic			
Number of observation	600		
Log likelihood	2031.67		
Prob>Chi^2	0.0000		
Pseudo R^2	0.0534		

Source: Computation based on field data (2020)
*correlation is significant at 0.01, ** at 0.05 and *** at 0.10 level (2-tailed)

cess to credit, quantum of credit accessed and non-farm income.

A household is either poor or non-poor based on a poverty line index. The poverty line represents the value of basic needs (food and non-food) considered essential for meeting the minimum socially acceptable standard of living within a given society (United Nations Development Programme 2006). According to the World Bank (2019), the minimum value is US2$ per day based on purchasing power parity. Thus, the value of the per capita expenditure of US$2 per day is the value below which any household is classified as being extremely poor.[17]

Table 4 shows that the overall model is significant at 1 percent and has goodness of fit with a chi-square value of 0.0000. The p-value 0.000 for access to credit is statistically significant in explaining food consumption poverty at 1 percent level of significance. The coefficient 0.268 indicates the direction of relationship. That is, it is positively related to poverty, implying that households with access to credit are less likely to be poor.

Also, the p-value 0.0001 for quantum of credit accessed is statistically significant and negatively related to poverty. In other words, the quantum of credit is related to the likelihood of being poor or not. The coefficient -0.013 shows the direction of the relationship, implying that the higher the quantum of credit accessed, the lower the likelihood of being poor and vice versa.

Moreover, the p-value 0.000 for gender indicates that the variable is statistically significant in explaining poverty at 1 percent level of significance and the negative sign of the coefficient of male gender, -0.015, indicates the direction of relationship. It implies that male individuals have low likelihood of being poor in comparison to females, all other things being equal.

The p-value 0.000 for education is statistically significant in explaining poverty at 1 percent level and the coefficient +0.531 indicates the direction of relationship. It is positively correlated to poverty, implying that individuals with or without educational attainment have a high likelihood of being poor. This direction is contrary to apriori expectation.

The p-value 0.000 for household size is statistically significant in explaining poverty, also at 1 percent level. The coefficient +0.280 indicate the direction of relationship. It is positively correlated to poverty, implying that the higher the household size, the higher the probability of being poor. Put differently, it means that large-sized households are more likely to be poor than small-size households, all other things being equal.

The logit model used to estimate the influence of these explanatory variables on poverty shows that the explanatory variables significantly predict the likelihood of a respondent household being poor or not based on expenditure approach. The predictive power at 53.4 is reasonably high and reliable. Moreover, all of the explanatory variables in the model were significant at 1 percent ($p<0.01$). By implication, the result shows that the likelihood of being poor rises initially as one increases in age but will decline afterwards. Also, a decrease in household size and increase in

17 The national poverty rate is the percentage of a population of a country living below the poverty line (Uche 1999). About 92.5 million people - roughly half Nigeria's population - live in extreme poverty, according to estimates from the World Data Lab's Poverty Clock. Around June 2018, Nigeria overtook India, a country with seven times its population, at the bottom of the table (World Economic Forum 2019). That number represents approximately 50% of the country's population based on the 2010 population census and 2.8% population growth rate (World Bank 2019).

use of credit reduces the likelihood of being poor, all other things being equal.

5.0. DISCUSSION OF FINDINGS AND RECOMMENDATIONS

5.1. DISCUSSION OF FINDINGS

In discussing the findings of this study, the key questions are: to what extent has the Covid-19 affected household's income and consumption, and to what extent are the poor and vulnerable households able to access microcredit during the Covid-19 induced-lockdown in Nigeria. To put the discussion in context, we compare the findings of the study with the result of a pre-Covid-19 survey on "Access to Financial Services in Nigeria" conducted by Enhancing Innovation and Access (2018)[18] and also with the results of similar studies in other jurisdictions within the same period.

Findings from the study showed that:

1. About 40 percent of those who have account relationship with banks are making use of electronic platforms like ATM/Debit cards, phone or the internet in financial transactions. This represents an increase of 6 percent from the 36% level in the 2018 survey by Enhancing Financial Innovation & Access (2018). This shows that the coronavirus pandemic has forced more people to use electronic platforms like ATM/Debit cards, phone or the internet in financial transactions as a result of the lockdown ordered by various tiers of governments in Nigeria to contain the spread of the virus.
2. Approximately 19 percent of account holders have credit cards that allow them to borrow money to make payments and pay later. This represents a decline of 12 percent from the 31 percent recorded in the 2018 nationwide survey by Enhancing Financial Innovation & Access (2018). This means that the coronavirus pandemic has worsened the state of credit accessibility from banks and other formal financial institutions in Nigeria.
3. The Covid-19 pandemic has affected households' income. Only about 20 percent of households have received any form of income in the past four months – the period that coincides with the onset of the coronavirus pandemic and government-imposed lockdowns. This contrast sharply with the 82 percent of households that receive income within the same period in the 2018 survey by Enhancing Financial Innovation & Access (2018). Elsewhere, a study by Stephen (2020) showed that low-income and poor households across Asia have been hard hit by the coronavirus pandemic. According to the study, the economic and financial impacts flowing from lockdowns to curb the spread of COVID-19 have been severe in most Asian countries, with substantial declines in the incomes of people at the base of the economy, many of whom rely on microfinance to manage their household or microenterprise cash flows with average declines in income in Pakistan (85%), Bangladesh (75%), and India (70%).
4. There has been very little financial support from the banks by way of credit to households during the past four months. Less than 5 percent of the households surveyed have received any form of credit facilities from formal financial institutions like the microfinance banks and commercial banks. This represents a decline of 26 percent from the figure in the 2018 survey. According to the 2018 survey, 31 percent of the 99.6milion adult populations in Nigeria had access to credit in 2018 (Enhancing Financial Innovation & Access 2018). Moreover, 32 percent of the households that accessed credit did so through informal sources like the co-operative societies and local rotating credit associations.
5. Government support to households by way of palliatives has been very little or non-existent. Only about 12 percent of the households have received any form of support from the government during this time of the pandemic. Moreover, government palliative consisting mainly of conditional cash grant of N5,000 (approximately US$13) for average household size of 5.2 is grossly inadequate and amount to merely scratching the surface.
6. Households' general welfare and wellbeing has deteriorated within this period of the pandemic. However, households who had access to microcredit have fared much better than those with no access to microcredit. This finding corroborates the result of the study by Nathan and Masselus (2020) who found that rural households in Paraguay and Myanmar that had access to microcredit fared better during this coronavirus pandemic than the households that did not have access to microcredit. Moreover, a study by Bernard (2020) in three rural districts in Sri Lanka namely, Gampala, Amara and Affna found that out of the 500 women sampled, those who receive credit from Microfinance Banks had little problem smoothing household consumption, engaging in trade and generally not badly affected by the coronavirus pandemic than those who did not receive any credit from any financial institution.
7. Overall, majority of the households surveyed, approximately 83 percent are living below the poverty line measured by household income of US$1.70 per day. If this figure is weighted to provide for the total adult population and benchmarked to national population

18 Enhancing Financial Innovation & Access (EFInA) is the largest financial sector development organization in Nigeria. Their major role is to promote financial inclusion in Nigeria. Since their establishment in 2007, EFInA has facilitated the emergence of an all-inclusive and growth-promoting financial system in Nigeria through training, research and conducting surveys on financial inclusion in conjunction with the Nigeria Bureau of Statistics (NBS) on a biennial basis (Enhancing Financial Innovation & Access 2018).

estimates, this translates to approximately 96 million people living below the poverty line with 63.3 percent of this number living in the rural areas.

From the foregoing, we can conclude that the coronavirus pandemic has affected the means of livelihood of majority of the masses; with majority living in extreme poverty. The situation is compounded by lack of access to microcredit from the microfinance banks and other formal financial institutions. The government has not helped matters either. Government palliatives are non-existent in most of the communities surveyed with only about 12 percent of the households surveyed had received some form of government support within the period under review.

5.2. RECOMMENDATIONS

Based on these findings, the study recommended as follows:

1. There is need for government to rethink the policy of financial inclusion especially as it relates to ownership of microfinance banks. The idea behind microfinance banking scheme is that these banks will be opened and operated largely in our rural areas where conventional banks are reluctant to operate in. But this is not happening yet in Nigeria. Many of the rural communities surveyed by the study are without a microfinance bank while most of the existing microfinance banks are not viable due to lack of community participation and patronage. In the erstwhile community banking model, the community development association (CDAs)[19] in each community in Nigeria was the primary promoter of a community bank to ensure community ownership and patronage. The CDAs were expected to have not less than 30 percent ownership in such community banks and no single individual was allowed to own more than 5 percent share in any community bank in Nigeria. The overarching objective of this ownership requirement was to ensure that each community banks is truly owned by the community and so will be patronized and promoted by the community. This requirement of not more than 5 percent individual ownership was jettisoned in the microfinance banking model. The result is that many of the microfinance banks are owned by individuals with little or no community participation and thus, little or no community patronage. The government may have to rethink this policy and revert to the ownership structure in the erstwhile community banking model.
2. The government should provide necessary infrastructure to support backbone facilities for widespread ATM, POS and other electronic terminals especially in the rural areas. The conventional banks are finding it difficult to expand to the rural areas because of the prohibitive cost of doing so in the absence of necessary infrastructures especially electricity and high cost of internet connectivity.
3. The conventional banks should adopt a more aggressive and innovative approach in financial product development that will suit the needs of the semi-rural and rural dwellers who in aggregate, constitute more than 80 percent of the adults in Nigeria without an account in a bank or a financial institution. Studies have shown that the legalistic insistence on collateral and other onerous requirements for account opening or access to credit will continue to alienate these classes of people who are the main target of financial inclusion strategy. The conventional banks must adopt a middle-of-the-road approach by liberalizing access to account opening and credit without jeopardizing the safety and profitability of their banks.
4. Government at all levels but especially the Federal Government of Nigeria (FGN) should expand the safety net and palliatives to reach the greater number of the poorest and vulnerable households in Nigeria. For instance, the FGN conditional cash grants and COVID-19 palliatives programme is currently targeting about 1.5 million Nigerians with accretion of additional 2 million by the end of August, 2020. This is grossly inadequate and a mere 'scratch in the surface' for a country with over 90 million people living in extreme poverty. The FGN needs to upscale the list and act fast as millions of Nigerians are dying of hunger and malnutrition due to the COVID-19 pandemic.

Submitted: July 31, 2020 CEST, Accepted: September 06, 2021 CEST

19 Community development associations are usually a group of people within the same landed confines who then agree to come together and work together in order to build the area in which they have found themselves so it can be easier and safer for all of them to live in. When people in the same community agree to work together, what usually happens is that they can always consolidate on and also benefit from each other's efforts. By the time they become established, they also become avenues for the government to reach the people at the grassroots (Adelesi 2015).

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