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How do microcredit interventions impact agricultural risk management strategies among smallholder farmers? Review of African evidence

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Abstract

In recent years, microcredit has emerged as a key tool for financial inclusion, poverty reduction, and women's empowerment among smallholder farmers in Africa. The purpose of this study is to consolidate existing evidence and provide a clearer understanding of the role of microcredit in helping farmers withstand risks related to climate change, market information, and production uncertainties. Using a comprehensive Systematic Literature Review (SLR) to synthesize existing studies on microcredit in Africa, the study identified 518 articles from the major databases of Scopus and Web of Science, out of which 35 met the inclusion criteria and were analysed in detail. By careful consideration of quantitative and qualitative evidence published between the years of 2010 and 2025, the findings clearly show that access to microcredit has enabled smallholder farmers to adopt various risk management strategies like investment in better inputs, the use of informal insurance mechanisms, and crop diversification, among others. However, the review also highlights notable ongoing challenges facing farmers, like loan repayment uncertainties, financial literacy, and persistent unequal access to credit, especially the cultural barriers facing women in business and particularly poor farmers. The originality of this study primarily lies in consolidating the scattered articles into one comprehensive review, taking into account the balanced view of both the benefits and the limitations of Microcredit. The study review ultimately highlights the microcredit dual role in fostering economic participation and addressing social inequalities by offering a critical roadmap for inclusive, sustainable, and gender-based financial ideas for policymakers, practitioners, and researchers in designing more inclusive financial solutions for smallholder farmers.

Keywords: Africa, agricultural risk management, microcredit, smallholder farmers, systematic literature review.

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