ANALYSIS OF SAVINGS MOBILIZATION AND ITS EFFECT ON POVERTY ALLEVIATION AMONG HOUSEHOLDS IN KWALI AND BWARI AREA COUNCILS, ABUJA NIGERIA

BY

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P15/AG/AE/8001

A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY, ZARIA IN PARTIAL FULFILLMENT FOR THE AWARD OF MASTER OF SCIENCE DEGREE IN AGRICULTURAL ECONOMICS

DEPARTMENT OF AGRICULTURAL ECONOMICS,

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MARCH, 2021

DECLARATION

I declare that the work in this Dissertation entitled**Analysis of SavingsMobilization and its Effect on Poverty Alleviation Among Households in Kwali And Bwari Area Councils, F.C.T Abuja, Nigeria,**have been written by me in the Department of Agricultural Economics and it is a record of my own research work. The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this dissertation was previously presented for another degree or diploma at this or any other institution.

Juliana Ojochide OLORI

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(Student) **Date**

CERTIFICATION

This Dissertation titled **Analysis ofSavingsMobilization and its Effect on Poverty Alleviation Among Households in Kwali And Bwa**ri **Area Councils, F.C.T Abuja, Nigeria,** carried out by Juliana Ojochide **OLORI,** meet the regulations governing the award of the Degree of Masters of science (MSc) in Agricultural Economics of Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This dissertation is dedicated to my mother late madam Asmau Salihu who never had an opportunity of being in the four walls of a class room.

ACKNOWLEDGEMENTS

I'm very much grateful to God Almighty for his grace and enablement in seeing me through this program and also immensely indebted to my supervisors in the persons of Professors S.A.Sanni and Z. Abdulsalam for their time and effort in seeing me through the completion of this research work.

I wish to acknowledge the Head of Department, Dr. A.A. Hassan, the Postgraduate Coordinator, Seminar Coordinator, all lecturers and nonacademic staff of the Department of Agricultural Economics, Faculty of Agriculture, Ahmadu Bello University, Zaria.

I also want to appreciate all my course mates who in one way or the other contributed to this study and I will not forget the sacrifice made by my family members while I was undergoing this program to which I say a very big thank you for their understanding.

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ABSTRACT

Savings is increasingly being acknowledged as a power tool for poverty alleviation but the peri- -urban households who are mostly, low cadre workers, peasant farmers and small-scale business owners lacks savings services. This study analyzed savings mobilization and poverty alleviation among peri-urban households in Kwali and Bwari Area Councils Abuja. The study used cross-sectional primary data collected using a well-structured questionnaire administered to185 respondents. Descriptive statistics, poverty gap index, ordered logit regression, and double hurdle model were used in analyzing data collected. Result showed that the average age of respondents was 31 years, majority of the respondents were males, 35% had secondary education, and average household size was 4 persons. Results also showed that 36% of respondents were traders, average year of experience was 11 years, and 39% adopted cooperative society as strategy for saving. Double hurdle model results showed that at the first hurdle using the probit regression model was estimated, age, household size, secondary activities and income significantly determined households' decision to save, while at the second hurdle where truncated regression model was estimated, age of household head, years of experience, secondary activities, membership of association, access to credit, farm size, poverty status, and income significantly determine the households' intensity of savings. Results of the poverty gap index showed that majority (50.8%) of respondents were non-poor, and that the poverty incidence, depth and severity were 0.49, 0.28 and 0.56 respectively. Results further showed that amount saved, age, level of education, primary occupation, secondary activities, access to credit, and farm size had significant effects on households' poverty status.

In decreasing magnitude of importance, the study identified fear of safety of income as the major constraints to saving in the study area. Others are family and societal demand,

access to banks charges and delay in transactions, inadequate of income, and lastly leadership problem Study recommends that peri- urbanhouseholds should be mobilized, organized and encouraged by an appropriate agency or institutions like the development Banks tojoin and participate incooperative societies and clubs so thatgovernment, NGOs and other relevant organizations can easily reachoutto them through this medium.

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to the Study

The economy of Nigeria advanced at 2.4% in the last quarter of 2018 following a 1.8% expansion in the previous period and beating market expectations gain of a 2.1%(NBS, 2019). Despite this gain, 86.9 million Nigerians are still living in extreme poverty which is nearly 50% of its estimated population (Yomi Kazeem, 2018)

The fight against poverty has been a central plank of development planning in Nigeria since independence. Observers have unanimously agreed that successive government's interventions have failed to achieve the objectives for which they were established

It is universally acknowledged that the Micro-Finance Institutions (MFIs) play a catalytic role in the progress of economic growth and development (Alalade *et al*., 2013). This is due to the fact that banks are veritable instrument for mobilizing resources for investment purpose. The importance of Micro Finance to eradicating poverty made the Federal Government of Nigeria adopt it as it main source of poverty reduction in Nigeria and mandated the Central Bank of Nigeria to develop an appropriate policy and framework for the operations of Micro finance Institutions (MFIS).

Three features distinguish MFIS from other formal financial institutions. These are: (i) the smallness of loans advanced and or savings collected, (ii) the absence of asset-based collateral, and (iii) simplicity of operations. The former Governor of Central Bank of Nigeria Chief (Dr) J.O.Sanusi in a paper delivered at the Banking and Financial symposium, organized by the commonwealth Business Council, London, July,2020 stated there is the need to integrate the various informal savings institutions into the mainstream of formal financial system too harness resources for development and increase per capital income to reduce poverty in the country. This is because in many developing countries, more capital is held in the informal economy than the formal economy. A large part of this capital is held in small amounts by those living near or below the poverty line. These numerous small capital holdings can be brought into the formal sector to provide the poor households with savings services that can meet their need and made readily accessible to them.

The problem of poverty in Africa has over the years engaged the attention of the international community, governmental and non-governmental agencies, including African scholars. Poverty in African countries is massive, pervasive and chronic, engulfing a large proportion of the society (Uma & Eboh, 2013). In Nigeria, human conditions have greatly deteriorated (particularly in the last decade) with real disposable incomes dwindled and malnutrition rates on the increase. Aiyedogbon and Ohwofasa (2012) emphasized that the situation is more critical considering that in spite of the vast resources committed to poverty alleviation by every successive administration; no obvious achievement has been accomplished in this direction.

1.2 Statement of the Research Problem

Savings is increasingly being acknowledged as a power tool for poverty reduction but the peri-urban households who are mostlylow-income earners, peasant farmers and small-scale business ownerslack savings because of their low capital income and are not reached by formal banking institutions nor do these institutions accept very small deposits.

Successive governments in Nigeria have initiated programs that stressed making credit facility available to the people for agricultural development but neglect savings mobilization in the areas. The poor savings nature of the Peri-Urban areas has constituted a major setback to economic activities due to lack of capital formation for investment which has resulted to continuous poverty. The households employ a variety of ways to generate savings by forming savings clubs, Rotating savings, Money lenders, Safe places in the house but all these have not produced meaningful change on the poverty level of the households as most of them if not all continue in the same level creating a vicious cycle of poverty.

In every economy formal finance institutions aside from their conventional banking activities are expected to be playing crucial roles of alleviating poverty by making funds available to the rural poor. Unfortunately, formal credit facilities are not adequately available and accessible to thepoor especially around the less developed countries in which Nigeria is one of them. In Nigeria, these formal credit institutions frown at making funds available and accessible to the poor because of the associated costs involved, which include but are not limited to high rate of loan defaults. Though, the government at all levels in Nigeria has been emphasizing much on the need for poverty alleviation, hence has enunciated policies and designed programs aimed at alleviating poverty but to no avail. Each occasion, there would always be abuse, funds-diversion, mismanagement and mistargeting of the poor populace whom the program is meant for. These programs if properly implemented would have gone a long way uplifting the standard of living of the greater majority of the citizens who are the poor. It is lamentable that despite the laudable nature of some of these programs, the benefits have tended to make few people richer while the greater majority whom the programs are meant for are poorer within the same period. Sequel to all these, the unbanked households resorted to informal financial settings for their fund needs. It is expected that these informal financial institutions should act as catalysts for economic development and poverty reduction by playing a crucial role of making funds available and accessible to the poor at minimal interest rate. Hence, there is a need for a study that will help evaluate the role which saving mobilization plays in alleviating poverty in the study area.

The need to improve on the poverty status of the financially excluded households has generated many discussions within the academic and various policy makers in Nigeria but attempt has not been made to study savings mobilization as an instrument for poverty alleviation.

This study therefore intends to improve knowledge on the determinant of household's savings mobilization, ways savings are mobilized.

ed and the incidence of poverty among Peri-urban households in the study area. In doing this, the following research questions were addressed.

i. What are the socio-economic characteristics of households in the study area?
ii. What are the savings mobilization strategies adopted by households?
iii. What are the determinants of saving among the households?
iv. What is the poverty status among the households?
v. What is the effect of households' saving on poverty status?
vi. What are the constraints to saving among Peri-urban households in the study area?

1.3 Objective of the Study

The broad objective of this study was to analyse the Savings mobilization and poverty alleviation of the Peri- Urban household in Bwari and Kwali Area Councils Abuja.

The specific objectives were to:

i. describe the socio-economic characteristics of peri- urban households in the study area;
ii. identify the savings mobilization strategies adopted by households;
iii. estimate the determinant of saving among households;
iv. determine the poverty status of the households;
v. determine the effect of households' saving on poverty status;
vi. identify the constraints to saving among peri--urban household in the study area;

1.4 Hypotheses of the Study

i. Households' socio-economic characteristics such as age of household head, secondary educational qualification, membership of association, gender etc have no significant influence on saving mobilization.

ii. Savings mobilization has no significant effect on household'spoverty status.

1.5 Justification of the Study

Nigerian governments have initiated different poverty alleviation programmes, yet the outcome has not been as expected (Girei *et al.*, 2013). In May 2013, the World Bank economic report on Nigeria indicates that the poverty level is increasing rapidly. The statistics of the population of Nigerians in abject poverty released by the National Bureau of Statistics (NBS) was about 112 million Nigerians (National Bureau of Statistics 2013). The figure represents about 67% of the entire population and that the scourge will continue to increase if not addressed (World Bank, 2013). The Federal Capital Territory (F.C.T) has many sub-urban settlements and villages that have no access to banking facility to save fund or access credit for expansion of their enterprises.

So, saving mobilization is relevant in encouraging savings among rural households for the expansion of their investments.

The understanding of the households' savings behaviour is pivotal to designing policies to promote savings (Muradoglu and Taskin, 1996). Hence, understanding households' savings in the Federal Capital Territory (FCT) will assist extension agents, formal and informal financial institutions, the governmental and non-governmental organizations to find appropriate ways of assisting rural households to improve their savings culture. Also, with an appropriate financial institution to save and mobilize their funds, households will be able to attain self-sufficiency. Also, through the findings and recommendation of this research work, a greater awareness will be created in the financial sectors which will assist in formulation and evaluation of policies that will bring banking facility to the areas for savings and to access credit for investment that will subsequently lead to more income which will improve the well-being of the peri-urban households

CHAPTER TWO

2.0LITERATURE REVIEW

2.1 Conceptual framework

2.1.1 The concept of savings

Savings can be defined as part of disposable income that is not spent on current goods and services. It is symbolically represented as:

S = Y- C---(1)

Where: S=Savings=Income and C=Consumption.

This equation implies that savings is the art of abstaining from consumption for future satisfaction. Several theories have been developed in attempt to understand the concept of savings. The life-cycle theory developed by Modigliani and Brumberg (1950) is based on the observation that individuals make consumption decisions based on the resources available to them over their life time and their current stage in life. The theory predicts that the age composition of a country's population should influence its savings behaviour in such a manner that the higher the proportion of a country's population that is not in the active labour force the lower its savings vote will b. In other words, individuals will dissave when they are young and have low income, save during their productive years and once again dissave when they retire. While the preference theory of Brown Camerer *and* Chua (2006) stipulates that consumers know how to save optimally but cannot resists short-term temptations to consume products. Also, Marshak (1995) stipulates that consumers save sub optimally because their rationality is bounded. In other words, it is possible that consumers simply cannot figure out or learn how to save optimally.

Savings in an economy can assume one of several forms. These include: Personal savings, corporate savings or business savings and government (public) savings. Personal savings: are household savings of individuals in the economy (Christopher, 2014). Corporate savings: are business savings as a component of the private savings which are re-invested by business owners. Public savings: are savings by the government due from increased tax or reduced spending (Bzugu, 2007).

There are basically two sources of savings which are; formal and informal savings. Those involved are individual personal savers, co-operating or rotating savings (also known as *'Ajo'*) among others found in many developing countries, Nigeria inclusive.

2.1.2 Formal Savings: Formal financial sector in developing countries reflect the type of policy objective pursued by government. Ownership may be private, public or a combination. This is the form of dual economy that should be encouraged. This institution can operate at both level of financial intermediation as commercial banks or provide opportunity for savings banks. Sector specialty may also be a factor, with some institutions operating in all economic sectors and others concentrating on one sector as Bank of Industry (B.O.I) and agricultural banks where savings can be mobilized towards industrial and Agricultural growth respectively. Of note is that these loan portfolio ceilings, cash reserve requirements as well as the low minimum balance that banks customer must leave with the bank, controls selective credit policies and moral persuasion and directives (Bruton, 2010).

2.1.3 Concept of Savings Mobilization

Nigeria inherited the micro finance banks model from IFAD which was owned by members with the intention to provide appropriate financial services at the village level and to link informal rural financial services to commercial banking sector. The idea of a micro finance banks was conceived to create a financial institution that would decrease transaction costs of savings mobilization, reduce information costs, provide loans and thus reinvest funds in the areas in which they were mobilized.

Rural Financial Services provided people of modest income, excluded from the formal banking community place to save money together and make loans to each other at a moderate rate of interest. They endorsed the principles of poor people having capacity to save (be it in cash or non-cash savings) and recognize their needs for access to micro finance services (both savings and credit) (Nnanna *et al.,* 2004). The experience with micro finance banks shows that the link bank as required by the Exemption Note of the Banking Act has not helped build the capacity of micro finance banks; it has been exploitative and has hampered progress and growth by siphoning savings from the community members don't have a say in designing and managing what they needed. An example of this is that micro finance banks were not linked to the business activities of their members. The other issue was that the FSC's (financial service cooperatives) were not regulated and that is why some of them are not active in terms of operation. However, the recent introduction of the Cooperative Banking Act allows them to provide financial services.

Savings and savings mobilization in any economy is undertaken by formal, semi-formal and informal Institutions. The formal institutions include banks, financial institutions, cooperatives and the post office. In addition to these, numerous semi-formal and informal institutions like Credit and savings associations that take savings and mobilized savings deposits in rural areas (FAO, 2010). Adera (2005) stressed on the influence of certain factors on the supply of savings and empirically showed the existence of a negative correlation between the rate of savings and the costs/risks incurred by customers. These include transportation cost and the risk involved in moving with large sums of money through long distances. However, whatever motive an individual may have for savings, the rate of savings in any given society depends on the available savings institutions which themselves must fulfill conditions like an efficient number, diversity, accessibility, attractive terms of operations, perfect knowledge on their existence and the usefulness and trust people have on them.

According to Sika and Trasser (2001), 90% of rural Nigerian economy is controlled by the informal financial sector while the remaining 10% by the semi-formal and formal sectors. The low number of commercial banks and formal financial institutions generally explained the complete absence or lack of financial services in the rural areas. Rural communities of some countries may save jointly for a variety of purposes generally not for lending but for the bulk purchase of farming inputs and for various social functions (Fontem *et al.,* 2006). It also became apparent in a number of rural areas that the informal system operated more efficiently and equitably than did the formal financial sector (Rahman *et al.*, 2010).

2.1.4 Concept of poverty

There is hardly a universal way of defining poverty because it affects many aspects of human conditions. However, the conventional concept of poverty depicts it as a condition in which people live below a specified minimum income level and are unable to provide the basic necessities of life needed for an acceptable standard of living. Poverty is a plaque which affects people all over the world, though generally considered as one of the manifestations of underdevelopment. Poverty, as cited in Aderonmu (2010), was defined as lack of command over basic consumption needs (Ravallion & Bidani, 1994), having inadequate level of consumption (Aluko, 1975), and inability of a person to attain a minimum standard of living and high status in a society (World Bank Report, 1990). Also, poverty can be seen as a condition "where an individual is not able to cater adequately for his/her basic needs (such as food, clothing and shelter), is unable to meet social and economic obligations, lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructure (such as education, health, potable water and sanitation), and consequently has limited chance of advancing his/her welfare to the limit of his/her potentials and capabilities".

2.1.5 Perception of Poverty

Poverty have been illustrated using different criteria; such as glaring defects in the economy evidenced in mass penury, pauperization of the working class, the professional class including artisans, mass unemployment and poor welfare services, absence or lack of basic necessities of life including material wealth, common place regular flow of wages and income and inability to sustain oneself based on existing resources. It is "a situation when the resources of individuals or families are inadequate to provide a socially acceptable standard of living" (Johnson, 1974, cited in Agwu & Kadiri, 2014, p. 2). As cited in Fasoranti (2010:1439), poverty is seen as a state of involuntary deprivation (Odusola, 2001; Ogwumike, 2001), lack of capabilities to carry out certain activities (Desai, 1992) and lack of adequate basic necessities of life (Englama & Bamidele, 1997; Madinagu, 1999; Oladunni, 2001). According to Obayelu and Uffort

(2007) poverty has been perceived by many as not just lack of money, food and assets but also as lack of access to education and health care and lack of security, dignity and independence. However, a person's perception of poverty is a function of his present experience, condition of his environment, the aim of such definition, his vocation and his definition of the good life (Fasoranti, 2010).

Within the Nigerian context therefore, the following conditions are perceived as poor:

i. Households or individuals below the poverty line and whose incomes are insufficient to provide for their basic needs.

ii. Households or individuals lacking access to basic services, political contracts and other forms of support.

iii. People in isolated rural areas who lack essential infrastructures.

iv. Female-headed households whose nutritional needs are not being met adequately.

v. Persons who have lost their jobs and are unable to find employment as a result of economic reforms.

vi. Ethnic minorities who are marginalized, deprived and persecuted economically, socially, culturally and politically.

2.1.6 Indicators of poverty

Measures of economic performance and the standard of living of the population are used to indicate poverty. They include the Poverty Gap Index or Income Gap Index which measures the shortfall or gap between the average income of the poor and the poverty line, the Gini Index measuring the extent to which the distribution of income or consumption expenditure among individuals or households within a population deviates from a perfectly equal distribution, the Human Development Index (HDI) which was recently developed by the UNDP to provide a composite measure of both the economic and the social indicators of human development.

(i.) Absolute Poverty

The term “absolute poverty” generally refers to a specific income threshold or a fixed amount, below which individuals are unable to meet basic needs. By international standards, it is a “state in which a family earns less than a minimum amount of income – typically US$1.25 per day per person in low-income countries” (Etim *et al*., 2009). This limited income makes it difficult for the family to cover its basic costs of living. (Igbalajobi *et al*., 2013).

(ii) Relative Poverty

In relative terms, individuals are considered poor when their financial position compares unfavorably with an average living standard in society – what the United Nations describes as the “inability of individuals, households, families, or entire communities to attain a minimum and socially accepted standard of living”. Relative poverty may also refer to the lowest income level of a society – i.e. the portion of a population that earns the Condition where people basic need for food, clothing and shelter are not being met (NBS 2013).

iii. Human Poverty Index:

This an index that measures the level of poverty of each country. While Human Poverty I (HPI1) is specific to developing countries whereas HPI2 deals with poverty in developed countries.

2.1.7Poverty in Nigeria

The Federal Republic of Nigeria has a population of about 200 million – the largest in Africa – and a fast-growing economy. Agriculture is the mainstay of the economy, contributing about 40 per cent of GDP. The agriculture sector employs approximately twothirds of the country's total labor force and provides a livelihood for about 90 per cent of the rural population. Nigeria is the world's largest producer of cassava, yam and cowpea – all staple foods in sub-Saharan Africa. It is also a major producer of fish. Yet it is a food-deficit nation and imports large amounts of grain, livestock products and fish.Poverty is a social problem; it can be assessed objectively and felt subjectively. It is the oldest and yet unresolved social problem (Malumfashi, 2008). In Nigeria, many measures are been taken by the three tiers of governments (Federal, State and Local governments) to reduce the rates of poverty in the country, but the depth and severity of the poverty is becoming worse. To determine whether a country is truly developing or not is contingent upon question on what is happening to poverty, unemployment and inequality (Oloyede, 2010). The answer to this question in the context of Nigeria, revealed that, poverty rate has worsened from about 47% in 1970 to nearly 70% in 2007. This shows that nearly 71% of our people live below $1 a day. Also, the 2010 Global monitoring report of the United Nations Education Scientific and Cultural Organization (UNESCO) submitted that, about 95% of Nigerians survive on less than $2 dollars daily while about 71% survive on less than $1 a day. This means that the income of two Nigerians is equivalent to the daily feeding of a cow in Europe (Oloyede, 2010). Poverty as a social problem has many faces. It is much more than the low income. It also reflect poor health and education, deprivation in knowledge and communication, inability to exercise human and political right and absence of dignity, confidence and self- respect (Ajakaiye, 2002). The Nigerian Senate had described the level of poverty in the nation as equivalent to time bomb that could consume the nation if allow to explode.

2.1.8Peri- Urban Poverty in Nigeria.

The peri-urban interface (PUI) is a dynamic zone. It is the transitional zone between the urbanized land in the cities and areas in predominantly agricultural use. The land area which social change. There is competition for natural resources, market opportunities. natural resources, people, labour, knowledge, energy etc. The absence of good management of these resources can be responsible for poverty in the peri-urban area.

2.1.9Effect of Savings Mobilization on Poverty Alleviation

Several studies have revealed that poor rural people in developing countries like Nigeria do save part of their earned income (Ezedima *et al.*, 2005; Nwachukwu and Peter 2009). Orebiyi, (2005) studied determinants of saving mobilization by farmer's co-operators in Kwara State Nigeria, using multiple-regression and descriptive statistics techniques. The results reveal that household size, farmer's expenditure and membership experience are major determinants of saving.

A studyconducted by Adebayo, (2004) on theanalysis ofrural savingsmobilizationasameansforalleviating povertyinIjumuLocalGovernmentAreaofKogi State. Theresultsshowedthat88%ofhouseholdsweremale-headed,while90%werewithinthe agegroupof30 to69.About79%had oneformofformaleducation.Theaveragefamilysizeat thetimeofthestudywassix.Furthermore,thedependencyratiobetweenworkingadultsand non-workingadultsandchildrenwas1:1.About37%ofthesampledhouseholdhead had between 10to 20 years of experience infarming. Resultsoftheregressionanalysisshowedthatgross income, age ofhouseholdhead andyears ofexperienceweresignificant (1%levelofprobability).Theresultsalsoindicatedthat66% ofthesampledhouseholdlivesbelowthepovertylineof ₦1,274.90per month, while the povertydepth and incidence were 42%and27% respectively.

The study by Fasoranti (2013) examined how rural savings mobilization can serve as a panacea for poverty alleviation among rural women. Results showed age bracket 30-49 years as the modal age group implying that most people in the study area are still in their economic active years; hence a high propensity to save speculated for the study area. Study also revealed that most respondents possessed one level of education or the other while 55% have obtained tertiary education. Study furthermore revealed that 40% invested the mobilized savings in business ventures while 59.9% did not. This showed that the propensity to invest is very low as most people spent their savings on other things other than productive investment. Most of the respondents invested in non-agricultural business. Moreover, 83% used the proceeds from their investments to purchase assets such as land, household electronics such as radio, television and vehicles. The logit models showed that rural savings have positive effects on the poverty indices of respondents; such effects are mostly significant on nature of house, cooking pattern, health care facilities and income level.

The study conducted by Atuya, (2010)sought to determine the effect of microfinance credit on poverty alleviation at household level in Nakuru County. The study found that about 53% of the respondents were aged between 18-30 years, 33% aged between 31-50 years and 14% aged above 51 years. Themajority of the respondentsat31%hadprimary/middle leveleducationlevel,25%hadnoformal education,22%hadsecondary education,20%tertiary educationwhile2%weredegree holders (others). Majority of the respondents at 56% had between 0 to4 dependents, 40%% had 5 to 9 dependents, 4% had 10 to14 dependents while 0% had above 15%

dependents. A multivariate regression model found a strong, significant and positive relationship between the poverty alleviation and microfinance credit with a Spearman coefficient of correlation of 0.72. The coefficient of determination of 0.52 implied that the microfinance credit accounted for 52% of changes in poverty alleviation. All the coefficients obtained by the model were positive implying that amount of microfinance credit obtained, amount spent on business expansion, those spent on housing, saving, education and health care increases household income and hence poverty alleviation. Amount of microfinance credit received had the highest coefficient at 1.21 implying that for every shilling increase in microfinance credit, household income increases by shilling 1.21

Rahman *et al.* (2010) in Pakistan reported that Spouse participation, total dependency rate, total income of household and size of landholdings significantly raise household savings. Education of household head, children's educational expenditures, family size, liabilities to be paid, marital status, and value of house significantly reduce saving level of households. Harris *et al.* (1999) in Australia and Horioka and Junmin (2007) in China as well as Abdelkhalek *et al.* (2009) in Morocco confirm positive relationship between household saving and socio-economic factors.

2.1.10 Constraints to savings Mobilization in Nigeria.

The importance of savings mobilization in economic growth cannot be overemphasize. However, it has so many constraints one of which is income this is due to the general low level of income among the households. Another factor limiting savings mobilization is inadequate banking facilities especially in the rural and peri-urban areas and issues of delay in transaction where facilities are available. While, the absence of effective realistic interest rate policy discourages savings.Also, the growing incidences of fraud, insider abuses and malpractice has eroded public confidence in both the formal and informal financial institutions. This agrees with the statement that the health of the nation'sbanking system is a linchpin of economic stability (www.investopia.com).

The level of funds mobilization is quite low due to low savings deposit, poor banking habits, culture of the people and attitudes of banks to small savers (Nnanna, Englama,and Odoko, 2004)

2.1.11 Poverty Alleviation Program in Nigeria

In reaction to the horrendous poverty crisis in Nigeria, different programs have been established by successive governments. Poverty alleviation strategies implemented so far in Nigeria have focused more on growth, basic needs and rural development approaches. However, Poverty alleviation programs in Nigeria are means through which the government aims to revamp and reconstruct the economy. The high incidence of poverty in the. Country has made poverty alleviation strategies important policy options over the years with varying results. Measures taken to combat poverty and promote development in the country actually started at the beginning of Nigeria's statehood. This was achieved through the adoption of different development plans. However, literatures on development in Nigeria have categorized

As observed by Chukwuemeka (2009), the program was targeted at correcting the deficiencies of the past efforts of alleviating poverty through the objective of providing direct jobs to 200,000 unemployed people Obadan (2001). Despite the introduction of the Poverty Alleviation Program, poverty incidence in Nigeria remained perpetually high. Following the ineffectiveness of the program, the government came up with the National Poverty Eradication Program (NAPEP) in 2001 (Omotola, 2008:2009).

i. The National Poverty Eradication Program (NAPEP)

As revealed in the approved blueprint for the establishment of (NAPEP), the program will serve as a central coordination point for all anti-poverty efforts from the local government level to the national level by which schemes would be executed with the sole purpose of eradicating absolute poverty. This is the only government embarking on eradication; a shift from the traditional concept of alleviation. According to Elumilade, Asaolu and Adereti (2006), NAPEPhas been structured to integrate four sectoral schemes which include:

 Youth Empowerment Scheme (YES) Rural Infrastructure Development Scheme (RIDS)

 Social Welfare Service Scheme (SOWESS) and Natural Resources Development and Conservation Scheme (NRDCS).

On the whole, these schemes were designed to spearhead government's ambitious program of eradicating absolute poverty with a take-off grant of N6 billion approved for it in 2001. The difference between NAPEP and past poverty reduction agencies is that it is not a sector project implementation agency but a coordination facility that ensures that the core poverty eradication Ministries were effective. It would only intervene when necessary, under its secondary mandate which gives it the right to provide complementary assistance to the implementing ministries and parastatals nationwide. Although NAPEP appears to be well crafted, but the prevalence of poverty in Nigeria and the various dimensions it has taken is on the increase.

(ii) The National Economic Empowerment and Development Strategy (NEEDS)

Also, worth mentioning is the National Economic Empowerment and Development Strategy (NEEDS) described as a medium-term strategy. The implementation of NEEDS rests on four major strategies. First, it aims at reforming government and institutions by fighting corruption, ensuring transparency and promoting rule of law and strict enforcement of contracts. Another strategy is to grow the private sector as the engine of growth and wealth creation, employment generation and poverty reduction. Third, it seeks to implement a social charter with emphasis on people's welfare, health, education, employment, poverty reduction, empowerment, security, and participation. The fourth key strategy is value reorientation (see Federal Government of Nigeria, 2004:4; Omotola, 2008:511; Chukwuemeka, 2009:407). NEEDS is a national framework of action, which has its equivalent at the state and local government levels as State Economic Empowerment and Development Strategies (SEEDS) and Local Economic Empowerment and Development Strategies (LEEDS) respectively (AFPODEV, 2006). The implementation also stresses collaboration and coordination between the federal and state governments, donor agencies, the private sector, civil society, NGOs and other stakeholders (see Action aid Nigeria, 2009:7). As a home-grown strategy, NEEDS has been described as the Nigerian version of the MDGs (see AFPODEV, 2006).

(iii) **The Seven-Point Agenda**

The civilian administration that started in 2007 under the leadership of late President Umar Musa Yar'Adua proposed a Seven-Point Agenda of development. The agenda later became the policy thrust of the administration. The main objectives and principles of the agenda include improving the general well-being of Nigerians and making the country become one of the biggest economies in the world by the year 2020. The agenda has critical infrastructure as the first key area of focus. This includes power, transportation, national gas distribution and telecommunication. The second focus is to address the existing issues in the Niger Delta. Food Security constitutes the third priority area. The fourth area is human capital development and the land tenure reform is the fifth key area. The sixth key area is national security while the seventh area focuses on poverty alleviation and wealth creation. Although the Seven-Point Agenda appears to have a broad coverage to address the various development challenges facing the country, it has been widely criticized by development experts. Other poverty alleviation programs in past years include the following:

i 1972: National Accelerated Food Production Program and the Nigeria Agricultural and Co-operative Bank.

ii 1976 Operation Feed the Nation to teach the rural farmers how to use modern farmin tools

iii. 1979 Green Revolution Program to reduce food importation and increase local food production

iv. 1986: Directorate of Foods Roads and Rural Infrastructure (DFRRI)

vi 1993: Family Support Program and Family economic Advancement Program

2.1.12Informal Financial Institution in Nigeria

The rapid emergence of informal financial institutions in Nigeria is as a result of the inability of the formal financial sector to fill the wide gaps created to individuals and small business owners. The formal financial system provides about 35% of the economically active population and the remaining 65% is by informal financial sector (CBN, 2005)

The activities of the informal financial sector are often unrecorded, unregistered and unregulated by government (Akintaye, 2008). The informal Financial Institutions includes money lenders, traders, farmers, relations, friends, esusu (daily contribution scheme) rotational savings and Credit Associations Cooperative Society. This various informal institution has the sole desire to improve the well-being and promote the economic status of members (Abdullahi and Dzulkifil, 2015).

One of the uniqueness of informal financial institution is the adaptions to the needs of its members than the formal sector (Oloyede, 2008). The informal institutions assist the individual and small business owners, traders, housewives, artisans to accumulate funds through daily, weekly, monthly, deposits that will be returned at a specified date with a small fee (Alabi and Akrobo, 2007).The money accumulated by members as savings may be used in improving the resources for business, diversified of business, building houses, educating their children, meeting health needs etc. which could lead to the improvement of the poverty status of the members.

The importance of the informal financial sector cannot be over emphasized. (Donald 2000) identified the role of the informal sector as follows:

i. Provide alternate finance to meet investment needs.
ii. Help to improve the wellbeing of the rural populace.
iii. Mobilizes investable funds from the surplus sector to the deficit sector i.e. transfer of funds from savers to borrowers.
iv. Helps to achieve advancement and economic betterment.

The informal financial sources provide the buck of rural dwellers financial needs for five active occupational groups namely farmers, artisans, market woman, traders and local manufacturers. World Bank (1998) and Akinwunmi (1999) identified informal rural finance providers in Nigeria to include corporate society, esusu, NGOs, families and friends, money lenders. These informal finance providers provide their savings and loan services on favourable terms and at a cheaper cost (Oloyede, 2008)

2.1.13Prospects of Informal Financial Institutions

The successes recorded in informal financial institutions include the following:

a. Promotion of Welfare and Reduction of Poverty level of Members: Informal financial such as cooperative societies and ROSCAs increase the wellbeing of members and reductions of poverty level through provision of micro credits.

b. Promotion of Socio-Economic Status: They empower members to invest in new ventures and the purchase of agricultural inputs through easy access to loans with considerably lower interest rates.

c. Saving Mobilization: The institutions help to mobilize savings from those members that have surplus to those members that need it for consumption and investment purposes.

d. Capital Accumulation: ROSCAs help members to accumulate capital as result of increment in income level after packing money jointly contributed. This money is used to acquire assets by amember who is an entrepreneur.

e. Financing SMEs: They are major provision of finances to SMEs owners. This is because many small businesses got financed through provision of credit by ROSCAS and daily contribution collectors in many developing nations like Nigeria, Indonesia, Mexico and so on.

f. Employment Generation: Cooperative societies have invested in new business ventures like hotel, shopping mall, school, block industry and so on. The investment in new business ventures has created employment opportunities to unemployed youths in most developing nations like Nigeria.

2.1.14 Problems of Informal Financial Institutions

The common problems of informal financial institutions (ROSCAS, daily collectors and cooperative societies) are lack of basic education, maladministration, inadequate finance and lack of registration, relative high interest rate, high risk, persistent crisis and survival(Adetiloye,2006).

i. Lack of Basic Education: Most of the operators of informal financial institutions (daily collectors and ROSCAS) lack basic knowledge of accounting and book keeping methods. In most cases, rules of thumb are commonly used in the administration of finances and handling of credits in convenient manner.

ii. Maladministration: Leaders who are running the affairs of the informal financial institutions are appointed on the bases of popularity and charisma rather than capability and experience. In a business involving financial intermediation, confident leaders are needed to manage the business in order to gain people’s trust to bring money for savings.

iii. Inadequate Finance: The cooperative societies at most time have problems of inadequate finances because of the misappropriation of fund by the leaders. Funds accumulated through savings by members are invested in business ventures that are of interest and beneficial to leaders but detrimental to other members. This act causes inadequate finances for members to borrow money from the cooperative association.

iv. Lack of Registration: Most informal financial institutions are not registered by government and those that are registered are not properly supervised. This creates opportunity for operators to run the

institutions as their own causing financial misdemeanor.

v. Relative High Interest Rate: The cost of borrowing from money lenders is high relative to bank loan.

vi. High Risk: The operators run the institutions as their own and can easily abscond with depositor money. Such act may cause serious financial pains to depositors especially when they have large savings with a cooperative institution.

vii. Persistent Crises: Frequent crises are common in ROSCAS. This is because a member may be reluctant or unwilling to contribute money for others after he/she might have packed money jointly contributed. This might made other members who felt cheated to cause trouble.

viii. Shorter Period of Survival: Most informal financial institutions like ROSCAS do not last more than two years. This is because members continuous to loss trust on other members who failed to honor financial pledges. This act might make trusted ones to desist from membership and look elsewhere. Such act may lead the association to disintegrate.

2.1.15 Challenges of Informal Financial Institutions

(i.) Insufficient Finances: The regular sources of revenue available to these institutions are deposits coming from members as savings. In the time of festivities (Sallah and Christmas celebrations) most loan requests by members are turn down because of inadequate fund. This reason makes informal financial institution like cooperative society to seek for loan from banks.

ii. Dwindle Savings: In the period of economic recession many members cut down their savings. In ROSCAs, a member that contributes more than once to a pool of money tries to reduce his/her savings. Also, in daily contribution collector and cooperative society, most members reduce their daily, weekly or monthly contribution as savings because of the economic recession that may affect informal financial institutions.

(iii.) Loss of Membership: In ROSCAs, a member who has packed money contributed to a common pool is reluctant to contribute for others. This makes some members to end their membership leading to gradual death of an association.

(iv.) Fading Trusteeship: The people running the affairs of these institutions might have self-agenda when investing the association's money and such may negatively affect the association. Executives of a cooperative association were seen investing the association's money in purchasing tractors and sand Lorries. The returns coming from the investments are sometimes shared between an association and executive members. In addition, some daily contribution collectors sometimes run away with people's savings when they are in financial mess because the business relies on trust.

2.4Formal financial institutions

. In Nigeria, the financial system is made of financial institutions, such as banks, insurance companies, specialized banks, capital market, finance companies, discount houses, bureau de change, mortgage institutions, community banks, and the development finance institutions (DFIs), each covering a particular area of activity or activities (Mordi, 2004). It performs the core function of financial intermediation, adequate payment services as well as the fulcrum for monetary policy implementation. The activities of this institutions are regulated by the apex Bank which is the Central Bank.These statutory financial intermediaries channel funds from surplus economic spending units to deficit economic spending units, within the framework of legality.

The Nigerian financial sector over the years has witnessed several reforms due to several challenges facing the sector. Abdullahi (2007) opines that reforms are predicated upon the need for reorientation and repositioning of an existing status quo in order to attain an effective and efficient state. Before the introduction of reforms in the Nigerian financial sector, the sector was characterized by under capitalization, unhealthy and hostile competition, poor management, low technology and innovation. The period was described as unregulated banking activities. The setting up of Patron's commission to enquire banking business in Nigeria and the extent of control that can be introduced recommended the formulation of Banking ordinance of 1952, which can be described as the first attempt to reform banking business in Nigeria since 1892 when the first commercial bank namely Standard Bank of Nigeria Ltd (now First Bank) was established in Nigeria. Since then, several reforms have been carried out to strengthen, reposition and enhance competition in the sector. According to Ogujiuba and Obiechina (2011), the Nigerian banking system has undergone remarkable changes over the years, in terms of the number of institutions, ownership structure, as well as depth and breadth of operations. These changes according to them have been influenced largely by challenges posed by deregulation of the financial sector, globalization of operations, technological innovations and adoption of Financial Sector reforms

2.1.16Importance of Savings in Economic Growth of the Rural Sector

Savings are of great importance in a developing country like Nigeria; this is because of the direct bearing it has on the level of economic activity of the nation within the agricultural sector. The degree of progress attained in savings will largely depend upon on what the farmers do with the additional income generated from year to year from their farming activities. Adequate integration of savings and investment programmes into development strategies is capable of improving resource allocation, promoting equitable distribution of incomes and reducing credit delivery and recovery cost. (Umar *et al.*, 2014). Cash is the most liquid asset (monetary form) while the non-financial form of savings include livestock, grain, land, gold, and other valuables. Adyanwale and Bamire (2000) expressed that the savings behaviour of farmers in developing countries is less dependent on the absolute level of aggregate income, but more dependent among other factors on relationship between current and expected income, the nature of the business, household size, wealth and other demographic factors.

In recent times, there has been growing concerns on savings mobilization among economists, researchers and policy makers in Nigeria. This concern is due to several reasons: one, domestic savings is one of the vital importance in the sustenance and reinforcement of the savings investment growth chain in developing economies (Nwachukwu, 2009). Countries that save more tend to grow faster provided that their financial system is deep (Jonathan *et al.*, 2013).

Successive government in Nigeria has initiated programs that stressed making credit facilitates available to rural farmers for agricultural development to encourage savings mobilization in the rural areas. However, the Bank of Agriculture is created to address these problems to certain extent but it can only do little in a country with a population of over 150 million people.

The lack of savings facilities creates problems at these levels.

i. The level of the individual.

ii. The level of financial institution.

iii. The level of national economy.

At the level of the individuals, the lack of appropriate institutional saving facilities forces the individual to rely upon in-kind savings such as savings in form of gold, animals or raw materials rather than financial intermediaries such as savings and credit organization. These informal savings options, however do not offer security of funds, ready access to cash to commence a particular enterprise. At the institutional level the micro-finance institution have often experienced the exclusively credits services that can lead to undue dependence on external source of financing. This dependency can cause the MFIs to concentrate on the demands of the donors rather than on the demands of potential client.

At the level of the national economy, high level of savings increases the amount of national resources and decrease the need to resort to foreign indebtedness in order to cover domestic investment and consumption demand. Countries with low internal savings rates must borrow from abroad, which can result to a debt service burden. This clearly underlines the importance of savings mobilization to sustain economic growth with national financial resources.

The presence of Informal savings schemes in both urban and rural communities has demonstrated potential for leveraging savings for sustainable livelihoods. Yet the specific use of saving mobilization as strategy to alleviating poverty is relatively known in Nigeria despite wide recognition of its importance in the developing world.

2.1.17Savings Pattern in Rural Areas of Less Developed Countries (LDCs)

The rural economy in developing countries lack modern financial institutions which make a vast majority of the resort to traditional financial intermediation. According to Ayanwale and Bamire (2000), the saving behaviours of the farmers in developing countries is less dependent on the absolute level of aggregate income, but more dependent among other factors is relationship between current and income. Rural savings is categorised into cash and kind which of cash is the most liquid asset, the non-financial form of saving include livestock, grant, land, gold and other valuables.

Several studies have revealed that poor rural people in developing countries like Nigeria do save part of their earned income. Orebiyi (2005), studied determinants of savings mobilization by farmers cooperation in Kwara state, Nigeria and asserted household size, farmer expenditure, and membership experience are major determinants of savings and reported that income, loan repayment and amount of money borrowed are significant variables that influenced savings pattern. Kibet *et al.* (2009) reported that saving among small holder farmers, entrepreneurs and teachers in the rural area is determined by the type of occupation, household income, age, gender of the household head, education, dependency ratio, service charge, transport cost, and access to credit facilities.

Abdelkhalek *et al.* (2009) in Morocco confirm positive relationship between household savings and income growth. About 70% have no access to financial services and this could be higher in rural areas. About 90% of the rural sector financial needs are satisfied by informal rural finance provider (World Bank 2013).

World Bank (2013) identified informal rural finance providers in Nigeria to include, trade and input-supply financing corporation societies, non-governmental organisations (NGOs), esusu, families, friends, money lenders and rotating self-help group. Patterns and nature of savings in less developed countries are similar, which are simple, non-complex organisation and gives easy access to members or participants. Its flexibility and mutual understanding also scores a plus for the savings among rural household. The pattern is also free from bureaucracy and accessibility guaranteed, which made it easy for the rural people to participate in it.

2.1.18Review of Empirical studies on Determinants of Households Savings in the Rural Areas

There is a pervasive consensus by economist as regarding the use of a single variable in determining savings in the literatures. This stance has been criticized because a single variable or factor cannot unilaterally determine the saving nature of several household. Savings pattern of several household varies from place to place among other factors. Which include socio-cultural are:

(i) Savings and Household Income:

Nwachkwu (2009) pointed out that households try to balance their accounts by spending according to their income that is households' consumption is a function of their income. For a given household, savings can be positive or negative. The lower income households tend to have positive savings under ceteris paribus assumption. However, household size is an important factor that determines household income, expenditure and consequently savings.

Akpan *et al.* (2011) reported that worker's income has a significant positive effect (at 1% significance level) on worker's saving. This is in agreement with Keynesian postulates that relate income positively to saving and the Friedman permanent income hypothesis. This implies that as the worker income increases, the tendency of the workers to save increase too. The hypothesis asserted that household will spend their permanent income while the transitory income is channeled into saving with marginal propensity to save approaching unity. The result indicates that, a Naira increase in monthly income of agro-based worker will result to 0.584 Naira increase in worker's saving. Similar result has also been obtained by Adeyemo and Bamire (2005), Ayanwale and Bamire (2000), Lahiri (1989); Harris *et al.* (1999) in Australia; Horioka and Junmin (2007) in China; Abdelkhalek*et al.* (2009) in Morocco and Kibet *et al.* (2009) in Kenya.

(ii.)Savings and Household Size

A typical household size is constituted by the summation of the number of wives, children, relatives, and dependants living within the same dwelling place. This suggests that, a large household will likely channel more of his income to food consumption expenditure rather than to save. This also implies a lower well-being for a household with a larger household size. On the other hand, a smaller household size will have high tendency to save. The result is in line with empirical results reported by Orebiyi (2005); and Rahman *et al.* (2010). Although, Adegbite *et al.* (2007) indicate that the larger the household the size the higher the likelihood of sustainable labour efficiency farm give the constant availability of labour which could translate to more produce and thus more income but the increase does not translate to high savings.

(iii.) Savings and Dependency Ratio: Dependency ratio is the proportion of the non-working population in the young age bracket (i.e. between the age of 0-14 and in the older age group of 65+) to the total population. It was observed that with high consumption, resulting from large number of dependents have an adverse effect on income; hence savings is retarded. In a multiple regression analysis for 74 countries with different specification shows, that there is no significant adverse effect of high ratio of aggregate savings in the less developed countries where the case is most prevalent (Mbat, 1985). In Nigeria, dependency ratio was found to have a significant negative effect on rural household savings (Durojaiye, 1995).

(iv.) Savings and Age (life cycle) of Household Head:

Age specific savings behavior, based on the life-cycle hypothesis is very complex. Not many studies include age in modeling household savings behavior. Guariglia (2004), found a marginal negative influence of age on savings. He defines age as the number of years an individual had lived from birth. Gedela (2012) found out that the age of household head exert a positive influence on savings.

The Life Cycle Hypotheses suggests that there exists a relationship between age and savings rate. Burney and Khan (1992) found that savings increase with age crossing a certain limit. Gedela (2012) in his study on determinants of saving behavior in rural households found a positive relationship between age of the household head and savings where increase in age resulted in increase in saving but as the household head becomes old the savings start declining.

(v) Savings and Education:

Resource-Poor farmers in the developing world have generally been regarded as lacking assets especially land and human capital as represented by skills and education (Burney and Khan, 1992). Education has increasingly therefore, been recognized as an important form of human capital for the agricultural sector. The level of educational attainment of an individual is generally adjudged measurable in terms of the number of school years completed (Nuhu *et al*., 2015).

Akaah, *et al.* (1987), in a study of bank savings behavior of Ghanaian households included education as an explanatory variable. The education coefficient in the estimated equation was negative and insignificant. This was interpreted to mean that households exhibited similar dispositions to save in banks regardless of their level of formal education.

On the contrary, Durojaiye (1995) found out that households, whose head had had secondary education, tended to consume more and save less.

(vi) Savings and Farm Size:

Olayemi (1999) found out that the larger the farm size of a household, the higher the propensity to save. Notwithstanding, that farm size, is often used only as a proxy to farm income. Bime and Mbanasor (2011) in their study of the determinants of informal savings amongst vegetable farmers in North West Region Cameroon reported that the bigger the farm size, the more the farmer produces and the higher is the revenue generated which will in turn enhance savings.

(vii) Saving and Occupation:

The occupation of the head of the household is a factor affecting the saving differentials between households. Occupation has proved to be a good classificatory variable for estimating permanent income. In fact, households do not consider the source from which income comes when it is taken for Consumption decisions. In traditional analysis, income is divided on the basis of occupation into two sources namely profit and wages. Self-employed households whether in non-farming or in farming, save a higher fraction of income than those that earn wages. The saving income ratio of salary earning group is on a par with that for the: self-employed.

Some studies have also analyzed the impact of occupation on saving. The occupation pursued by individuals often determines their income cycle and affects the stability and regularity of their income. Occupation with unsecured income motivates precautionary saving. The households who have secured jobs save less than those who have risky jobs and uncertain income (Gardiol 2004; Guariglia and Kim 2004 and Kulikov *et al.* 2007).

(viii.) Savings and Farm Investment

Farm investment is defined as the commitment of resources in farm operations with the purpose of getting profitable returns. Investments by any economic unit are of two types, physical and financial (Alamgir, 1976). Investment in assets involves the commitment of resources in the procurement of physical assets, such as machinery, work bulls, tools etc. whereas investment in financial assets involves the purchase of government securities, stocks and bonds.

Literature on farm investments reveals that attention is usually focused on physical asset. This is because in the rural economy, investments in physical assets predominate, for rural farmers usually do not have access to financial assets. The saving-investment decision is integrated into the productive process and is closely linked with allocation of resources, particularly on labor. The simultaneous production-saving investment activity originates from the use of own or family labor in production of non-tradable capital assets, for example, land improvements, storage sheds farm buildings. Such activities are known to be undertaken by all types of farm household in rural areas (Alamgir, 1976). Farm investments are said to be low in most developing countries. Low farm investment implies either that savings are low and/ or are being used for non-farm investment. It is therefore impossible to finance a sound investment effort without adequate savings, because investment also generates savings.

(xi) Savings and Land Tenure System

Poverty incidence among farm land owners and those operating on family land are quite high at about 80% and 75% respectively- Whereas incidence among farmers operating on rented land is about 67%. Extreme Poverty incidence is also higher among the direct owners and operators of family land. This is also another surprising result as loose and fairly unstable land tenureship tend to portend a more productive and welfare rewarding process for operators (NBS, 2011).

Table 2.1: Poverty Incidence and land tenureship

All	Extreme poor	Moderate poor	Non-poor
Land tenureship	48.06	28.75	23.19
Owned	52.64	27.67	19.68
Rent	34.47	31.76	33.77
Squatters	37.91	28.86	33.24
Family Land	45.77	29.50	24.73

Source: NBS 2016

(x.) Savings and use of Credit.

Use of credit is critical in poverty consideration among farmers. Farmers with no access to credit have poverty incidence to close to 77% and the extreme poverty incidence about 49% (NBS, 2011). Poverty incidence is lowest among farmers with access to credit through commercial banks (62%), co-operatives (64%), local money lenders (69%), and agricultural credit banks (75%) in that order. Extreme poverty incidence is also lowest farmers using credit cooperatives and traditional contribution (NBS, 2011).

(xi) Savings versus Investment

One of the major characteristics of the rural people is low income. The cheapest way to have investment either in crop production or micro enterprises is through savings. Thus, encouraging savings is directly proportional to investment for the rural poor. When you invest your money, you are seeking growth, while investment usually involves greater risk than savings, it may offer greater reward in rate of returns. Investments for rural people can be informed of increase farm land, farm animals and other micro enterprises. Functions of consumption have shown that rich households save more compare to the poorer household. This leads to Keynesian speculations that securely rising income result in high saving rates.

The basic macro-economic equation according to Shapiro (1978) is

$Y = C + I + G$..(4)

Where:

Y = Gross National Product (GNP)

C = Total personal consumption

I = Total gross investment both private and public

G = Total government expenditure on

On the other hand, the micro-economics equation is

$Yd = C + I + S$..(5)

Where: Y_d = Disposable Income

C = Consumption

I = Investment

S = Savings

From equation (i) and (ii), disposable income is consumed, saved or invested. Disposable income is shared into consumption, savings, or investment, that is

$Y = C + I$ or

$Y = C + S$

If $Y = C = I = S$ is a standard identity in a country, where savings is identical to investment.

2. 2 Analytical Framework

2.2.1 Measurement of Poverty

The measure of poverty enables its decomposability by population, capture of social capital and how the poor themselves measure poverty while the living standard measures poverty based on current spending.

These include:

2.2.2 Absolute and Relative Measurement: This is based on the mathematical formulation of Foster, Greer and Thorbecke which explains poverty indices using an index which varies According to the particular poverty measure one intends to compute. Foster, Greer and Thorbecke (FGT) indices are based upon the existence of households within the country which are classified according to income and estimated directly or through consumption-expenditure and a poverty line (Foster *et al*., 1984).

The Foster-Greer-Thorbecke (FGT) models specified as:

$$P_\alpha = \frac{1}{N}\sum_{t=1}^{H1}\left(\frac{Z-Yi}{Z}\right)\alpha \qquad (6)$$

$$P_o = \frac{Ho}{N} \qquad (7)$$

$$P_1 = \frac{1}{N}\sum_{t=1}^{H1}\left(\frac{Z-Yi}{Z}\right) \qquad (8)$$

$$P_2 = \frac{1}{N}\sum_{t=2}^{H1}\left(\frac{Z-Yi}{Z}\right)2 \qquad (9)$$

Where,

P is the poverty index α, is a non-negative parameter. Which make the value 0, 1 and 2 as the exponent increases the aversion to poverty is measured by FGT index increase.

When α=0, this index gives the head count ratio or the incidence of poverty which will be the percentage of the beneficiaries and non-beneficiaries of savings and credit that are classified poor in the area. When α=1, this index measures the poverty depth that is the proportion of the poverty line that the average poor will require to attain to the poverty line while the severity of poverty is measured when α=2, which is the of square proportion of the poverty gap. When multiplied by 100, it gives the percentage by which a poor household s per capital annual farm income should increase to push them out of poverty.

(i) N = No of Respondents

(ii) Hi = Head count of the poor (Number of poor farm household).

(iii)Yi = Per capital annual farm income in naira.

(iv) Z = Poverty line using 2/3 of mean per capita annual farm income of beneficiaries of credit and non-beneficiaries of savings and credit.

(v) Construction of Poverty Line. According to Thomas (1992) there is no official poverty line in Nigeria and as such many earlier studies have used poverty lines which are proportions of the average per capita income or expenditure However, in this study the per capita income will be used. Therefore, the poverty line will be defined as the two third (2/3) and one third (1/3) of the mean value of per capita annual household income for beneficiaries and non-beneficiaries before and after obtaining credit in the study area.

$$PCFI = \frac{THI}{HHS} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (10)$$

$$MPCFI = \frac{TFI}{TNR)} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (11)$$

$$PL = 2/3 or 1/3 \times MPCHI \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (12)$$

Where:

PCHI = Per Capita Annual household Income (Naira/Annum)

TFI = Total Farm income

HHS = Household Size

MOCHI = Mean per Capital household Income (Naira/Annum)

TNR = Total Number of Respondent and

PL = Poverty Line.

In nearly all the subjective measurement, approaches the issues of family size and a host of other household characteristics such as age, education and occupation have been found necessary as inputs (Johnson, 1997).

I. Incidence of poverty

iii.Poverty Gap

iv.Human poverty index

2.2.3 The different approach to measure poverty lines are as follows:

Food Poverty Line: The Food Poverty line is an aspect of Absolute Poverty Measure which considers only food expenditure for the affected Households.

i. **Absolute Poverty Line:** This is the second step in Absolute (Objective) Poverty measure. This method considers both food expenditure and non- food expenditure using the per capita expenditure approach.

ii. **The Relative Poverty Line:** This line separates the poor from the non-poor. All persons whose per capita expenditure is less than the relative poverty line are considered to be poor while those above the stated amount are considered to be non-poor.

iii. **The Dollar Per Day Poverty Line:** This measure considers all individuals whose expenditure per day is less than a dollar per day using the exchange rate of Naira to Dollar.

iv. The Subjective Poverty Measure: This is the perception of the citizenry. It is neither related to Per Capita Expenditure of household nor the Country adult – equivalent scale but is based on premise that the opinions of persons with respect to their own situation should invariably be the determinant in defining poverty. Some of the exponents of this poverty measurementbased their methods on Income Evaluation Questions while others based theirs on questions about necessities that a household should possess.

2.2.4 Poverty Indicators

The major component in the computation of Relative Poverty measurement is the household expenditure. Expenditure refers to all goods and services use by the household. It also includes all monetary transactions (e.g. Donations, Savings, Esusu contribution etc.) made by the household (Igbalajobi *et al*., 2013). Poverty Line is a measure that divides the poor from non-poor. Using the mean per capita household expenditure one-third of it gives (separate) the extreme or core poor from the rest of the population while two-third of the mean per capita expenditure separate the moderate poor from the rest of the population. The accumulation of the core poor and moderate poor gives the poor population while the non-poor are the population greater than two-third of the population (Durojaiye, 1995; World Bank 1996; Ayinde, 1999; Omonona, 2001).

In the course of computing the poverty profile for Nigeria using the Harmonized Nigeria Living Standard Survey 2009/2010, all the above approaches have been adopted. Though the use of country–adult equivalent and household size seems to be the current method in the computation of Absolute (Objective) Poverty measure, the National Bureau of Statistics adopted per capita expenditure (Total Expenditure/Household Size) just for consistency. While Absolute Poverty Measure used the per capita expenditure approach. However, the measurement of poverty is about individuals in poverty, hence the choice of per capita expenditure which will estimate the population as against adult-equivalent.

Table 2.2: Relative Poverty Headcount from 1980-2019

Year	Poverty Incidence	Estimated population (In millions)	Population in Poverty (In Millions)
1980	27.2	65	17.1
1985	46.3	75	34.7
1992	42.7	91.5	39.2
1996	65.6	102.3	67.1
2004	54.4	126.3	68.7
2010	69.0	163	112.4
2019	40.0	200	83.0

Source: National Bureau of Statistics. HNLSS 2019

2.2.4 Double Hurdle Model

The double-hurdle model assumes that smallholder farmers make two sequential or independent decisions with regard to access to agricultural finance and acquisition of a loan or credit. In this model, a different latent variable is used to model each decision process. Each hurdle is conditioned by the smallholder farmer's socio-economic and environmental as well as credit institution characteristics. The model considers the possibility of zero outcomes in the second-hurdle arising from the individuals deliberate choices or random circumstances. The model assumes that zero values can be reported in both decision stages (Green, 2003). The zeros reported in the first-stage arise from zero access to credit by the smallholder farmers; and those in the second hurdle come from zero loan acquisition from a credit source due to a farmer's deliberate decision or random circumstances. The first hurdle is the agricultural finance access equation estimated with the normal probit model as described in Equations (xiv) and (xv).

Smallholder farmers are partitioned into two categories, participants in agricultural finance (S_{ni}> 0) and non-participants (S_{ni} = 0). Where, Sn is agricultural loans taken. Let y_{1i} represent the category to which the farmer belongs, since the participant, non-participant partitions give an ordered response. Let the ordered response y_{1i} be such that; Where, the index equation is given as;

$y_{1i} = 0$ if $S_{ni} = 0$………………………………………………………………… **(13)**

$y_{1i} = 1$ *if* $S_{ni} > 0$………………………………………………………………… **(14)**

Written as,

$Y^*1 = \beta_{1i} X_{1i} + \varepsilon_{1i}$ ……………………………………………………………**(15)**

Where,

Y*1 is a latent discrete accessibility choice variable that denotes binary censoring, which is the utility the farmer gets from participating in the agricultural finance sector. X_{li} is a vector of explanatory variables hypothesized to influence agricultural finance accessibility choice, βli is a vector of parameters and ε_{li} is the standard error term.

The threshold index equation for the binary model is stated as;

$\begin{cases} 1, if\ farmers\ \ is\ a\ participant \\ 0, otherwise \end{cases}$ ……………………………………………………………**(16)**

The empirical model used to estimate the probit model or the first hurdle equations is given below. The equation is stated below, estimating decision to access and participate in the agricultural finance.

$A^*_{iaf} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \varepsilon_{iaf}$………… **(17)**

Where, A^*_{iaf} is the agricultural finance access decision among smallholder farmers in the study area which takes the value of 1 for those that have access and 0 otherwise.

X_1 = Age of household head (years);

X_2 = Household head's level of education (years spent at school);

X_3 = Farmer saves money (1=yes, 0=no);

X_4 = Interest at borrowing (%);

X_5 = Number of family meals/day;

X_6 = Loan payback period offered by the lenders (months);

X_7 = Capacity to access a formal lender;

X_8 = Household size (number of people in the household);

ε_{iaf} = Stochastic error term.

Finding the determinants of participation intensity was achieved by estimating the equation of the second hurdle. The second hurdle involves an outcome equation, which employs a Tobit model to determine factors affecting the actual amount of loan borrowed by a smallholder farmer. This stage uses observations only from respondents who reported positive or greater than zero amount of loan borrowed. The truncated model, which closely resembles Tobit's model, is expressed as shown in Equation (xvi).

$Y^*i = X'_{2i}\beta_2 + v\ i\ v\ i,\ N(0, \delta^2)$ .... **(18)**

Yi is the observed size of loan borrowed by the sampled respondent. For a smallholder farmer who does not borrow, Yi cannot be measured and was set to be equal to zero (0). This indicates that the observed loan borrowed is zero either when there is censoring at zero $Y^* \leq 0$ or if there is faulty reporting, or due to some random circumstance.

The empirical model used to estimate the Tobit model of agricultural finance access and participation among smallholder farmers is given below;

$Y_{iaf} = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + \varepsilon_{iaf}$........................ **(19)**

Where,

Y^*_{iaf} = Amount of loan borrowed by a farmer measured in Naira

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

X_2 = Household head's level of education (years spent at school)

X_3 = Farmer saves money (1 = yes, 0 = no),

X_4 = Interest at borrowing (%),

X_5 = Number of family meals/day,

X_6 = Loan payback period offered by the lenders (months),

X_7 = Type of lending source (formal=1, Informal=0) and

X_8 = Household size (number of people in the households.

CHAPTER THREE

3.0RESEARCH METHODOLOGY

3.1 The Study Area

This study was conducted in Kwali and Bwari Area council of the Federal Capital Territory, Abuja (FCTA). FCT lies between Latitude 9^{o}.06' and Longitude 7^{o}.48' of the equator and Latitude 6^{o}45' andLongitude 7^{o}39' E of the Greenwich Meridian. It has a population of about 3,095,000 Million projected growth rates of 6.03% (Abuja, Nigeria Metro Area Population 2019). It occupies a land area of 8,000 sq. km with landscape dotted with hills, highlands and plains (FCTA Report, 2012). The FCT is bordered in the North by Kaduna state, on the East by Nassarawa state, on the South by Kogi state and on the West by Niger state. The FCT comprises of six Area Councils, namely Municipal, Gwagwalada, Kwali, Abaji, Kuje and Bwari. The climate is characterized by two distinct seasons namely the dry season which start from November to March and rainy season which begins from April to October of each year. During the day time, the temperatures can rise to 40^{0-}C and cools at night to 30^{0}C.The vegetation zone falls within guinea forest savanna. The rainfall ranges between 1100mm to 1600mm (FCTA online Report, 2012).

Kwali is a Local Government Area(LGA) of the Federal Capital Territory (Nigeria). Its headquarters are in the town of Kwali. It has an area of 1,206 km^2 and a population of 85,837 persons at the 2006 census. The professions that the people of Kwali LGA are famous for are pottery and cloth making.

However, other professions such as farming, hunting and trading are also practiced by the inhabitants of Kwali Area Council. Like other Area Councils in Nigeria, Kwali is sub-divided into Wards. The 10 Wards that make up Kwali Area Council are Ashara, Dafa, Gumbo, Kilankwa, Kundu, Kwali, Pai, Wako, Yangoji and Yebu. But unlike a typical Area Council in Nigeria, Kwali has a different mode of sub-division into districts headed by District Heads (Kwali Area Council, Abuja FCT website, 2016).

Bwari Area Council (BAC) is located at the North East of the Federal capital territory FCT, Abuja. Geographically, Bwari Area Council (BAC) is located at the North East of the Bwari is made up of several and diverse ethnic groups such as Gbagyi, Koro, Fulani and other minority migrants in the area. The people of Bwari are predominantly farmers who live in sparsely populated settlements. BAC's vegetation is the Guinea savannah. The soil is fertile and supports a population that is predominantly engaged in farming. The number of public servants in the area council has increased in the last ten years following the citing of key Federal Institutions in the Area Council.

Both Kwali and Bwari fall within Guinea Savanna vegetation zone of Nigeria with agriculture as the major occupation of the inhabitants. The predominant crops grown in the areas include cowpea, beniseed, groundnut, cassava, yam, maize and vegetables. Livestock such as cattle, sheep and goat are very common in the Kwali and Bwari Area Councils with several poultry farms scattered all over the suburb.

3.2 Sampling Procedure.

A multi-stage sampling procedure was used to select the respondents for the study. In the first stage, two districts were randomly selected from each of the area council of the peri- urban households. In the second stage, a simple random sampling method was employed to select two villages from each of the selected districts. Finally, 20% of the populations of rural household were selected from each of the villages using a list compiled by an extension agent. This is in line with Kajang, David and Jatau (2014) and adopted by Sani and Oladimeji (2017) who posited that ≥10% of the population is a fair representation especially where there is a large population. A total sample size of 185 respondents was used for the study (Table 3.1).

Table 3.1: Sampling of Respondents in the Study Area

Area Council	Districts	Villages	(Sample Frame)	Sample Size (20%)
Kwali	Kwali	Dabi	120	24
		Sheda	125	25
	Wako	Wako	99	20
		Awawa	120	24
Bwari	Bwari	Ushafa	119	24
		Shere	107	21
	Kubwa	Dutse	125	25
		Dawaki	110	22
Total	**4**	**8**	925	185

3.3 Data Collection

Primary data were used for this study. The primary data were collected with the aid of structured questionnaire which were administered with the help of trained field enumerators. Data were collected on the socio-economic characteristics of the respondents such as age of household head, household size, educational qualification, secondary occupation, value of savings and annual income.

3.4 Analytical Tools

The following analytical tools were used to achieve the objectives of this study.

3.4.1 Descriptive Statistics

Descriptive statistics such as means, median, percentages and frequency distribution were used to achieve objectives (i), (ii) and (vi).

3.4.2 Poverty Gap Index (or ratio)

Foster-Greer-Thorbecke (1984) was used to achieve objective (iv). This was used to determine the Poverty Status of the rural households. The model is specified as:

$P_\alpha = \frac{1}{N}\sum_{t=1}^{H1}\left(\frac{Z-Yi}{Z}\right)\alpha$..(20)

$P_o = \frac{Ho}{N}$ ... ...(.21)

$P_1 = \frac{1}{N}\sum_{t=1}^{H1}\left(\frac{Z-Yi}{Z}\right)$ ... ...(22)

$P_2 = \frac{1}{N}\sum_{t=2}^{H1}\left(\frac{Z-Yi}{Z}\right)2$ ... ... (23)

Where,

P is the poverty index, α is a non-negative parameter, which takes the values 0, 1 and 2. As the exponent increases, the “aversion” to poverty as measured by FGT index increases. When α = 0, this index gives the head count ratio or the incidence of poverty which is the percentage of the respondent that are classified poor in the area. When α = 1, this index measures the poverty depth that is the proportion of the poverty line that the average poor will require to attain to the poverty line while severity of poverty is measured when α =2, Which is the mean of square proportion of the poverty gap. When multiplied by 100, it gives the percentage by which a poor household’s per capita annual farm income should increase to push them out of poverty.

N= No of Respondents.

Hi = Head count of the poor (Number of poor household).

Yi = Per capita annual income in Naira.

Z = Poverty line using 2/3 of mean per capita annual income of the respondents in the study areas.

3.4.3 Construction of the Poverty Line

According to FOS, (1999) and Canagarajah and Thomas, (2002), there is no official poverty line in Nigeria and as such many earlier studies have used poverty lines which are proportions of the a(verage per capita income or expenditure. However, in this study per capita annual farm income was used. Therefore, the poverty line is defined as the two-thirds (2/3) and one-third (1/3) of the mean value of per capita annual farm income for the respondents in the study area.

PCHI = $\frac{THI}{HHS}$.. (24)

MPCHI = $\frac{THI}{TNR}$...(25)

PL = 2/3 or 1/3 * MPCHI.. (26)

Where:

PCHI = Per Capita Household Income (Naira/Annum)

THI = Total Annual Household Income (Naira/Annum)

HHS = Household Size

MPCHI = Mean Per Capital Household Income (Naira/Annum)

TNR = Total Number of Respondent

PL = Poverty Line

The Poverty line was placed at two-third and one-third mean per capita annual household income of respondents as adopted by FOS (1999) and the World

Bank/FOS/NPC (1998). Based on this, the respondents were classified into three groups:

- Non-Poor: those with annual household income above two-third mean per capita annual income.
- Moderate Poor: those with annual household income between one-third and two-third mean per capita annual income.
- Core poor: those with annual household income below one-third mean per capita annual income.

3.3.4 Ordered Logit Regression Model

The logit model is a normal cumulative distribution function and because the model is estimated using Maximum Likelihood Estimates (MLE) approach, it overcomes the difficulties arising from the non-normality and heteroskedastic variance of the error terms if Ordinary Least Square regression were to be carried out. Such models are referred to as qualitative or binary choice models (Capps and Krammer, 1985).

To achieve objective (v), logit regressionmodel was used to determine the effect of household savings on the poverty status of the rural households. The dependent variable is the poverty status which is represented by a binary dummy (0 and 1). The model is specified as:

$Y = \beta_0 + \beta_1 X_1 + e$…………………………………………………………………… **(27)**

Where;

Y = Poverty status (1 if poor and 0 otherwise),

X_1= Household Savings in the last 12 months in Naira,

β_0=the intercept,

β_1 = estimation parameter and

e = the error term.

3.4.4 Double Hurdle Model

The double hurdle model was used to achieve objective (iii). The 1st hurdle which is the probit model is specified as follows;

$$A^*_{iaf} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon_{iaf} \qquad \textbf{(28)}$$

Where,

A^*_{iaf} = Savings decision among rural households in the study area which will take the value of 1 for those that saved and 0 otherwise.

X_1= age of household head (years),

X_2= household size (Number of persons),

X_3= dependency ratio (Number),

X_4= education (years of schooling),

X_5 = Secondary occupation (trading=1, artisan=2, fishing=3 and civil service=4),

X_6= Gross income for the last 12 months (₦),

X_7 = Membership of co-operative society (Years of participation) and

X_8 = Extension contacts (no. of visit per year).

ε_{iaf} = Stochastic error term.

Whereas, ordered logit model was used to determine the intensity of savings mobilization among rural households. The model is specified as below;

$$Y_{iaf} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon_{iaf} \qquad \textbf{(29)}$$

Where,

Y^*_{iaf} = the intensity of saving (value of saving in the last 12 months in Naira ranked as Y=0 i.e. no savings, $Y \leq 10000$, $Y \leq 20000$, $Y \leq 30000$, $Y \leq 40000$, $Y \leq 50000$, $Y > 50000$)

X_1= age of household head (years)

X_2 = household size (Number of persons)

X_3 = education (years of schooling)

X_4 = Secondary occupation (trading=1, artisan=2, fishing=3 and civil service=4)

X_5 = Gross income for the last 12 months (₦)

X_6 = Membership of co-operative society (Years of participation)
X_7 = Extension contacts (no. of visit per year)

3.5 Measurement of Selected Variables and their *a priori* Expectation in the Model

3.5.1 Dependent Variable

Savings (S): The amount of savings mobilized over a period of 12 months, it is measured in Naira (₦). Value of savings was used as proxy for saving mobilization.

3.5.2 Independent Variables

1. **Age of Household Head (X_1):** This is the age of the household head in years. It was included in the model to investigate if there is a direct relationship between the age of the household head and his/her to decision to save.

2.Household Size (X_2): It is the summation of the husband, number of wives, children, relatives and dependents living in a household at the time of investigation. It was included in the model to accept or reject the assumption that, the larger the household size the less the savings.

3.Dependency ratio (X_3): Dependency ratio is the proportion of the non-working household member in the young age bracket (i.e. between the age of 0-14 and in the older age group of 65+) to the household size. It assumed that the large the non-working household members the less the savings.

4.Educational level (X_4): This is the number of years that the household head had spent in formal school like primary, secondary or tertiary schools. Direct relationship is expected between the educational level and the level of savings.

5.Secondary occupation (X_5): This is other economic activities outside their major occupation engaged by households like trading, artisan, fishing and civil service. This is to verify if involvement in additional income generating enterprise could lead to more savings.

6.Gross Household income (*X_6*): It is the sum of farm income and non-farm income in Naira (₦) accruing to the respondents at the time of the study. It is included in the model to accept or reject the assumption that the smaller a respondent's income, the less will be his desire or willingness to save and vice versa.

7. Membership of cooperative group (*X_8*): This is involvement with a group with the same interest in order to benefit from such association. This is to verify if membership of group leads to more savings.

8. Extension Contact (*X_9*): This is the number of times the extension agents have visited the farmers in order to train them on various farming and processing techniques and also to evaluate their progress. This is to verify the effect of the visit of the Extension agent to improvement in the income generation of the households that will translate into more savings. This is measured as the number of visit per year.

CHAPTER FOUR

4.0 RESULTS AND DISCUSSION

4.1 Socio-Economic Characteristics of Respondents

In this section the general socio-economic characteristics of respondents are presented and discussed. These include age, gender, educational level, household size, occupation and years of experience in occupation for the respondents.

4.1.1 Age Distribution of Respondents

The distribution of respondent according to age is presented in Table 4.1

Table 4.1: Age distribution of respondents

Age (years)	Frequency	Percentage (%)	Mean
< 20	8	19.3	31
20-30	96	31.9	
31-40	58	27.7	
41-50	20	13.9	
≥ 51	3	1.8	
Total	**185**	**100.0**	

The study revealed that about 32% of the respondents were within the age range of 20-30 years with a mean of 31 years. About 98.2% of the respondents are within the agriculturally active age brackets (<20 to 50 years). This people in this group are energetic enough to be involved in different form of livelihood activities that could generate fund for their sustenance and increase the tendency to save.

4.1.2 Sex distribution of respondents

The gender distribution of respondents in the study area is presented in Table 4.2

Table 4.2: Sex Distribution of Respondents

Sex	Frequency	Percentage
Male	109	59
Female	76	41
Total	**185**	**100**

Table 4.2 revealed that about 59% of respondents were malesand 41% werefemales. This implies that male headed households were in the majority in the study area as such the propensity to save is expected to be high as farming and civil service jobs are predominantly carried out by males in the study area. Thegenderdistributionoftheruralhouseholdcouldhaveanimplicationon thelevelofincome and savings strategyofthehousehold.

4.1.3 Educational level of respondents

Resultson the analysis on thelevelofeducation of the respondents as presentedin Table 4.3.

Table 4.3: Distribution of respondents according to level education

Education Status	Frequency	Percentage	Mean	SD
No formal education	**33**	**17.8**	**2**	**0.07**
Primary education	**51**	**27.6**		
Secondary education	**65**	**35.1**		
Tertiary	**35**	**19.5**		
Total	**185**	**100.0**		

Table 4.3showsthatmajority(82%)ofthe respondentshadone form offormaleducation or the other. About 28%had attained primary level ofeducation,and35% hadcompletedsecondaryeducation.Only about 20%completed tertiary education. However, 18% had no formal education. The high literacy among the households implies a high tendency to be exposed to more reliable information sources that could greatly influence their decision making in terms of savings mobilization.Educationisconsideredas animportantcapitalasset which could affectthesavingsandinvestmentbehaviorofrural households.

4.1.4 Household Size of Respondents

The result of the household size is presented in Table 4.4.

Table 4.4: Distribution of respondents according to household size

Household Size	Frequency	Percentage Mean	Mean	SD
1-3	90	48.6	4	0.09
4-6	91	49.2		
7-9	3	1.60		
10-12	1	0.50		
Total	185	100		

The result presented in Table 4.4show thedistribution of the household size that about 49% of the households had between4-7persons while about 2% had about 8-12 persons. The minimum household size was 2 persons while the maximum was 12 persons. Themeanofhouseholdsizewas4indicatingatendency to saves more sincetheneedsofmembersofthehousehold may not be as big as the household size that is large.This indicates that a substantial amount of household income will be saved due to the relatively small household expenditures.

4.1.5 Primary Occupation of Respondents

The distribution of respondents according to primary occupation are presented in Table 4.5.

Table 4.5: Distribution of respondents according to their occupation

Primary occupation	Frequency	Percentage
Farming	59	31.9
Trading	67	36.2
Civil servant	59	31.9
Total	**185**	**100.0**

Table 4.5 results shows thatabout 32%oftherespondentswereengagedin farming astheirprimaryoccupation. About 36%were involved in trading activities, whileabout 32%were civilservants. This impliesthatthemajoroccupationofmost of the respondentsin thestudyareawere farming and trading and this accounted for about 68%.

4.16**Years of Experience in occupation of the Respondent**

Experience influences individuals' perception and understanding of the management requirements which improve on decision making and consequently revenue. It is believed that, the higher the years of experience in occupation, the more the management ability of such respondents in making relevant decision. The distribution of respondents according to years of experience is shown in Table 4.6.

4.6: Distribution of respondents according to years of experience in occupation

Years of experience	Frequency	Percentage	Mean	SD
1-10	126	68.1	11	0.67
11-20	35	18.9		
21-30	17	9.2		
31-40	6	3.2		
>40	1	1.1		
Total	**185**	**100**		

Table 4.6 depictsthat68%had occupationalexperienceoflessthan10years while 32%had occupationalexperienceofbetween 11yearsandabove.It is implied from the findings that, the majority of the respondents have less than ten years of occupational experience. The numberofyearsonespendsinaparticularlivelihoodactivitycould improve the enterprise. Thelongerarespondentstays onanoccupationthemorethestability andregularity of incomewhichcanin-turndeterminesavings.Respondentswithlongeroccupationalexperiencein thestudy areaare likelytomobilize more savings than those with fewer years of experience.

4.1.6 Savings Mobilization Strategies Adopted by Respondents

The various forms of savings mobilization strategies adopted by different households in the study area are presented in Table 4.7.

Table 4.7 Savings strategies used by rural households

Forms of savings strategy	Frequency	Percentage
Co-operative societies	41	22.16
Banks	26	14.05
At home	7	3.78
Savings club (*Esusu/Ajo*)	21	11.35
Cooperative& Banks	26	14.05
Cooperative & Home	11	5.95
Banks, Home & Club	23	12.43
Bank, Cooperative, home &Club	8	4.32
Bank and home	18	5.32
Others (those save in form of assets)	12	6.50
Total	**185**	**100.0**

Table 4.7 showed that majority (93.50%) of the respondents in the study area used one form of savings or the other while 7% have their savings in the form of asset like land, jewelries, animals etc. Out of the majority that saved, it was discovered that about 22% preferred to save with the cooperative societies A total 14% saved with banks. About 4% of the respondents saved at home for easy access to fund at all times. About 11% of the respondents saved with clubs (*Esusu and Ajo*) because of its simplicity and easy accessibility while about 47% combined different form of saving to avoid the risk of losing their hard earned money.This is in line with the finding of Adebayo (2004) and Nuhu *et al.* (2015), who confirmed that high percentage of households belonged to at least one savings club or the other in their respective study areas. Some of the respondents belonged to savings club and at the same time had some form of physical assets as savings.

4.2 Determinants of Households' Savings

The determinants of savings among rural households were analyzed using the double hurdle model and the result are presented in Table 4.8.

Table 4.8: Estimation of the Double Hurdle model of the determinants of savings among rural households

	Probit	Regression		Truncated	Regression	
Variables	**Marginal effect**	**Std. error**	**Z-stat**	**Marginal effect**	**Std. error**	**Z-stat**
Age	-0.0129	0.0058	-2.25**	0.0911	0.0215	4.23***
Education	0.0265	0.0393	0.68	-0.1777	0.1152	-1.54
Household size	0.0667	0.0355	1.88*	-0.0448	0.1093	-0.41
Experience	0.0022	0.0049	0.45	-0.1077	0.0249	-4.32***
Sec. activities	0.2045	0.0552	1.89*	-0.7618	0.2876	-2.65***
Association	0.2637	0.1117	2.36**	1.2296	0.5003	2.46**
Aceess to credit	-0.0898	0.0800	-1.12	0.9681	02799	3.46***
Farm size	-0.0465	0.0360	-1.29	0.2069	0.0988	2.09**
Poverty status	0.0150	0.0451	0.33	-0.3466	0.1446	-2.40**
Income	1.30E-06	7.40E-07	1.74*	5.00E-06	1.08E-06	4.60***
Log Likehood		-110.39			-262.058	
LR Chi2		23.6***			102.61***	
Prob>Chi^2		0.0087			0.0000	
No of Obs		185			185	

Note: ***, **, * is significant at 1%, 5%,10% levels respectively.

The result presented in Table 4.8 showed the double hurdle model where households' decision to save and intensity of savings were analyzed independently. The first hurdle (probit model) and the second hurdle (truncated regression models) were estimated using the maximum likelihood method of estimation on the determinants of the decision to save and the intensity of saving respectively. The estimates showed that the models succinctly fits the data as the likelihood ratio test for probit regression (LR Chi^2 (10) = 23.60, Prob. > Chi^2 = 0.0087), and that of truncated regression (LR Chi^2 (10) = 102.61, Prob. > Chi^2 = 0.0000) reject the null hypothesis that households' socioeconomic characteristics have no significant influence on savings mobilization.

The result presented the marginal effect of the determining factors of households' saving decision and saving intensity.

From the result, age of household head has a negative significant marginal effect on the decision of household to save, however it has a positive significant marginal effect on the intensity of savings with an estimated repression coefficient of -0.0129. As household head grow older, there is 1% reduction in probability in decision to save, and there is 9% (0.09911) increased probability in intensity of savings increasing in age could be associated with increasing responsibility which sometimes makes savings to be difficult. The result contradicts the findings of AttanasioandSzekely,(2000) and Bogale *et al*. (2017) whofoundthatsavingsdecisionis enhanced as ageincreases.

As size of household increases, there is 6.7 % increased probability in households' decision to save, whereas it has no significant effect on the intensity of savings. Years of experience of household head in occupation has no effect on the decision to save but reduces probability on the intensity of savings by 10%. It was found that household head involvement in secondary occupation has positive significant marginal effect on decision to save but has a negative significant marginal effect on the intensity of savings. This implies that households that have secondary occupation have more probability in their decision to save compare to those without secondary occupation. This is because apart from the income from the primary occupation, income is also obtained from the secondary occupation which in turn increases the gross income of the households and consequently stimulates decision to save.This resultisinconformitywith*apriori*expectationandwithOlawuyiandAdetunji(2013), who observed that incomeofhouseholdsthatengage in secondary occupation was higherthanthoseinvolved just a single primary occupation.

Moreover, household head belonging to social groups was found to have positive significant marginal effect on both the decision to save and intensity of savings. From the first hurdle, there is 26% increasing probability in decision to save among households who belonged to Cooperative association than those who do not belong. This implies that being a member of any association, increases the likelihood to influence household saving behavior. This is because, membership of an associationisconsideredimportant for unity and identification andcould influencethesavingsandinvestmentbehaviorofrural households. Membership of an association could also facilitate bulk purchase of inputs at lower cost and group marketing with higher bargaining power, as well as increasing households' profit margin and the tendency to save. Despite the fact that access to credit has no significant marginal effect on the decision to save, it may be that if household had access to credit needed, there would be an increased probability in intensity of saving. There is also an increased probability in household intensity to save with an increased size of farmland owned. Moreover, it was further discovered that household gross income has positive significant effect on both the decision to save and intensity of savings. This impliesthatasthehousehold grossincomeincreases,there is increased probability in their decisiontosave and intensity of savings.ThisisinagreementwithKeynesianpostulatesthat income relates positively tosavingsandtheFriedmanpermanentincomehypothesis (Adeyemo, 2005).

Therefore, with the outcome of double hurdle model with (LR Chi^2 (10) = 23.60, Prob. > Chi^2 = 0.0087, log likelihood = -110.39 significant at 1%), and that of truncated regression (LR Chi^2 (10) = 102.61, Prob. > Chi^2 = 0.0000, log likelihood = -102.61 significant at 1%), the null hypothesis (H_o) which stated that householdsocio-economic characteristics (age, education, household size, association, access to credit, secondary occupation and gross income, farm size) have no significant influence on savings mobilization strategy in the study area was rejected.

4.3 Poverty Status of peri- urban Households

The households' poverty status was analyzed using three indicators; poverty incidence (Po), poverty depth (P1) and severity of poverty (P2) computed using the FGT Index. Results of poverty analysis presented in Table 4.9. To determine the poverty status of households, a common base line (poverty line) was established. The poverty line was determined using two third mean per capita household incomes (MPCHI) of the rural households in the study area. A relative poverty line of ₦208, 704.50 was established from primary and secondary income of the farming households sampled. Sequel to this, households having an average annual income above ₦208,704.50 was considered non-poor, those with income between ₦104,352.25 and ₦208,704.50 are considered moderately poor while those having annual average income less than ₦104,352.25 were considered very poor as shown in Table 4.9.

Table 4.9: Poverty Statuses and Indices of peri- urban Household

Poverty Category	Frequency	Percentage (%)
Non-poor	94	50.81
Moderate poor	22	11.89
Very poor	69	37.29
FGT Poverty Indices		
Poverty Incidence (Po) 0.4918		
Poverty Depth (P1) 0.2849		
Poverty Severity (P2) 0.5587		
POVERTY LINES:		
MPCHI = ₦ 313,056.76 Per annum		
2/3*(MPCHI) = ₦ 208,704.50 Per annum		
1/3*(MPCHI) = ₦ 104,352.25 Per annum		

Table 4.9 revealed that about 51% of the respondents were non-poor, while about 12% were moderately poor and about 37% were very poor. That is to say about 49% of the rural households were poor because their incomes level fell short of the poverty line. The result of the poverty incidence among the sampled households was 0.4819, which imply that about 48% variability of poverty of selected households in the study area within the poor. The poverty gap index of the poor households was 0.2849 which means that about 28% of the total incomes are required to bring individuals within the poor households up to the poverty line of ₦208,704.50. The implication is that respondents among the poor household need about 28% which translates into ₦58,437.26 annually in addition to their mean per capita annual farm income to attain the poverty line. The poverty severity index of the households was 0.5587. This implies that poverty is more severe among poor respondents with about 56% of the selected households that constitute the poorest among the respondents.

4.4 Effect of Household Savings on Poverty Status

Table 4.10:Ordered logit regression of the effect of households' savings on poverty status

Variables	Coefficients		Marginal effects	
		Pr(Poverty status=1)	**Pr(Poverty status=2)**	**Pr(Poverty status=3)**
Savings	-2.035(0.735) ***	0.135(0.054)***	0.006(0.003)*	-0.141(0.053)***
Age	-0.059(0.033)*	0.004(0.002)*	0.000(0.000)	-0.004(0.003)*
Level of education	0.541(0.264)**	-0.036(0.019)*	-0.002(0.001)	0.037(0.020)*
Household size	-0.459(0.346)	0.030(0.022)	0.001(0.001)	-0.032(0.023)
Primary occupation	0.692(0.304)**	-0.046(0.017)***	-0.002(0.002)	0.048(0.019)***
Experience	-0.004(0.028)	0.000(0.002)	0.000(0.000)	-0.000(0.002)
Secondary activities	-0.974(0.538)*	0.065(0.037)*	0.003(0.002)	-0.067(0.039)*
Association	0.980(1.025)	-0.065(0.067)	-0.003(0.003)	0.068(0.069)
Credit	-1.328(0.747)*	0.088(0.043)**	0.004(0.004)	-0.092(0.045)**
Farm size	-1.562(0.913)*	0.103(0.051)**	0.005(0.005)	-0.108(0.055)*
Log likelihood	**-51.084**			
Wald Chi2(10)	**53.82*** **			
Prob>Chi2	**0.0000**			
No of observation	**185**			

Note: ***, **,* Significant at 1%,5%, 10% levels respectively.

Poverty status: 1 = Non-poor; 2 = Moderate poor; 3 = Very poor

NOTE: Figures in parentheses are standard error

Result in Table 4.10 are estimates of the ordered logit regression model fitted to the data. The estimate showed that the model fits the data well as the model likelihood ratio test (Wald Chi^2 (10) = 53.82; Prob > Chi^2 = 0.0000) rejects the null hypothesis that savings mobilization has no significant effect on poverty status. The results showed that the effects of some of the socioeconomic variables on the poverty status differ substantially across the model. From the result, as household size increase saving intensity, there is 14% increase in probability of not been poor, 0.6% increase probability of been moderately poor, and 14% reduced probability of been very poor. This shows that with more savings, there is tendency to have more financial power to make effective management decisions regarding investment, thereby reducing household poverty status. There is 0.4% reduced probability in the poverty level as household head grows older. This is possible because older household heads are most times in possession of additional assets and have more business opportunities that enlist them to be out of poverty.

The outcome result of level of education showed that as household increases in the level of formal schooling, there is reduced likelihood of not been poor, while there is increased likelihood of been very poor with formal education. The implication of this is that level of education increases the level of poverty. The justified reason for this is that educated household may likely see some income generating activities as non-decent enough for their education status, thereby loosing so many incomes generating opportunities and with high rate of unemployment in the country. This however, contradicts the assertion of Awan et al (2011) who states that education is the most important factor in poverty reduction in Pakistan and also supported by Guevarina (2007) who states that, low educational attainments deters one from finding a job. However, this finding of increase poverty with increase in educational qualification can be attributed to the high rate of unemployed educated people of all cadre in the country in recent time. This statement is confirmed by the assertion of World Bank 2019 that, the unemployment rate of Nigerians between the ages of 15 and 35 hit 55.4% in 2019.

The primary occupation of household was found to reduce the likelihood of been non-poor, whereas it increases the probability of been very poor. Plausible reason could be that household gets less paid jobs not enough to take care of themselves talk less having to save. Household with secondary source income aside their primary activities are less prone to be poor. An increase in income generated from secondary activities, increases the probability of been non-poor by 7%, while it also reduces the probability of been very poor by 7%. Moreover, there is 9% increasing probability of been non-poor, and also 9% reduced probability of been very poor by households who had access to credit. This means that household who had access to credit can invest in business opportunities to enhance their income level, thereby increasing their standard of living. Also, the farm size owned was found to have significant effect on poverty status. As the size of farm land owned increases, there is 10% increasing probability of been non-poor, and also 10% reduced probability of been very poor. This is because an increase in farm size enables households particularly farming households to cultivate more to increase production which also increases their income level. Farmland owned is also considered as a great asset which can be leased out or used for further production process.

4.5 Constraints to Savings in the Study Area

Theconstraints that limit saving mobilization as identifiedbytherespondentsarepresentedin Table4.11.

Table 4.11: Constraints to savings among peri- urban households

Type of problem	Frequency	Percentage	Ranking
Fear ofsafetyof their income	116	62.70	1st
Familyand societal demand	74	40.00	2nd
Access to bank(s), charges & delay	65	35.13	3rd
Inadequate income	37	20.00	4th
Leadership problem	22	11.89	5th
Total	**314***		

*Multiple responses

Table4.11 showed that a total of 62.7% of the sampled households in the study area identify the fear of the safety of their funds and resources as a constraint.About 40% identified family and social demand as hindrances to saving. This is because their households demand outweighs their incomes and so have no surplus to save. Unnecessarybankcharges and delays were ident

ified by 35% of the respondents for not saving in in banks. The charges, delay and congestion in banks discouraged so these respondents from saving.

About 20% of the respondents identified inadequate income as a constraint to save. Theyconceded that thoughthey always desire tosave buttheyareunabletodosodueto lack of continuesincomes from their earnings. It means that the economic activities of 20% of the sampled households are at a subsistence level; therefore, income from these activities cannot meet their basic needs not to talk of having surplus to save. This affects their savings capacity adversely. The assertion that income is perquisite to savings was confirmed by Sanusi (2002) who relates savings to low per capital income.

Leadership problem were identified by 12% of the respondents. The respondents affirmed that leaders of some of the informal savings institutionsabscondedwiththeirsaving which confirms to the statement that the health of the nation’s banking system is a linchpin of economic stability (www.investopia.com) and funds mobilization is quite low due to low savings deposit, poor banking habits, culture of the people and attitudes of banks to small savers (Nnanna, Englama,and Odoko, 2004).

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study focused on the analysis of savings mobilization strategies and their effect on poverty alleviation among peri-urban households in Kwali and Bwari Area Councils Abuja, Nigeria. Multistage sampling techniques were used to select 185 respondents for the study. Descriptive statistics, double hurdle regression models, FGT, and ordered logit regression were used to achieve the objectives of the study. Results of socio-economic characteristics of the sampled households revealed that the mean age of household head was 31 years with an average household size of 4. Majority (82%) had one form of formal education or the other. It was discovered that about 39% of the respondents preferred to save with the cooperative societies while about 26% of them saved with local saving clubs (*Esusu and Ajo).*The Regression results revealed that the marginal effects of age, household size, secondary occupation, membership of association and households' gross income, were statistically significant at various levels of probability in the first hurdle explaining the decision to save.

In the second hurdle which explains the intensity of savings showed the marginal effects of the truncated regression that age, years of experience, secondary occupation, membership of association, access to credit, farm size, poverty status, and households' gross income were statistically significant at various levels of probability. The null hypothesis (H_o) which states that rural households' socio-economic characteristics have no significant influence on savings mobilization strategy in the study area was tested and the hypothesis is rejected at various levels of significance ranging from 1% to 10%.

Based on the estimated poverty line of ₦208,704.50, about 94 households (51%) sampled were non-poor, 22 (12%) were moderately poor and 69 (37) were very poor. The estimated poverty incidence, depth and severity in the study area were 0.4918, 0.2849, and 0.5587 respectively. The ordered logit regression estimates of the effect of saving mobilization on household poverty status revealed that households' savings, age, level of education, primary occupation, secondary occupation, access to credit, and farm size, were significant factors influencing households' poverty status at different levels of probability. The major constraints
to household saving mobilizations in the study area were the fear of the safety of their funds and limitation of resources. These were indicated by 62.7% of the sampled households.

5.2 Conclusion

Savings is increasingly being acknowledged as a powerful tool for poverty reduction. This study focused on the effect of saving mobilization on poverty alleviation among peri-urban households in two districts of the FCT. The findings of the study revealed that overwhelming majority of respondents (98%) are within the economically active ae-bracket. Majority, (82%) had formal education and have a household sizes that is not large (mean = 4 person). Also, majority of respondents (93%) saved in one form or the other, only about 7% have their savings in form of assets.

The study also, revealed that Age, household size, secondary economic activities membership of Cooperative and income are the significant determinants of savings. (1st Hurdle). While, Age, experience, secondary economic activities, membership of association, access to credit, farm size, poverty status and income significantly affected the intensity of saving (2nd Hurdle). The study further revealed that, 51% of the respondent are non-poor while 49% are poor based on analysis on poverty status which revealed incidence of poverty of 49%, poverty depth of 28% and poverty severity of 56%.

Savings mobilization had a significant effect on poverty status which rejects the hypothesis that savings mobilization has no effect on poverty status. Lastly, the constraint to savings in decreasing magnitude of importance is the fear of safety of income, family and societal demand, lack of access to Banks and inadequate income.

5.3 Recommendations

In order to make savings mobilization effective among rural households for the improvement of their poverty status, the following recommendations are made:

1. The households in the study area should be encouraged by Government agencies to engage in secondary economic activities for multiple stream of income to improve on their poverty status. It is therefore, recommended that the State Government and/or NGOs should empower Peri Urban households by providing credit facilities (cash or kind) and skill acquisition training to enhance diversification of trade.
2. Peri- Urban households should be properly mobilized, organized and encouragedtojoin and participate incooperative societies andclubs by both formal and informal financial institutions so thatGovernment and NGOscaneasily reachoutto them through this medium. Thiswillimprove theirlevelofpersonaldevelopment through easy access to loans that will help improve their income through investment and consequently increase their level of saving and reduce poverty.
3. The State Government should facilitate the establishment of Micro-Finance Institutions in the Peri- Urban areas to inculcate saving habit among the people. The few micro-finance institutions available need to improve their service

delivery to farmers.

5.4 Contribution of the Study to Knowledge

i. The study found out that age, education, household size, secondary occupation, membership of association and households' gross income were the major determinants of savings mobilization at 1%, 5% and 10% levels.

ii. Analysis of the poverty status of the households revealed that 51% of the respondents were non-poor, while about 12% and 37% were moderately poor and very poor respectively with poverty incidence, depth and severity of 0.4918, 0.2849, and 0.5587 respectively.

iii. Saving mobilization had a negative and significant effect on the household poverty status at 10% level of probability.

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SAVINGS MOBILIZATION AND POVERTY ALLEVIATION AMONG PERI-URBAN HOUSEHOLDS IN KWALI AND BWARI AREA COUNCIL ABUJA, NIGERIA

Dear Respondent,

This questionnaire was designed by M.Sc. student of the Department of Agricultural Economics and Rural sociology, Ahmadu Bello University, Zaria. Please, fill as appropriate. All information will be treated with confidentiality and strictly for the purpose of research.

Area council……………………………………….

Village………………………

A. SOCIO-ECONOMIC CHARACTERISTICS OF RESPONDENTS

1. What is your Age……………………………
2. What is your sex: Male [ ] Female [ ]
3. What is the level of education you have attained?
   (i) No Formal Education [ ]
   (ii) Primary Education [ ]
   (iii) Secondary Education [ ]
   (iv) Other Specify……………………………………………………..
4. How many people are in your household?...
   (i) Please indicate detail of household members

Person Number	Relationship to Respondent	Male	Female	Working Member	Non Working Member

5. What is your primary occupation (Tick as appropriate)
   (i) Farming [ ]

(ii) Trading [ ]

(iii) Artisan (Tailoring, Hair dressing etc) [ ]

(iv) Civil Servant [ ]

6. Years of experience in occupation:…………… years.

7. Do you engage in any secondary economic activities Yes [ ] No [ ]

If yes indicate:

(i) catering/food selling [ ]

(ii) Tailoring [ ]

(iii) Agro processing [ ]

(iv) Trading [ ]

(v) Others specify…………………………………

8. Do you belong to any Association? Yes [ ] No [ ]

If yes tick as appropriate

(a) Cooperative Society [ ]

(b) Credit rotation group [ ]

(c) Tribal group [ ]

(d) Religious group [ ]

(e) Others specify…………………………………

9. Why did you join the association?

(i) To save for investment [ ]

(ii) To assess credit [ ]

(iii) Security [ ]

10. Do you have access to credit? Yes [ ] No [ ]

11. Do you have any formal bank in your area? Yes [ ] No [ ]

12. If No, will you want to one in your area? Yes [ ] No [ ]

If Yes, why………………………………………………………………………

13. What is the interest rate on credit?

(i) 8% - 10% [ ]

(ii) 12% - 20% [ ]

(iii) 20% and above [ ]

14. How many plots of land do you have? Please indicate below:

Number of Plots	**Farm Size (Hectare)**	**Quantify of Harvest (Grams)**	**Income from farm (₦)**

15. What is the total household income you realized in the year 2015?

S/No	**Asset**	**Amount in Naira**
1	Farm Income	
2	Live Stock	
Total		

B. INFORMATION ON SAVINGS AND PRODUCTION

16. Do you have any form of savings? Yes [ ] No [ ]

If Yes what place do you save?

(a) Corporative Society [ ]

(b) Banks [ ]

(c) At home [ ]

(d) Esusu, Ajo etc [ ]

(e) Other specify……………………………………

17. How do you save? Daily [ ] Weekly [ ] Monthly [ ]

18. Give reasons for saving

(i) Emergency [ ]

(ii) Ceremonies [ ]

(iii) Children Education [ ]

(iv) Building house [ ]

(vi) Business investment [ ]

(vii) Other specify………………………………….

19. Please indicate the form of savings you had in the year 2015.

S/No	**Asset**	**Quantity**	**Amount**
1	Farm Income		

2	Live Stock		
3	Others		
Total			

20. Could you please indicate in the table below, what you spent your savings on and by how many?

S/No	Items	Amount spent (₦)
1	Farm investment	
2	Ceremonies	
3	Building/repairs	
4	Food	
5	Hospital bills/Drugs	
6	School expenses	
7	Furniture	
8	Clothing	
9	Emergencies	
10	Others specify	
	Total	

21. Can you say that savings have alleviated poverty in your life and that of your household?

(i) Yes, a lot [ ]

(ii) Not really [ ]

(iii) No [ ]

(iv) Not sure [ ]

22. Between the informal savings Esusu, Ajo etc. and the formal banks (microfinance) which serves you better?

Informal financial institution [ ] Formal financial institution [ ]

23. State reason for the above preference……………………………………………………………

24. What problem do you encounter in the process of savings in your group? ....

25. Please suggest how poverty can be alleviated in your area………………………………

Thank you for your cooperation.