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SOCIAL CAPITAL AND MICROFINANCE: AN ANTIDOTE TO POVERTY AMONG RURAL HOUSEHOLDS IN SOUTHWEST NIGERIA

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ABSTRACT

The extent of the effectiveness of social capital and microcredit delivery in poverty reduction has not been fully ascertained. The study examined the effect of social network and microfinance institutions on rural household poverty in Southwest, Nigeria using multistage sampling procedure. Two states were randomly selected from the zone followed by random selection of two Local Government Areas (LGAs) from each senatorial district of each state. Thirty Microcredit Groups were randomly selected from each of the LGAs. Three hundred and ninety nine respondents were randomly selected. Data on household demographic characteristics, social capital and microcredit variables were collected with structured questionnaire. Data were analysed using descriptive statistics, Foster-Greer-Thorbecke and Tobit regression. Results show that credit (local money lender, government agency) cash contribution, meeting attendance and heterogeneity indices significantly affected the likelihood of poverty. The study recommends promotion of stocks of physical and social capital for sustainable poverty reduction.

Keywords: Social capital, Microcredit group, Poverty status, Foster-Greer-Thorbecke, Sustainable, Southwest Nigeria.

INTRODUCTION

The eradication of poverty and the promotion of sustainable development represent two of the most important challenges facing the world in the 21st century. Under sustainable development all human beings will have the opportunity to satisfy their basic needs in an appropriate way, to enjoy equal access to resources, to have a say in the social and economic development process as it affects them, and to participate in political decision making. Nigeria represents one of the many paradoxes of development in which case the nation is rich but her people are poor (Omotola, 2008). Available statistics indicate that poverty has become endemic in Nigeria and is on the increase. As the most populous and one of the largest countries in sub-Sahara Africa, the issue of poverty in Nigeria is of concern not only in itself but also as a challenge for poverty reduction mandate in the entire African continent (Okunmadewa, 2001).

Statistics from the National Bureau of Statistics (NBS) indicate that the poverty situation in the country which has been increasing since 1960 (15.0 percent), 1980 (28.1 percent), 1985 (46 percent), 1992 (42.8 percent), and 1996 (65.5 percent) respectively, dropped to 54.4 percent in 2004. At the 2006 International Day for the Eradication of Poverty (IDEP) event in Abuja, tagged 'Working together out of poverty', Magnus Kpakol, National Coordinator of National Poverty Eradication Programme (NAPEP) affirmed that poverty rate in Nigeria was as high as 54.4 percent, identifying the North East region of the country as the poorest with 72.2 percent incidence of poverty. It is followed closely by the North West zone with 71.2 percent; North Central, 67.0 percent, South West 43.0 percent, South-South 35.1 percent, and South East 26.7 respectively.

Capital is needed to foster economic development and microcredit is a key strategy in poverty alleviation. One dominant response to tackling the issue of poverty has been to evoke a market mechanism of microcredit support. The idea is to make credit available through less access restrictive credit schemes or institutions and hope that the poor can use it to establish, grow and improve their income generation avenues and subsequently get out of poverty (de Soto, 2000). Hence, the clamour for microcredit as a strategy to lift the poor out of poverty is seen more as a belief that the poor can use to access market opportunities and take steps to engage in economic activities that will enable them to generate their own incomes (Bredow, 2002). A number of factors, including limited access to credit services, poor infrastructure, small land holdings, and the nature of land tenure systems, have been identified as limiting the full exploitation of the agricultural potential in Nigeria. It is emphasized that access to micro-credit is important for investment to increase agricultural productivity and support off-farm enterprises. It is also recognized that the poor have diverse financial needs including credit for the purchase of small capital assets, working capital and consumption.

The Central Bank of Nigeria (CBN) (1999) reported the significance of credit and other inputs to rural household's output and submitted that the provision and use of these inputs in the right proportion are crucial to increasing output and productivity in Nigeria. Availability and proper usage of credit has also been empirically proved to enhance productivity level of rural households in Nigeria (Okoruwa and Oni, 2002). In order to purchase inputs, rural poor need to be able to obtain production loans. According to Von Pischke and Adam (1980), lack of access to credit by poor rural households has negative consequences for agricultural and non agricultural productivity, income generation and household welfare (Diagne and Zeller, 2001). However, when social capital networks or relations that affect personal interaction amongst members of a community is included, it facilitates the poor's access to credit and lower its costs, improve welfare by increasing information

flows and reduction in transaction costs (Bastelaer, 2000). It is often argued that the formal and informal financial sectors in developing countries including Nigeria have failed to serve the poorer section of the community. Collateral, credit rationing, preference for high income clients and large loans, bureaucratic and lengthy procedures of providing loan in the formal sector keep poor people outside the boundary of the formal sector financial institutions in developing countries (Nigeria inclusive) (Anyanwu, 2004). One of the factors affecting demand for credit among rural households is inability of the poor to provide individual collateral in reaction to an increasing number of micro finance institutions providing credit on the basis of social collateral through which the social networks to which they belong replace physical capital. In this regards, it becomes pertinent to examine the effect of social networks and group based credit on poverty status of rural households in Southwest Nigeria.

Conceptual Framework

Social capital is important in improving the livelihoods of rural people directly and indirectly through an increase in access to goods and services. Several researchers have explored the nexus between social capital and livelihoods of households. Ellis and Freeman (2005) and Ellis (2000) explain that social capital mediates access to assets and activities of rural households and this essentially determines the level of survival of the households. Baron, et al. (2000), emphasize that social capital underpins the livelihood strategies of the rural household as it enables participants to act together more effectively in pursuit of shared objectives. The authors explain that social capital enhances rural livelihood directly and also increases access by people in goods and services, particularly those that exhibit public good characteristic. Berry (1993), Hart (1995) and Bryceson (1996), contend that social capital is essential for facilitating and sustaining diverse income portfolios and access to opportunities and resources to individual households.

UKONS (2001) reviews main issues surrounding policy implications of social capital and shows that social capital relates well with outcomes which are important to policymakers such as economic growth, social exclusion, better health and well-being. Cote and Healy (2001) suggest that specific types of social capital including bridging, bonding, and linking can be important for policies aimed at minimizing social exclusion. Donnelly-Roark, et al. (2001), show that social capital in the context of local level institutions, can play an important role in poverty and inequality reduction, promotion of equitable development, rural decentralization and community prosperity.

Literature review

Social capital has been linked with such fundamental policy goals as social cohesion, resource management, and increased public participation in the political process. There has been particular interest from policy makers who see social capital as a tool for environmentally, socially and economically sustainable development. One of the weaknesses in Nigeria's rural sector development approach is its narrow policy focus. Over the past decades, the policy for rural development has emphasized a 'small scale business a process that ignored other important processes such as entrepreneurial ship and social capital. The area of social capital is new ground that is complex and not yet well studied.

Krishna and Uphoff (2002) found that an index of social capital variables is positively and consistently correlated with superior development outcomes. Social and human capital, embedded in participatory groups within rural communities has been central to equitable and sustainable solutions to local development problems (Pretty 2002; Pretty and Ward 2001).

However, Grootaert and Van Bastelaer (2002) opined that social capital has a profound impact in many different areas of human life and development. It affects the provision of services, in both urban and rural areas and also transforms the prospects for agricultural development. Social capital is critical for poverty alleviation and sustainable human and economic development (Dolfsma and Dannreuther 2003).

MATERIALS AND METHODS

Area of Study

The south-western part of Nigeria comprises six states: Ekiti, Oyo, Osun, Ogun, Ondo and Lagos. The total population is 27,581,992 and predominantly agrarian and more than 96% of the population is Yoruba. The region is bounded in the North by Kogi and Kwara States, in the South by Atlantic Ocean, in the West by Republic of Benin and in the East by Edo and Delta States.

Sources of Data and Sampling Procedure

A multistage sampling technique was employed for this study using structured questionnaire. Two states were randomly chosen for the study. In each state, two Local Government Areas were randomly selected from each of the senatorial areas of the states. This was necessary for equal representation of the households of the microcredit groups. At the next stage, there was a random selection of microcredit groups in each of the selected local government areas depending on the number in each LGA. Hence, the number of microcredit groups chosen is a function of the number of microcredit groups available in a particular local government area (probability proportionate to size). The proportionality factor used in the selection of microcredit groups is stated as:

$Xi = n/N*30$ …….....… (1)

Where Xi= number of microcredit groups to be sampled from a local government

n = number of micro credit groups in the particular local government area

N = total number of micro credit in all the local government areas

The desired total number of microcredit groups for the two states is 30

The last stage of sampling involved the random selection of households in each of the selected microcredit groups. In all, only three hundred and ninety nine that have meaningful information was used.

Analytical Tools: This study employed descriptive statistics, Foster, Greer and Thorbecke poverty estimation and Tobit regression model.

(i). Descriptive statistics: Descriptive statistics such as tables mean and percentages were used for social capital variables.

(ii). Poverty Line Estimation: The relative poverty line is estimated based on the expenditure profile of respondents on basic needs (food and non-food items). This method was applied by several authors (World Bank, 1996; Obayelu and Awoyemi, 2010). Here, the total PCE is the sum of cash expenditure on consumption of food and non-food items relative to individual household size.

$$\text{Mean PCHHE} = \frac{\text{Total Per Capita Household Expenditure of households}}{\text{Total number of households}} \quad \text{..... (2)}$$

The non-poor threshold is the region greater than two-thirds of MPCHHE while the moderate poverty line ranges from one-third to two-thirds of MPCHHE; and The core-poor threshold is the region less than one-third of MPCHHE.

The FGT measure for the ith sub group is as follows:

$$P\alpha_i = \frac{1}{n_i}\sum_{j=i}^{q}\left[\frac{Z - Y_{ij}}{Z}\right]^{\alpha} \quad \text{……..……..... (3)}$$

Where Z = Poverty line

Yi = Per capita expenditure of the household i (i=1 ,2, …..q)

q= Number of household below the poverty line

n = Total number of sampled households

α = Poverty aversion parameters of the FGT index ($P\alpha_i$), $\alpha \geq 0$ and it can take three values of 0, 1, and 2

(iii). Tobit Regression Analysis: Tobit regression analysis was carried out to determine the factors affecting poverty microcredit households. The model that was developed by Tobin (1958) is expressed below following McDonald and Moffit (1980), and as adopted by Omonona, (2001), Adejobi (2004) and Omonona et al. (2006).

$$q_i = P_i = \beta^T X_i + e_i \quad \text{……(4)}$$

$q_i = P_1$ if $P_1 > P_i^*$

$q_i = 0$ if $P_1 \leq P_i^*$

i = 1,2,3 …… n

Where:

q_i is the dependent variable. It is discrete when the households are not poor and continuous when they are poor. P_1 is the poverty depth/intensity defined as (Z – Yi)/Z where Z is the poverty line, and Y_i is per capita household expenditure (PCHHE) in Naira (₦).

X_i = vector of explanatory variables

β^T is a vector of parameters and e_i is error term

The explanatory variables include:

X_1 = Age of household head (Years)

X_2 = Age squared of household head (Year)^2

X_3 = Gender of household head (D=1 for male, otherwise D=0)

X_4 = Years of education of household head (years)

X_5 = Dependency ratio

X_6 = Household size

X_7 = Marital status (D=1 if Married, 0=Otherwise)

X_8 = Primary occupation (D=1 if Farming, 0= otherwise)

X_9 = Household Asset (Naira)

D_1 = Bank (Yes=1, 0 = Otherwise)

D_2 = NGO/coop (Yes=1, 0 = Otherwise)

D_3 = Governmental Agency (Yes=1, 0 = Otherwise)

D_4 = Local money lenders (Yes=1, 0 = Otherwise)

D_5 = Friends & family (Yes=1, 0 = Otherwise)

S_1 = Meeting attendance (%)

S_2 = Decision making Index (%)

S_3 = Membership density (%)

S_4 = Cash contribution index (Naira)

S_5 = Labour contribution index (man-day)

S_6 = Heterogeneity index (%)

RESULTS AND DISCUSSIONS

The five microcredit sources identified were banks, cooperatives, governmental agency local money lenders and friends/family. The profile of the social capital dimensions of the microcredit households is presented in Table 1. Cash contribution values are generally low among the different credit sources. The highest percentage of respondents with cash contribution index of 1-20% was found among the households that sourced credit from governmental agency (92.0%) while the least was the bank (71.0%). On the other hand, it was only the bank and cooperative households that could get cash contribution index that is greater than 80%. This might be because these institutions required saving with them before individuals or group could be given their credit. The average monthly contribution into different associations to which households are members is ₦844.48. However, households that have commercial banks funding their businesses made the highest contribution to their associations whereas; those with friends and family contributed the least to their association. The labour contribution has 3.31, 3.17, 2.15, 3.11 and 1.51 mandays for households that patronise bank, cooperative, governmental agency, local money lenders and friends/family respectively with mean of 2.65 man days per month. Cooperatives have the highest value for labour contribution index of households' members to their association and the least is friends and family.

In terms of meeting attendance and because of the importance attached to regular meetings, households that sourced their credit from governmental agency attended meeting more frequently than others. Across the different credit sources, household that had 41-60% meeting attendance constituted 56.5%, 33.3%, 68.2%, 50.0% and 27.8% of the bank, cooperative, governmental agency, local money lenders and friends/family respectively. Only 11.2% and 0.5% of households from bank and NGC had greater than 80.0% meeting attendance index. Meeting attendance index in bank, cooperative, governmental agency, local money lenders and friends/family ranges from the lowest bank (35%) to the highest governmental agency (50.8%). However, average meeting attendance of households in the study area is approximately two out of five meetings.

The result of density of membership shows that households have an average of 2.10 associational memberships. However, households that had 21-40% density of membership index showed that majority were from bank (37.1%), cooperative (50.8%), governmental agency (23.1%), local money lenders (62.5%) and friends/family (55.6%). The density of membership Index has 52.0%, 50.9%, 40.4%, 56.2% and 43.4% in bank, cooperative, governmental agency, local money lenders and friends/family respectively. Surprisingly, the density of association is slightly higher among households that used local money lenders credit to fund their enterprises while households with governmental agency as their source of credit recorded the least.

Decision Making Index is moderate in all the credit sources with an average of 59.0%. Members participate in three out of five of decisions affecting their associations. Decision making process is highest in the local money lenders households and lower in the commercial bank credit source. Households that patronised local money lenders and governmental agency had the high decision making index of 100% and 92.3% respectively, while friends and family was low. The decision to patronise local money lenders by borrower is premised on the ability to meet the credit terms specified by lender. In the case of friends and family credit source, so far conditions calls for household members to support their member in dire, family ties will come to play.

Heterogeneity index of household in associations shows that in 21-40% subgroup, local money lenders and friends/family had the highest heterogeneity index of 93.8% and 83.8% respectively indicating high level of homogeneity in the association. Considering this, it could be explained that individual money lenders must have good knowledge of intended borrowers and friends and family only assist members of their immediate family. With households mean heterogeneity index of 66.8%, associations in the study area was considered diverse. The greatest diversity was found among the households that sourced their credit from banks and the friends and family.

Table 1: Profile of the social capital dimensions of the microcredit households

Variable	Bank	Cooperative	Governmental agency	Local money Lenders	Friends/Family	All households
Cash contribution (Naira)	%	%	%	%	%	%
1 – 500	71.0	78.5	92.0	89.5	88.9	83.2
501-1000	14.5	12.3	0	6.2	11.1	9.5
1001-2000	3.2	5.6	0	0	0	3.3
2001-3000	3.2	0.5	7.7	6.2	0	1.2
>3000	8.1	3.1	0	0	0	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
Mean	1249.6	819.1	616.0	613.5	924.2	844.48
Labour contribution (mandays)						
0 – 1.0	29.0	13.3	7.7	0	50.0	21.8
1.1-2.0	21.0	35.4	61.5	62.5	16.7	32.3
2.1-3.0	3.2	2.6	0	0	16.7	4.8
> 3.0	46.8	48.7	30.8	37.5	16.7	41.2
Total	100.0	100.0	0	100.0	0	100.0
Mean	3.31	3.17	2.15	3.11	1.51	2.65
Meeting Attendance index %						
1-20	0	0	0	0	0	0
21-40	0	59.0	30.8	50.0	72.2	60.4
41-60	56.5	33.3	68.2	50.0	27.8	33.6
61-80	32.3	7.2	0	0	0	5.3
> 80	11.2	0.5	0	0	0	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
Mean	35.0	44.8	50.8	47.1	39.1	44.0
Density of membership %						
1 – 20	32.3	29.2	61.5	12.5	38.9	29.6
21-40	37.1	50.8	23.1	62.5	55.6	46.9
41-60	2.0	7.2	7.7	12.5	0	8.5
61-80	9.8	12.8	7.7	12.5	5.6	15.0
> 80	0	0	0	0	0	0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Mean	52.0	50,9	40.4	56.2	43.1	52.3
Decision Making Index %						
0 – 20	0	1.0	0	0	0	1.3
21-40	19.4	18.5	0	0	33.3	17.0
41-60	21.0	20.5	7.7	0	22.2	18.8
61-80	57.9	60.0	92.3	100.0	44.4	62.9
Total	100.0	100.0	100.0	100.0	0	100.0
Mean	54.4	59.1	66.0	66.9	53.8	59.0
Heterogeneity Index %						
21-40	3.2	33.3	7.7	93.8	83.3	24.3
41-60	0	21.5	0	6.2	16.7	24.3
61-80	45.2	16.9	92.3	0	0	21.3
> 80	51.6	28.2	0	0	0	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
Mean	86.0	63.0	67.9	35.7	37.2	66.8

Source: Field Survey 2011

Table 2 shows that estimated monthly household food consumed was ₦10, 832.08 which constituted about 54.0% of the total household expenditure. Other non-food items such as clothing, medicare, education, fuel/lighting, transport, remittance (to parents, dependants and gift to friends and family members), rent, toiletries and other not listed consumption goods accounted for the remaining 46.0%. The result indicates that the mean monthly expenditure of households in the study area is ₦4, 396.35 per adult equivalent and poverty line is ₦2, 930.90.

Table 2: Monthly Household Expenditure Profile

	All Households	% of Total Expenditure
Item	Naira(N)	
Food	10832.08	54.0
Clothing	1257.23	6.3
Medicare	1051.37	5.2
Education	1392.96	6.9
Fuel/lighting	1042.43	5.2
Transport	1428.78	7.1
Remittances	1008.29	5.0
Rent	1311.96	6.6
Toiletries	598.32	2.9
Others	120.00	0.6
Total Expenditure	20043.42	100.0
Mean Per capita Expenditure	4396.35	
Poverty line	2930.90	

Source: Field Survey 2011

Table 3 presents the effect of social capital and microcredit on poverty status of the rural household. In the first column, the result reveals that local money lenders, household size and marital status significantly affected poverty status of the households. Households that sourced credit from local money lenders increased likelihood of poverty by 0.20%. However, household size of the households positively increased probability of poverty. A unit increase in household size increased poverty by 0.07%. In the second column of the table, the result shows that governmental agency credit, local money lenders, household size, marital status and aggregate social capital index significantly influenced the probability of poverty. The result depicts governmental agency credit and local money lenders 100% increase in these variables increased the probability of poverty by 19.5% and 19.9% respectively. In case of household size, 100% increase in household size increased poverty likelihood by 7.1% while being married decreased likelihood of poverty by 14.2%. The coefficient of social capital index shows that 100% increase in social capital would decrease poverty by 0.2%.

The third column of the table reveals the inclusion of six additive social capital variables which truly significantly affected poverty status of the rural households in the study area. The new model presents a better explanatory power as reflected in the R^2 of 0.155. This result shows that the effect of social capital on likelihood of poverty can be traced to cash contribution, meeting attendance and heterogeneity indices. The result reveals that 1% increase in cash contribution and meeting attendance of rural households to associations decreased likelihood of poverty by 0.33% and 0.28% respectively whereas heterogeneity index (level of diversity) increased poverty likelihood by 0.37%.

Table 3: Effect of Social Capital and Microcredit on Poverty Status

	Basic model	Multiplicative model	Additive model
Variable	Coefficient	Coefficient	Coefficient
Constant	-0.2874(-2.26)**	-0.2452(-1.87)*	0.0312(0.17)
Bank	-0.0561(-0.69)	-0.0391(-0.47)	0.1336(1.51)
Cooperatives	-0.0024(-0.04)	-0.0005(--0.01)	0.0724(1.29)
Governmental Agency	0.01829(1.56)	0.1946(1.65)*	0.2832(2.45)**
Local money Lenders	0.2036(1.84)**	0.1985(1.79)*	0.1630(1.47)
Friends & Family	-0.0199(-0.19)	-0.0304(-0.39)	-0.0711(-0.69)
Age	0.0012(0.65)	0.0010(0.55)	0.0012(0.66)
Gender	0.0491(1.10)	0.0481(1.08)	0.0435(0.99)
Household size	0.0721(7.17)***	0.0711(7.07)***	0.0672(6.86)***
Year of formal Education	0.0053(1.40)	0.0053(1.41)	0.0059(1.61)
Marital status	-0.1417(-2.92)***	-0.1419(-2.97)***	-0.1046(-2.19)**
Credit distance	0.0181(1.43)	0.0189(1.48)	0.0146(1.18)
Interest charged	-0.0027(-0.97)	-0.0027(-0.96)	-0.0037(-1.33)
Payback period	-0.0057(-1.13)	-0.0054(-1.07)	-0.0049(-1.01)
Asset value	-3.42e-07(-1.05)	-3.56e-07(-1.07)	-4.24e-07(-1.34)
Aggregate Social capital		-0.0024(-3.04)**	
Cash Contribution Index			-0.0033(-2.76)***
Labour contribution Index			-0.0004(-0.62)
Density of Membership Index			0.0003(0.35)
Meeting Attendance Index			-0.0028(-1.79)*
Heterogeneity Index			-0.0037(-3.34)***
Decision Making Index			0.0009(0.64)
Pseudo R^2	0.151	0.155	0.204
Log likelihood	-213.484	-212.633	-200.085

Figures in parenthesis are t-statistic, ***, **, * significance at 1%, 5% and 10% respectively.

Table 4 presents the result of two-way causal relationship between social capital and likelihood of poverty. The result found that the use of instrumental variable led to an increase in the value of the explanatory power of the model (i.e. adjusted R^2) from 0.154 to 0.162 compared with the use of actual social capital index. In addition, the instrumental variable method leads to higher coefficient for the social capital index than in the OLS method. A reverse causality could have been inferred if there is no improvement or reduction in the instrumental variable. Since, there is improvement on both counts, one can infer the absence significant reverse causality and thus confirms the exogeneity of social capital. A unit increase in the level of instrumented social capital decreased likelihood of poverty by 0.162%.

Table 4: Result of Two-Way Causal Relationship between Social Capital and Poverty.

	Social capital without Instrument	Social capital with Instrument
Variable		
Constant	-0.2452(-1.87)*	-0.3317(-1.90)*
Bank	-0.0391(-0.47)	0.0049(0.11)
Cooperatives	-0.0005(-0.01)	0.0292(0.96)
Governmental Agency	0.1946(1.65)*	0.1081(1.69)*
Local money Lenders	0.1985(1.79)*	0.1709(2.77)***
Friends & Family	-0.0304(-0.39)	-0.0442(-0.73)
Age	0.0010(0.55)	0.0007(0.71)
Gender	0.0481(1.08)	0.0205(0.83)
Household size	0.0711(7.07)***	0.0378(7.12)***
Year of formal Education	0.0053(1.41)	0.0024(1.21)
Marital status	-0.1419(-2.97)***	-0.0742(-2.74)***
Credit distance	0.0189(1.48)	0.0083(1.15)
Interest charged	-0.0027(-0.96)	-0.0018(-1.19)
Payback period	-0.0054(-1.07)	-0.0011(-0.40)
Asset value	-3.56e-07(-1.07)	-2.70e-07(-1.53)
Aggregate Social capital	-0.0024(-3.04)***	-0.0072(-3.56)***
Number of Observation	399	399
Adj.R^2	0.154	0.162

Source: Field Survey 2011

CONCLUSION AND RECOMMENDATIONS

Poverty status of the sampled rural households shows that the mean monthly per capita household expenditure in the study area is N4, 396.35 with poverty line of N2, 930.90. On the other hand, the result shows that social capital and credit (governmental agency credit and local money lenders) significantly affected rural household's poverty and hence, underscores the expected role of networks that promote inter-personal interactions. The study recommends interventions that may better promote growth and poverty reduction, such as local financial systems and poverty reduction models with a good track record. These could be achieved through the use of simple cash grants and Conditional Cash Transfers (CCTs), which have been shown to reduce the worst excesses of income poverty and also robust financial sector regulations that will ensure that local financial institutions act in a manner conducive to sustainable local economic development and to building and retaining local social capital.

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