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**PERCEPTIONS & REALITIES  
OF THE POOR IN NIGERIA:**  
*POVERTY, RISKS & LIVELIHOODS*

**Alohiuanse Ohio-Ehimiaghe**

*Thesis submitted to the University of Sussex in partial fulfilment of the  
requirements for the degree of Doctor of Philosophy*

Development Studies  
School of Global Studies  
University Of Sussex

**SEPTEMBER 2012**

## **DECLARATION**

I hereby declare that this thesis has not been and will not be, submitted in whole or in part to another University for the award of any other degree.

Signature.....

### III

#### UNIVERSITY OF SUSSEX

ALOHUANSE OHIO-EHIMIAGHE

#### PERCEPTIONS AND REALITIES OF THE POOR IN NIGERIA: POVERTY, RISKS & LIVELIHOODS

#### SUMMARY

This thesis examines the perceptions of poverty and own-poverty held by people living in poor communities, and uses these to understand their realities as evident in the risks they face and the livelihood strategies they carry out. It engages with the debate on relationships between perceived poverty and objective indicators which dominate the poverty discourse. A comparative analysis of rural and urban areas is carried out motivated by literature findings on differences in perceptions between these areas. Qualitative and quantitative data was collected during seven months of fieldwork (2006) in relatively poor areas of Lagos state, South-West Nigeria. Perceptions of poverty in a highly populated and commercial area such as Lagos were found to be consistent with the factors that have informed traditional approaches to poverty. However, the identification of the poor based on perceptions of own-poverty differed remarkably from that based on locally identified indicators of poverty, and relative deprivation was found to be a key explanation. In using the perceptions of poverty and own-poverty to further understand the realities of poverty as understood by the poor, risks and livelihoods are also examined. The poor are faced with risks which they have limited capacities to insure themselves against and health risks featured prominently as the most anticipated and realised risk. Informal risk-sharing was the main risk-response used, however its capacity to cope is limited. Livelihood diversification is also a response to risks and in analysing this further (with a focus on the rural poor), a diversification spectrum made up of three categories: the least, mid and highly diversified, was constructed. The majority of those who perceived themselves as poor were in the middle of the spectrum and were engaged in a non-farm activity, suggesting that diversification into non-farm activities was not necessarily the preferred option in their perspective.

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**ABBREVIATIONS & ACRONYMS**

FG	Focus Group
FGDs	Focus Group Discussions
LG	Local Government
NBS	National Bureau of Statistics
NLSS	Nigeria Living Standards Survey

# Chapter 1

## Introduction

Poverty remains a subject of much concern to observers and researchers alike. It has mainly been understood from a third-party position with income measures being the prevalent mode of assessment, and relatively less so from an insider position. As Chambers' 1997 book title asks "Whose reality counts?" it is indeed the reality of the poor that counts. Kadigi *et al*, (2007: 3) also note that "poor people are arguably in a better position to explain the notion of poverty and what it means to be poor because they feel or experience it in their daily lives". This research follows these schools of thought and therefore examines the realities of poverty (via risks and livelihoods), through the 'eyes' or perceptions of those who experience it, that is, the 'poor'.

The central research question of this thesis is: 'How do people living in poor communities perceive poverty, and what does this reveal about the risks they face, their responses to these, and their livelihood strategies?' In answering this question, three key areas of literature are examined: perceptions of poverty, risks, and livelihood diversification. These are major and distinct areas of research in their own respects, there are, however, links between the three, as will be discussed in this introductory chapter. A comparative analysis of these issues is also carried out between rural and urban areas, with the exception of livelihoods, where the focus is on rural livelihoods alone, given limited data on urban livelihoods. A combination of qualitative and quantitative methods is used in the data collection and analysis process of the research. Data collection drew on guidance from a review of the literature and the two methods used to collect data were *focus group*

*discussions* (FGDs) and structured *questionnaires*. Both methods provided qualitative information whilst the survey alone provided quantitative data. Fieldwork was carried out between February to September 2006 and primary data was collected from rural and urban areas of Lagos State, south-west Nigeria. Six FGDs and 340 questionnaires were carried out.

Section 1.1 discusses the links between the three themes of the research – perceptions of poverty, risks & responses to risks, and livelihood diversification – and includes a diagrammatic representation of the conceptual framework. Sections 1.2 and 1.3 expand on the details of the research interest and the motivations behind the research. Section 1.4 briefly discusses the country context, Nigeria and the study site, Lagos State. The chapter concludes with an explanation of the structure of the thesis in section 1.4.

## **1.1 Poverty, Risks & Livelihoods: Conceptual Links**

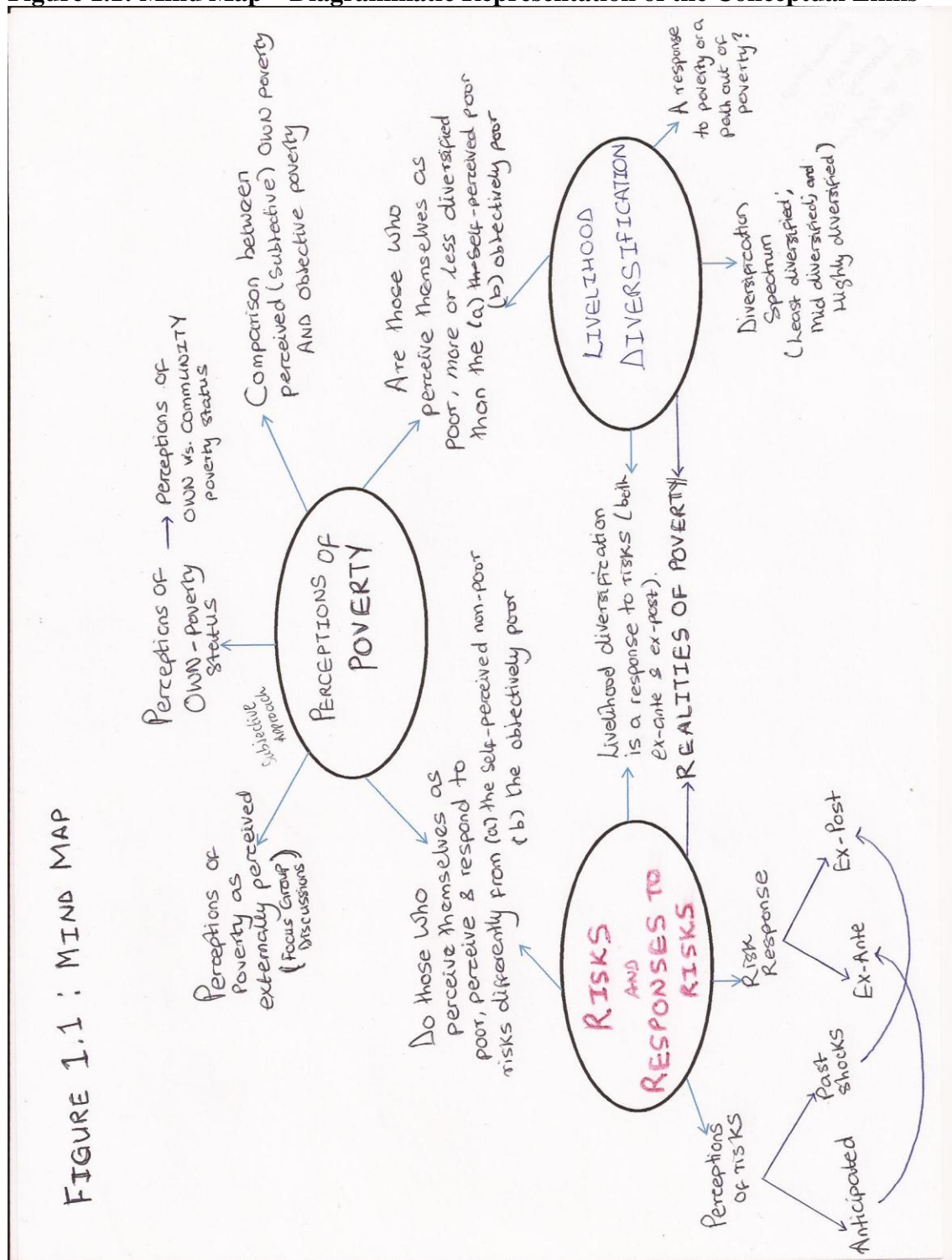
The cardinal aspect of this thesis is an analysis of poverty based on the perceptions of people who are considered as poor based on external assessments of poverty such as housing structures and living conditions. This approach to poverty is a ‘subjective’ one, where poverty is defined on the basis of people’s perceptions (Santini, 2010: 3). This is in contrast to the dominant ‘objective approach’ where economic measures, most notably income and food are used to identify the poor. Local definitions of poverty as externally perceived are the starting point in this research and focus group discussions are used to this effect. This allows an understanding of the issues that are most related to poverty according to members of the sample population. Perceptions of own-poverty status, whether or not



people living in poor communities consider themselves as poor, are collected through survey methods. These are then compared to perceptions of their community's poverty status in order to assess issues of relative deprivation. In addition, subjective poverty defined in this way, perceptions of own-poverty, is compared to objective concepts of poverty. Perceptions of own-poverty are then used to understand their realities, as evident in the risks they face, their responses to these, and livelihood strategies. In the words of Anand & Ravallion (1992: 135), it is important to 'focus on the state of existence of people – the lives they lead – not the detached objects they happen to possess'. Figure 1.1 shows a diagrammatic representation of the links between the three key themes of perceptions of poverty, risks & responses to risks, and livelihood diversification.

Risks help provide a dynamic perspective of poverty as they are insightful into the reasons why poor people stay poor. Lawson, McKay, Okidi (2005: 8) find that multiple shocks at the household and community level were key factors for leading to descents into poverty, with socio-cultural factors playing an important role in this. This suggests the likelihood that the individuals and households facing these multiple shocks and deprivations will be trapped in chronic poverty (ibid). The following question is of interest in this research: Do those who perceive themselves as poor perceive and respond to risks differently from those who do not perceive themselves as poor?

Figure 1.1: Mind Map – Diagrammatic Representation of the Conceptual Links



Source: Author

The analysis on risks in this research is two-fold: perceptions of risks and risk responses (which includes planned responses to perceived risks and actual responses to past shocks). There are forward and backward linkages between perceptions of poverty and risks. Perceptions of own-poverty are likely to take account of uninsured exposure to risks and risks that have occurred in the past could play a role in current perceived poverty as well as objective poverty status. My research questions whether those who perceive themselves as poor anticipate risks differently from those that do not, and if their strategies differ from one another. People's perceptions of risks have an impact on how they plan to respond and their response may in turn keep them in poverty. For example, if a poor individual perceives the risk of falling short on his or her children's school fees, they may plan to sell their assets, doing this, however, may make them worse-off than before. Poor people are often faced with an uninsured exposure to risks which usually keeps them 'trapped in poverty'. Bevan and Joireman (1997: 324) note that amongst other reasons, a measure of poverty which asks respondents whether or not they consider themselves as poor is likely to 'respond to shocks which lead to a long-term decline in standard of living'. Therefore, the analysis on risks in this research is two-fold: perceptions of risks and risk responses. The former looks at risks that are anticipated to occur in the future as well as risks that have occurred in the past. The risk response aspect then looks at the response to these risks; planned responses to anticipated risks (*ex ante*) and actual responses to past shocks (*ex post*). One response to risks (both *ex ante* and *ex post*) that has been observed among poor households is livelihood diversification (Johnson, 1992; Bryceson, 1999, Barret *et. al.* 2001). Alternatively said, one of the most popularly cited motives for diversification among the poor is its use as a risk response strategy.

Coping with on-going poverty typically involves engaging in many different activities simultaneously in a constant search for adequate income (Johnson, 1992: 280). The literature on diversification from the perspective of coping strategies centres on household efforts to preclude shortfalls in basic needs provisioning by seeking a number of income-earning activities which avoid year-round reliance on agriculture (or the dominant sector) and offset the risk of production failure in any one activity (Bryceson, 1999, Barret *et. al.* 2001). According to Bernstein et al. (1992: 13), “life for many entails a daily struggle in which much energy and ingenuity is needed to secure livelihoods in the face of various crises”. In the event that the risk of a source of income failing actually occurs, a second (preferably unrelated) source of income is expected to smooth consumption and minimise the impact of the failed source of income on the household, than otherwise would have been the case.

Livelihoods are central to the lives of poor people and their experience of poverty. The livelihood strategies they carry out are therefore illuminating into their realities. In using perceptions of own-poverty status to understand the realities of the poor through the lens of the livelihood strategies they carry out, the following question is of interest: Are those who perceive themselves as poor more or less likely to use diversification as a strategy? Livelihood diversification can either keep the poor in poverty traps as they engage in several low-risk low-income earning activities, or may act as a path out of poverty. Using people’s perceptions of own-poverty to examine their diversification patterns allows one to examine whether those who perceive themselves as poor are more diversified than those who do not, or less likely to do so, and then make inferences from this on whether diversification is carried out as a response to poverty or acts as a path out of poverty. A

diversification spectrum that runs from the least to the highly diversified is constructed in examining the diversification patterns. It is worth mentioning here that the chapter on livelihoods is for rural livelihoods only as insufficient data was available to carry out a similar analysis on urban livelihoods.

## **1.2 Perceptions of Poverty**

Descriptions of poverty and its myriad dimensions are as many and varied as the ways in which poverty affects the daily lives of the poor. Lack of income and work, unemployment, food insecurity, land and livestock ownership, health of family members, schooling, and housing conditions are some of the many issues that come up when poor people describe poverty (see Bevan and Joireman, 1997; Brock, 1999; Hargreaves *et al.*, 2006; Van Campenhout, 2006). Poverty is perceived by poor Africans to include alienation from the community, food insecurity, crowded homes, usage of unsafe and inefficient forms of energy, lack of jobs that are adequately paid and/or secure, and fragmentation of the family (Bello & Roslan, 2010: 7). Chambers (2007: 26) notes that reviews by the World Bank (1996) and Booth *et al.* (1998) of African PPAs found that they strongly and repeatedly iterated the importance of: physical and social isolation, vulnerability, security of life and livelihood, access to curative health care as a consistently high priority, hunger and dietary inadequacy as a distinct dimension of deprivation, and the decline of traditional – and insufficiency of alternative – safety nets. My research carries out similar participatory exercises in examining the perceptions of poverty held by Lagosians and analyses the key themes that emerge.

In the ‘Nigeria: Voices of the Poor’ participatory research conducted as a country synthesis report for the WDR (2000/01), the poor were perceived as lacking security, living in poor housing, having no access to essential services, and being perpetually in debt and constantly having to borrow (Ayoola *et al.* 2001: 1). More recently, Omoh (2012) spoke to a number of Nigerians to get their views on poverty in Nigeria. Here are some of the comments he received:

Apart from the fact that most people cannot afford three meals a day, they cannot meet their basic healthcare needs and that of their family members and dependents. They cannot afford to buy basic medicines and many are jobless.

A lot of people cannot look after themselves, what makes it worse is the seeming hopelessness and difficulty in having gainful employment, the number of people looking for employment and the number looking for assistance bears testimony to this.

In terms of being able to afford the basic means of living vis-a-vis ability to consistently secure the standard school for one’s wards, access to quality and timely medical care system, and acquire maintainable personal accommodation; anyone who is challenged in any of these areas is considered poor in my opinion and by my definition.

From these perspectives, it is clear that poverty in Nigeria is perceived as a failure to meet basic needs and being without gainful employment. The paradox with the poverty situation in Nigeria is that it occurs with a backdrop of great wealth, in a country that is counted among the world’s top oil producing countries. Dr. Yemi Kale, the Chief Executive Officer of the Nigerian Bureau of Statistics is quoted as saying “plans for prosperity must address a startling paradox: more than two-thirds of the Nigerian people are poor, despite living in a country with vast potential wealth” (Omoh, 2012). Given the potential wealth Nigeria has,

its poverty rates are seen as a contradiction that has become known as the Nigerian paradox; a rich country full of poor people.<sup>1</sup> It is therefore interesting to analyse how people living in this rich country perceive poverty, especially with the potential wealth of the country being in open display amongst the elite few.

Perceptions of poverty as externally assessed by poor people also differ by location. Brock's (1999: 9) review work of participatory poverty assessments noted that respondents in rural areas usually placed a strong emphasis on food security in their definitions of poverty, while those in urban areas placed far more emphasis on the immediate living environment: crowded, insanitary housing, lack of access to water, dirty and dangerous streets, and violence both within and outside the household. The following rural and urban descriptions of poverty were mentioned in the 'Nigeria: Voices of the Poor' report by Ayoola *et al.* (2001: pp. 10 & 14):

In rural areas of Oyo State, the rich were described as *Awon ti won le bo ebi won* those who can cater for their hunger; the average as *ki enian ma le je oun to wuni* not being able to eat what one desires, *ki eniyan ma ni ile tire* not owning a personal house. The poor as *airije* those who are unable to feed themselves. In rural Bauchi, the local expressions for a good life are *Daadi* and *Wadata* those having food to eat, leaving an easy and comfortable life.

In urban areas, perceived characteristics of the wealthy or rich included many material criteria that reflect a comfortable and secure life and peace of mind. The urban rich were perceived to have money and live in beautiful, cemented houses with boreholes or tap water. Wealth was associated with material well-being and security, with the richest owning land, large compounds and businesses, living in comfortable homes with access to utilities.

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<sup>1</sup> Nigeria RIU (Research Into Use) Country Assessment

From the perceptions described above, it is clear that food related concerns are central to the perceptions of poverty and wealth held by rural dwellers, regardless of the ethnic distinctions; the perceptions were similar across the geographical divide. Urban dwellers on the other hand, expressed more monetary and housing related concerns. In addition to the differences in rural and urban perceptions of poverty, people living in areas with material prosperity are likely to perceive their own-poverty differently from those living in subsistence areas. A finding that has consistently been observed however is that an individual's perceived welfare is largely influenced by the average welfare in the community within which he or she lives (Easterlin 1995, Ravallion and Lokshin, 2001). Easterlin (1995: 36) notes that judgments of personal welfare are made by comparing one's objective status with a subjective living level norm, which is significantly influenced by the average standard of living of the society as a whole. This difference in own-perceptions as a result of social comparisons made within community settings also motivated a comparative analysis between rural and urban areas in this research.

There has been some attempt to measure poverty in terms of subjectively perceived welfare (Kingdon and Knight, 2003). However, the literature on this has largely looked at the role of material indicators in influencing perceptions, and most of the findings suggest that incomes do not have much power to explain perceived welfare (Easterlin, 1995; Ravallion and Lokshin, 2001; Copestake *et al*, 2009). Individual perception of poverty depends to a large degree not only on absolute income but also on a variety of economic (relative income), cultural, social, psychological (people's attitudes and expectations) and health factors (Santini, 2010: 4). Among other reasons, such as getting a more holistic view on the



multidimensional phenomenon of poverty, researchers are increasingly combining different approaches and methods of assessing poverty in order to examine the extent to which traditional defining characteristics of poverty influence perceptions of own-poverty (see Amato and Zuo, 1992; Bevan and Joireman, 1997; Temu and Due, 2000; Kingdon and Knight, 2003; Baulch and Masset, 2003; Lever *et al.*, 2005; Howe *et al.*, 2010). My research also combines methods in examining the subjective assessments of own-poverty held by those who are objectively classified as poor.

There may be people who perceive themselves as poor, who are not classified as such in conventional poverty statistics, a point that is also noted by Hayati *et al.* (2006: 372). For example, a family may be able to attain a minimum food basket, but be unable to educate their children or participate in community life (Bevan and Joireman, 1997: 321) and may therefore perceive themselves as poor. On the other hand, people may be in poverty based on an objective indicator, but do not perceive themselves as poor. According to Streeten (1998: 22), “a person may be miserably poor and not feel deprived”, therefore “any attempt to understand poverty must include the way in which poor people perceive their situations” which is what my research aims to do. While it is possible that perceptions on the ground are simply misinformed<sup>2</sup>, it is also plausible that qualitative data contain clues about people’s welfare that cannot be found in standard quantitative sources (Ravallion, 2002). The perceptions of poverty held by those who experience it express the realities of poverty as they know it. The next section looks closely at these realities through the lenses of the risks they are exposed to and the livelihood strategies they employ.

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<sup>2</sup> For example, Ravallion (1992: 5) makes the point that ‘while it is clear that every individual values food consumption, one need not believe that individuals are themselves good judges of the importance of nutrition to well-being’.

### **1.3 Realities of Poverty: Risks & Livelihoods**

An analysis of the ‘realities’ of poverty as seen through the ‘eyes’ or perceptions of people living in poor areas gives an insight into how those who are perceived as poor (as well as those who perceive themselves as poor), cope with poverty. Bernstein *et al* (1992: 25) defines the ‘*existential* realities of the poor as their problems, pains, aspirations, and attempted solutions’. The problems and pains of the poor can be understood through an analysis of past shocks that have occurred and affected their welfare, and the risks they anticipate to occur in the future are insightful in this regard. Their aspirations and attempted solutions can be seen in their responses to these risks and the livelihood strategies they employ. Risks, responses to risks and livelihood strategies therefore provide vivid insights into the realities of poor people and are the lenses through which the realities of poverty are examined in this research.

Both the poor and non-poor are exposed to risks; however, it can be argued that for the poor, certain risks are peculiar to their settings (e.g a heightened probability of getting infected with malaria due to stagnant water). Chambers (2007: 39) also notes that the places where poor people live suffer combinations of isolation, lack of infrastructure, lack of services, crime, pollution, and vulnerability to disasters like droughts, floods and landslips. The realisation of these risks could lead to more poverty or in some cases, threaten their survival as they experience difficulties in coping. According to Morduch and Sharma (2002: 569), severe misfortune can sometimes trigger downward spirals in conditions that make recovery even more difficult than it would have been at the outset. Writing on Nigeria, Omoh (2012) also notes that people may move in and out of poverty as

a result of natural disasters or health problems, lack access to credit, or the lack of natural resources.

An analysis of risks and responses allows an identification of people in relation to how they survive rather than as poverty correlates (DfID First Draft; 47). According to a woman in Kajima, Ethiopia (WDR 2000/01: 140): ‘As if land shortage is not bad enough, we live a life of tension worrying about the rain: will it rain or not? We live hour to hour’. This woman’s description captures the experience of poverty that is worsened by the uncertainty of weather conditions. For rural households whose livelihoods are dominantly agricultural in nature, it is bad enough that they do not have enough land space to cultivate on (or for their livestock to graze on); the added anticipation of weather conditions that may not work in their favour worsens an already bad situation. This ‘double-barrel’ state of affairs makes life miserable for the affected parties and could in turn be reflected in their perceptions of own-poverty. For many of the world’s poor, each day is a struggle to stay alive and seemingly ‘small’ risks can have severe consequences for poor households. Their responses to these risks are therefore important.

An analysis of risks and responses to risks takes the first step towards identifying solutions to their problems (DfID First Draft; 47). A better understanding of risks and risk exposure, the outcomes that are likely to be generated by shocks, and the most efficient means of managing risks, are important elements in poverty reduction. Dercon (2005: 488) points out that risk is central to people’s livelihoods in Africa, and its relative neglect in policy analysis and research will affect the ability to advise sensibly on the route out of widespread poverty.

The role of risks and responses to risks in compounding deprivation and therefore determining household livelihood strategies has been widely noted in the literature (Kabeer, 2002: 593; Alwang, Siegel, and Jorgensen, 2001: 2; Heitzmann, Canagarajah and Siegel, 2002: 4; Dercon, 2002, 2005). People's livelihood strategies are the choices they employ in pursuit of income, security, well-being, and other productive and reproductive goals (Adewusi and Adeoti, 2007: 30). Livelihood diversification recognises that people survive by doing many different things, rather than just one thing, and it has been observed as an important strategy amongst poor households (Chambers and Conway, 1991; Johnson, 1992; Niehof, 2004).

Amongst the poor, diversification is generally recognised as an important strategy for decreasing livelihood vulnerability, thereby improving livelihood sustainability (Walker and Jodha, 1986; Ellis, 1998; Niehof, 2004: 325; Awotide, Kehinde and Agbola, 2010: 367). It is therefore often seen as a coping response to poverty. A distinct motive for diversification is therefore reflected in its role as a coping behaviour. In making livelihood decisions, households take into account the possibility of a crisis, and diversification is one way in which they are able to spread risks *ex ante*, as well as provide an additional source of income *ex post*. This research is interested in understanding the extent to which diversification is used as a strategy among people who perceive themselves as poor. The people whose lives form the basis of this research are Nigerians. Like many other Sub-Saharan African countries, Nigeria is richer beneath the ground than it is above the ground. Its oil and vast natural resources make Nigeria a potentially wealthy economy, however, despite the country's vast wealth, large proportions of the population remain poor. Federal

governance is weak, corruption is rife, and infrastructural deficiencies abound. The poor, who are already limited in several ways, are forced to cope in this difficult environment. The next section briefly elucidates the rationale behind the country context, Nigeria.

## **1.4 Poverty in Nigeria**

The overall slow rate of socio-economic progress in sub-Saharan African countries in particular has marked Africa as the poorest continent in the world; more than half of the world's poor reside in this region. Within this region, Nigeria is of strategic importance given its vast natural and human resources. Given this potential wealth, its poverty rates are seen as a contradiction that has become known as the Nigerian paradox; a rich country full of poor people. The poverty incidence in Nigeria has been on the increase since records started in 1980 when 28% of Nigerians were poor, as at 2010, the figure had risen to 69% (NLSS, 2006: 21; NBS, 2012: 11). In line with the different ways of thinking about poverty, the National Bureau of Statistics (NBS) Nigeria, uses four measures of poverty for the 2004 data – and did the same for 2010. The 2004 data in particular presents (see table 1.1), a number of interesting patterns that further motivated my research on comparing subjective and objective poverty in Nigeria as well as carry out a rural-urban comparative study.

**Table 1.1: Poverty Figures (2004) for Nigeria using different measures**

Measure	Nigeria	<i>Poverty Incidence (%)</i>			
		Rural	Urban	South-West	Lagos
<b>2004</b>					
<b>Absolute Poverty</b>	<b>54.7</b>	63.8	43.1	43.0	<b>67.0</b>
<b>\$1 a day</b>	<b>51.6</b>	60.6	40.1	40.2	<b>64.0</b>
<b>Relative Poverty</b>	<b>54.4</b>	43.2	63.3	71.5	
<b>Subjective Poverty</b>	<b>75.5</b>	79.2	70.7	71.5	<b>68.2</b>

*Source:* Author generated table from figures noted in the Nigerian Living Standards Survey (2006) main report and tables in the NBS (2012) Nigeria Poverty Profile Report.

Notes (from NBS 2006 and 2012 reports)

1) The **Absolute (objective)** measure of poverty considers both minimum annual expenditure on food expenditure and non-food expenses and is calculated based on a per-capita expenditure approach.<sup>3</sup> For 2004 the figures were Food: ₦21,743 and ₦30,128 for the minimum annual expenditure on food and non-food items respectively.

2) For the 2004 data, the application of the **dollar-a-day measure** was calculated based on the World Bank 2002 Purchasing Power Parity (PPP) which was further adjusted to 2003 using the Consumer Price Index (CPI), placing US\$1 to be equivalent to ₦59.2 (₦21,608 per annum).

3) The **Relative Poverty Measure** is defined as those below two-thirds of the mean per capita household expenditure. Households with less than one-third of mean total household per capita expenditure are regarded as the extreme (or core) poor while those households greater than one-third of total expenditure but less than two-thirds of the total expenditure are the moderate poor. The addition of the extreme poor and moderate poor gives the relatively poor population while the non-poor are the population greater than two-third of the population.

4) The **Subjective** measure is the perception of the citizenry and is collected using participatory monitoring tools.

5) The two measures of absolute and dollar-a-day will together be referred to as objective measures, except when each is discussed in isolation.

Though the objective and relative poverty measures identify similar proportions of the population as poor, they identify inverse rates for rural and urban areas. With the absolute poverty measure, poverty is higher in rural areas (63.8%) compared to urban areas (43.1%), but with the relative poverty measure, the incidence of poverty is higher in urban areas

<sup>3</sup> According to NBS (2012: 10), '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 NBS adopted per capita expenditure (Total Expenditure/Household Size) just for consistency since the 2003/2004 Absolute Poverty Measure used the per capita expenditure approach'. They add that '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 which will under-estimate the population' (ibid).

(63.3%) compared to rural areas (43.2%). This suggests that even within the same year, two different measures of poverty told a different story. On closer inspection, the relative poverty measure in urban areas was closest to the subjective measure. There is, however, a considerable gap between the objective and subjective measures. The absolute, dollar-a-day and relative poverty measures identify similar proportions of the population as poor, while the subjective measure identifies about 20% more than these rates as poor. According to the Nigerian Living Standards Survey (2006: 17) report, subjective measures of poverty are ‘less widely used as people tend to over-state what they perceive to be a personal level of poverty’. My research uses a subjective measure of poverty and investigates whether or not people do over-state what they perceive to be a personal level of poverty, and why.

## **1.5 Structure of the Thesis**

Subjective poverty, risks, and livelihood diversification are the key themes in this research. A review of the literature in these is carried out in chapter 2. Poverty assessments are considered under the headings of subjective approach and objective approaches. The various objective and subjective dimensions of poverty have led to debates on how to measure overall poverty. Given the strengths and weaknesses of objective and subjective approaches, a combination of both is often considered the most pragmatic approach in capturing the multi-dimensional nature of poverty.

Chapter 3 discusses poverty in Nigeria as well as the selection and description of the rural and urban study areas within Lagos State. Chapter 4 discusses in detail, the data collection methods that provided the basis for empirical analysis. A combination of qualitative and

quantitative methods was used via a participatory approach in ‘listening to the voices of the poor’ as well as measurable outcomes of self-assessments of poverty collected through a survey. FGD participants were asked for their perspectives on the meaning of poverty, the risks they are prone to, their response to these risks and livelihood strategies. The questionnaire captured qualitative and quantitative data on subjective poverty, incomes and expenditures, livelihood activities, income sources, anticipated risks, past shocks, coping responses etc. The data instruments applied to the key themes of the research are critically discussed in this chapter. The thesis then proceeds to its three core areas of analysis.

Chapter 5 examines what poverty means to Nigerians and how the poor are identified through their perceptions of poverty which are at the heart of this research. It also compares subjective and objective measures of poverty. Chapter 6 addresses the uncertainties that the poor live with and the crises they have faced in the past. It maps out the perceptions of own-poverty against the risks faced by the poor in order to examine the risks that are perceived by the poor to pose great threats to their survival. This chapter also examines the strategies the poor use in responding to risks. In furthering an understanding of how the poor cope with poverty, one of the questions of interest in this research is the livelihood diversification patterns of the poor. This is examined in chapter 7 where a spectrum of diversification is constructed and the spread of the poor across this spectrum is analysed. Chapter 8 concludes the research.



## Chapter 2

### **Literature review: Poverty, Risks & Livelihoods**

#### **2.0 Introduction**

*There is not a simple translation from the experience of poverty to its conceptualization,  
nor a simple translation from concept to measure.*

- Bevan and Joireman (1997: 316)

The on-going experience of poverty and its multidimensional nature has fuelled extensive research on this seemingly unending phenomenon. The starting point of such research, and indeed the sole focus for some, is an identification of the poor. Identifying the poor inherently implies a definition of poverty, a task that is as complex as the experience of poverty itself. Though poverty is traditionally defined and identified via income measures, other non-monetary aspects of poverty are increasingly being recognized. This is evident in the change between the definitions used in the 1990 and 2000 World Development Report (WDR). In the former, poverty is defined as ‘the inability to attain a minimal standard of living’ (WDR, 1990: 26), largely due to low levels of income. In the latter report, however, poverty is defined as ‘pronounced deprivation in well-being’ (WDR, 2000: 15), in recognition of the fact that the experience of poverty goes beyond material deprivation.

Living below a dollar-a-day, lack of (or limited) access to basic needs, hunger, low life expectancy, illiteracy, limited entitlements and capabilities, vulnerability and lack of freedom are statements that reflect the different dimensions commonly considered in

conceptualising poverty. This variety of meanings and measures of poverty that have evolved over time can be characterised as being either ‘objective’ or ‘subjective’ in nature. Central to the interests in this research is how people who are objectively classified as poor perceive themselves, in other words, the subjective poverty of the objectively poor. A subjective approach to poverty is compared to an objective one in order to see how similar, different and/or consistent these are with one another. Once the important first step of identifying the poor is achieved, the next step will vary from one poverty-related research to the other, but will remain invariably linked to how the poor have been identified. In addition to identifying the poor based on own-perceptions of poverty, the risks they face, their responses to these risks and livelihood strategies are then analysed based on their perceptions. My research therefore covers three areas of literature: subjective poverty, risks and responses to risks, and livelihood strategies. This chapter immediately proceeds by setting out the conceptual framework used in analysing poverty in this research; it reviews the literature on comparisons between subjective and objective poverty. The same is done on risks and responses to risks in section 2.2 and livelihoods in section 2.3. The links between these three areas have been discussed in chapter 1 and this chapter expands on these links by providing further empirical evidence.

## 2.1 Poverty: Conceptual Framework

The advent of pronounced interest in poverty was largely led by Economists who by nature had a utilitarian approach to welfare.<sup>4</sup> The literature on poverty therefore emerged strongly from the economics discipline, and as a result has its classical underpinnings in an economics-oriented fashion, whereby income (and/or expenditure) was “the metric that conveyed utility or value” (Alkire (2002: 182). Economists such as Ravallion (1992, 1996, 1998), Lipton (Lipton and Ravallion, 1995) and Deaton (1997) were instrumental in this objective ideology. Based on this approach, individuals and households are said to be poor if their income or consumption falls below a certain threshold.<sup>5</sup> A notable change in the poverty discourse towards the end of the twentieth century was the emergence of subjective approaches to poverty, spurred on largely by participatory methods of poverty assessments. Pioneered by the likes of Amartya Sen and Robert Chambers (Sen, 1983b; Chambers, 1994, 1995, 1997), research on poverty increasingly began involving the people whose ‘reality *does* count’; poor people themselves. This research uses a subjective approach in analysing poverty.

A subjective approach to poverty rests on a definition of deprivation that is based on value judgements; the underlying premise is that individuals themselves are the best judge of their own situations. Robert Chambers’ work on participatory poverty assessments has played an influential role in the discourse on subjective approaches to poverty and has provided valuable insights into the non-material dimensions of poverty. It is worth

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<sup>4</sup> This interpretation of welfare through the use of income began with Bentham and utility theory (Greeley, 1996). Poverty, which is to be reduced, and well-being, which is to be enhanced, have normative roles akin to a utility maximand (Alkire, 2002: 182).

<sup>5</sup> This threshold is commonly referred to as the *poverty line*, a concept which can also be used with other definitions of poverty.

mentioning here that the issue of subjective poverty is part of a larger field of analysis on the subjective perception of well-being which Diener et al. (1999) defined as ‘a broad category of phenomena that include people’s emotional responses, domain satisfaction and global judgements of life satisfaction’. The term “economics of happiness” is used on occasion to refer to these studies, which focus on aspects of life satisfaction and how the different domains of life affect general well-being (Frey and Stutzer, 2002; Pradhan and Ravallion, 2000; Rojas, 2008). However, these subjects are not treated here as I focus exclusively on subjective poverty.

According to Townsend (1985), “it is crucial to separate subjective from objective aspects of deprivation in identifying and measuring poverty”. Ichoku (2010) notes that an objective approach “derives from conceptual relativism which seeks to compare ‘theirs’ and ‘ours’ in the study of social phenomena”. By contrast, a subjective approach is one of “hermeneutic phenomenology which represents an approach to knowledge and research that depends on interpretation” (ibid). Bevan and Joireman (1997: 321) present three different “oppositions” that distinguish objective and subjective approaches to poverty as shown in table 2.1 below. Objective measures are not value-laden in the way that subjective ones are, so they are seen as universally applicable in comparison to subjective measures that are usually grounded in the local realities and experiences of the people under discussion and are therefore relative (Bevan and Joireman, 1997: 322).

**Table 2.1: ‘Objective’/ ‘Subjective’ measures**

<b>‘Objective’</b>	<b>‘Subjective’</b>
‘Universal’	‘Relative’ (to local definition)
‘Objectively’ defined; observer-defined; (‘non-welfarist’)	Personally experienced; agent-defined (‘welfarist’)
Hard scientific measurement	Soft qualitative measurement

*Source:* Table 4 in Bevan and Joireman (1997: 321)

Another way of thinking about the differences between an objective and subjective approach is with regards to *who* the measurer is – the measurer or the measured (Erikson, 1993 as cited in Bevan and Joireman, 1997: 321). In practice, ‘objective’ tends to mean that the observer has decided what to measure, whilst ‘subjective’ measures may be locally defined, or defined by the person or household being measured and usually combine a number of elements from the wealth/poverty complex which are locally regarded as important indicators of wealth and poverty (Bevan and Joireman, 1997: 321). Poverty based on an objective approach is defined externally, that is, in *a priori* fashion by a third party, in terms of basic needs-deprivation resulting from an inadequate command over commodities, usually proxied by income or consumption levels. Such measures do not view poverty from the point of view of the poor, but instead apply external, professional standards. A subjective approach however defines poverty internally based on the interplay of multiple factors that influence individual value judgements. So whilst an objective approach to poverty adopts an outsider stance by using facts and figures that aid cross-sectional comparisons, a subjective approach to poverty is mainly driven by the perceptions of people themselves.

An objective approach often produces results that are ‘eye-catching, has considerable political appeal, possesses a stronger impact on the mind and draws public attention more powerfully than a long list of indicators of qualitative discussions’ (Streeten, 1998: 18). Proponents of this approach to poverty are also of the opinion that material needs invariably cater for non-material human needs. However, the scourge of poverty goes beyond mere measurement of a household’s income and expenditure (NBS, 2012: 13) which omit other dimensions of poverty that may not necessarily be secondary to material needs. There are numerous non-material or not readily measured benefits that are often more highly valued by poor people than material or measurable improvements. Examples of these include good working conditions, liberation from persecution/humiliation, empowerment or access to power, recognition, freedom, autonomy and mobility, and the opportunity to develop fully as an individual (Streeten, 1998: 23), inadequate access to government utilities and services, environmental issues, poor infrastructure, illiteracy and ignorance, poor health, insecurity, social and political exclusion (NBS, 2012: 13). According to Kingdon and Knight (2003: 16), researchers who adhere to the income approach to poverty “do so at peril of oversimplifying”. Rojas (2008: 1084) notes that “a person is much more than a consumer or an economic agent; she is being human not only when she is consuming goods and services but also when she is spending time and other resources in interpersonal relations (either with a spouse, a partner, children, other family members, friends, neighbours, and colleagues), when she engages in her hobbies and in other human deeds, and so on”.

The non-material aspects of poverty mentioned above have given recognition to the fact that there are facets of poverty that may not be ‘seen’ with so-called ‘objective’ measures.

It has been argued that subjective measures of poverty may ‘more accurately capture subtle aspects of social status’, i.e. they may encapsulate the net effect of a variety of socio-economic factors that reinforce or counter-act each other (Operario et al. 2004 in Howe et al, 2010: 224). The subjective approach has the great advantage of overcoming the distortions arising from objective approaches where outside observers arbitrarily assess household standard of living Santini (2010: 4). Another advantage that subjective measures have over objective measures therefore, is that they allow the research participants to direct the process of their socio-economic position (SEP) quantification, rather than imposing pre-conceived notions and assumptions about the important socio-economic processes for a given population (Howe et al, 2010: 224); subjective evaluation of poverty levels is made by individuals in society rather than government officials (Blaylock & Smallwood, 1986: 101). They allow households to judge their own SEP, rather than inflicting the researcher’s own views of the important socio-economic stratification processes in a given setting (Howe et al, 2010: 230).<sup>6</sup> However, subjective approaches rely on people’s perceptions and there are bound to be inherent biases in peoples’ perceptions of their own poverty (or not) and other people’s living standards. Townsend (1985: 661) believes that these perceptions can never be regarded as sufficiently representative of the “reality out there”. He adds that there has to be forms of “objective” social observation, investigation and comparison against which they may be checked (even if those standards remain necessarily incomplete as well as necessarily creatures of socially produced modes of scientific thought) (ibid). Secondly, perception data on poverty are influenced by people’s views of what their level of welfare should be, and their evaluations of how closely their actual status matches their

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<sup>6</sup> Subjective indicators can, however, be manipulated by the respondent; if an individual feels they could gain from reporting low SEP, it would be very easy for them to do so and very difficult for the interviewer to verify (Howe et al, 2010: 229).

aspirations (McGee, 2004). This in itself can be seen as a limitation of the subjective approach as it extends to aspirations and desires. It however brings to bear similarities with a relative poverty approach as people's aspirations may be influenced by comparing themselves and their situations to those of other people. Relative poverty is discussed in more detail later in the chapter.

Given the strengths and weaknesses of both approaches, a combination of both is increasingly being used (Temu and Due, 2000; Baulch and Masset, 2003; McGee, 2004; Knight *et al.*, 2007; Howe *et al.*, 2010). Narayan *et al* (2000:1) note that “the inclusion of the perspectives of poor people alongside the traditional use of the standardized welfare statistics of income and expenditures that once dominated poverty assessments gives a more complete understanding of poverty”. In this study, self-perceptions of poverty are used as the basis of analysis and questions such as to what extent do the ‘objectively poor’ perceive themselves as poor, are addressed. The next section examines the empirical evidence on comparisons between an objective and subjective approach to poverty.

### **2.1.1 Comparisons between Subjective and Objective Poverty**

Writing around the start of the 21<sup>st</sup> century, Pradhan and Ravallion (2000: 462) comment that ‘poverty analysis has become polarized between the objective-quantitative schools and the subjective-qualitative schools with rather little effort at cross-fertilization’. However, since the time of their writing, there has been growing efforts at ‘cross-fertilization’. In some cases, this exercise is carried out in order to determine the influence of one on the other; usually income on subjective poverty (Amato and Zuo, 1992; Kingdon and Knight,



2003; Lever *et al.*, 2005; Knight *et al.*, 2007; Copestake *et al.*, 2009), in other cases, the purpose is to examine the similarities and differences amongst those identified as poor according to the different categories (Bevan and Joireman, 1997; Baulch and Masset, 2003; Howe *et al.*, 2010). Given the different methods of data collection that objective and subjective approaches typically entail, a combination of the two is usually one of methods, whereby quantitative and qualitative data instruments are both used (Temu and Due, 2000; Hargreaves *et al.*, 2006; Hulme and Lawson, 2010; Hulme and Moore, 2010). This research also combines both quantitative and qualitative methods and the manner in which this is done, as well as how others have done it, is discussed further in chapter four on methodology.

My research is interested in examining the subjective assessments of own-poverty held by those who are objectively classified as poor. There may be people who perceive themselves as poor, who are not classified as such in conventional poverty statistics, a point that is also noted by Hayati *et al.* (2006: 372) and vice versa (Streeten, 1998: 22). Jodha (1988) was one of the first authors to compare results from an objective and subjective approach to poverty. He found that during 1963-66 and 1982-84, households in two villages in the arid zone of Western Rajasthan (India) whose real income per head had declined by more than 5% were, on average, better off on 37 of their own 38 criteria of well-being. In other words, households that had become poorer by conventional measurement of income appeared to be better-off when seen through different qualitative indicators of their economic well-being. These qualitative indicators were based on the categories which the villagers themselves use for assessing changes in their own economic status. Besides income and consumption, the people he surveyed were concerned with independence – especially from patrons – as

well as mobility, security and self-respect. In essence, the ‘objective’ picture told a different story from the ‘subjective’ one. He therefore suggested the need for supplementing conventional measurements of income by qualitative indicators of change to arrive at what he calls ‘a realistic understanding of rural socio-economic change’. Since his work, several authors have worked on combining objective/quantitative and subjective/qualitative approaches in assessing poverty (Bevan and Joireman, 1997; Baulch and Masset, 2003; McGee, 2004; How *et al*, 2010; Hulme and Lawson, 2010).

Bevan and Joireman (1997) applied four different measures of poverty to three rural sites in Ethiopia and examined the outcomes in terms of the identification of the poor. The measures used were personal and community wealth-ranking (PWR, CWR), household survey wealth and consumption poverty.<sup>7</sup> The results varied across all three sites; the percentages of those who considered themselves as poor, those identified as poor by the CWR and the consumption poverty measures (before food aid) are as follows: Yetmen (21.7% : 52% : 12%); Shumsheha (55.9% : 77% : 36%); Gara Godo (38.5% : 61% : 78%).<sup>8</sup> In all three sites, fewer people considered themselves as poor compared to the community wealth ranking classification, which the authors regarded as an ‘objective’ measure.<sup>9</sup> Their community wealth ranking identified an average of 24.6% more people as poor, than those who classified themselves as poor. The consumption poverty measure (also an objective

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<sup>7</sup> An economic survey of households was accompanied by qualitative research at the community level (using rapid assessment techniques and a “rapid” ethnographic approach). Surveyed households within each site were randomly selected.

<sup>8</sup> Bevan and Joireman (1997: 323) described Yetmen as a grain-surplus producing area and relatively wealthy; Shumsheha is prone to recurrent drought and dependent on food aid; Gara Godo with a diversified rural livelihood system based on root crops is in the densely-populated Wolayitta region which has been regularly subject to “green famine”. In all the 15 sites within which the three sites studied were a part of, 33.5% considered themselves as poor and 8.6% as very poor (Bevan and Joireman, 1997: 325).

<sup>9</sup> They note that if the community specifies what determines wealth, and households are classified on the basis of their household survey responses, the measure can be seen as an ‘objective’ measure of relative deprivation (Bevan and Joireman, 1997: 327).

measure) however tells a completely different story. In Yetmen and Shumsheha, the ‘consumption poor’ are fewer (a little over a half) than those that perceive themselves as poor, in other words, more people in these communities are perceiving themselves as poor than they are objectively defined to be, whereas the reverse is the case in Gara Godo, where a high percentage of the population are defined as consumption poor, but just over a third perceive themselves as poor. They express that while this may, to an extent, be due to measurement errors, people can be poor in different ways and for different reasons, and that these need to be explored further (ibid: 332).

Temu and Due (2000) examined whether the results from participatory rapid appraisals (PRAs) are conflicting and different to those from sample surveys (conducted at the end of 1995 and mid-1996 respectively), to establish socio-economic well-being ranks in the Njombe district of Tanzania. They find that the two approaches, PRA and sample survey, support each other in revealing the socio-economic situation of Njombe; both methods yielded similar wealth ranks. In particular, they found that amongst various manifestations of poverty, food insecurity ranks high in the PRA and this finding is of interest for two reasons. One, the food insecurity data from the sample survey was based on perceptions of food security, which is essentially a qualitative response, similar to that which emerged from the PRA. In other words, whilst the survey method is ‘objective/quantitative’ in its design, this particular data is capturing a subjective response and though a comparison of two different methods is carried out, this particular response compares like with like (qualitative data) to a large extent. It is worth noting however that their sample survey also covered quantitative data such as education and livestock ownership. My research carries out a similar exercise; focus group discussions and survey methods are used, and in the

latter, questions that produce largely qualitative outcomes are asked. Though my research does not create well-being ranks, it however examines the extent of consistency between people's perceptions of their status (from a sample survey) alongside their definitions of poverty (both from the focus groups and the sample survey) in Lagos State, Nigeria. Secondly, despite the observation that small-holder farmers in this rural area of Tanzania rank food insecurity as a key feature of poverty (more specifically termed the low well-being group in the study)<sup>10</sup>, their results suggest that they do not perceive themselves as food insecure for the most part.<sup>11</sup> Some other definition of food insecurity which employs an external assessment (calorie-based for example) may also identify some of these same people as poor, who do not perceive themselves as such.

In the Hargreaves *et al.*, (2006: 226) study of local perceptions of poverty in the Limpopo province of rural South Africa, they find that statements relating to food, the schooling of children, and housing conditions were often referred to in describing different wealth ranks, albeit using different statements. For example, using the “food” theme, the following statements were used per category: The *Very poor*: Don't have soup; beg for food; No food; Sleep without food; Going to school without eating; Not able to buy/can't afford food; Not proper food; Not enough food; *Poor, but bit better off*: At least have food; Little food; Able to buy food; Have food; *Doing OK*: Good food/healthy; Food always there/regular food; Nutritious food; Have a lot of food; Delicious food. Conversely, some themes were only mentioned with relation to specific wealth ranks. For example, while the presence of cars was often used to describe the wealthiest households, their absence was

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<sup>10</sup> Three well-being ranks were established: low, medium and high

<sup>11</sup> They observed that only 12 out of 290 families perceived themselves as food insecure; 232 (80%) consider themselves as food secure and 46 (16%) as marginally secure (Temu and Due, 2000: 57).

rarely used to describe lower groups in the ranking. The different statements made by participants were used to apply poverty lines, and based on these, 24.4% were deemed “very poor” by Participatory Wealth Ranking (PWR) participants, a further 7.8% as poor (covering the scores relating to statements split between “very poor” and “poor, but a bit better off”), 48.2% are described as “poor, but a bit better off”, another 7.8% termed as “a bit better off” and 14.1% that are “doing OK”. PWR participants in the Hargreaves *et al.* (2006) study of rural South Africa gave a strong sense that households ranked among the poorest piles are struggling to survive. Such households are struggling to feed themselves and to clothe or educate their children. There is a need to beg, limited access to food and housing and almost no access to formal employment. Some “poor” households were engaged in poorly remunerated activities such as digging toilets, selling firewood or having small businesses. Despite the statistical significant correlation between participatory wealth rank and that generated from the survey data, they find that both methods did not produce the same results in identifying household wealth ranks (Hargreaves *et al.*, 2006: 226). The authors note that the reasons for this are likely to include data inaccuracies from both techniques as well as the potential that they are ultimately measuring different things. In other words, though the disagreement in results may largely be a methodological issue, it could also be revealing the fact that either method brings to bear different dimensions that are not considered by the other method.

Comparisons made between surveys and PPAs are synonymous to the objective/quantitative and subjective/qualitative comparisons of interest to this research, and Rosemary McGee (2004) presents an insightful analysis on the conceptual and methodological characteristics of both methods as applied in Uganda. The PPA and

household survey produced what she described as ‘apparently contradictory’ pictures of what was happening to poverty in Uganda. In the view of many poor participants, ‘the poor were getting poorer and the rich were getting richer’, whilst the survey data from 1997/1998 showed that the consumption of the poorest quintile had increased proportionately to that of the rest of the population (McGee, 2004: 500, 502). While she acknowledges that neither PPAs nor household surveys are perfect instruments for achieving their own goals, she states that both differ on a range of methodological and epistemological fronts, and therefore argues that there is no contradiction between the two as they are not directly comparable. She discusses the differences under the following four headings: the underlying concept of poverty, sampling, types of data collected, and methods for assessing trends.

On the *underlying concept of poverty*, whilst PPAs view poverty as multi-dimensional rather than only relating to income or consumption or the lack of material goods, most household surveys embody a concept of poverty based on material needs deprivation, assessed via the measurement of income or consumption. In essence, both methods set out to look at a range of different things, some more measurable than others and some lending themselves only to qualitative assessment (McGee, 2004: 506). Regarding the *sampling*, Uganda’s PPA Process was purposive as it homed in on sites and people (predominantly the poor themselves) who could be expected to provide the richest findings on the nature and causes of poverty (ibid, 507). Household surveys on the other hand, take a more random sampling approach. On the *types of data collected*, household surveys produce mainly quantitative data on a large scale whilst PPAs set out to understand those intangible dimensions of poverty which do not necessarily lend themselves to measurement or

counting and hence are not detected or explored in household surveys (ibid, 510). Regarding the *methods for collecting trend data*, poverty trend data in the PPA are collected through contextual methods whilst the survey data on the other hand, are collected through non-contextual methods (ibid, 511). In addition, both methods use different total reference periods, the UNHS on the period of 1992/3–1997/8 is inclusive and the UPPAP on various periods, usually spanning at least three decades and sometimes as many as nine (ibid, 516). Neither the PPA poverty trend findings nor those of the UNHS are wrong; one helps us understand the other; but bringing the PPA findings to bear on the UNHS findings shows that to unquestioningly interpret increased household consumption as enhanced well-being or reduced poverty is simplistic and wrong (ibid, 516).

In addition to the objective and subjective distinction of approaches to poverty, it is worth mentioning that there are other ways of thinking about poverty. For example, ‘extreme’, ‘moderate’, ‘chronic’, ‘transient’, ‘absolute’ and ‘relative’, are prefixes that are usually associated with poverty. While all these bring to bear different and important angles to the understanding of poverty, for the purposes of this research, the aspects of interest are extreme, absolute, and relative poverty. Within a group of poor people, there are variations in the nature of poverty experienced; some may be relatively poor, but not absolutely poor; others may temporarily be in poverty, while others are chronically poor; yet some may be moderately poor, but not extremely poor. ‘The poor, it is now widely recognized, are not a homogenous category’, yet few books has focused on the extreme poor (Kabeer, 2010: 59; Hulme and Lawson, 2010: 1). Hulme and Lawson (2010: 6/7) describe extreme poverty as “grinding poverty – manually labouring for 8 to 16 hours a day to provide for the minimum food requirements of one’s family, waiting for weeks for sick children to get better (or die)

because basic health services are not accessible, watching other children go to school while you cannot attend because your parents cannot buy a uniform, being beaten, or worse, most days by your employer – these are the characteristics of poverty that is extreme and endures”. In Nigeria, the proportion of the extremely poor increased from 6.2% in 1980 to 22% in 2004 (NBS, 2012: 12). Extreme poverty in Nigeria – calculated as those living below the minimum annual expenditure on food – was 37% (NLSS, 2006).<sup>12</sup>

Research on subjective poverty has shown that relative positions are influential in people’s perceptions of own-welfare (Easterlin 1995, Ravallion and Lokshin, 2001). For example, Nandori (2010) examines subjective poverty and the discrepancies between subjective and objective poverty assessment in Hungary, using data collected in 2007. She found that besides taking into account their absolute income position, individuals judge their own position in reference to others like them. According to Kingdon and Knight (2003: 6), ‘people compare themselves with others in society or with themselves in the past, and they feel deprived if they are doing less well than the comparator’. Given the central theme on perceptions of poverty in this research, the next section takes a closer look at the literature on the relative aspect of poverty and discusses it alongside absolute poverty.

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<sup>12</sup> The *average* income of all the households in the non-poor category was more than five times higher than the average income per capita of the households in the category of ‘poor’ communities (Ali-Akpajiak *et al*, 2003, p. 2). Non-poor households’ total expenditures are four to five times as much as poor households. While the poor spend proportionately more of their income on food, the non-poor spend 3.6 to 4.5 times as much for food.



### 2.1.2 Absolute and Relative Poverty

Poverty can be viewed in absolute or relative terms. *Absolute* poverty refers to subsistence below minimum, socially acceptable living conditions, usually established based on nutritional requirements and other essential goods. *Relative* poverty refers to the level of welfare that people need in relation to commonly agreed needs for a decent standard of living in a particular society.<sup>13</sup> One key debate as to how poverty is understood is whether or not it is ‘absolute’ or ‘relative’ poverty that is being considered. This issue has most notably been debated between Peter Townsend and Amartya Sen. It is important to mention at this point that both authors work on different locations. Townsend writes about the UK (a developed nation), whilst Sen writes about developing countries. This difference provides a key explanation for their different thought patterns on the absolute/relative notion of poverty. With this caution in mind, most of the writings hereafter are based on the debates between these two prolific authors, as they capture the key issues that are raised in discussions of absolute and relative poverty.

While Townsend emphasises the relative nature of poverty, Sen emphasises the absolutes. Townsend, in his book *Poverty in the UK* (1979), stated that “poverty can be defined objectively and applied consistently, only in terms of the concept of relative deprivation”.<sup>14</sup> Sen (1979: 289, 304; 1983: 159) however argues that there is “an irreducible core of absolute deprivation in the perception of poverty which translates reports of starvation, severe malnutrition and visible hardship into a diagnosis of poverty without waiting to

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<sup>13</sup> DFID Poverty Guidance

<sup>14</sup> Townsend (1985: footnote on p.660)

ascertain first the relative picture. If there is starvation and hunger, then – no matter what the relative picture looks like – there clearly is poverty”.

Townsend (1985: 661) puts forward a conceptualisation of poverty as “relative deprivation” whereby “some people are much less ‘deprived’ than others on the same income; some are much more ‘deprived’... For as members of society, people have needs which can only be defined by virtue of the obligations, associations and customs of such membership”. However, Sen (1985: 669) argues that poverty is not just a matter of being relatively *poorer than others* in the society, but of not having some basic opportunities of material well-being – the failure to have certain minimum “capabilities”. Though in this definition Sen speaks only of material well-being, he goes on to state that “people’s deprivations are judged absolutely, and not simply *in comparison* with the deprivations of others in that society”.

The notion of relative deprivation has been instrumental in poverty studies, and even Sen acknowledges that “the idea of relative deprivation is rather central to the notion of poverty” (Sen, 1979: 297) though he maintains his argument that the absolute considerations cannot be inconsequential for conceptualising poverty. Though Sen (1979: 296) argues that the question of relative deprivation *vis-a-vis* the rest of the community is involved also in the fixing of minimum needs on which the choice of the poverty line is based, so that the estimation of “absolute” deprivation *vis-a-vis* the poverty line involves implicitly some considerations of *relative* deprivation as well. Nonetheless, some issues of relative deprivation remain even after the poverty line has been drawn, since there is the further question of how deprived one is compared with others who are also deprived.

In examining the correlation between objective and subjective poverty, one piece of evidence that has consistently been found is the notion that perceived well-being is relative. With regards to relative positions influencing perceptions of poverty, this can be referred to as ‘relative deprivation’ which Streeten (1998: 9) defines as deprivation that results from comparing our level of living with that of a reference group with higher incomes. Research has shown that an individual’s perceived welfare is largely influenced by the average welfare in the community within which he or she lives (Easterlin 1995, Ravallion and Lokshin, 2001). According to Easterlin (1995:36), judgments of personal well-being are made by comparing one’s objective status with a subjective living level norm, which is significantly influenced by the average standard of living of the society as a whole. He quotes Karl Marx from (Lipset, 1960: 63)<sup>15</sup>: “A house may be large or small; as long as the surrounding houses are equally small it satisfies all social demands for a dwelling. But if a palace rises beside the little house, the little house shrinks into a hut”. A study on Nepal and Malawi by Fafchamps and Shilpi (2008) however proved that the relative position of the individual has an effect on the subjective perception of poverty only among upper income households. They argued that the poor care only about absolute deprivation.

Most of the evidence suggests that relative income position is as important as the absolute one (Carlsson et al. 2007; Johansson-Stenman and Martinsson 2006), while other studies even conclude that relative poverty is usually more important (Easterlin 1995; Clark et al. 2008). Pradhan and Ravallion (2000: 462) also note that perceptions of well-being *and poverty* are influenced by the circumstances of the individual relative to others in some

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<sup>15</sup> As cited in Easterlin (1995:36).

reference group. Layard (2005), Luttmer (2005), Easterlin (1995) and Frey and Stutzer (2005) find that the subjective perception of poverty is associated not only with absolute, but also with relative poverty. In an international inquiry into people's hopes and fears, social psychologist Hadley Cantril (1965)<sup>16</sup> asked an open-ended question on what was needed to make the respondent 'completely happy'. After comparing the responses of those in rich countries with those living in poor countries, he concluded that:

People in highly developed nations have obviously acquired a wide range of aspirations, sophisticated and expensive from the point of view of people in less-developed areas, who have not yet learned all that is potentially available to people in more advanced societies and whose aspirations concerning the social and material aspects of life are modest indeed by comparison (Cantril, 1965: 202 in Easterlin, 1995:41).

Material aspirations increase with a society's income (Easterlin, 1995: 41) and people living in areas with material prosperity are likely to perceive their welfare differently from those living in subsistence areas. This difference informs the rural versus urban comparative analysis that is done in this research. Past research has shown that at low levels of income, the relationship between economic and subjective indicators of well-being is positive and strong (e.g. Diener *et al.* 1999). Some scholars of subjective well-being argue that its relationship to income is curvilinear – it may be nil in richer countries, but it is positive in poorer countries, although no time series evidence to this effect has been presented (Inkeles, 1993; Veenhoven, 1991). Presumably a positive relationship will be observed in poorer countries, as the population is freed from subsistence level needs for

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<sup>16</sup> As cited in Easterlin (1995)

food, clothing and shelter.<sup>17</sup> The United States President's Commission on Income Maintenance (1969: 8)<sup>18</sup> argued thus:

In low income societies the community finds it impossible to worry much beyond physical survival. Other societies, more able to support their dependent citizens, begin to consider the effects that pauperism will have on the poor and non-poor alike.

These points are important to this research, especially given that the perceptions of poverty examined are from people living in a 'poor' community – which has in itself an implicit definition of poverty. After minimum basic needs are met, respondents do not seem to factor in long-term, aggregate improvements in per capita income levels or in basic health and literacy standards when they assess their well-being (Graham, 2004: 4). In a poor community the resources or commodities needed to participate in the standard activities of the community might be very little indeed. According to Sen (1983: 162), in such a community, the perception of poverty is primarily concerned with the commodity requirements of fulfilling nutritional needs and perhaps some needs of being clothed, sheltered and free from disease. This, he notes, is the world of Charles Booth (1936) or Seebohm Rowntree (1899) in nineteenth century or early twentieth century London or York, and that of poverty estimation today (1983), say, in India. The more physical needs tend to dominate over the needs of communal participation at this less affluent stage because nutritional and other physical needs tend to have a more prominent place in the standard-of-living estimation and also because the requirements of participation are rather easily fulfilled. For a richer community, however, nutritional and other physical

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<sup>17</sup> However, the magnitude of Japan's subsequent advance in living levels does encompass a transformation from a 'subsistence level' of consumer durables to plenitude, with no impact on subjective well-being (Easterlin 1995:40).

<sup>18</sup> Cited in Sen (1983: 162)

requirements (such as clothing as protection from climatic conditions) are typically already met, and the needs of communal participation – while absolutely no different in the space of capabilities – will have a much higher demand in the space of commodities and that of resources. Relative deprivation, in this case, is nothing other than a relative failure in the commodity space – or resource space – having the effect of an absolute deprivation in the capability space.

It is clear from several writings on the subject, that the recognition of material deprivation being associated with poverty is a common experience around the world, therefore making this view continually a dominant understanding of poverty. As a result, even in analysis of subjective poverty, incomes have been the obvious starting point in analysing what the factors that produce subjective outcomes are. Ravallion and Lokshin (2001: 335) note that research into this has suggested that incomes do not have much power to explain perceived welfare.<sup>19</sup> Richard Easterlin's findings suggest that absolute income levels matter up to a certain point – particularly when basic needs are unmet – but after that, relative income differences matter more (Graham, 2004: 7).<sup>20</sup> Clark *et al* (2008) discussed the relationship between different cross-section data sets and argued that the lower the absolute level of income in a cross-sectional data set, the higher the positive correlation between subjective well-being and own absolute income. Akay and Martinsson (2008) also studied whether relative income has an impact on subjective well-being among extremely poor people in

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<sup>19</sup> Other explanations that have been researched include personality traits, unemployment, cultural factors etc.

<sup>20</sup> Decades earlier, Pigou reasoned that because the rich derive much of their satisfaction from their relative, rather than absolute, income, satisfaction would not be reduced if the incomes of all the rich were diminished at the same time, justifying redistributive taxation {A.C. Pigou, *The Economics of Welfare*. (London: Macmillan 1920), p.53 cited in Graham, 2004: 7}.

rural areas of Northern Ethiopia.<sup>21</sup> Based on different definitions of reference groups (geographical, age-peers and land size), they find that the impact of relative income on subjective well-being is small in magnitude and also insignificant. In other words, relative income does not affect subjective well-being among the very poor people in Northern Ethiopia. They add that this is in line with the predictions by Clark *et al.* (2008), who hypothesized that the impact of relative income on subjective well-being within a country will decrease as one moves from richer to poorer countries. However, there is limited empirical evidence on this issue from poorer countries. Most of the research that looks at the relationship between income/monetary and subjective welfare have been on developed countries, with much less being done in developing countries (Diener and Biswas-Diener, 2002; Graham, 2004). The few studies that exist on these issues in developing countries (Kingdon and Knight, 2003, *Tanzania*; Lever *et al.*, 2005, *Mexico City*; Knight *et al.*, 2007, *Rural China*), however, show similar results to that done on developed countries – higher incomes do not necessarily mean an improved perception of welfare, but relative norms and/or average levels of income appear to be influential in people’s perceptions. My research also aims to contribute to the evidence on this from poorer countries.

While research on poverty has moved forward in terms of going beyond the debate on appropriate measures of identification, to acknowledging the strengths of each and making comparisons for a better understanding of the concept of poverty, the poor are continually faced with the daily realities of coping with poverty. These realities are, however, as complex and dynamic in theory as it is in practice. One way through which these realities

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<sup>21</sup> They used data from the third round of an extensive household survey (“Sustainable Land Use in the Ethiopian Highlands”), which was conducted in 2004 – 2005.

can be examined is via the risks poor people face and their responses to these. These risks and responses to risks are likely to also play a role in perceptions of poverty. The next section takes a closer look at the conceptual framework and empirical evidence on risks and responses to risks.

## **2.2 Risks and Responses to Risks**

Poor people are often amongst the most vulnerable in society because they are the most exposed to a wide variety of risks and the least able to cope with these. Climatic risks, economic fluctuations and a large number of individual-specific shocks are a part of life in developing countries and make poor households vulnerable to serious hardship. The research question with regards to risks is: Do those who perceive themselves as poor perceive and respond to risks differently from those who do not perceive themselves as poor? In carrying answering this question, a framework for analysing risks is required. Heitzmann, Canagarajah and Siegel (2002) propose the notion of a “risk chain”, which is used as the guiding theoretical framework in this research’s empirical chapter on risks. Earlier conceptual frameworks analyzed either the risk aspect alone or the risk response aspect, or when both were analysed, the poverty outcomes were not explicitly addressed (see Alderman and Paxson, 1992; Holzmann and Jorgensen, 1999). The risk-chain framework however, links risks and risk responses, paying equal attention to both aspects.

Settings are a very important starting point in research of this kind (on risks), as the allocation of assets to income-generating activities is conditioned by the settings in which households find themselves (Hoddinott, J. and A. Quisumbing, 2008). Settings also



determine whether individuals, households, communities and regions are actually exposed (or susceptible) to risks. For example, settings that determine a household's exposure to health risks include the existing health and nutritional status of individuals, housing, infrastructure and household location, and cultural and behavioural practices (Heitzmann, Canagarajah and Siegel, 2002: 7). With the settings understood, analysis on the risk-chain can proceed more effectively. The risk chain is broken down into three components: (a) the *risk* or uncertain events, (b) the options for managing risk, or the *risk responses*, and (c) the *outcome* in terms of welfare loss. The following sections examine each of these three components and the associated empirical evidence.

### 2.2.1 The Risk Chain: Risk

Risk is characterised by a known or unknown probability distribution of events that result in welfare losses (Heitzmann *et al.* 2002: 4), leaving some households more vulnerable than before to managing future risks. A concept that is used interchangeably with risks is 'shocks'. A shock refers to a risk that causes a "significant" negative welfare effect (e.g. major income loss, or major illness related costs) (Heitzmann, *et al.* 2002: 1).<sup>22</sup> The accumulation of different shocks is a source of significant "stress" for households.<sup>23</sup> Events such as drought, floods, pests and diseases (of crops and animals), and civil war are listed as shocks. Rural households in Ethiopia, for example, face natural shocks such as harvest failure, health-related shocks such as illness or disability, and macro-level shocks such as the effects of taxation, land expropriation, and war.

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<sup>22</sup> Heitzmann *et al.* (2002: 4) note that the definition of what is regarded as "significant" needs to be decided by the analysts and policymakers. They add however that a risky event that can cause a 50% loss in welfare could be considered a "shock", and for many households straddling the poverty line, a 20-50% negative welfare impact could be considered a shock.

<sup>23</sup> Scoones (1998: 6) defines a stress as a small, regular, predictable disturbance with a cumulative effect.

Different authors have used different taxonomies in classifying risks. As a rule of thumb, risks are typically classified according to their sources and correlation. The main sources of risk are natural (e.g. floods), health risks (e.g. illness, disability), economic risks (e.g. inflation), life-cycle risks, social risks, political risks, and environmental risks (Heitzmann, *et al.* 2002: 7). Risks can be uncorrelated among individuals and/or regions (idiosyncratic) e.g., death of the household breadwinner, or correlated among individuals, a group of households, an entire community and/or regions (covariate), and affect many people simultaneously, e.g., earthquakes, floods, a nuclear disaster, epidemic diseases, economic crisis. In areas which rely upon weather-dependent agriculture, it is likely that communities of households engaging in similar agricultural practices on near-adjacent fields face covariant weather-induced risks.<sup>24</sup> Several authors including Heitzmann, *et al.* (2002) and Dercon (2002) divide the nature of risks between **idiosyncratic** (individual or household specific e.g. illness, death of the household breadwinner) and **covariate** (affecting all individuals or households in the village/community/society simultaneously e.g. natural disasters, economic crisis). Tesliuc and Lindert (2002) find that in Guatemala, respondents tended to ‘complain’ about covariate shocks and to be more “honest” about the impact of idiosyncratic shocks, but the share of covariate shocks that had no negative impact on household income or wealth was significantly larger than the equivalent share of idiosyncratic shocks. They note that the single most frequently reported shock in their survey data was inflation, but this was reported in a year when inflation was low. Whether a shock is idiosyncratic or covariate depends on its underlying sources and impacts. In

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<sup>24</sup> In practice, however, classifying risks by their degree of correlation is not always a simple clear-cut exercise; even within well-defined rural communities, few risks are purely idiosyncratic or common (see Dercon, 2002: 2; and Heitzmann *et al.* 2002: 24; Hoddinott and Quisumbing, 2008: 4).

practice, however, even within well-defined communities, variance decomposition analysis reveals that few risks are purely idiosyncratic or common, but broad patterns are observed (Dercon, 2002).<sup>25</sup>

Other characteristics of risks include the *timing* and *duration* (occurring over time – repeated; or with other risks – bunched), *frequency* and *severity* or *magnitude* (risks can have low frequency but severe welfare effects – catastrophic; or high frequency but low welfare effects – non-catastrophic) and the *persistence* of their impact (Morduch 2002; Holzmann and Jørgensen, 2000: 6; Heitzmann *et al.*, 2002: 4). Risks are sometimes bundled – a flood can invite outbreaks of disease – or maybe non-independent over time – e.g. when shocks lead to nutritional deficiencies that in turn reduce the resiliency of organisms (Hoddinott and Quisumbing (2008: 29). They can also be non-stationary over time as when shocks have permanent or persistent effects. In that sense, coping mechanisms developed today to mitigate the impacts of a shock can very well constitute future markers of vulnerability.

Some authors distinguish between predictable (anticipated) and unpredictable (unanticipated) risks. The former refer to advanced knowledge of future events and their effects, and with this type, it is possible to carry out (relatively) low-risk transactions. For example, most people expect their capacity to engage in own-account production of income-generating activities or to earn income from employment to decrease sharply with

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<sup>25</sup> Drawing from work done in rural Ethiopia, Dercon and Krishnan (2000) find that most shocks have both idiosyncratic and common parts, and both aspects matter. They found village-level rainfall, the crop damage assessment, and livestock disease to be strongly significant and of the right sign: negative (positive) shocks have negative (positive) effects on consumption.

old age and retirement. It is also recognised that old age increases susceptibility to illness or the probability of experiencing various types of physical disabilities – and ultimately, the risk of death.<sup>26</sup> Seasonal deficits – food prices and the availability or slackness in the labour market – are the most common ‘anticipated risks’ in South Asia, with severe implications for those reliant on agricultural labour (Kabeer, 2002: 593). Unanticipated risks, on the other hand, are often associated with natural and civil disasters including droughts, floods, hurricanes, pests and civil war (see Blaike *et al.*, 1994). At a more individual level, unanticipated risks include sudden shocks to the family such as illness, divorce or dispossession (Ellis, 2000: 62). The most common unanticipated risks in Bangladesh include natural disasters, illness-related expenditure and various kinds of social and economic ‘insecurity’ (Rahman *et al.*, 1998 cited in Kabeer, 2002: 593). In India, these tend to be natural calamities, the death of the breadwinner, the need to meet customary obligations, political instability, and market shocks (Kabeer, 2002: 593).

The nature of the risk has implications for the ability to cope with its consequences. Relatively small but frequent shocks (e.g. transient illness) are more easily dealt with than large, infrequent negative shocks (e.g. disability or chronic illness). Gertler and Gruber (1997) find that, in terms of consumption levels, households in their sample from Indonesia can only protect 30% of the low-frequency health shocks with serious long term effects, but about 70% of the high-frequency smaller health shocks. If the shocks are persistent with long-term consequences, then coping is more difficult. Moreover, idiosyncratic shocks can

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<sup>26</sup> In many developing countries, these considerations have given rise to institutional arrangements – extended and intergenerationally-linked families whose daughters and sons are expected to assist and care for old-age parents – designed to provide livelihood security to the elderly, together with funeral societies (one of the most basic and ubiquitous forms of informal collective action in the developing world) (Morduch and Sharma, 2002: 574).

be insured within a community, but common shocks cannot: if everybody is affected, the risk cannot be easily shared. Formal or informal insurance transfers (credit or insurance) from outside the community are necessary; inter-temporal transfers (e.g. depletion of individual or community-level savings) are also possible. The nature of these strategies depends upon the type of risk.

Risks or risky events are considered as ‘exogenous’, not directly under the control of people (Dercon, 2005a: 484), and if they materialize they can have a negative impact on the affected parties in an unpredictable manner. This impact is however, dependent on a number of factors such as assets, characteristics of the risks, and the households’ responses to these challenges. Holzmann and Jørgensen (2000: 11) note that in a world of asymmetric information the sources of risks and their characteristics have a bearing on the selection of risk management instruments. The next section takes a closer look at risk responses which form the second aspect of the risk chain.

### **2.2.2 The Risk Chain: Risk Responses**

The potential distress caused by risks which eventually lead to downward fluctuations in income leads poor households to devise risk response strategies. Nonetheless, it is difficult to conceptualise these strategies and the literature on this subject is plagued with confusing terminologies. For example, Alderman and Paxson (1992), pioneering authors in this regard, distinguish between *risk-management* and *risk-coping* strategies. The former involves actions to reduce the variability of income e.g. migration and crop and field diversification, whilst the latter, risk-coping includes strategies that smooth consumption

over time (intertemporally through saving behaviour, self-insurance), and those that smooth consumption across households (*risk sharing* through formal or informal insurance).<sup>27</sup>

Dercon (2005a: 484-5) discusses two types of consequences of risk for poverty. The first is the impact of the shock: the *event* and the *coping responses* of the household, and secondly, the behavioural impact, whereby households faced with risk and with access to limited insurance substitutes are pushed towards *risk management* strategies, such as low-risk activities and asset portfolios, at the expense of lower mean returns and incomes. Davies (1996), on the other hand, distinguishes between coping strategies and adaptation. The World Development Report 2000/01 uses an alternative classification and distinguishes between risk reduction, risk mitigation and risk coping strategies. This three-tier framework is further developed in Holzmann and Jørgensen (2000). *Risk reduction* aims at reducing the probability of a shock, whilst *risk mitigation* aims at reducing the *impact* of shocks. *Risk coping* strategies deal with the consequences after the shock has occurred. In all the different classifications, however, *risk coping strategies* feature as a recognized response to risks that is deserving of its own attention.

Though these classifications are theoretically appealing, they are nevertheless less so in practice. Some risk responses do not fall neatly into reduction, mitigation or coping strategies, and they can instead serve more than one of these purposes; diversification of livelihood activities is an example of this scenario. Households can diversify in order to mitigate the impact of shocks, and they can also diversify as a coping response in the

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<sup>27</sup> Risk-management can be likened to income-smoothing strategies whilst risk-coping is synonymous to consumption-smoothing.

aftermath of a shock. Two broad dimensions that are used to resolve such overlaps, as well as incorporate the different risk response options, are *ex ante* and *ex post* classifications which take a ‘before and after risk event’ approach respectively (Webb *et al.*, 1992; Siegel and Alwang, 1999; Holzmann and Jørgensen, 2000). Yet, some arrangements that are made *ex ante* can also be used *ex post*. Again, diversification is an example of this, as is risk-sharing. For analysis purposes however, the *ex ante* and *ex post* framework will be used in this thesis, but with the aforementioned caution in mind. The classifications used will therefore be according to their ‘typical’ point of design – typical in the sense that informal risk response arrangements such as risk-sharing, are usually designed *ex ante* the risk, but can also be designed and used *ex post*. It is also worth mentioning that distinction between the anticipated and unanticipated nature of risks (discussed earlier) is a useful one as it has implications for risk responses. People are likely to take steps *ex ante* the anticipated risk occurring, but are unable to do so for unanticipated risks.

***Ex ante*** actions are taken before a risky event occurs, either to reduce the likelihood of the risk occurring or to mitigate the potential impact if the risk does occur. They are seen as a deliberate household strategy (or forward planning) in the context of subjective evaluations about the risk attached to each source of income (Ellis, 2000: 61). According to Kabeer (2002: 593), the extent to which households are able to take precautionary or *ex ante* measures against crisis is one indicator of vulnerability. Examples of *ex ante* actions include activity, income and asset diversification, migration, specialisation into low-risk activities and asset accumulation.<sup>28</sup> Heitzmann *et al.* (2002: 9) classify *ex ante* risk

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<sup>28</sup> Households can insure themselves by building up assets in ‘good’ years to deplete those stocks in ‘bad’ years (Dercon, 2002).

management into three types of strategies: (a) *Risk Reduction* – actions taken to eliminate or reduce risky events from occurring (b) *Prevention or Reduction of Exposure to Risk* – given the existence of risks, actions taken to prevent or reduce exposure to such risks, and (c) *Risk Mitigation* – actions that can be taken *ex ante* to provide compensation in the case of a risk-generated loss (e.g. social contracts, holding of savings, purchase of insurance). *Risk Reduction* attempts to affect *ex ante* the riskiness of the income process (income smoothing). Given the existence of risks, *Prevention or Reduction of Exposure to Risk* refers to actions taken to prevent or reduce exposure to such risks. *Risk Mitigation* aims at reducing the *impact* of a ‘future down-side risk’ (Holzmann and Jørgensen, 2000). It involves actions that can be taken *ex ante* to provide compensation in the case of an expected risk-generated loss (e.g., social contracts, holding of savings, purchase of insurance). Whereas reduction/preventive strategies reduce the probability of the risk occurring, mitigation strategies reduce the potential impact if the risk were to occur (Holzmann and Jørgensen, 2000: 14). Using the case of malaria as an example, as done in Heitzmann *et al.* (2002: 9), actions taken to eradicate malaria-bearing mosquitoes such as destroying their breeding grounds constitute *risk reduction*. Taking malaria pills, using mosquito nets, coils or even migrating to drier areas are means to *reduce exposure* to mosquito-borne malaria. *Risk mitigation* through health insurance for example, could provide compensation for the expected welfare losses associated with getting malaria, such as covering the cost of medicines.<sup>29</sup>

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<sup>29</sup> Risk mitigation includes formal and informal responses to *expected* losses such as self- insurance (e.g., precautionary savings), building social networks, and formal insurance based on expansion of the risk pool.



*Ex post* actions are carried out after a risky event has occurred, or in the words of Heitzmann *et al.* (2002: 9) “*after* a risk has been realized”. More often than not, *ex post* strategies are theoretically synonymous with risk-coping classifications, because coping strategies deal with the consequences *ex post* of a shock and are carried out with the aim of relieving the impact of the risk once it has occurred. It is therefore common to see the term ‘*ex post* risk coping strategies’ being used. Examples include tactics for maintaining consumption such as drawing down on savings, using up food stocks, gifts from relatives, community transfers, sales of livestock, other asset sales and so on (Ellis, 1998: 13 - 14). Box 2.2 shows examples of coping actions which I have divided into four categories: changes in consumption and investments, Income and Social Support sourcing, Labour Adjustments, and Asset Depletion.

### **Box 2.1: Examples of *Ex Post* Risk-Coping Strategies**

#### **Changes in Consumption & Investments**

- Reduction of food intake (usually nutritious foods) which is likely to have more serious long-term consequences for the health status of children in particular
- Reducing or even cancelling planned investments in the maintenance of business assets, which may result in reduced income in the future.<sup>30</sup>
- Removing children from school, either to save on schooling costs or, more commonly, to put them in the labour market to earn additional income (e.g. Jacoby and Skoufias, 1997; Jensen, 2000).

#### **Income and Social Support Sourcing**

- Seeking “emergency” loans (from relatives, friends, banks)
- Borrowing and calling on various forms of support networks such as social and family relationships, informal group-based risk-sharing arrangements
- Seeking temporary employment (Kochar, 1995)
- Diversifying income sources (by seeking second jobs, cultivating a variety of crops or livestock, etc.)
- Accessing public resources such as transfers

#### **Labour Adjustments**

- Selling labour (including that of children)
- Reallocation of labour (Kochar, 1999)
- Resorting to distress-induced migration, often to urban centres where there are not only additional risks in employment, but also even more limited informal insurance than previously.

#### **Asset Depletion**

- Engaging in distress sales of productive assets such as land, which permanently damages future earning potentials
- Drawing down savings held in liquid and other forms such as livestock (Rosenzweig and Wolpin, 1993), jewellery or other durables which are non-productive assets.
- Increasing utilisation of free-access/common property community resources (such as forests, pastures and village wells) in order to obtain products to be consumed or sold to finance current consumption, with the danger that this increased level of extraction is unsustainable and results in erosion of the natural resource base
- Choosing not to honour social obligations such as payment of taxes or other contributions to community-level activities, leading to erosion of social cohesion, social instability, and an erosion of the ‘social capital’ that might allow the household to call on others for help in the future

*Source:* Holzmann and Jørgensen (2000: 15); Heitzmann, Canagarajah and Siegel (2002: 5 & 11); Dercon (2005a: 484); Hoddinott and Quisumbing, (2008: 32).

<sup>30</sup> Farmers, for example, may defer land-related investments required to maintain soil fertility, while small entrepreneurs may postpone essential machine repairs or maintenance.

*Ex post* coping mechanisms are usually carried out in a sequence that typically seeks first to protect the future income-generating capability of the household, even if current consumption is compromised. In other words, households tend to follow a sequenced response in which the conservation of assets that would permit them to resume their previous livelihood strategy is a key tactic (Corbett, 1988; Swift, 1989). A typical sequence might involve the following stages, first, the pursuit of new sources of income (diversification); second, drawing on reciprocal obligations (social capital); third, reducing the size of the resident household through temporary migration; fourth, the selective sale of moveable assets such as goats, cattle or farm implements; and fifth, the sale or abandonment of fixed assets such as land, houses, grain stores and so on. It is only as a last resort that assets critical for future survival are sold or abandoned to stave off starvation (Ellis, 1998: 14; 2000: 44 & 62). Niehof (2004: 328) found that the first stage strategies began by looking for alternative sources of income which did not disturb the subsistence base of the household. Later on during the first stage, households introduced austerity measures, and at the same time increased reliance was placed on credit and exchange within and between households. When all these avenues were exhausted, households turned to the second stage, which involved the disposal of productive assets (Niehof, 2004: 328). Kabeer (2002: 594) notes that, where possible, households will avoid irreversible strategies because these leave them less able to recover and more vulnerable to the next crisis. She adds that the extent to which responses are reversible is another indicator of vulnerability.

The government has an important role in assisting people to cope with risks, for example in the case where individuals and households have not saved enough to handle repeated or catastrophic risks. In this case, some governments provide formal safety nets, such as

public works programs and food aid, and other types of transfers. If these measures prove insufficient, households may need to reduce consumption or increase labour supply. Many of these coping responses force a high long-term cost on households for a short-term benefit (Morduch and Sharma, 2002: 570). With the lack of market institutions and public provisions (which more often than not is the case), the response by individual households is self-protection through informal/personal arrangements (Alderman and Paxson, 1994; Ellis, 1998). These informal arrangements sidestep most information and coordination problems that cause market failure, but they may be limited in their effectiveness and expensive in terms of direct and opportunity costs (Holzmann and Jørgensen, 2000: 15). A key risk-response strategy in this regard has therefore been conceptualised as ‘risk-sharing’.

In responding to risks, poor households and communities rely on both *informal* and *formal* strategies, where present. The theoretical appeal of the Social Risk Management (SRM) framework is that it incorporates risk management strategies, arrangements by level of formality, and the actors involved. It recognizes three strategies to deal with risk (prevention, mitigation and coping), three levels of formality of risk management (informal, market-based, public) and many actors (individuals, households, communities, NGOs, governments at various levels and international organizations) against the background of asymmetric information and different types of risk. Table 2.2 summarises the risk strategies, levels of formality and actors involved.

**Table 2.2: Risk Strategies, arrangements by Level of Formality & Actors involved**

<b>Objective</b>	<b>Informal mechanisms</b>		<b>Formal mechanisms</b>	
	<b>Individual and household</b>	<b>Group based</b>	<b>Market based</b>	<b>Publicly provided</b>
<b>Reducing risk</b>	<ul style="list-style-type: none"> <li>- Preventive health practices</li> <li>- Migration</li> <li>- More secure</li> <li>- Income sources</li> </ul>	<ul style="list-style-type: none"> <li>- Collective action for infrastructure, dikes, terraces</li> <li>- Common property resource management</li> </ul>		<ul style="list-style-type: none"> <li>- Sound macroeconomic policy</li> <li>- Environmental policy</li> <li>- Education and training policy</li> <li>- Public health policy</li> </ul>
<b>Mitigating risk</b>				
<i>Diversification</i>	<ul style="list-style-type: none"> <li>- Crop and plot diversification</li> <li>- Income source diversification</li> <li>- Investment in physical and human capital</li> </ul>	<ul style="list-style-type: none"> <li>- Occupational associations</li> <li>- Rotating saving and credit associations</li> </ul>	<ul style="list-style-type: none"> <li>- Savings accounts in financial institutions</li> <li>- Microfinance</li> </ul>	<ul style="list-style-type: none"> <li>- Agricultural extension</li> <li>- Liberalized trade</li> <li>- Protection of property rights</li> </ul>
<i>Insurance</i>	<ul style="list-style-type: none"> <li>- Marriage and extended family</li> <li>- Sharecropper tenancy</li> <li>- Buffer stocks</li> </ul>	<ul style="list-style-type: none"> <li>- Investment in social capital (networks, associations, rituals, reciprocal gift giving)</li> </ul>	<ul style="list-style-type: none"> <li>- Old age annuities</li> <li>- Accident, disability, and other insurance</li> </ul>	<ul style="list-style-type: none"> <li>- Pension systems</li> <li>- Mandated insurance for unemployment illness, disability, and other risks</li> </ul>
<b>Coping with shocks</b>	<ul style="list-style-type: none"> <li>- Sale of assets</li> <li>- Loans from money-lenders</li> <li>- Child labour</li> <li>- Reduced food consumption</li> <li>- Seasonal or temporary migration</li> </ul>	<ul style="list-style-type: none"> <li>- Transfers from networks of mutual support</li> </ul>	<ul style="list-style-type: none"> <li>- Sale of financial assets</li> <li>- Loans from financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>- Social assistance</li> <li>- Subsidies</li> <li>- Social funds</li> <li>- Cash transfers</li> </ul>

Source: World Development Report (2000/01: 141)

There are many actors involved in risk-management: individuals, households, communities, social networks, NGOs, private sector companies, the public sector/governments at various levels (local, regional and national), donors or international organizations. Since *individuals/households* hold essentially all private information, much of the risk management can take place at the household level. Next to households are *communities* who also have a large stock of private information. This research is interested in informal strategies which include arrangements that involve individuals or households or communities or villages. Examples include early marriage, mutual community support, informal borrowing and lending, migration, and buying and selling of real assets such as cattle, real estate and gold. Due to a lack of appropriate market institutions, communities have developed various informal mechanisms of risk-sharing in developing countries (Holzmann and Jørgensen, 2000: 16). These mechanisms provide diverse instruments for risk mitigation and coping, deliver protection and services that market-based instruments cannot provide, and are an important part of the ‘social capital’ assets of households. Examples include ‘susu’ schemes in West Africa, and mutual support arrangements reinforced through celebration and rituals in South Asian countries.

#### **2.2.2.1 Risk-Sharing**

Risk-sharing as an important method of consumption smoothing amongst the poor, and the informal networks within which risk-sharing takes place, is where a great deal of mutual insurance and credit activity is located (Alderman and Paxson, 1992; Hoddinott, Dercon and Krishnan, 2005: 2). These risk sharing arrangements may be effected through formal institutions (such as insurance and futures markets, and forward contracts for harvests) and informal mechanisms (including state-contingent transfers and remittances between friends

and neighbours).<sup>31</sup> For poor people, however, the creation of informal exchange-based risk sharing mechanisms through extended families, mutual gift giving, egalitarian tribal systems, crop-sharing arrangements with landlords, etc. is very important, and are also an important means by which poor households cope with shocks. Informal arrangements are therefore the main interest in this research.

Informal risk sharing arrangements are defined in this way because there are no legal means within the societies to make binding commitments or to enforce promises of reciprocity. Furthermore, they do not provide insurance in the conventional sense; instead, they are essentially a form of mutual insurance that provides for those in need, and they are guided by a principle of balanced reciprocity. Balanced reciprocity means that for any ‘gift’, there is a strong assumption that at some, as yet unknown, time in the future there will be a gift in return. In this sense, informal insurance arrangements may be similar to a loan where the repayment loan is state contingent (Ligon et al. 1997).

There is, however, evidence on the limitations of risk-sharing. Goldstein et al. (2001) have shown that in Northern Ghana many idiosyncratic shocks are not insured via community contacts or even spouses. De Weerd (2001) uses a detailed survey of all networks in a village in Tanzania which shows that poorer households have fewer contacts to turn to in times of need, and typically poorer households can only rely on other poor households, not rich ones (Dercon, 2002: 13). However imperfect, for many poor households in developing countries these are crucial networks that help them to cope with misfortune (ibid).

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<sup>31</sup> A number of institutions may offer “disguised” insurance. For example, share tenancy, credit contracts with state-contingent repayments, and long-term labour contracts may each contain an insurance component, although none are explicitly insurance contracts (Alderman and Paxson, 1992).

*Ex post* coping mechanisms that rely on risk-sharing carry the greatest potential benefit when income risks faced by risk-sharing partners (individuals or households) are unrelated to one another, i.e. they are idiosyncratic to the individual or household. When this is the case, a downturn in income faced by one household is less likely to coincide with a downturn in the incomes of other households that are partners in the risk-sharing arrangement. This makes it possible – or easier – for participating households to support the consumption-smoothing efforts of the affected households through compensatory transfers or lending. By contrast, when risks/shocks are common to all members (resulting in incomes across households moving in the same direction at the same time), all households will need to make simultaneous demands for compensatory finance, and in such cases, consumption smoothing via *ex post* risk sharing is likely to be ineffective. When the negative shock is deep and widespread, it is likely that the resulting village-wide decline in income, demand, wages and prices may reduce the effectiveness of actions which might normally be taken to maintain consumption (for example, through the sale of precautionary assets or by increasing participation in labour markets) (Morduch and Sharma, 2002: 573). However, except in cases of widespread weather-related crises or similar large-scale calamities (war, earthquakes, etc.), the greatest risks are often idiosyncratic to particular households. Household-specific idiosyncratic risks arise typically out of incidences of human and animal illness; unemployment spells faced by household members; births, deaths, migration, and the division of extended families; and the failure of household-specific businesses. The generally wide prevalence of idiosyncratic risks suggests that there is considerable scope for risk-averse households to enter into mutually advantageous insurance contracts (Morduch and Sharma, 2002: 574).



Communities and families value their roles as support networks, with support often coming in the form of transfers, either in cash or kind (e.g. donated labour or other productive assets). These transfers also act as evidence of risk-sharing and could either be financial or take the form of donated labour or other productive assets. Sometimes there is an explicit understanding that the transfers will have to be reciprocated when the donor is next in need. At other times, the sense of reciprocity is looser (perhaps to be reciprocated by helping a member of a younger generation, perhaps by performing other kinds of services). And on other occasions, transfers take the form of loans, to be repaid once the household is back on its feet (but often without an interest charge) (Morduch and Sharma, 2002: 575). Lund and Fafchamps (2003) show that, loans and transfers within networks play an important role in risk-sharing. These transfers are usually state-contingent, with households who experience high income draws providing for those with low draws (Alderman and Paxson, 1992: 32). The impact of risk-sharing and any other risk response to a risk gives rise to an outcome, the third and last link in the risk-chain.

### **2.2.3 The Risk Chain: Risk Outcome**

A risk realized, combined with the responses, leads to the *outcome*. Expected outcomes are in themselves determined by the assets of a household, as well as the correlation, frequency and timing, and severity of shocks and by the risk management instruments applied (Heitzmann *et al* 2002: 6). Heitzmann *et al* (2002: 26) differentiate these outcomes between *catastrophic* and *non-catastrophic*. A catastrophic outcome would be one that pushes a household below (or deeper below) the poverty line, whilst a non-catastrophic shock would

not have such serious consequences. They give the example of the death of a breadwinner in one household with a high level of assets and relevant life insurance, having different welfare effects compared to another household with a low asset base and where the dead breadwinner was the only person generating household income but with no life insurance. While one household experiences a catastrophic shock, the same event is – as a result of different welfare circumstances – not necessarily catastrophic for the other household.

A household's response to risks is linked to the resilience and sensitivity of the livelihood system (Heitzmann, Canagarajah and Siegel, 2002: 27). In an agricultural setting, resilience means the ability of the system to absorb change or even utilise change to advantage; while sensitivity refers to the susceptibility of the natural resource base to change following human interference (Blaikie and Brookfield, 1987).<sup>32</sup> Vulnerability therefore has the dual aspect of external threats to livelihood security due to risk factors such as climate, markets or sudden disaster; and internal coping capability determined by assets, food stores, and social support. The risk outcome (the product of a response to a risk) therefore depends on two factors: (i) a person's resilience to a given shock – the higher the resilience, i.e. the capacity to deal with a shock, the lower the vulnerability – and (ii) the severity of the impact – the more severe the impact, if risks cannot be reduced, the higher the vulnerability (Holzmann and Jørgensen, 2000: 6). According to these ideas the most robust livelihood system is one displaying high resilience and low sensitivity; while the most vulnerable displays low resilience and high sensitivity. An example of the latter can be found in the livelihood systems in the Sahel in West Africa; they are highly sensitive, that is, prone to

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<sup>32</sup> Cited in DFID Poverty Guidance First Draft, p. 111).

natural resource changes, but surprisingly resilient due to the ability of human populations to adapt to their natural environments (Davies, 1996 in Ellis, 1998: 14; 2000: 63).

Lever *et al.* (2005: 379) notes that poverty promotes strategies for coping with stress that are passive (individuals hope the problem will simply be resolved by circumstances or by other persons), emotional (individuals are focused on the emotions produced by the situation, more than on assessing and coping with the situation in a rational way), and evasive (individuals avoid confronting the problem or situation that causes them stress). Thus, for example, Greenlee and Lantz (1993) carried out a study with an Appalachian population living in conditions of poverty, and found that the stress caused by limited economic resources generates feelings of depression, anxiety and worry, as well as the use of emotional strategies for coping. When Banyard and Graham-Bermann (1998) compared coping strategies among poor mothers, both housed and homeless, they observed that homeless mothers more frequently used evasive strategies for coping than mothers who had homes. Also, Weiss *et al.* (1999) studied the impact from the coping strategies used by parents on the risk of emotional and behavioural disorders in poor Latino children in the United States, and found that children from families that used internal strategies for coping such as passive resignation were more likely to suffer emotional and behavioural disorders than the rest of the sample.

Realized risks can generate adverse outcomes, leaving households more vulnerable than before to manage future risks (Holzmann and Jørgensen, 2000; Heitzmann *et al* 2002: 4). For example, a longitudinal study from China showed that for the bottom 10% of households, 40% of a bad shock translated into declines in consumption. For the richest

10%, by contrast, only 10% of the shock translated into a consumption decline (Jalan and Ravallion, 1999). The severity of a shock is a function of the risky event itself, along with the asset base of a household, and the instruments taken to respond to a risk (Heitzmann *et al* 2002: 26). Household differences in assets and risk management capacity explain differences in outcomes; one and the same event can have different welfare effects (Heitzmann *et al* 2002: 26). For example, the death of a breadwinner in one household with a high level of assets and relevant life insurance will cause different relative welfare effects compared to another household with a low asset base, in which the dead breadwinner was the only person generating household income and had no life insurance. While one household experiences a catastrophic shock, the same event is – with regard to a change in welfare – not necessarily catastrophic for the other household (*ibid*). Also, a drought for example, can destroy most of the few assets of a very poor household, and push it below the poverty threshold, while it might not have the same consequence for a household with a stronger portfolio of assets (Siegel and Alwang, 1999). Similarly, households with similar assets but different risk responses might experience different outcomes. For example, a drought and the resulting income losses might lead to poverty in one farmer's household. If the same household had obtained a crop insurance, it would not have been vulnerable to the negative outcome. Thus, risk management options, capabilities and actions depend largely on the assets of households (Alwang, Siegel, and Jørgensen, 2001 in Heitzmann *et al* 2002: 17).

Households in developing countries face substantial and considerable risks that threaten their lives and livelihoods. These risks do not merely cause welfare fluctuations, but also affect long-term poverty. Poor people, therefore, have developed strategies with which they

can respond to risks. These risk strategies can be *ex ante* risk-management and/or *ex post* risk-coping strategies. *Ex ante* measures are taken before a risky event takes place, and allow households to eliminate or reduce risks, lower risk exposure, and/or mitigate against the losses associated with risky events. *Ex post* coping actions, on the other hand, are used after a risk has occurred.

Households use formal and informal risk management instruments depending on their access to these instruments. One of the first ways that households cope with misfortune is by drawing on the resources of extended families and communities, and much of the population in developing countries still relies largely or exclusively on these informal arrangements to deal with risk (Holzmann and Jørgensen, 2000: 4). Such informal groups or market-based risk response instruments can often handle idiosyncratic risks, but tend to break down or become ineffective when facing highly covariate, macro-type risks (Holzmann and Jørgensen, 2000: 12). It would then be tempting to suggest that other means should be used to insure common shocks – savings or other public safety nets should be developed to cope with these risks, as well as encouraging more protection against idiosyncratic shocks not covered by communities. However, (Dercon, 2002: 13) notes that the consequences of these alternatives should be well understood. The livelihoods choices people make could also serve as an indication of how they respond to risks. Amongst the poor, a diverse livelihood portfolio is often regarded as a means of insurance that reduces the potential outcome of failure attached to one particular livelihood source (Johnson, 1992; Niehof, 2004; Awotide, Kehinde and Agbola, 2010). The next section focuses on livelihoods and the livelihood strategy of diversification.

## 2.3 Livelihoods: Concepts and Strategies

The concept of a *livelihood* is less varied in its dimensions than poverty is as a concept, but it is not exempt from having different interpretations. It can range from capturing what encompasses the experience of ‘living’ in itself, in other words, the ‘hood’ of ‘life’ as a simple breakdown of the word implies, to specifically addressing income-earning activities. Ellis (2000: 7) notes that it is a widely used concept in contemporary writings in development studies, but its meaning can often appear elusive, either due to vagueness or to different definitions being encountered in different sources. However, one thing is for certain – it has fast replaced the notion of having a ‘job’, one that did not readily capture the situation in developing countries.

The dictionary definition of a livelihood is a ‘means to a living’, which is what a livelihood is in its simplest sense (Chambers and Conway, 1991:5). Ellis (2000: 7) notes that this simple definition makes a livelihood seem synonymous with income because it directs attention to the *way* in which a living is obtained, not just the net results in terms of income received or consumption attained. In calling, therefore, for a new analysis of livelihoods, an advisory panel for the World Commission on Environment and Development (WCED 1987) proposed a definition that was modified by Chambers and Conway (1991) and then by Ellis (2000, pp. 9-10) who proposed the following working definition:

A livelihood comprises the **assets** (natural, physical, human, financial and social capital), the **activities**, and the **access** to these (mediated by institutions and social relations) that together determine the living gained by the individual or household.

The conceptual framework behind this livelihood definition comprises the interacting components of assets, access and activities. **Assets** owned, controlled, and/or claimed by the household are the starting points in the concept of a livelihood. They can be defined as “a wide range of tangible and intangible stores of value or claims to assistance” (Swift, 1989: 11). They offer a store of wealth as well as sources of income (Barret *et. al*, 2001: 318), and can be converted into resources when necessary, in day-to-day living as well as in a situation of crisis (Niehof, 2004: 324). **Access** refers to the ability to participate in, and derive benefits from different types of capital, opportunities and services provided by the state, community or even by kinship networks (Ellis, 2000). It is defined by the rules and social norms that determine the differential ability of people to own, control, otherwise ‘claim’, or make use of resources such as land and common property (Scoones, 1998). *Claims* are demands and appeals which can be made for material, moral or other practical support (Chambers and Conway, 1991: 8). **Activities** are ex ante flows of services that map the stock concept of assets into the ex post flows of income (Barret *et. al*. 2001: p. 318).

The important feature of the livelihood definition above is that it directs attention to the links between assets and the options people possess in practice to pursue alternative activities that can generate the income level required for their survival. Ellis (2000) notes that the translation of a set of assets into a livelihood strategy composed of a portfolio of income-earning activities is mediated by a great number of contextual social, economic and policy considerations. He specifically recognizes the role of social relations and institutions that mediate an individual or family’s capacity to achieve its consumption requirements. Social and kinship networks are essential for facilitating and sustaining diverse income portfolios (Bryceson, 1996).

Chambers and Conway (1991: 4) note that there is a subset of livelihood capabilities that include being able to cope with stress and shocks, as well as being able to find and make use of livelihood opportunities. Such capabilities are not just reactive, being able to respond to adverse changes in conditions, as they are also proactive and dynamically adaptable. They include gaining access to and using services and information, exercising foresight, experimenting and innovating, competing and collaborating with others, and exploiting new conditions and resources. This is linked to the concept of sustainable livelihoods which is a function of how assets and capabilities are utilised, maintained and enhanced so as to preserve livelihoods (Chambers and Conway, 1991: 9). A distinction is made between *environmental* and *social* sustainability. The latter concerns the external impact of livelihoods on other livelihoods, while the former concerns their internal capacity to withstand outside pressures (ibid). Scoones (1998: p.14) however describes ‘sustainable livelihoods’ as a “normative concept made up of multiple and, sometimes, contested elements”.

Sustainability and vulnerability represent the two extremes of a continuum indicating the quality of the livelihood system (Niehof, 2004: 325). Households with vulnerable livelihood systems have neither enough assets nor the capabilities to create or access them; such households have problems in providing for their members’ basic needs, are unable to create a surplus, cannot cope with a crisis and are often chronically in debt. Furthermore, they are often burdened with liabilities, such as having unhealthy members or living in a degraded or hazardous environment, rather than having assets. On the other end are sustainable livelihood systems which have a sufficiently robust and stable base of assets



and resources. Even in a situation of crisis or stress, such households will be able to recover and bounce back (ibid). The concept of sustainable livelihoods goes further to incorporate the vulnerability context and outcomes, which were discussed in section 2.2. The next section discusses the key concepts and strategies in the livelihood discourse.

The combination of activities that are pursued can be seen as a ‘livelihood portfolio’. In other words, the livelihood *portfolio* is the bundle of activities households engage in to generate a livelihood and achieve a certain level of livelihood security (Niehof, 2004: 323). Some such portfolios may be highly specialised with a concentration on one or a limited range of activities; others may be quite diverse (Scoones 1998: 10). A *strategy* however, refers to conscious and coherently structured actions that are aimed at achieving something in the future, or, to quote Anderson et al. (1994: 20), within a “‘relatively long-term perspective’” (ibid). This research is interested in the livelihood portfolios and strategies that poor households use, and the extent to which they differ from those of non-poor households. The literature identifies three key categories of livelihood strategies, namely *agricultural intensification or extensification*; *livelihood diversification*; and *migration* (see Scoones, 1998; Hussein and Nelson, 1998). For many researchers, the boundaries separating these three categories of livelihood strategies are by no means clear. For example, Orr and Mwale (2001: 1339) find that households that were successful in agricultural intensification, such as barley-growers, were also able to finance the more lucrative forms of micro-enterprise, such as trading in urban markets.<sup>33</sup>

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<sup>33</sup> However, intensification through cultivation of *dimba* vegetables absorbed too much labour to be combined easily with micro-enterprise, particularly where this requires travel to urban markets.

Diversification in particular, cuts across livelihood typologies and generally operates in conjunction with other strategies (Ellis 2000: 41). Migration, for example, forms a central component of livelihood diversification and of rural people's risk mitigation strategies (Hussein and Nelson, 1998: 5).<sup>34</sup> Diversification can relate to the household's portfolio of livelihood activities and to its portfolio of assets (Niehof, 2004: 334). This research is interested in diversification as a livelihood strategy and the next section specifically examines the literature in this area.

### **2.3.1 Foxes & Hedgehogs: Livelihood Diversification**

*Diversification* occurs as 'households construct a diverse portfolio of activities and social support capabilities for survival and in order to improve their standard of living' (Ellis, 1998). The multiplicity of income streams, small though each may be – and almost invariably connected with low productivity work – may be important for individual as well as household survival (Johnson, 1992: 280). In explaining livelihood strategies, Chambers (1988: 7) refers to a Greek Proverb that says: "The fox knows many things, but the hedgehog knows one big thing". The 'foxes' in Chambers (1988: 7) characterization of the poor's livelihood strategies are those who diversify.

One question that often arises is 'why do households diversify?' Individuals and households can be prompted to diversify assets, activities and income at any one time for a number of reasons. It is worth noting that this decision not only occurs at the level of the poor, but also amongst the non-poor. Ellis (2000: 55) divides the reasons individuals and

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<sup>34</sup> It is worth mentioning however that migration is not always a diversification strategy; it can also be a decision to relocate in order to obtain a full-time occupation in a different place (Ellis, 2000: 76).

households pursue diversification as a livelihood strategy into two overarching considerations of necessity and choice. This is sometimes posed as being a contrast between survival and choice (Davies, 1996), or between survival and accumulation (Hart, 1994)<sup>35</sup> and it corresponds in the migration literature to push versus pull reasons to migrate, which Barrett *et al* (2001) adopt in classifying the motives for diversification. *Push* factors can be borne out of desperation (e.g. natural disasters such as drought, civil war resulting in the abandonment of previous assets, and loss of the ability to continue to undertake strenuous agricultural activities due to personal accident or ill health), hence involuntary and distress reasons for diversifying (Ellis, 2000: 55). *Pull* factors, on the other hand are a realization of strategic complementarities between activities, such as crop-livestock integration or milling and hog production, specialization according to comparative advantage accorded by superior technologies, skills or endowments, etc. Other reasons that may not be easily classified into categories include seasonality, missing or incomplete credit markets, investment strategies, and risk strategies. Amongst the myriad of reasons that exist, its use as a response to coping with shocks is a popular motive (Reardon et al., 1992).

Though household livelihood strategies are organized around immediate as well as long-term goals, the capacity to cope with crisis is likely to be an important determinant in the decision-making process of the poor and could also influence perceptions of welfare. Diversification is widely noted as a key strategy used by the poor in coping with on-going poverty, and is examined in this thesis. It can act as a risk-reducing strategy through the achievement of an income portfolio with a so-called low covariate risk between its

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<sup>35</sup> Cited in Ellis (2000: 55)

components (Ellis, 1998). It is interpreted as a deliberate household strategy to anticipate failures in individual income streams by maintaining a spread of activities (Walker and Jodha, 1986). The focus on this research is on rural livelihood diversification, the next section therefore takes a closer look at the literature on this.

### **2.3.2 Rural Diversification**

Several comparative studies have shown that rural producers have historically diversified their productive activities to encompass a range of other productive areas (see Haggblade *et al.*, 1989; von Braun and Pandya-Lorch, 1991; Reardon, 1997; Hussein and Nelson, 1998). Most rural families have multiple income sources, ranging from off-farm wage work in agriculture to wage work in non-farm activities, as well as rural non-farm self-employment (e.g. trading), and remittances from urban areas and from abroad.

Livelihoods are often perceived as being synonymous with income, but as Lipton and Maxwell (1992) point out, a livelihood is more than just income. The two are, however, inextricably related because the composition and level of individual/household income at a given point in time is the most direct and measurable outcome of the livelihood process (Ellis, 2000: 10). Empirical analysis of livelihoods and livelihood diversification therefore, often relies on measures of income. Barret *et. al.* (2001: 318) explain the income categories as a three-way classification of earned income (i.e. income from productive assets) by *sector*, *function*, and *space* (see section 4.5 in chapter 4 on methodology for more details on this). Participation in non-agricultural activities allows farmers living near subsistence levels to acquire cash to supply their basic needs in addition to those supplied by their own

production (Delgado, 1989; Maizi 1991; Hitimana *et al* 1995: 31 – 34; as cited in Hussein and Nelson, 1998: 12). The activities pursued include small-scale food processing, petty trade, artisanal activities (e.g. basket making) and fishing. Carswell (2002) presents evidence that non-farm and off-farm activities are carried out by a significant proportion of adults and make an important contribution to livelihoods. Common diversification strategies include planting different crops and plots, combining farm and non-farm income in rural areas, and combining wage income and income from household enterprises in urban areas.

Non-farm sources may already account for as much as 40 to 45% of average household income in rural Africa (Haggblade *et al* 1989; Bryceson and Jamal, 1997; Reardon, 1997; Little *et al.*, 2001). According to Liedholm *et al* (1994: 1177), past empirical studies have indicated that non-agricultural activities provide 20% to 45% of full-time employment and 30% to 50% of rural household income in sub-Saharan Africa. In some regions, e.g. Southern Africa, this can reach 80% to 90% (May, 1996; Baber, 1996 cited in Ellis 1998: 10), while in others, e.g. Pakistan, Bangladesh and Sri Lanka, around 15% of rural household incomes are accounted for by remittances from family members working in the Persian Gulf (von Braun and Pandya-Lorch, 1991). Ellis and Ade Freeman (2004: 17) found that in all their four African country samples, the basic pattern was for farming to decline in importance as incomes rise while non-farm activity rises. Rural households in Asia, appear to exhibit a greater reliance on non-farm income sources than is generally true in Africa; perhaps on average there is a 40:60 farm:non-farm income split compared with the average 60:40 split in Africa (Ellis, 1998: 9). This difference is consistent with other evidence suggesting that the roots of rural poverty differ between Asia and Africa (Heyer,

1996). In Asia, a prevalent feature of rural poverty is minimal or a total lack of land ownership, meaning that poor households must rely on farm and non-farm income sources for survival; in Africa, the main factors contributing to rural poverty relate to location and reflect not so much a lack of access to land, but a location-specific lack of access to an array of services and opportunities (roads, schools, market services, input supplies, power, non-farm activities), as well as environmental constraints (Ellis, 1998: 10). In rural Africa, livestock and human capital are the assets that separate the rural better-off from the rural poor (Niehof, 2004: 326). In their research on four African countries, Ellis and Ade Freeman (2004) note that livestock ownership plays a reinforcing role in virtuous spirals of accumulation, just as its absence contributes to the inability of poorer households to climb onto the first rung of the ‘ladder’ leading out of poverty.

Despite these findings on the significant contribution of non-farm sources to rural incomes, Reardon (1997) notes that “there is insufficient evidence to claim that rural household earnings in the non-farm sector have been rising over the last two-three decades” (Reardon, 1997: 737). He does, however, observe that the range of the proportion of non-farm income in total income that he reports exceeds the range reported by Haggblade *et al.* (1989), whose review was based mainly in 1970s studies. He also notes that findings from some case studies point to increases over time, citing examples from northern Nigeria, Lesotho and western Kenya (Reardon, 1997: 737). It was observed that off-farm income played an integral role in smaller livelihoods and was an important source of resilience among vulnerable households with large maize deficits (Orr and Mwale, 2001: 1326).<sup>36</sup> The

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<sup>36</sup> Vulnerable households were found to compensate for low income from agriculture with higher levels of income from non-farm sources and transfers (Orr and Mwale 2001)

review by Reardon (1997) concludes that non-farm wage labour predominates over agricultural wage labour, non-farm self-employment, and remittances as income sources in many African settings. However, southern African countries, including South Africa itself, differ markedly in this regard with remittance and transfer incomes typically being more important than other off-farm or non-farm income sources (May, 1996; Baber, 1996 in Ellis, 1998: 10).

Kadigi *et al.* (2007: 3) use five wealth groups in their study: very rich, rich, medium, poor and very poor. Both the qualitative and quantitative analyses showed that the ‘poor’ households were more reliant on off-farm activities as sources of income than the ‘medium’ and ‘rich’ households (ibid: p.5). Given their limited access to land and water resources, poor households are not able to generate sufficient income from agriculture so they have to supplement their household income with income from non-farm activities and selling labour. These observations are in line with observations made by other studies in semi-arid areas in Tanzania, in that the poor are increasingly more reliant on off-farm livelihood diversification (Morris *et al.*, 2000 cited in Kadigi *et al.*, 2007: 6). The percentages of income accrued from crop production and livestock activities for the poor were 50%, 75% and 92% in the Upper, Middle and Lower Usangu respectively (Kadigi *et al.*, 2007: 6).

The notion of ‘livelihoods’ is a fashionable buzzword in the development discourse with assets, access, activity and income at the heart of its’ conceptual framework. Livelihood diversification patterns reflect individuals’ allocation of assets across various activities so as to achieve an optimal balance between expected returns and risk exposure conditional on

the constraints they face (Barret *et. al.* 2001: 316). It has been identified as key livelihood strategy of the poor, and expresses the daily realities of poverty.

## 2.4 Conclusions

That poverty is anything but a one-dimensional experience is now a notion that is here to stay. Income/expenditure, basic needs, capabilities and well-being are concepts that prominently feature in the poverty discourse. However, regardless of the expressions used or dimensions considered, the extent of deprivation and pronounced lack of some sort remain defining features that characterize the experience of poverty. Research into poverty has traditionally focused on material deprivation and has been based most notably on the use of incomes, expenditures and other money-metric measures that can be characterised as ‘objective’ in their approach. However, it is now widely accepted that poverty not only encompasses material deprivation, but other non-quantifiable dimensions such as loss of freedom and self-respect.

A major distinction between an objective and subjective approach is one of an external versus internal approach to poverty, whereby the former observes an externally prescribed approach whilst the latter allows the insider to determine the ascribed definitions. When it comes right down to it, poverty is arguably a subjective word; implicit in an objective approach is an *a priori* subjective evaluation. For example, the minimum level deemed necessary for a decent human existence is in itself subjective; it involves some assumptions about which needs are to be included or excluded. Ravallion and Lokshin (2001: 343) note that the income measure is, after all, calibrated (in theory at least) to a utility function that



can be more or less broad. In the same token, a subjective approach that claims to listen to the voices of the poor, has at some point or the other, used an objective approach in defining the poor. For example, the people chosen for participatory poverty assessments may have been identified by their residence status in low-income settlements, an external classification of poverty. The question is to what extent do these approaches identify similar groups of people as poor? Whilst an objective approach may classify a group of people as poor, some of these people may not be classified as poor using a subjective approach, and vice versa.

Households in developing countries face substantial and considerable risks that threaten their lives and livelihoods. As the ‘voices of the poor’ cry out, poverty means more than inadequate consumption, education and health, it also means dreading the future – knowing that a crisis may descend at any time, not knowing whether one will cope (Narayan *et al*, 2000). The standard household risks of sickness, mortality, fire, theft, and unemployment are especially severe for poor families in developing countries (Dercon, 2009). Rural households, most of which derive their livelihoods from the land, face the additional risks of droughts, floods, and pests and diseases affecting their crops and livestock (*ibid*). Within limited means, therefore, the poor have therefore devised strategies with which they respond *ex ante* and *ex post* to risks. One of the major ways that households cope with misfortune is through informal risk-sharing. In most communities, people have long collaborated to provide mutual support in the event of crises, forming networks based on well-defined extended families and social groups (Dercon, 2009). Livelihood diversification is also used as a coping response, with rural households diversifying into

non-agricultural activities as a response to poverty. A subjective approach affords a richer understanding of the realities of poverty as perceived by poor people.

## Chapter 3

### Country Context & Choice of Study Sites

#### 3.0 Introduction

*Nigeria presents a paradox; the country is rich, but the people are poor”*

World Bank (1995)

Nigeria is situated on the Gulf of Guinea in West Africa, and is famous for being one of the World’s largest producers of oil, one of the wealthiest in its continent and the most populous African nation. Much of Nigeria’s economic history is synonymous with its oil revenues. However, the mismanagement of its oil revenues during the oil boom during the 1970s meant that Nigeria did not experience the progress in other economic activities (particularly agriculture), nor the reduction in poverty which it had the potential to achieve (Ali-Akpajiak *et al*, 2003: 29). Nigeria currently exports around 2.4million barrels daily but it still has not been able to translate this into greater economic benefits for its citizenry (Esele, 2012: 2). With an estimated population of 162.5 million people in 2011<sup>37</sup>, the average density works out to approximately 162 persons per square kilometer, making it one of the most densely populated countries in the world.<sup>38</sup>

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<sup>37</sup> British Council Nigeria (2012: 5)

<sup>38</sup> The 2006 (the fieldwork year) census figures for Nigeria places her population figure at approximately 140million (<http://www.nigeriamasterweb.com/Nigeria06CensusFigs.html> Accessed on the 24<sup>th</sup> of April 2012). The UN 2012 estimate for Nigeria is 162.5million, making it the 7<sup>th</sup> most populous nation in the world, and the most populous in Africa. ([http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_population](http://en.wikipedia.org/wiki/List_of_countries_by_population) Accessed on the 24<sup>th</sup> of April 2012) In global terms, Nigeria is said to constitute 2% of the world population and is expected to be among the five or six most populated countries in the world by 2025 (Ali-Akpajiak *et al*, 2003: 2).

In addition to oil, Nigeria is rich in other natural resources such as coal, natural gas and land, and human resources. Despite these resource endowments that should place Nigeria in an enviable position to address poverty, various policy distortions have crippled its efforts to tackle poverty. Years of military rule, fiscal neglect, and mismanagement have compounded the incidence of poverty in Nigeria (Ali-Akpajiak *et al*, 2003: 5). This chapter takes a closer look at poverty in Nigeria (section 3.1) with a focus on Lagos State (section 3.2). Lagos State is further described (section 3.3) with an emphasis on the selection and description of the study sites. Section 3.4 concludes the chapter.

### **3.1 Poverty in Nigeria**

Nigeria had the 33rd highest per-capita income in the world during the 1970s (Raji *et al*. 2006: 1), and the oil boom during this period kept the incidence of poverty at low levels. The poverty incidence in 1980 was therefore at a record-low of 28.1%. In 1988, the United Nations list of 41 Least Developed Countries (LDCs) did not include Nigeria, not because Nigeria was not underdeveloped, but because the country had enough resources and income to sustain its population (Anikpo, 1995: 36). However, the collapse of oil prices in the 1980s changed this picture, the poverty incidence increased from 28.1% in 1980 to 46.3% in 1985 (NLSS, 2006: 21; NBS 2012: 11). Table 3.1 shows the trends in poverty levels for Nigeria between 1980 and 2010.

**Table 3.1: Relative Poverty Headcount for Nigeria (1980 – 2010)**

Year	Poverty Incidence (%)	Estimated Total Population (m)	Population in Poverty (m)
1980	28.1	65.0	18.3
1985	46.3	75.0	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	163.0	112.5

*Source:* National Bureau of Statistics (NBS) in NLSS (2006: 21) National Bureau of Statistics (NBS) HNLSS 2010 in NBS (2012: 11)

Following the collapse of oil prices in the 1980s and the increase in poverty that followed, the poverty incidence fell slightly from 46.3% in 1985 to 42.7% in 1992. However, by 1995 poverty levels had risen dramatically and by 1997, the UNs lists of Less Developed Countries (LDCs) ranked Nigeria as the 13<sup>th</sup> poorest country in the world.<sup>39</sup> The incidence of poverty in the country has since fallen and risen again. Despite the fluctuations and growth in population, the proportion of Nigerians in poverty has maintained a steady increase since 1980. According to the Nigerian Bureau of Statistics (NBS) (2012: 11) ‘Despite the fact that Nigerian economy is paradoxically growing, the proportion of Nigerians living in poverty is increasing every year’. By 2010, 98 million people had been added to the Nigerian population since 1980, and 94.2 million more people were living below the poverty line. Based on the most recent data (2010), the poverty incidence in Nigeria is currently at a record high rate of 69%.

Nigeria’s economy is characterized by a large rural, agriculture-based sector that encompasses about two-thirds of the population living in poverty, and by a smaller, urban, capital-intensive sector (Ali-Akpajiak *et al*, 2003: 64; NLSS, 2006: 1; NBS, 2012: 13). Up to half of the Nigerian population (50%) spend most or all of their lives in rural areas where

<sup>39</sup> Raji *et al* (2006: 1)

they make a living off the land but also increasingly from agriculture-related non-farm activities and wage employment (World Bank 1996; Canagarajah and Thomas 2002; Ogwumike 2002; NBS, 2009).<sup>40</sup> In the eighties, poverty in Nigeria was largely a rural phenomenon, by 1996 however, poverty had become pervasive in both rural and urban areas. However, it is obvious from the trend since 1992 that urban poverty is becoming an increasing problem in Nigeria. In urban areas of Nigeria, conditions there dictate that people live in overcrowded and sub-standard housing with little or no access to water supply, inadequate and poorly maintained sanitation, irregular supply of electricity, poor and overcrowded road networks, and chaotic and sometimes fatal systems of mass transit (Achor, 2001 in Ali-Akpajiak *et al*, 2003). Table 3.2 shows poverty levels in Nigeria between 1980 and 2010 by region.

**Table 3.2 Indicative poverty trends by region, Nigeria**

	1980	1985	1992	1996	2004	2010
<b>Level</b>						
National	28.1	46.3	42.7	65.6	54.4	69.0
<b>Sector</b>						
Urban	17.2	37.8	37.5	58.2	43.2	61.8
Rural	28.3	51.4	66.0	69.3	63.3	73.2
<b>Geopolitical zone</b>						
South-South	13.2	45.7	40.8	58.2	35.1	63.8
South-East	12.9	30.4	41.0	53.5	26.7	67.0
South-West	13.4	38.6	43.1	60.9	43.0	59.1
North-Central	32.2	50.8	46.0	64.7	67.0	67.5
North-East	35.6	54.9	54.0	70.1	72.2	76.3
North-West	37.7	52.1	36.5	77.2	71.2	77.7

*Sources:* British Council Nigeria (2012: 10).

<sup>40</sup> As cited in British Council Nigeria (2012: 5).

Nigeria is an ethnically and culturally diverse nation. In 1997, Nigeria was regrouped into six geopolitical zones – three in the north, and three in the south – North-Central zone, North-East Zone, North-West zone, South-East zone, South-South zone and South–West zone (NBS, 2012: 4).<sup>41</sup> Based on 2010 data, the North-West zone had the highest poverty incidence, at 77.7% while the lowest poverty rates were recorded for South-West at 59.1%. Three groups – Hausa, Igbo and Yoruba (West) – are regarded as the major ethnic groups in Nigeria (British Council Nigeria, 2012: 5; NBS, 2012: 3).<sup>42</sup> However, there are hundreds of other ethnic groups of wide ranging populations.<sup>43</sup> There are an estimated 389 different ethnic groups distributed among the 36 states in Nigeria (British Council Nigeria, 2012: 5), each speaking its own language and contributing to a society which is rich in culture and diversity (Ali-Akpajiak *et al*, 2003: 2). To inform the decision on the areas to study within such a diverse nation, preliminary fieldwork was carried out from June to August 2005. During this trip, a series of meetings were held and visits were made to potential study sites.<sup>44</sup> I considered studying at least one state that represents the three major ethnic groups that make up Nigeria and also provide a regionally representative picture, however, due to resource considerations, Lagos State was chosen as the study state.

In Nigeria as a whole, the poverty incidence (based on the dollar-a-day measure) reduced from 66% in 1996 to 54% in 2004. In Lagos, however, the opposite picture emerged with

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<sup>41</sup> This arrangement is generally accepted and used by the political class to facilitate the balancing of the distribution of appointments and nominations within parties and governments, to reflect the Federal Character (NBS, 2012: 4).

<sup>42</sup> These major ethnic groups dominated the three regions into which the country was divided before 1967 (British Council Nigeria, 2012: 5).

<sup>43</sup> Among these are Urhobo, Itsekiri, Bini, Ishan, Isoko, Ijaw, Ukwuani, Idoma, Igala, Igbira, Kanuri, Ibibio, Efic, Ogoni, Oron, etc (NBS, 2012: 3). Population movements and migrations have resulted in ethnic diversity within many States (British Council Nigeria, 2012: 5).

<sup>44</sup> Meetings were held with two lecturers in the Department of Economics at the University of Ibadan and two researchers at the Nigerian Institute of Social and Economic Research (NISER). These informants were selected for their specialist knowledge on poverty in Nigeria.

poverty increasing from 53% in 1996 to 64% in 2004. Lagos is the only state in the South-Western region that is considered to have a poverty incidence between the ranges of 63.6% to 95.1%, similar to most of the states in the northern region which is the poorest in the country (NLSS, 2006: 23). Lagos State is also said to have made the highest contribution to national poverty with 7.6% (ibid: 25). Lagos is the largest city in Nigeria, and despite the increase in poverty here, it is still currently under-researched compared to rural parts of the country. Section 3.2 describes Lagos further and discusses the selection of the rural and urban areas studied within the state. This is followed by a review of the findings on objective and subjective poverty measures in Lagos State.

### **3.2 Description of Study Location: Lagos State**

Lagos can be described as a mini version of Nigeria, with an estimated multi-ethnic population of 18million (LBS, 2010: 2). It is a city state and is often referred to as the ‘New York of Africa’.<sup>45</sup> Otchet, a UNESCO courier journalist, describes metropolitan Lagos as an ‘El Dorado in the poverty-stricken countryside where work can be found, and dreams of the good life can come true’.<sup>46</sup> Lagos State makes an interesting study site for several reasons. Firstly, it is Nigeria’s largest city and most populous state. It is also Africa’s second most populous city, behind Cairo, Egypt and is currently estimated to be the second fastest growing city in Africa; the 7<sup>th</sup> fastest in the world.<sup>47</sup> Estimates of its population however vary considerably, from 9million (2006 National Census) to 17.5million (which is

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<sup>45</sup> Bustling and Busy – Lagos, Nigeria

[http://africatravel.suite101.com/article.cfm/bustling\\_and\\_busy\\_lagos\\_nigeria](http://africatravel.suite101.com/article.cfm/bustling_and_busy_lagos_nigeria) Accessed February 2010

<sup>46</sup> Otchet, Amy; Lagos: The Survival of the Determined

[http://www.unesco.org/courier/1999\\_06/uk/dossier/txt13.htm](http://www.unesco.org/courier/1999_06/uk/dossier/txt13.htm) Accessed February 2010

<sup>47</sup> [World's fastest growing cities and urban areas from 2006 to 2020](#) Accessed March 2012



believed to be the more reliable population figure given by the Lagos State Government).<sup>48</sup> However, based on the most recent data at the time of writing, the 2010 Lagos State Household Survey report refers to Lagos State as a ‘home to over 18million people’ with an annual growth rate of 3% to 5% (LBS, 2010: 2). Lagos is undoubtedly a mega city, ‘one of the fastest growing modern cities in the world’ (LBS 2010: 2).

Secondly, Lagos was the capital of Nigeria from 1914 – 1976, and has retained its importance as the country’s largest city, as well as the economic and financial capital of Nigeria.<sup>49</sup> The state’s slogan/motto is ‘centre of excellence’, and this depicts its thriving commercial nature. The city is thus a “magnet” for people from all over Nigeria and neighbouring countries; a popular migrant destination that is estimated to attract about 300,000 people every year.<sup>50</sup> The high population density of Lagos State and its ethnic diversity bears similarity with Nigeria as a highly populous and ethnically diverse nation, making Lagos State an interesting study site of poverty in Nigeria.

For the 2004 and 2010 Nigerian Living Standard Surveys carried out, the following four measures of poverty were used: Absolute (Objective) or Food Energy In-take, Relative Poverty, Subjective Poverty and Dollar-a-day measurement approach. The use of these different measures affords a closer analysis into the poverty situation in Lagos in the 2004 and 2010 time periods. Table 3.3 shows the results for both years.

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<sup>48</sup> Nigerian Muse (2007)

<sup>49</sup> Abuja replaced Lagos as the capital of Nigeria in 1976. Despite this change, most government functions (especially the head of state) stayed in Lagos since Abuja was not developed enough. Abuja is a capital like Washington, DC in USA and Brasilia in Brazil in that it was built from scratch specifically to be a capital. In 1991, the head of state and other government functions finally moved to the newly built capital in a mass exodus (and many sources incorrectly claim this year to be when Lagos ceased being the capital). Wikipedia; The Free Encyclopedia <http://en.wikipedia.org/wiki/Lagos>

<sup>50</sup> Otchet, Amy; Lagos: The Survival of the Determined  
[http://www.unesco.org/courier/1999\\_06/uk/dossier/txt13.htm](http://www.unesco.org/courier/1999_06/uk/dossier/txt13.htm) Accessed February 2010

**Table 3.3: Poverty Figures (2004) for Nigeria using different measures**

Measure	Nigeria	Poverty Incidence (%)			
		Rural	Urban	South-West	Lagos
2004					
Absolute Poverty	54.7	63.8	43.1	43.0	67.0
\$1 a day	51.6	60.6	40.1	40.2	64.0
Relative Poverty	54.4	43.2	63.3	71.5	
Subjective Poverty	75.5	79.2	70.7	71.5	68.2
2010					
Absolute Poverty	60.9	66.1	52.0	49.8	48.6
\$1 a day	61.2	66.3	52.4	50.1	49.3
Relative Poverty	69.0	73.2	61.8	59.1	59.2
Subjective Poverty	93.9	94.7	92.5	93.5	91.0

*Source:* Author generated table from figures noted in the Nigerian Living Standards Survey (2006) main report and tables in the NBS (2012) Nigeria Poverty Profile Report.

Notes (from NBS 2006 and 2012 reports)

1) The **Absolute (objective)** measure of poverty considers both minimum annual expenditure on food expenditure and non-food expenses and is calculated based on a per-capita expenditure approach.<sup>51</sup> For 2004 the figures were Food: ₦21,743 and ₦30,128 for the minimum annual expenditure on food and non-food items respectively. In 2010, the respective figures were ₦39,759.49 and ₦54,401.16

2) For the 2004 data, the application of the **dollar-a-day measure** was calculated based on the World Bank 2002 Purchasing Power Parity (PPP) which was further adjusted to 2003 using the Consumer Price Index (CPI), placing US\$1 to be equivalent to ₦59.2 (₦21,608 per annum). In computing for 2010, the exchange rate of Naira to Dollar in 2009/2010 was used, which stood at ₦150.00 to US\$1 (₦54,750 per annum).

3) The **Relative Poverty Measure** is defined as those below two-thirds of the mean per capita household expenditure. Households with less than one-third of mean total household per capita expenditure are regarded as the extreme (or core) poor while those households greater than one-

<sup>51</sup> According to NBS (2012: 10), '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 NBS adopted per capita expenditure (Total Expenditure/Household Size) just for consistency since the 2003/2004 Absolute Poverty Measure used the per capita expenditure approach'. They add that '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 which will under-estimate the population' (ibid).

third of total expenditure but less than two-thirds of the total expenditure are the moderate poor. The addition of the extreme poor and moderate poor gives the relatively poor population while the non-poor are the population greater than two-third of the population. For 2010, the relative poverty line is ₦66,802.20.

4) The **Subjective** measure is the perception of the citizenry and is collected using participatory monitoring tools.

5) The official poverty measurement approach reported by the NBS for 2010 is the relative poverty measurement (NBS, 2012: 9).

Relative poverty in South-West Nigeria is lower in 2010 (59.1%) than it was in 2004 (71.5%), however, subjective poverty is higher in 2010 (93.5%) than it was in 2004 (71.5%). In other words, though people in south-west Nigeria (where the study site, Lagos, is located) are relatively less poor in 2010 than they were in 2004, they feel poorer in 2010 than they did in 2004. In Lagos State to be precise, objective poverty is less in 2010 than it was in 2004, but subjective poverty is considerably higher with 91% of Lagosians perceiving themselves as poor in 2010 than the 68.2% that did the same in 2004. In other words, though Lagosians are objectively less poor in 2010 than they were in 2004, they perceive themselves as poorer than they did in 2004. What is even more striking is the fact that in 2004, objective poverty in Lagos was higher than the national average, but subjective poverty was lower than the national average and in 2010, when objective poverty in Lagos was less than the national average, subjective poverty in Lagos (91%) was similar to the national average (93.9%). Herein lies a paradox; when Lagosians were objectively poorer than the nation, they did not perceive themselves as such, but when they were not objectively poorer than the nation, they perceived themselves as poorer. My research seeks to explore this even further as it compares objective and subjective poverty measures in Nigeria. It also includes a question on people's perceptions of their

community's poverty rating in order to examine the relationship between community and own poverty classifications.

### 3.2.1 Selection & Description of Research Sites in Lagos State

In asking a poor person to define poverty, implicit in that selection of people to approach is a definition of poverty already. According to Kingdon and Knight (2003: 2), any attempt to define poverty involves a value judgement as to what constitutes a good quality of life or a bad one. To carry out the research interests on perceptions of poverty and own-poverty assessments of those externally classified as poor therefore, an identification of the poor *a priori* is required. This approach may implicitly appear to re-iterate the narratives of objective classifications of the poor; however, asking a broader cross-section of communities irrespective of how they are externally classified is outside the purpose of this research. Given the pockets of poverty that exists in Lagos State (South-Western Nigeria), the administrative zones and local governments in Lagos State were used as a starting point in this identification process.

Lagos is divided into five administrative divisions known as IBILE – **I**korodu **B**adagry **I**keja **L**agos **E**pe (see figure 3.2). These zones are further divided into 20 local governments.<sup>52</sup> Out of these local governments, two cover the rural areas, these are: Epe and Ibeju-Lekki. It was made clear in the discussions with officials in the Lagos State Government Secretariat office that both areas state are considered as poor areas by the state

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<sup>52</sup> At the start of the preliminary field trip, one of the local government officers mentioned that there are actually 56 local government offices in Lagos State and each like to consider themselves as a separate entity. They would also like the State government to recognize this. This issue was also mentioned to by other local government officers on separate occasions.

government based on their low-incomes and manual agricultural practices with little yields. There was no official document provided at the time to support this. However, according to the Nigerian Living Standard Survey (NLSS) 2006 report, Lagos State has the lowest participation in the agricultural sector (0.79%), and for this reason, the rural populace there are often neglected. The two rural local governments are also the two least populated in Lagos State, with Epe having 367,090 residents and Ibeju-Lekki at 112,906 (LBS, 2010: 17). In deciding which of the two rural local governments was to be studied further, closeness to the city and ease of logistics were major concerns. Though both local governments are considerably far from metropolitan Lagos, Epe local government is the closer of the two. It was also the relatively more accessible and logistically suitable one.<sup>53</sup>

The urban area of Lagos State, which constitutes 88% of the state's population<sup>54</sup>, is a varied mixture of the rich and poor. Given the notably high population density of Nigeria and Lagos being the most populated state in Nigeria, to aid a more representative sample selection, the top three most populated local government areas were narrowed down for study. These were: Alimosho, Ajeromi-Ifelodun and Mushin.<sup>55</sup> As at the 2010 Lagos State Household survey, these areas remained the most populated local government areas in Lagos State with the following population figures: 2.3 million, 1.6 million and 1.5 million respectively (LBS, 2010: 17). In deciding which of these three local governments to be studied, certain criteria were checked against the locations. Table 3.4 outlines these criteria against the rural and urban areas.

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<sup>53</sup> With traffic moving freely, Epe was about 75 minutes drive away from my residence at the time of fieldwork, whilst Ibeju-Lekki was about 140 minutes drive away. On a typical visit to both however, the journey time could take 40 minutes extra as a result of traffic congestion.

<sup>54</sup> Nigerian Muse (2007)

<sup>55</sup> Ajeromi-Ifelodun is under the Badagry division while the other two, Alimosho and Mushin are both in the Ikeja division.

**Table 3.4: Study Locations**

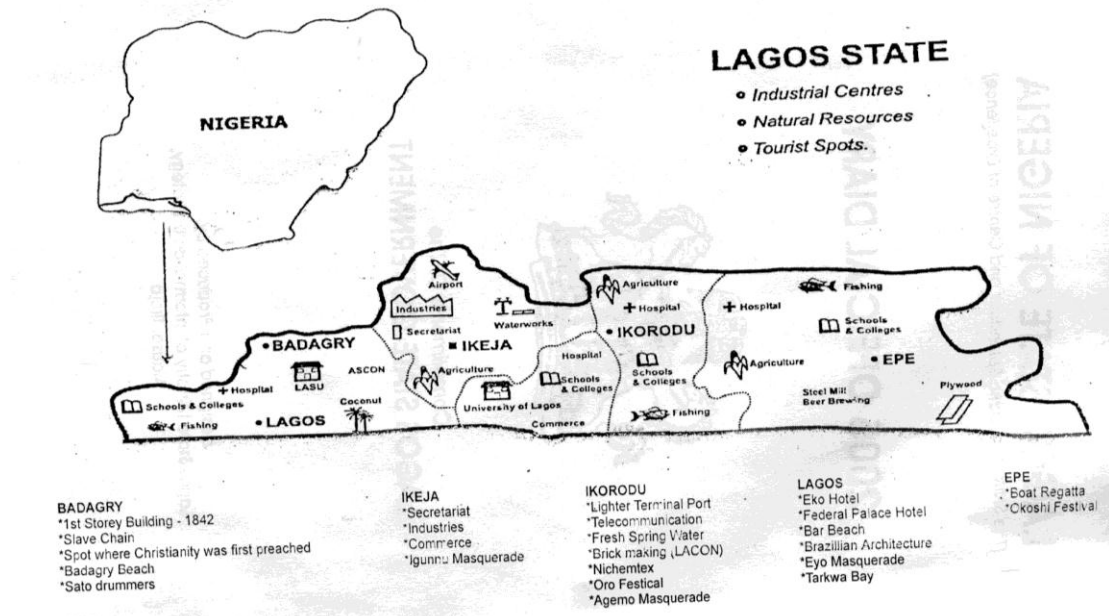
Community	RURAL			URBAN		
	Otta-Ikosi	Ikosi	Ajebo	Alimosho	Ajeromi-Ifelodun	Mushin
Low Incomes	Y	Y	Y	Y	Y	Y
Malnourished Children		Y	Y	Y	Y	
Poor Housing Structures	Y		Y	Y	Y	Y
Poor Living Conditions	Y	Y	Y	Y	Y	
Dense Population				Y	Y	Y
Closeness to City	Y	Y	Y			
Diverse Ethnicity	Y	Y	Y		Y	Y
Diverse Livelihood Activities					Y	Y
Crops Farming	Y	Y	Y			
Livestock	Y	Y	Y			
Fishing	Y	Y				
Forestry			Y			
Convenience of Logistics	Y	Y	Y		Y	

Source: Author

Income and the obvious expressions of income are the traditional classifications of poverty. Based on information from senior officials in Lagos State (though not supported with hard data), all the areas identified in table 3.1 are low-income areas in Lagos State. A visit to most of these areas and one can clearly observe the poor housing conditions (the only places with flush toilets in the rural area were the local government office and the clinic), very bad roads and visibly poor environmental sanitation. Logistics was also a concern in the choice of study sites. The communities eventually chosen for further research were *Otta-Ikosi* and *Ajebo* (rural areas) and *Ajgunle* (urban area) respectively. The rural study areas, Otta-Ikosi and Ajebo, which together will henceforth be referred to as Agbowo, is

under the Ikosi-Ejinrin LG (see figure 3.2), Epe, which is towards the far east of Lagos State, and the urban study area, Ajegunle, is under the Ajeromi-Ifelodun LG, Badagry zone in the far west of the state (see figure 3.1).

**Figure 3.1: Map of Lagos**



Source: 2004 Lagos Diary

It is also worth mentioning that most of the wealthy entrepreneurs and young professionals in Lagos live on two fortress islands: Victoria Island & Ikoyi, which are in the Lagos zone, not too far from Ajegunle, the urban poor community researched. Also, there is a third area at the end of the island, Lekki, which is being developed in an affluent western style, and many of the 'rich' live here, and the 'young and rich' are fast moving there at a growing rate. As Victoria Island and Ikoyi are to Ajegunle, Lekki is the same with Agbowo, the rural area under study. In this case, both are in the same administrative zone (Epe).<sup>56</sup> These

<sup>56</sup> Ajegunle is about a 40 minute drive to Ikoyi, and Agbowo is about an hour and a half drive to Lekki. Both durations are estimates with minimal traffic congestion.

islands are visibly removed from the mainland, where two-thirds of the population live below the poverty line.

Agbowo and Ajegunle proved to be suitable for the research given their typical rural and urban features. Discussions regarding the study areas chosen were held with other key informants and people who lived and worked in Lagos.<sup>57</sup> These areas were consistently identified as poor areas by all informants contacted, based on the premise that they are low-income areas and they have visibly poor housing conditions. The location of the rural and urban study sites in the same administrative state provides a similar basis of comparison which allows for a control of the context. Issues that are common to both areas are first discussed, then specific attention is paid to the rural area, and the same is done for the urban area afterwards. The following paragraphs take a closer look at the rural area, Agbowo.

**Agbowo** is a relatively remote rural community in Lagos State, and is one of the very few rural communities in the state. It is situated near a river, with a large number of land and mud houses sparsely distributed. Agricultural activities are the major income sources in the area. Though there is a tarred road that connects Agbowo to the nearest town (about an hour's drive away), the farms are located far away from their owners' dwellings, and the routes are inaccessible by vehicle, except by a tractor. The farmers, therefore, have to walk about 4km on average to get to their farms.

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<sup>57</sup> The key informants were Economic Lecturers at the University of Ibadan, Research staff at the Nigerian Institute of Social Economic Research (NISER) and local government officers in Lagos State



In terms of local infrastructure, rural electrification was provided in 1983 to Agbowa, but no longer functions properly.<sup>58</sup> The water facilities provided by the government also do not function any longer; people drink water from wells, and the supply of this is limited during the dry seasons. The primary and secondary school buildings are not adequately maintained; the roofs are leaking and collapsing, some rooms have no doors, and some classes do not have enough chairs and are overcrowded. Though both areas are sparsely populated, they are different in size and composition between the two rural communities; Otta-Ikosi is estimated to be two and a half times more populated than Ajebo.<sup>59</sup> Secondly, people in Otta-Ikosi are mostly farmers and fishermen (because of a near-by river), whilst in Ajebo, very little fishing is done; the people are mostly farmers, firewood gatherers, and transporters.

The urban study area, **Ajgunle**, is a major slum, and is popularly known as ‘the jungle city’.<sup>60</sup> It is often described as a mini-Nigeria because it contains a rich mixture of the different Nigerian ethnicities, including non-Nigerians such as the Malians, Camerounians and Ghanaians. Many of the inhabitants of Ajgunle are in low-skilled activities such as petty trading and refuse collection. The main slums within Ajgunle are situated around an abandoned canal. Areas such as *Tolu*, *Alayabiagba* and *JMJ quarters* are popularly known as the most impoverished sections of Ajgunle.<sup>61</sup> Ajgunle is a swampy area, and the drainage system in particular is in an abysmal state, and is in itself a cause of ill-health for

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<sup>58</sup> This information was provided by a key informant in the area.

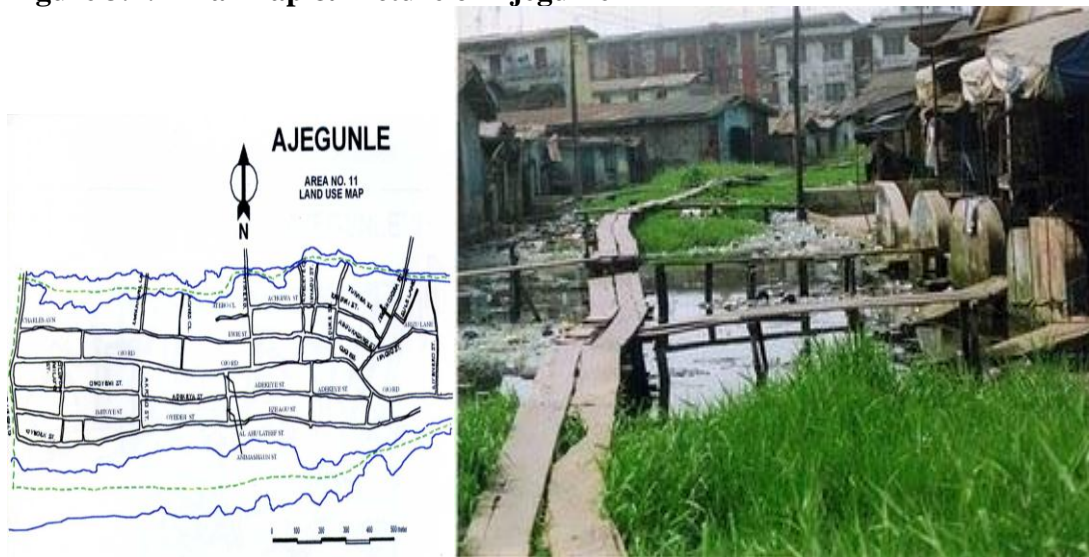
<sup>59</sup> According to the LG Officer, there are about 12,000 people in Otta-Ikosi, and 5,000 in Ajebo

<sup>60</sup> Ajgunle is so badly perceived that an unruly person is usually described as one that is from Ajgunle.

<sup>61</sup> Some of these locations are dominated by people from a particular state or two, who are predominantly engaged in a particular livelihood activity. For example, the *Tolu* area is close to the river, and is mainly occupied by the *Ilajes* who are largely involved in fishing.

the people.<sup>62</sup> Due to the bad drainage and a canal that is not maintained, the rainy season is a particularly difficult time as Ajegunle is prone to flooding. Most of the inner roads are already in a bad state, movement along these roads become seriously hampered during the rainy season (see figure 3.2).

**Figure 3.2: Arial map & Picture of Ajegunle**



*Source:* (1) UNDP in conjunction with Stoveland Consult, Norway 1999 Project report on Ajegunle, Ajeromi-Ifelodun Local Government Document  
(2) Amukoko (one of the slums in Ajegunle)

Some residents have to line up planks of wood to be able to enter their rooms during the rainy seasons. Residents also experience leaking roofs and flooded bedrooms which diminish their standard of living. With a multi-ethnic population that is said to range from 4 to 9million, Ajegunle is the most populated slum in Lagos State and one of the state's most impoverished communities.<sup>63</sup> There is heavy pressure on the infrastructure due to the dense

<sup>62</sup> The canal which the drainage systems are connected to has been turned to a refuse dump such that water cannot flow through, and more mosquitoes are bred due to the stagnant water and this increases the risk of malaria.

<sup>63</sup> Ajegunle District – Lagos State, Nigeria; <http://www.youtube.com/watch?v=tO0hQHou1cw&feature=related>

population; most of the roads are bad, the canals are full of weeds and have been turned to refuse sites, the public schools are of low standards; classes are overcrowded and the buildings are dilapidated, housing conditions are appalling, many people share the same bathrooms, child abuse is rampant, young girls resort to prostitution and young men are involved in criminal activities. Situated at the heart of Lagos, Ajegunle provides an excellent environment to study the perceptions and realities of poverty in a highly impoverished urban setting. The next section takes a closer look at the poverty situation in Nigeria.

### **3.2.2 The Fieldwork Process and Ethical Issues**

Fieldwork started in the rural areas where a semi-structured interview was first conducted with two chiefs, one from *Otta-Ikosi* and the other from *Ajebo*, the two communities studied within *Agbowo*.<sup>64</sup> After three FGDs were conducted in Agbowo, a pilot study was carried out with the first 15 questionnaires. The fieldwork in *Ajegunle*, the urban area commenced in June, shortly after completion of the process in Agbowo, the urban area. The following sections explain in detail how the methods of data collection were used and the samples selected.

A two-stage sample design was adopted in the survey. The selection of the areas to be enumerated constituted the first stage while the selection of households formed the second stage. A sample size of 23 and 55 streets were selected for the rural and urban areas

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Though the census puts the population in Ajegunle at approximately 690million, the LG officer who assisted me says he believes that there are about 5million people in Ajegunle. [http://www.citypopulation.de/Nigeria-Lagos.html#Stadt\\_alpha](http://www.citypopulation.de/Nigeria-Lagos.html#Stadt_alpha)

<sup>64</sup> These elders were carefully selected by the LG officer based on their influential roles in the communities.

respectively. The interviews were conducted with every third household in the rural areas and every fifth household in the urban areas, with the aim of surveying a maximum of 7 and 3 households in each street in the rural and urban area respectively. The corresponding figures for the urban area were 55 streets and 3 households in each street. This would have produced 161 and 165 households in the rural and urban area respectively. In practice however, 155 households were surveyed in the rural area and 185 in the urban area.

A pilot study was carried out with the first 15 questionnaires (4.4% of the total sample population) as part of the first stage. During the pilot study, the questionnaires went through further revisions till its final version was reached and used from the 16<sup>th</sup> questionnaire. The key change made was with regards to questions on other members of the household. Questions on the eldest five members of the household, their religion, marital status, and place of birth, were time-consuming, and not necessarily relevant to the research. Therefore, in order to create interview time for the more relevant questions (and at the same time not bore the interviewee and in turn affect the quality of responses to the more relevant questions), this part of the questionnaire was reduced to a basic household composition question where the adults and children in a household were counted according to their gender and age.

Because fieldwork is characterized by long-term and intimate participation in the daily life of the people being studied, it is associated with a number of ethical, legal and political dilemmas (Frankfort-Nachmias and Nachmias, 1992: 288). One important ethical issue is the unanticipated effect that any kind of fieldwork may have on the people being studied. Very often the fieldworkers have more power than their hosts. They may be perceived as

being able to allocate material resources, and provide political connections and social prestige, resources that are unrelated to the research process or its objectives. In my study, respondents in the rural areas were more receptive to the research and demanded fewer promises. It was however less so in the urban areas. These issues are discussed in more detail in the following sections.

It can be difficult to survey a representative sample of low-income population because their members are hard to locate – they are more mobile, they are more likely to live in multi-family households and they may not be highly motivated to participate in surveys (Singer and Kulka, 2000: 1). Incentives, especially monetary incentives, are particularly useful in countering the latter difficulty, as a supplement or complement to other efforts at persuasion (Singer and Kulka, 2000: 1). Given the time that the data collection process requires from the participants, it was only fair that they be given a form of pay for their time and information, especially as many of those interviewed were low-income earners. According to Patton (2001), the issue of whether and how to compensate interviewees involves questions both of ethics and data quality. Giving an incentive could be seen as a form of ‘bribery’, which could then influence their response. Payments of even small amounts can affect people’s responses: increased acquiescence or, alternatively, enhanced incentive to respond thoughtfully and honestly (ibid). In my study, participants were given ‘rewards’ at the end of each session; at the end of each FGD, participants were rewarded for their time with cooked meals or snacks and soft drinks and after each survey interview, respondents in the rural areas were given a bag of salt, whilst those in urban areas were given money, typically N100. All these incentives were given at the end of the meetings/interviews in order to minimise any influence this could have on the data

provided and participants were not aware of this beforehand.<sup>65</sup> Sime (2008: 8) does the same thing in her research with young people living in poverty; she used gift vouchers after each meeting as a ‘token of appreciation... without giving any warning at the initial stage’. She carries on stating that incentives to encourage participation in exploratory social research should not pose risks of compromising the findings.

### **3.3 Conclusions**

Nigeria was chosen as the country of study for reasons associated with its dense population and the Nigerian paradox of poverty in the midst of plenty that have been discussed in chapter one. Omoh (2012) refers to the NEEDS document where it was stated that “the plan for prosperity must address a startling paradox: more than two-thirds of the Nigerian people are poor, despite living in a country with vast potential wealth”. Within Nigeria, Lagos State makes an interesting case-study given its high population density and ethnic diversity that bears similarity with Nigeria as a highly populous and ethnically diverse nation. Rural and urban communities in Lagos were further studied in line with the key themes of the research – perceptions of poverty, risks and responses to risks, and livelihood diversification.

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<sup>65</sup> One interviewee in particular was so pleased after receiving the salt that she opened up on more issues at the end of the interview.

## Chapter 4

# Research Methodology

### 4.0 Introduction

*Not everything that counts can be counted and not everything that can be counted counts*

– Albert Einstein

The methodology used in any research is central to the results that emerge. In examining perceptions and realities of poverty as carried out in this research, a combination of quantitative and qualitative methodologies is used. At a methodological level, a comparison between subjective and objective poverty often take the form of qualitative and quantitative methods respectively. This is because “objective” poverty indicators are usually collected through survey questionnaires, which generally place a premium on quantitative data. Conversely, the main instruments used to ascertain subjective perspectives of poverty result in generous amounts of qualitative information (although they may also generate quantitative data); participatory methods are often used in this regard. However, this subjective/qualitative and objective/quantitative distinction is not necessarily a clear-cut one as will be discussed in this chapter.

Quantitative and qualitative methods are usually required to address different aspects of a problem and to answer questions which the other approach cannot answer *as well* or cannot answer *at all*, and a different combination of techniques will frequently yield greater insight than either one used in isolation (Carvalho and White, 1997: 26). Survey-based research is often referred to as ‘quantitative’ and research using participatory methods are often

labelled as ‘qualitative’ (Barahona and Levy, 2002: 8). The chapter proceeds with a critical discussion of qualitative and quantitative methodologies, followed by a discussion of the methods of data collection in section 4.2. The sections that follow explain, appraise and critique the methodology in analysing subjective and objective approaches to poverty, classifying risks and responses to risks, and livelihood diversification. Section 4.6 concludes the chapter.

## 4.1 Qualitative and Quantitative Analysis

The distinction of methodologies into qualitative and quantitative is prevalent in the social science discourse. In differentiating between qualitative and quantitative methods, Dabbs (1982: 32)<sup>66</sup> indicates that the notion of *quality* is essential to the nature of things; the what, how, when, and where of a thing – its essence and ambience; qualitative research thus refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things. In contrast, *quantity* is elementally an amount of something, and quantitative research therefore refers to counts and measures of things (ibid). Because quantitative refers to numbers, methods that typically collect large volumes of numerical data are often referred to as quantitative, whilst methods that typically collect large volumes of textual data are often referred to as qualitative.

The quantitative approach to poverty measurement and analysis is one that ‘typically uses random sample surveys and structured interviews to collect the data – mainly quantifiable data – and analyses it using statistical techniques’ (Carvalho and White, 1997: 1). It is the

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<sup>66</sup> As cited in Smith (1987: 174)



popular approach because as Sumner (2004: 7) points out, it is ‘useful when quick, rough-and-ready, short run, aggregate inferences are required to make an assessment’. Lawson, Hulme and Muwonge (2008) also mention representativeness, confidence levels, understanding of correlates and characteristics as strengths of a quantitative analysis. By contrast, the qualitative approach “typically uses purposive sampling and semi-structured or interactive interviews to collect the data – mainly, data relating to people’s judgements, attitudes, preferences, priorities, and/or perceptions about a subject – and analyses it usually through sociological or anthropological research techniques” (Carvalho and White, 1997: 1). According to Ichoku (2010: 5), “human beings generally, can be understood only in terms of inherently subjective beliefs, desires and reasons and these human qualities do not always lend themselves to quantitative analysis and will not always be comparable across individuals, groups or country contexts”. Participatory Poverty Assessments (PPAs) are particularly used within the qualitative approach to poverty. They attempt to capture what people think, why they perceive things as they do, and how they behave as a consequence – aspects of reality which household surveys cannot and do not attempt to explore, yet which may be critical in determining whether and how policy achieves its intended outcomes (McGee, 2004: 504).

Though poverty research data appears to be ‘neatly’ divided into qualitative and quantitative data, this distinction can sometimes be misleading (see White, 2002: 511). McGee (2004: 511) notes the pitfalls that lie in distinguishing qualitative from quantitative data, given that qualitative methods can be used to generate quantitative information (see Hargreaves *et al.* 2006) and vice versa. There is the idea that the standardized style of survey-based methods (often referred to as quantitative methods) generates results that are

more representative of a population, but the same cannot be said for participatory/qualitative methods. From their experience in Malawi, Barahona and Levy (2002: 8) assert that this dichotomy is a false one and they go on to show how participatory methods can be made representative. Qualitative methods can be used to generate quantitative information (see Hargreaves *et al.* 2006) e.g. getting focus group participants to say the percentage of people in the village they think are poor. Conversely, quantitative methods can be used to collect qualitative data e.g. using a household survey to ask open-ended questions on subjective well-being. Addison, Hulme and Kanbur (2008: 9) note that “some analyses are on a continuum between the qualitative and quantitative, rather than being strictly one or the other. Thus the qualitative-quantitative distinction might best be viewed as a tendency rather than as a discrete divide”.

An alternative distinction of has been proposed, between “methods of data collection on a continuum from ‘contextual’ to ‘non-contextual’, while the more common distinction between qualitative and quantitative is reserved for types of data” (Booth et al., 1998: 11).

Booth et al. go on to explain:

Methods which are contextual are those that attempt to capture a social phenomenon within its social, economic and cultural context. This includes obviously ethnographies and PRAs [Participatory Rural Appraisals], but also survey-based longitudinal studies of single villages. On the other hand, any large-scale household survey . . . will lie at the non-contextual end of this spectrum. This is because the sampling, the interview schedule, the training of the enumerators and other aspects of best-practice survey technique are designed precisely to collect information that is untainted by the particularities of the context in which it is collected (*ibid.*)

Contextual methods can get at people's perceptions of poverty and risks for example, and explore issues that may be less amenable to survey questionnaires, including sensitive issues such as intra-household relations, crime, illness, and politics, as well as more complicated, multidimensional issues such as power relationships, trust, and belief systems (Hoddinott and Quisumbing, 2008: 26). For the purposes of this research however, the qualitative and quantitative dichotomy will be used based on the type of information collected, which according to Barahona and Levy, (2002: 8) is the key difference between the two.<sup>67</sup>

In many ways, the strength of a qualitative approach is the weakness of a quantitative approach and vice versa. For example, with a qualitative approach, respondents' assessments of their own welfare often highlight factors which are not adequately captured through surveys. Examples are the state of essential public services such as education, health, and crime prevention; and norms of fairness and justice (Graham, 2004). However, qualitative methods but are often criticized for being subjective, small scale, and difficult to generalize or compare their results across contexts. Survey data on the other hand, can be relatively easily aggregated up to the national level and beyond, giving policy-makers the kind of absolutes and 'majority' pictures which are widely accepted as the best basis for evidence-based national policy-making (McGee, 2004: 504/5). A combination of both qualitative and quantitative methods therefore draws on the strength of each one, thereby minimising the impact of their weaknesses. According to Carvalho and White (1997), the key is to tap the *breadth* of the quantitative approach and the *depth* of the qualitative

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<sup>67</sup> Whilst information from the former is usually as a result of discussions and an exchange of views, quantitative methods usually produce data that are based on an on-the-spot reaction to a question (Barahona and Levy, 2002: 9).

approach. Hulme and Lawson (2010: 9) note that “there has clearly been a partial move away from single methodologically based studies of poverty, particularly within an economics and development studies disciplinary focus”. This research combines quantitative and qualitative methodologies in answering its research questions. The next section looks specifically into some of the various ways in which other authors have combined the two, and the combination that is carried out in this research.

#### **4.1.1 Combining Qualitative and Quantitative Methods**

Combining quantitative and qualitative methods is an approach that is increasingly being used in research on poverty (see Shaffer, Kanbur, Thang, and Aryeetey, 2008; Hulme and Lawson, 2010). “There has been an increased emphasis on moving away from purely quantitative, and the more ‘neoclassical’ based studies of analysing poverty, to combining qualitative and quantitative research methodologies” (Hulme and Lawson, 2010: 8). Lawson, McKay, Okidi (2005: 2) note that there is considerable value added in combining qualitative and quantitative approaches as it provides a much richer understanding of many of the processes underlying poverty and poverty transitions. This combination is often referred to as Q-squared (Q2) approach<sup>68</sup> (given the use of different data requirements and methodological conventions) and has figured prominently in a number of recent conferences, workshops and research projects, to the extent that a “quite sizeable body of work now exists” (Shaffer *et al.*, 2008: 134).

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<sup>68</sup> Q-Squared is a research programme at the Centre for International Studies, University of Toronto on ‘Combining Qualitative and Quantitative Approaches in Poverty Analysis’ (Van Campenhout, 2006: 408).<sup>68</sup>

There are several ways in which quantitative and qualitative approaches can be combined. Shaffer *et al* (2008: 136) give the examples of sequential vs. simultaneous mixing (Ravallion 2003); confirming, refuting/integrating, merging (White 2002); primary, lead, check/follow-up (Hentschel 2003); iteration, linkage, triangulation, convergence (Booth 2003), etc. They propose a typology inspired by a distinction by Bryman (1988)<sup>69</sup> which contrasts ‘Putting Together’ and ‘Methodological Integration’. In the former, results of different approaches which address the same research questions, are put together *ex post* with a view to enrich or confirm/refute each other. This is the combination technique used by Lawson, Hulme and Muwonge (2007) for Uganda. In the latter, the outputs of one approach feed into the design or methods of another, or the integration of techniques typically used in one approach are used in another. This is the approach used by Levine and Roberts (2008) for Namibia and Barahona and Levy (2002) in Malawi where they generate statistics (a quantitative approach) from participatory exercises (a qualitative approach).<sup>70</sup>

My research carried out a sequential style of data collection with the Focus Group Discussions (FGDs) being held before the survey was carried out, and results from the FGDs helped in the design of the survey. It also involved some methodological integration as the survey questionnaire included open-ended questions which produced qualitative data. The analysis carried out was primarily one of ‘putting together’ the results of different approaches which addressed similar research questions. However, this distinction between methodological integration and putting together may not always be clearly defined

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<sup>69</sup> As cited in Shaffer *et al* (2008)

<sup>70</sup> They suggest that research using participatory methods complements survey work by collecting information that surveys cannot collect efficiently and add that the reverse is also true (Barahona and Levy, 2002: 9).

in practice. ‘Methodological integration’ may also employ some ‘putting together’. For example, even after soliciting a qualitative type response (mainly from an open-ended question) in a survey (a form of methodological integration), results from a participatory exercise can also be put together with results from the survey, as was carried out in this research. Shaffer *et al* (2008) are aware of this and note that ‘as with the qualitative/quantitative distinction, the distinction between ways of combining is not rigidly drawn’ (ibid p.137). The key point however remains that a combination of both approaches is better than either one used in isolation. This research therefore uses a combination of qualitative and quantitative approaches and the next section provides a detailed and critical discussion of the data collection process, with emphasis on the fieldwork methodology and sample selection.

## **4.2 Data Collection and Sample Selection**

In poverty assessments, PPAs have become synonymous with qualitative poverty methods and surveys with quantitative poverty methods. As mentioned earlier, focus groups (a participatory poverty exercise) were conducted, and a household survey was carried out. These methods correspond to qualitative and quantitative data collection methods respectively. The survey however provided both quantitative and qualitative data. Both research methods are able to produce results that enrich each other. The focus groups provided contextual information which formed the premise for the empirical chapters. Conversely, the survey provided quantitative information that built up a statistical picture which was further examined quantitatively and aided in supporting the qualitative findings.

Both tools provided insights into areas that the other method did not initially provide, and would have been omitted if one method was used in isolation.

#### **4.2.1 Focus Group Discussions (FGDs)**

Focus group discussions are “valuable methods for understanding ideas and beliefs” (Dawson *et al*, 1993:1).<sup>71</sup> They are a prevalent mode of PPAs which by virtue of their intention to involve poor people in shaping the research agenda and in analysing as well as simply providing information, “focus on open-endedness rather than standardization, on capturing the intangibles of perception and meaning rather than the tangibles of material status”, and therefore “takes off in different directions and reaches different levels of ‘quality’, as conventionally defined” (McGee, 2004: 504). In critically discussing the use of FGDs in this research, this section starts with an explanation of the content of the discussions that took place. This is followed by a discussion of the participant selection process, the strengths and weakness in this, and the ethical issues that arose. The three main themes of my study (poverty, risks and livelihoods) were explored in the FGDs based on a checklist of sub themes and key questions (see box 4.1).

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<sup>71</sup> As cited in Oshi (2009: 18)

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**Box 4.1      Outline for the Focus Group Discussions**
**Introduction**

I want to find out about the general level of well-being of people in this community, and how the people here make ends meet. What opportunities exist? What are the problems the people face in their lives and livelihoods, and how do they cope with this? How does the community assist its individuals?

**A.      Poverty**

1. What is poverty to you? And what are its characteristics?
2. How would you rank these characteristics of poverty?
3. What are the psychological effects of poverty?
4. Who is a poor man in this community?

**B.      Livelihoods**

1. What are the major livelihoods in this community?
2. What are the constraints with these livelihoods?
3. What livelihood opportunities are available?
4. What do you think is the best livelihood to escape poverty?

**C.      Risks**

1. What types of things go wrong in people's day-to-day lives? What sorts of problems do people have that they need help for?
2. How do the people cope when these things go wrong?
3. How do these coping strategies work? And which is the most important?

**D.      General Questions**

1. What do you think is the main problem in your community?
2. What do you think is the problem with regards to development/poverty eradication in Nigeria?

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*Source:* Author

The order in which the discussions were conducted was guided in part by the checklist above, but mainly by the natural order in which the discussions ensued. Some insights emerged which were not necessarily part of the core themes, but the participatory nature of FGDs provided the flexibility to explore new ideas and issues that were not anticipated earlier. For example, the different linguistic expressions of poverty in the local dialect were expressed at the FGDs, an issue that was not anticipated earlier.



For the PPA research in Uganda, McGee (2004: 508) notes that community mobilizers assisted researchers' entry into communities by galvanizing people to attend PPA sessions. Brock (1999: 9) notes that focus group discussions usually take place in a public setting and it is important to take this context into account when analysing the results which emerge from this kind of process: the issues that people choose to prioritise and describe in public may provide outsiders with a broad outline and description, but may also provide clues to the power relations which surround them. The synthesis results of such exercises cannot be taken as representative of the entire analysis of the experience of poverty, but give a broad useful picture of how poor people describe their situation, and outline the importance of spatial differences in their experience (*ibid*).

Organizing my FGDs in the urban area, Ajegunle, was less straightforward than was the case in rural areas; it was difficult to get people together in one place at the same time in the urban area. The 'busy buzz' is literally visible in every nook and cranny of Ajegunle that one has to "get with it" to get by. For the people in Ajegunle, 'time is money', and they therefore had little time to spare for a task that seemed to have no clear benefit to them. McGee (2004: 508) also notes a similar occurrence in one Kampala site, located near the main market with a population of traders, where residents would not attend PPA sessions unless paid the pro-rata equivalent of the earnings they were losing. The PPA team thus had to agree a rate of payment and limit the number of participants, enlisting community leaders' help in identifying thirty people to represent all neighbourhoods. In effect this was a controlled form of participant selection, unavoidable in the circumstances, done so as to maximize representativity of the participants, but probably generating different participation from that which would have occurred spontaneously — or ensuring

participation where none might have occurred at all (ibid). Thankfully, this did not occur in the study areas for my research. This is likely due to the fact that the local government (LG) officers and community leaders were given financial incentives for their time and roles as points of entry into the community, and FGD participants participated as a gesture of respect towards them. Issues of balanced reciprocity are also likely, whereby the LG officers and community leaders have helped the participants at one time or the other and their attendance is a form of ‘pay-back’. It could also occur the other way round whereby the participants are able to use their attendance at these sessions to demand for a request in the future. It is therefore inevitable that there is likely to be a bias in the selection of participants and this is discussed in the following paragraphs.

The selection of participants in focus group discussions is influential in the representativeness of the results that emerge. Sometimes, a random selection is achieved, and at other times, this may not be the case. For instance, McGee (2004: 508) notes that those attending the PPA sessions in Uganda were not necessarily a cross-section of the community at large. She gives the example of one research site in Kampala which was found to be highly politicized, with a tradition of community mobilization and meetings. The PPA was initially taken for a political initiative; and though this misconception was rebutted, there is the possibility that it was the politically active who dominated PPA sessions there.

As a starting point, community leaders played a key role in organizing and selecting the participants for FGDs. For my research, the LG officers and community elders with whom I had built a rapport with during the preliminary field trip were the first points of contact

for both the rural and urban communities. In both the rural and urban area, the LG officers introduced me to influential elders within their respective communities. In the rural area, where the fieldwork started from, the first FGD that took place was unplanned; it occurred spontaneously as it met an informal meeting already being held (we were not informed of what the purpose of the meeting was).<sup>72</sup> Subsequently, semi-structured interviews were held with community leaders during which the research was carefully explained to them. They were asked to select participants who were actively engaged with other members of the community and representative of the different livelihood activities carried out in their communities. The elders were then instrumental in organizing the next two rural FGDs. Whilst two of the rural FGDs were planned, two of the urban FGDs (the fourth and sixth) were unplanned. The urban area LG officer that I worked with on my research started by introducing me to the area as a whole and he ended the visit by taking me to the neighbourhood where he grew up, it was at this informal visit that the first urban FGD (the fourth FGD overall) took place, in a sitting area outside a petty shop kiosk. The second urban FGD (the fifth overall) was however planned. The LG officer introduced me to an influential community elder (one of the respected chiefs in Ajegunle) who helped organize what turned out to be the most attended FGD during the fieldwork process as a whole. The third urban FGD (the sixth and final FGD overall) was unplanned; it took place in the LG office with senior LG officers who were intrigued by the research, and willingly agreed to participate. Table 4.1 presents a gender and age breakdown of the participants that attended the FGDs in both rural and urban areas.

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<sup>72</sup> Most of the rural FGDs were held between 10am and 4pm, after most people had returned from the farm (before the sun comes out), and before they return later in the evening, when the sun is down.

**Table 4.1: Focus Group Discussion Participants**


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<b>RURAL:</b>		<b>Agbowo</b>
March:		3 FGDs:
	Ikosi:	1 <sup>st</sup> FGD; 7 men 1 woman, est. av. age = 60
	<i>Otta-Ikosi:</i>	2 <sup>nd</sup> FGD; 11 men 6 women, est. av. Age = 52
	<i>Ajebo:</i>	3 <sup>rd</sup> FGD; 7 men 4 women, est. av. age = 37
 <b>URBAN:</b>		 <b>Ajgunle</b>
June:		3 FGDs:
		4 <sup>th</sup> FGD; 6men 1 woman, est. av. age 35;
		5 <sup>th</sup> FGD; 18men 9 women, est. av. age 45;
		6 <sup>th</sup> FGD; 10men 1 woman, est. av. age of 38

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*Source:* Fieldwork in Lagos, South-West Nigeria 2006

Six FGDs were carried out in total (three in each study site; three unplanned and three planned as explained in the previous paragraph). In all the FGDs, there were more men than women in attendance. This is likely as a result of the selection process being done by men, but perhaps more as a result of the patriarchal setting. Given that gender issues are not treated in this research, the gender composition in attendance does not pose a threat to the results. However, this does not preclude the fact that this sample is not a gender representative one and therefore the perspectives expressed are likely to be biased towards the men. It is worth noting though that the women in attendance were equally as vocal as the men. The second rural FGD (which was planned), was mainly attended by leaders of trade within the communities, with both men and women in attendance, mostly over an estimated age of 45years. The third (and planned) rural FGD however had more of younger participants who were not necessarily selected based on trade or community influence, and appeared to be a more random selection of participants; ranging from a pregnant young woman to an elderly male technician.

Most of the men in the first urban FGD worked as transporters and mechanics, and one was unemployed. The second urban FGD was the largest held overall, with close to 30 people in attendance in active participation. They were involved in diverse activities – mechanics, petty traders, teachers, drivers, security guards etc. Both the young and old were represented, and lively discussions with diverse perspectives ensued. The third urban FGD had only senior LG officers in attendance, ten of whom were men and one woman. Irrespective of the variance in attendance in the FGDs, having three different FGDs in each study site helped to provide a better cross-section selection of the population than each one in isolation would have done.

A possible bias in the perceptions of participants based on their selection is not ruled out and the empirical analysis in this research is cautious of that. Also, having three unplanned FGDs raises questions as to whether or not these were semi-structured discussions in practice and not necessarily focus groups. However, given that these discussions were with groups of people and were focused on key issues pre-determined by the researcher, the fact that it was unplanned did not necessarily make it less of a FGD as semi-structured interviews can also be unplanned. Also, semi-structured interviews do not typically involve groups of people. In the case of the planned FGDs however, given that they were organized by local government officers and community elders, some bias (most likely political) into the selection of participants is inevitable.

In each FGD (both rural and urban) in my Lagos State research, the purpose of the research was clearly explained and political undertones dispelled. However, in the urban areas, it took some convincing to let the people know that I was a private researcher who was not

affiliated to a government or an NGO programme. Bevan and Joireman (1997: 324) note that people's responses are also subject to the perception of the interviewer's intentions, in particular whether the information is relevant for tax collection or aid disbursement. They give an example of one effect of local perceptions of interviewers' intentions in the responses to the community wealth-ranking in Dinki PA, where the claim by all three wealth-ranking groups was that everyone in the Peasant Association was poor. In my research, some of the urban participants were of the opinion I was affiliated with the government and expected me to do certain things such as give them money or make promises of future developments. The following is a comment from one of the participants in the urban FGDs:

You said what you have come to do is not from the government, and you came to ask about *ise* (poverty) and *osi* (extreme poverty). You said she is the one that has the project, is she the one that wants to remove *ise* and *osi* from us?

This perspective from an urban participant is reflective of the supposed absence of an impact that the research will have on their lives. According to Shaffer et al. (1980: 258), 'as they see it, they stand to gain little, if anything, from our research findings and may even lose. A related reason for their reluctance is their impression that our work will add little to their own lives'.<sup>73</sup> Frankfort-Nachmias and Nachmias (1992: 289) also note that such perceptions could be very harmful to the relations between the researcher and the study population, especially if the fieldworker fails to perform in ways that the people expect. Such scenarios had the potential to distort what ended up being a highly informative

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<sup>73</sup> Shaffer et al. (1980: 258) in Frankfort-Nachmias and Nachmias (1992: 281)

session. Thankfully, answers from myself and my research assistants, as well as unanticipated responses from willing participants, were at hand to overcome this in the particular case referenced above. For example, another participant (who was impressively educated) in the FGD responded in this way: “If I give you a paper and you are reading it, and you are in a high position, at the end of the day, you will see how things are happening, so in the future, there is no way we will not benefit. It is research, a deep understanding of the kind of life we are living”.

#### **4.2.2 Survey**

Household income and expenditure surveys are the prevalent practice in the quantitative discourse on poverty. This is largely due to the fact that this approach allows ease of comparative analysis over time and between different contexts, as well as triggering a familiarity in people’s understanding. Questionnaires are applied by trained enumerators to the head of household or, in the head’s absence, another adult household member. The reliability of the data depends on the accuracy of their recollection, although the survey is designed to permit a certain amount of cross-checking, for example between responses to questions about income and the value of consumption reported (McGee, 2004: 513). In critically discussing the use of survey methods in this research, this section starts with an explanation of the design and content of the questionnaire. This is followed by the sample selection process and the unit of analysis used (heads of households versus individuals). The section will conclude with the descriptive statistics of the sample surveyed.

Before fieldwork commenced, the initial design of the questionnaire used for the survey, drew on guidance from the World Bank LSMS questionnaires as well as how other similar studies asked questions (Jodha, 1988; Bevan and Joireman, 1997; Ellis, 2000; Dercon, 2002) with the particular interests of my research in mind; the perceptions of poverty, risks and livelihoods. The questionnaire was therefore structured according to these three themes (see box 4.2 for an outline of the questions asked in the survey and the appendix for the full questionnaire).

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#### **Box 4.2      Outline of the Survey Questions**

##### **A.      Basic Information, Household Roaster, Education & Health**

Is the interviewee the head of the household? Age; Gender & Religion  
Household size; Educational level and Livelihood activities of parents of interviewee  
Highest educational level completed; recent illness or injury experienced; Access to Health care

##### **B.      Poverty**

Perceptions of Indicators of well-being; Self-classifications of poverty; Reasons for self-classifications of poverty; Ability to afford 3 meals a day; Community classifications of poverty; Causes of poverty

##### **C.      Livelihoods & Expenditure**

Present livelihood activity; Earnings from livelihood activity; Other livelihood activities carried out; Farm/livestock ownership & size (exclusive to rural areas); Employee or Self-employed; Expenditure on food; Cost of own-produced food consumed; Non-food Expenditure; Income Composition; Receipt of Transfers

##### **E.      Risks**

Risks exposed to; Constraints faced; Coping response to shocks; Last Shock experienced; Coping response to last shock experienced; Anticipated response to a future shock; Experience of a food shortage and coping response if 'yes'.

##### **F.      Housing & Utilities**

Type of dwelling; Number of rooms; Occupancy status; Source of drinking water; Source of electricity; Cooking fuel; Refuse disposal; Type of toilet; Construction material of outside walls of dwelling place; Flooring material; Roof material

##### **G.      General Questions**

How can you find a path out of poverty? What would you like to do to get out of poverty

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*Source:* Author



*Notes:* The only difference between the questionnaire used in the rural area and that used in the urban area was the inclusion of farming activities in the former, and its absence in the latter. The FGDs in the urban area confirmed this decision made based on earlier observations that there were hardly any farming activities that took place in the urban area studied.

Carrying out the FGDs before the survey helped in designing a more informed survey. Kanbur (2001: 2) notes that initial participatory exercises could suggest questions for inclusion in the standardised surveys.<sup>74</sup> For example, in my research, it was clear from the FGDs that the ability to obtain sufficient food for the household was an important indicator of poverty. Therefore, the questionnaire specifically asked respondents an open-ended question on whether or not they could afford three meals a day, with the response options being either ‘yes’ or ‘no’. The FGD also helped inform the options given for the question on indicators of well-being. During the FGDs, participants spoke a lot about their experience as communities and this informed the inclusion of the question on how they perceive their community, in terms of poverty. The FGDs carried out in the rural area made it clear that agricultural activities were the major livelihoods carried out, whilst the FGDs in urban areas made it clear that there were no farming activities carried out there. The survey therefore included all agricultural activities for the rural sample, and excluded the farming-related questions in the urban areas. Finally, FGD participants made it clear that there were no social safety nets in place for them to access when they experience a shock, so only one question was asked on this in the survey, and the question indeed confirmed that there was no social safety net in place at the time the survey was conducted (2006).

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<sup>74</sup> As cited in Lawson, Hulme and Muwonge (2008). Lawson, McKay and Okidi (2006) also noted for Uganda that qualitative sources helped in identifying the key issues to investigate using survey data and by providing important additional insights, not available from the survey data, added understanding about processes and contextual factors.

The questionnaire included a mixture of open and closed questions which addressed both factual and subjective issues.<sup>75</sup> The response given to open-ended and subjective questions in particular are reflective of the interviewee's perspective of the question (which is also subject to the explanation given by the interviewer). For example, one respondent may consider an illness as a health-related risk, whilst another might consider it as an economic risk due to the loss of productive time that may occur. Questions were asked on income, food (including consumption of home-produced food), and non-food expenditure which are the traditionally used measures of poverty.<sup>76</sup> This information on incomes, expenditure and living standards are included as 'objective' indicators that are checked against subjective indicators. Many of the indicators used in this research, though quantifiable, are largely subjective in nature, particularly as they rely heavily on the respondents judgement which is not necessarily being guided by any standard measurement of some sort.

The survey was aimed at heads of households to provide data on households, the unit of analysis used in this research. However, in the absence of heads of households during the survey, their spouses (if applicable) were interviewed instead, and in the absence of the spouses, other adult members of the household were interviewed instead. Over 70% of the rural and urban samples were either heads of households or the spouse of the heads of households. Table 4.2 shows the breakdown of the sample according to heads of households.

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<sup>75</sup> Factual questions are designed to elicit objective information from the respondents regarding their background, environment, habits, and the like e.g. gender, age, marital status, education or income, means of transportation or leisure activities. Subjective questions are concerned with inclinations, preferences, prejudices, ideas, fears, and convictions as subjective experience involves the respondents' beliefs, attitudes, feelings, and opinions (Frankfort – Nachmias and Nachmias, 1992; pp. 240 & 241).

<sup>76</sup> The survey also included questions on welfare indicators such as type of toilet, cooking fuel, flooring and roofing material.

**Table 4.2: Composition of Survey Respondents**

	RURAL		URBAN		
	No:	155	Percentage	185	Percentage
Female		67	43.2	82	44.3
Male		88	56.8	103	55.7
Heads of households (HOH)		97	62.6	92	49.7
Male-headed households		82	84.5	81	88.0
Female Headed households		15	15.5	11	12.0
Spouse of HOH (all female)		37	23.9	39	21.1
Non HOH and Non Spouse of HOH		21	13.5	54	29.2

*Source:* Household Survey, Fieldwork (2006)

The gender distribution of household heads showed that in the rural sample, 15.5% are female headed-households, and 84.5% are male-headed households with the respective figures for the urban sample being 12% and 88%. These figures are similar to that of the national statistics (as at 2000) which stood at 13.5% for female headed-households, and 86.5% for male-headed households (Aigbokhan, 2000).<sup>77</sup> In Lagos State however, the gender distribution of household heads from the 2010 survey showed that 52% are male while 48% are female as against 57% and 43% in 2008 respectively which according to the LBS (2010: 3) signifies “a gradual shift from the age long tradition of male headship to female headship family set-up”.

<sup>77</sup> In Lagos State however, the gender distribution of household heads from the 2010 survey showed that 52% are male while 48% are female as against 57% and 43% in 2008 respectively signifying a gradual shift from age long tradition of male headship to female headship family set-up (LBS, 2010: 3).

In the absence of unlimited field resources, these household heads (or their spouses) are relatively in the best position to provide information on behalf of the household, especially if they are the ‘bread-winners’. I am however, cautious that their responses are not necessarily an accurate representation of the household. Authors like Bevan and Joireman (1997: 319) suggest that a concern with identifying ‘the poor’ should be thought of in terms of individuals. They argue that while poor households are likely to contain (mostly) poor individuals, ‘rich’ households may contain individuals who would be measured as poor by a range of criteria. With regards to the question on subjective self-classifications of poverty, this raises the possibility that the measure takes account of the household head’s ‘preferences’ in the sense that the head makes the evaluation (Bevan and Joireman, 1997: 324) and the respondent may give an answer mostly with his own personal satisfaction *or dissatisfaction* level in mind rather than that of the household as a whole (Kingdon and Knight, 2003: 12). In order to address this concern, Kingdon and Knight (2003) check the robustness of the findings to inclusion of the individual respondent’s own personal characteristics in the analysis. They find that, controlling for household characteristics, individual characteristics are generally unimportant in their subjective well-being equations. This is not surprising if, as is likely, there are interdependencies in perceived well-being among members of the household (Kingdon and Knight, 2003: 12). In my research, members of the same household were not interviewed, the response given by the heads of households on their perceived poverty was however compared to that given by spouses and non-heads of households, and there were very little differences found across the board. With the use of expenditures as the objective measure however, I found considerable differences between heads of households and non-heads of households which will make the poverty estimates (according to the expenditure measure) sensitive. The

chapter on Poverty therefore provides the results for heads of households, non-heads of households and the total sample. However, given the overall similarities in responses between heads of household, spouses of heads of households, non-heads, and the whole sample, most of the analysis done was carried out for the total sample, with the exception of expenditure estimates. The descriptive statistics of the sample surveyed is presented in table 4.3.

The local governments were unable to provide local demographic statistics with which the research sample could be compared with. However, comparisons will be made with available data on Nigeria and Lagos State. The Lagos State 2010 household survey is based on a state-wide sample representation of 8,117 households comprising slum and non-slum areas in the state (LBS, 2010: 3). Gender statistics for Nigeria in 2006 were 49% women, 51% men (Eweama, 2009) and 48% and 52% respectively for Lagos.<sup>78</sup> In my research, the split was approximately 46% and 56% for women and men respectively. The survey was, however, aimed at heads of households as discussed earlier.

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<sup>78</sup> Nigeria 2006 Census Figures; <http://www.nigeriamasterweb.com/Nigeria06CensusFigs.html>; However, in the Lagos State 2010 survey, the gender ratio stood at 108:100 which implies that for every 100 female in Lagos State, there are 108 males (LBS, 2010: 4).

**Table 4.3: Descriptive Statistics**

	<b>RURAL</b>		<b>URBAN</b>	
	<b>No. 155</b>	<b>Percentage 100</b>	<b>No. 185</b>	<b>Percentage 100</b>
<b>Gender:</b>				
Female	67	43.2	82	44.3
Male	88	56.8	103	55.7
<b>Age:</b>				
Youth (16 - 25) years	22	14.2	33	17.8
(26 - 45) years	62	40.0	112	60.5
(46 - 65) years	51	32.9	36	19.5
Elderly (66 & above) years	20	12.9	4	2.2
<b>Educational Level:</b>				
None	22	14.3	11	6.0
Primary	49	31.8	33	17.8
Middle/JSS	8	5.2	11	6.0
Secondary/SSS	55	35.7	95	51.4
Polytechnic/University	6	3.9	24	13.0
Other	14	9.0	10	5.4
<b>Marital Status:</b>				
Married	14	73.6	103	55.7
Divorced/ Separated	6	3.9	7	3.8
Widowed	15	9.7	10	5.4
Single/Never married	20	12.9	61	33.0
<b>Religion:</b>				
Christians	90	58.1	134	72.8
Muslims	58	37.4	48	26.1
Traditionalists	7	4.5		
No religion			2	1.1
<b>Household size:</b>				
One to Three	45	29.0	56	30.3
Four to Six	62	40.0	93	50.3
Seven to Nine	29	18.7	28	15.1
Ten to Twelve	8	5.2	7	3.8
Thirteen & above	13	8.4		

Source: Household Survey, Fieldwork (2006)

In terms of education, adult literacy rate (% aged 15+) in Lagos State (2009) is 82%<sup>79</sup> and with only 14.3% and 6% of the rural and urban sample having no form of education, 85.7% and 94% respectively have at least primary education. According to LBS (2010: 4), 50% of the sampled households have a secondary education; the corresponding statistics for my rural and urban sample is 35.7% and 51.4% respectively. According to LBS (2010: 4), 31% of the sampled household members were 14 years of age and under, 64% comprised the active working age group of 15 to 59 years and the remaining 5% constituted the old age group of 60 years and above. In my sample however, only people above the age of 16 were interviewed as the target was to interview household heads. For household heads, in the 2010 Lagos State Household Survey; 60% of them were aged between 15 and 45 years while 37% of them are of age 46 to 70. In my sample, 54.2% and 78.3% of the rural and urban sample respectively were between the ages of 16 to 45 years old; 32.9% and 19.5% respectively were in the 46 to 65 age group; and 12.9% and 2.2% respectively were 66 years old and above.

Data on the religious proportions of the Nigerian populace is not collected in the census. Therefore, there is no nationally available data for comparison. In terms of household size, rural and urban showed relatively similar proportions, except that 8.4% of the rural sample had a household size of thirteen members and over, whilst none of the urban sample had this household size. Instead, the urban sample had 10% more of four to six household members than was the case in the rural sample. 29% and 30% of the rural and urban sample respectively had one to three household members; 40% and 50.3% respectively had four to

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<sup>79</sup> Lagos State Government, Basic Statistical Hotline, <http://www.lagosstate.gov.ng/statistics/SH.pdf> Accessed 6<sup>th</sup> of May 2012

six household members and 18.7% and 15.1% had seven to nine household members. Though with slightly different categories, these figures are similar to the corresponding statistics in the Lagos State 2010 household survey where the results for the local governments in which the rural and urban area are located in was 28% and 24% respectively for those with one to two members; 63% and 69% respectively for those with three to six members; and 8% and 9% with seven to ten household members (LBS, 2010: 23). The results for Lagos State as a whole was 22% for those with one to two members; 71% for those with three to six members; and 7% for those with seven to ten household members (ibid). An average household size of 5 members was recorded across the state (ibid).

A comparison of FGDs and survey methods can be summed up in the following proposition that McGee (2004: 518) states: the survey provides breadth — a statistically representative picture of all socio-economic strata — whereas the PPA provides depth — investigating the phenomenon of poverty in detail. The next section examines how data from the research methods were used to address the research questions, under the three themes of poverty, risks and livelihoods.



### **4.3 Poverty: Who says who the Poor are?**

The central aim of my research is to use a subjective approach to identify the poor, in other words, allow people themselves to identify whether or not they are poor. Subjective measures where the research participants themselves are asked to rate their own position in the socio-economic hierarchy, are in contrast to ‘objective’ measures where the researcher determines the individual or household’s socio economic position (SEP) based on data (Howe et al, 2010: 224). Such measures and ratings by local informants can help remove the biases of conventional survey methods because it brings intangible elements (such as status and access to power or to networks of support) to the measurement of wealth and poverty, thus bridging the gap between outsider and local perceptions of poverty’ (Bergeron et al., 1998, p. 1893).

In addition to the focus on subjective measures, my research also examines the consistencies between subjective and objective poverty. A similar study is also conducted by Nandori (2010: 540/1) in Hungary. She first of all uses qualitative research methods to make a list of poverty-related items (and the exact meaning of these items) that is elicited from informants by asking the following questions: “Who do you consider to be poor in general?”, “Do you know poor people?”, “Why do you think they are poor?”. After defining these components, they were then compared to the objective poverty concepts solicited from a survey. Given the focus on subjective poverty in my research, this section proceeds with a discussion of the methodology used in examining subjective poverty, followed by that on objective poverty.

### 4.3.1 Subjective Poverty

Data on subjective poverty is mainly collected through participatory exercises, but can also be collected through surveys. Brock (1999: 9) notes that exercises with groups to identify the key features of poverty often occur at the start of participatory processes of enquiry or planning. The participatory processes which are at the heart of a qualitative approach, provide qualitative insights into local poverty issues with a great depth and detail (Hargreaves *et al.* 2006: 213). In my research, FGDs (a qualitative research method) were conducted at the start of the fieldwork process, as Brock (1999: 9) also notes, and data on local perceptions of poverty was collected. Participants were asked questions such as: “What is poverty to you? Who is a poor man in this community?” In addition to participatory methods of collecting data on perceptions of poverty, my research also uses survey methods to collect quantifiable data on subjective poverty. The key difference between the participatory and survey methods used to collect data on perceptions of poverty in my research is that whilst in the former case, people tend to describe poverty in an abstract sense, in the latter; they make internal assessments of their own poverty status, and sometimes the results may appear contradictory. However, it is in this contradiction that interesting insights into people’s perceptions of their own poverty can be found.

The survey respondents in my research were asked for their perception on which of the following four categories of ‘very poor’, ‘poor’, ‘average’ and ‘well-off’ they would classify themselves (and their communities). This is typical of the form in which subjective welfare data are presented; they are usually in the form of self-reported positions on a ladder that has a natural ordering, such as from ‘poor’ to ‘rich’, or from ‘very bad’ to ‘very

good'. For example, in the Bevan and Joireman (1997) rural Ethiopian study, survey interviewees were asked: "How wealthy do you consider yourself?" and coded 1, very rich; 2, rich; 3, comfortable; 4, can manage; 5, never quite enough; 6, poor and 7, very poor.<sup>80</sup> Howe et al. (2010: 224) also note the example of a pictorial ladder being presented to respondents, with the bottom step representing the 'most poor' and the top step representing the 'most rich'. Irrespective of the manner in which the categories are presented (pictorial ladder, likert scale, worded categories), the underlying factor remains that there is an ordering of the ladder and survey respondents are asked which step they feel they stand on.

In many subjective ladder questions, particularly those that have an economic stance (compared to the psychological ones that deal with issues like happiness); there is often the undertone of income as the determining factor. In this research, the four subjective welfare classifications used – 'very poor', 'poor', 'average' and 'well-off' – did not presume that 'income' is the relevant variable for defining who is 'poor' and who is not, but left that up to the respondent. However, by using the words 'poor' and 'well-off' (usually interpreted as 'rich'), the question focuses on a narrower concept of welfare than questions which refer to broader welfare concepts such as 'happiness' or 'satisfaction with life'. Also, the response to the question may be influenced by considerations that do not reflect the actual poverty of the respondent (Bevan and Joireman, 1997: 324). For example, to be poor in

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<sup>80</sup> Similar questions are asked in most studies of happiness. For example: "How satisfied are you with your life?" or "How happy are you with your life?" (Graham, 2004: 7). For example, In the Kingdon and Knight (2003) Tanzanian study the following question was asked: "Taking everything into account, how satisfied is this household with the way it lives these days?" The five options available in the pre-coded response were 'very satisfied', 'satisfied', 'neither satisfied nor dissatisfied', 'dissatisfied', and 'very dissatisfied' (ibid; 12). In Akay and Martinsson's (2008) the question was, "in general, how satisfied are you with the way you live?" with five possible response categories ranging from very unhappy to very happy.

Ethiopia is to be of very low status and people may be unwilling to admit to this (ibid). A further complication with subjective indicators is that they require the assumption that there is inter-person comparability of question interpretation, i.e. a given question response means the same thing to all respondents in terms of SEP (Howe et al, 2010: 230). Qualitative research could however be used to gain some understanding of the reasons people place themselves in a given category (ibid). My survey therefore asked respondents an open-ended question to explain why they perceived themselves as being in the category they chose.

Subjective data are by virtue of their nature, subjective, and deserving of caution. Precisely because it is 'subjective', different people can have different personal notions of what a 'high' or 'low' level of subjective welfare means (Ravallion and Lokshin, 2001: 339). Ravallion and Lokshin (2001: 346) go on to note four such areas of caution. First, the data comes in the form of ordered qualitative variables, and in this case, it cannot be assumed that the difference between 'very poor' and 'poor' for example, means the same in terms of welfare as the difference between 'very poor' and 'average'. Second, there is no good reason for assuming that the perceived minimum utility to reach a given ladder rung is the same across people; different people have different ladders. Third, it can be expected that time-invariant but unobserved personality differences jointly influence observed socioeconomic characteristics and reported well-being. And fourth, social reference-group effects can mean that the level of a person's subjective welfare at given personal and household characteristics will vary over time (ibid).

Researchers have traditionally shied away from using quantitative data in analysing subjective poverty because of justifiable concerns that answers to surveys of individual preferences – and reported well-being – are subject to bias from factors such as the respondents' moods at the time of the survey and minor changes in the phrasing of survey questions, which can produce large skews in results (Graham 2004: 7). Concerns about the interpersonal comparability of subjective ladders appear to have been an important obstacle to their wider application in economics and other social sciences (Ravallion and Lokshin, 2001: 339). With these cautions in mind, the perceived assessments of welfare formed the subjective premise on which the poor were identified in this research.

### 4.3.2 Objective Poverty

It is perhaps assumed that what is more amenable to quantification is more objective (i.e. the same to all people) (Ravallion and Lokshin, 2001: 339).<sup>81</sup> Income is the most commonly used proxy for well-being – being apparently objective, accurately measurable and readily available – and the most commonly used measure of poverty (Kingdon and Knight, 2003: 16). Income measures are believed to be 'neater' than trying to use a range of indicators expressed in different units (Dessallien, 1998: 16). Income has been known to offer a measure of direct interest because of its clear interpretation as a welfare outcome (Barret *et. al.* 2001: 318). It also makes for relatively easier comparison across states. However, direct measures of income have their shortcomings and measures of

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<sup>81</sup> For example, one kilogram of rice or one dollar-a-day is the same to everyone. Although it could be argued this is false as the gain or loss of a dollar or a kilogram of rice has a different welfare impact on a poor/hungry person than someone else better off/not hungry (Prennushi *et al.* 1998 in Sumner 2004: 8).

consumption/expenditure are preferred for a number of reasons.<sup>82</sup> It is said to be ‘smoother’ than income (Dercon, 2002: 15); it is more accurately recorded for households that may have diverse sources of income and for which the net income from several activities may not be known (Carvalho and White, 1997: 3). According to Hartog (1988: 253):

The measurement of welfare through the income required to obtain a particular welfare level is both the strength and the weakness of the approach. It allows one to calculate the effect of other exogenous variables on these required income levels, but it is also a weakness, since one must calculate all welfare effects through that income. A one-to-one correspondence between welfare and command over resources through income does not exist.

Another practical problem lies in the measurement of incomes of the self-employed. In many less developed countries, the self-employed are in the majority, whilst wage earners only form a small proportion of the population. In the communities surveyed, most people were self-employed and found it difficult to estimate their incomes. Finally, what is more important is how income is spent in determining the level of welfare and ability to undertake economic activity (Aigbokhan 2000: 4). Expenditure measures were therefore used in the objective analysis of the poor.

There was a higher response rate to questions of expenditure compared to income in both rural and urban areas. Approximately 87% and 96% of the rural and urban sample recalled their expenditure patterns (which were recorded by the interviewer) more than their incomes, which were only reported by 61% and 76% respectively. However, converting the

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<sup>82</sup> The term ‘consumption’ includes not only explicit purchases of goods and services, but other private consumption, including consumption of home-produced food, imputed rent for owner-occupied housing in urban areas and the use value of durable goods.

data on expenditure collected in household surveys into measures of well-being requires many assumptions. Assumptions have to be made in deciding how to allow for household size and composition in converting household data into measures for individuals (Shaffer, 1996), and poverty estimates are sensitive to these assumptions. The per capita expenditure used for the poverty estimates in this research was based on the assumption that each member of the household had an equal share of the total expenditure. However, this is most likely not the case, but is only an assumption to aid analysis. Expenditure is often referred to as consumption and according to Streeten (1998: 29) “consumption has the drawback of leaving out savings – and thus potential future consumption – but is, for low-income people at least, preferable to income”.

In using income or expenditure to identify the poor in my sample population, seven poverty lines were considered. The first poverty line used is the minimum annual expenditure in Nigeria calculated by the National Bureau of Statistics (NBS); ₦30,128 which works out to ₦82.54 per day. The next two poverty lines are based on the internationally recognized \$1 a day; one uses the average consumer price index (CPI) for Nigeria, while the other uses the combined rural and urban consumer price index (CURCPI) for Lagos.<sup>83</sup> The World Bank and the Federal Office of Statistics<sup>84</sup> in Nigeria have established the following proportions of the mean per capita household expenditure as indicators: *two-thirds* would determine the *poverty line* and *one-third* would indicate extreme poverty.<sup>85</sup> Canagarajah and Thomas

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<sup>83</sup> The Nigerian figure is used to aid comparisons at a national level, whilst the figure for Lagos is used given that fieldwork for this research was conducted in Lagos State (where goods and services are considerably more expensive than the rest of Nigeria, seeing that it is the commercial capital of the country).

<sup>84</sup> In 2005, the Federal Office of Statistics merged with the National Data Bank and is now referred to as the National Bureau of Statistics

<sup>85</sup> Their justification for using this method is that the poverty line it generates, that is N395 (two-thirds of mean per capita household expenditures in 1985), is slightly higher than the minimum wage of unskilled labour in 1985

(2002) termed these two relative poverty lines as the *upper poverty line* and *lower poverty line* respectively.<sup>86</sup> The Central Intelligence Agency (CIA) World Factbook places Nigeria's estimated GDP per capita in 2006 (the survey year) at \$2,100.<sup>87</sup> *Two-thirds* of this works out as \$1,400 and *one-third* as \$700 per year. The dollar and Naira equivalents per day are \$3.84 : \$1.92 and ₦343.3 : ₦171.7 (using the mid-fieldwork period of June 2006 Nigeria average CPI). These two poverty lines are the fourth and seventh poverty lines in this section. The fifth poverty line is the \$2 a-day Naira equivalent and the sixth is the daily conversion of the monthly minimum wage of ₦7,500 (See appendix for Naira/Dollar conversions). Table 4.4 summarizes the poverty lines used, their Naira and dollar values, and the sources used.

**Table 4.4 Summary of Poverty Lines**

Poverty lines	₦ per day	\$ per day	Source(s)
Minimum annual expenditure	82.54	0.92	NLSS 2006
Dollar-a-day; Nigeria CPI 2006 average	96.60	1.08	Sillers (2005); NBS
Dollar-a-day; Lagos CURCPI 2006 average	113.20	1.08	Sillers (2005); NBS
Relative Lower Poverty Line: <i>One-third</i> mean per capita expenditure	171.70	1.92	World Bank; FOS CIA World Factbook
\$2 a day; Lagos CURCPI 2006 average	209.60	2.00	Sillers (2005); NBS
Minimum Wage	250.00	2.80	Key Informant
Relative Upper Poverty Line <i>Two-third</i> mean per capita expenditure	343.30	3.84	World Bank; FOS CIA World Factbook

*Sources:* World Bank Poverty Assessment (1996); Sillers (2005); NBS CPI and Inflation Figures for Nigeria; Fieldwork in Nigeria 2006 (Household surveys)

(adjusted for per capita equivalence) of ₦325. It is also slightly higher than a poverty line of US\$1/day per person (which, adjusted for purchasing power parity of the Naira in 1985-86 was ₦318) that has been used in many multi-country poverty comparisons (World Bank, 1996).

<sup>86</sup> A food only basket is often used as a lower poverty line and food plus other items (clothing, shelter) as an upper poverty line.

<sup>87</sup> <https://www.cia.gov/library/publications/the-world-factbook/fields/2004.html> Accessed May 2009



Comparisons between subjective and objective poverty measures, amongst other benefits contribute to our understanding of the divergence or convergence between the two. In addition to examining the perceptions of poverty and its' consistency with objective classifications, this research also analyses the perceptions people have of the risks they 'feel' they are vulnerable to and their plans to respond to this. This is an insightful exercise as it could be influential in people's perceptions of whether or not they are poor. For example, an individual may objectively be classified as not poor, but may feel exposed to a health risk (such as falling ill with malaria) and being unable to treat him or herself based on his resources alone, may therefore perceive themselves as poor. I am therefore interested in examining the perceptions of risks people living in poor areas have, as well as their coping responses and the next section examines the data requirements and methodological issues with regards to research on risks and responses to risks.

#### **4.4 Risks and Responses**

A person's understanding of the risks they are exposed to and their abilities to cope with these risks may influence their perceptions of own-poverty and their understanding of the risks may in turn be influenced by their perceptions of own-poverty. An individual may feel that because he or she does not have enough assets and/or savings to be able to cope with a temporary job loss, that he or she is poor. Coupled with risks that have actually occurred in the past, these perceptions of risks and responses to these risks are also useful in understanding the realities of poverty. Collecting data on risks and responses to risks however require careful treatment as they can rarely be observed at the point of occurrence,

and therefore rely heavily on the individual's recall. This section discusses this and other methodological issues further.

As a starting point, Heitzmann, Canagarajah and Siegel (2002: 18) suggest that both quantitative and qualitative information should be taken into account to better understand risks and risk responses (which they refer to as the sources of vulnerability) in a country. This research uses both qualitative and quantitative methods and data, and as was done with the analysis on poverty, the focus group discussions were the first point of call in this regard. FGD participants provided valuable information on the social and cultural environment of households, the risks that individuals and communities face and how they have responded to these in the near absence of market-based and public arrangements.<sup>88</sup> Hoddinott and Quisumbing (2008: 20) also suggest that information on risk management instruments and outcomes is more likely to be available at the household level (although, as discussed, some risk-management institutions may operate at the community level, such as public works programs). The survey, which was targeted at the household level, therefore devoted a substantial section to risks and risk responses which were mainly idiosyncratic in nature. Survey interviewees were asked questions on their risk environment, more specifically, the constraints they faced in their everyday lives and livelihoods. They were also asked questions on risks they anticipated as well as those that had happened in the past, and their responses to these risks (both anticipated and experienced). Respondents were asked these prospective and retrospective questions on risks in order to capture, albeit

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<sup>88</sup> The only risk-management opportunity that was publicly arranged for the rural areas and operating at the community level was the World Bank FADAMA initiative. Several complaints were, however, made about the bureaucratic procedures involved with this project, and the little impact it had produced. The survey questionnaire included a question on membership of government schemes such as FADAMA, but this was not explored further as part of the analysis, as this was outside the purpose of the research.

imperfectly, their ex ante and ex post risk responses. The methodological issues with such questions and the responses given are discussed in the following sections.

#### **4.4.1 Methodological Considerations with Researching Risks**

A single cross-section of households poses problems for conducting risk and vulnerability assessments because of the absence of data from more than one point in time, which means that the data set does not have any inter-temporal variability (Hoddinott and Quisumbing, 2008: 23). Questions on risks in my study therefore divided between anticipated and realized risks; that is, risks that could occur, and those that had already occurred, thus permitting both forward and backward-looking analysis. Dercon (2002: 19) in particular advocates these questions on anticipated and realised risks, saying that “it is useful to ask households shocks they have experienced in recent years and how they handled these crises; similarly, one could investigate how households would respond if particular shocks hit them now”. Because shocks are, by definition, unanticipated, it is often pure coincidence that a survey will be able to capture information on shocks (particularly if it is a one-time shock) unless the survey was conducted for that purpose. Hoddinott and Quisumbing (2008: 23) suggest that retrospective questions can be included to capture, albeit imperfectly, information about past shocks as well as ex ante coping mechanisms. Addison, Hulme and Kanbur (2008: 12) also note that one way to obtain information about the past when we do not have actual inter temporal panels is to ask people about their past and record and utilize this information. This is precisely what was done in the questionnaire; respondents were asked what their last shock was, and how they responded to it; the shocks they anticipated and how they would respond if risks they anticipated

became a reality. Prior to this, the FGDs asked participants questions on “what sort of risks occur in people’s day-to-day lives?” and “how do the people cope when these things go wrong?” In analysing the results that emerge, caution is exercised given certain limitations that data collection and analysis on risks pose on a methodological level, five of these will be discussed here.

Firstly, one area of concern with these retrospective and prospective styled questions is to do with recall bias. Most household data on past shocks are obtained using recall methods (see Hardeweg and Waibel, 2009: 3), typically by asking a household to list important events that have taken place, say, within the past 10 years, and the impact of the event on household welfare (consumption, asset holdings) or behaviour (Hoddinott and Quisumbing, 2008: 26). Discrete events can be recalled over a longer period than recurring events and one of the limitations of my survey questions on risks was that it wasn’t specified whether the risks mentioned were discrete or recurring events. Although respondents stated what the last ‘shock’ was, there was also no clear definition as to what was considered a major or minor shock, and what parameters were used in considering the occurrence as a shock. Instead, interviewees were left to be the judge of what the last event was that ‘shocked’ them. This meant that a variety of responses without any standard parameters emerged, for example, responses ranged from being given an eviction notice to death. An improvement to this would be to ask respondents why they have considered the occurrence as a shock, and if time permits, create a timeline of ‘shocking’ events over the past decade for instance.

Secondly, closely linked to the issue of recall reliability is the issue of timing. Timing is a key issue with regards to risks as it enables the analyst to distinguish between more recent

shocks and those in the distant past, as well as examine whether the impact of shocks persists over the longer term (see Quisumbing, McNiven, and Godquin (2008: 12). At the initial stage of the survey, respondents were asked for shocks that had occurred in the previous year, but some had none to report, and in these cases were asked for shocks that had happened before then, providing that it was the last event that ‘shocked’ them. Unfortunately, there was no clear demand made in the questionnaire for respondents to specify the timing of the last shock, and over the course of the survey, some specified the time of the last shock whilst others did not, and even those who did, had very varied responses as majority of these risks were idiosyncratic in nature.

The third issue is with regards to the classification of shocks. What others may consider as a covariate shock, may be seen as an idiosyncratic shock; two groups of people can be affected by the same event but in different ways. Da Corta and Venkateshwarlu (1992)<sup>89</sup> found that identification of drought shocks varied according to class, caste, gender and age in their village study of economic mobility in Western Chittoor District, India. Dercon (2002), drawing from his work in rural Ethiopia finds that most shocks have both idiosyncratic and common parts. The fourth issue relates to this, and it has to do with attributing causality. Self-reported shocks represent attributions of causality by respondents rather than the events themselves. For a poor household for whom a ‘normal’ life is one where temporary employment has always been interspersed with periods of unemployment, a job loss will most likely not be reported as a shock because it is a regular occurrence. Another poor household in a relatively stable job would however report a job loss shock, because this is not ‘normal’ for the household; it represents a change. Both individuals have

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<sup>89</sup> As cited in Hoddinott and Quisumbing (2008: 26 - 27)

experienced a job loss shock loss, but are affected by the same event but in different ways and only the latter household reports the shock.

Endogeneity is another pertinent issue and the final one to be discussed here. In modelling the impact of shocks on household welfare, it is often assumed that shocks are exogenous, unanticipated events. However, not all shocks are exogenous, unanticipated events as is implicitly assumed; the exposure of households to several types of shocks may be endogenous by nature. For example, individuals engaging in crime in times of stress could also be victims of crime, making this particular category both a source of risk as well as a response to it. Extrapolation from the ensuing results of my data is therefore done with this caution in mind. The next section takes a closer look at methodological issues with regards to response to risks.

#### **4.4.2 Methodological Issues with Researching Responses to Risks**

Information on risk responses is also difficult to obtain. First, obtaining information on expectations is inherently difficult (Hoddinott and Quisumbing, 2008: 20). According to these authors, a person's answer to questions regarding 'expected yield' or whether it was a 'normal' year involves three elements: the person's understanding of the objective distribution of risks, the person's own response, and the person's own risk preferences. Discrete events can also be recalled over a longer period than recurring events. Second, depending on the timing of the survey, a response could be identified either as an ex ante or an ex post response. Take as an example, membership of a rotating savings association (ROSCA). Suppose that the member was interviewed prior to a shock that enabled her to

withdraw funds from the ROSCA. In that case, membership of the ROSCA would be interpreted as an ex ante risk management mechanism. However, suppose she was interviewed after a shock, and she had just withdrawn funds from the ROSCA. Without knowing the date that she joined the ROSCA in reference to the timing of the shock, it would be difficult to establish whether a particular mechanism was used ex ante or ex post (ibid).

During the FGDs, participants were asked “how people in their communities cope when faced with risks?” Responses to these questions were very insightful in understanding the general problems faced by members of the community. For example, in both rural and urban areas, many of the risks mentioned were related to their livelihoods. The way in which the questions were asked however limited responses to idiosyncratic risks that were generally experienced and not necessarily co-variate risks that occurred to all at the same time. Nevertheless, the fact that many of the so-called idiosyncratic risks were experienced by most people at one time or the other confirms Dercon’s observation (Dercon, 2002) that in practice, even within well-defined communities, variance decomposition analysis reveals that few risks are purely idiosyncratic or common, but broad patterns are observed (Dercon, 2002).<sup>90</sup>

It was clear from the FGDs that many relied on the assistance of other individuals in coping with risks. Of the six questions asked on risk responses in the survey, four of these

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<sup>90</sup> Drawing from work done in rural Ethiopia, Dercon and Krishnan (2000) find that most shocks have both idiosyncratic and common parts, and both aspects matter. They found village-level rainfall, the crop damage assessment, and livestock disease to be strongly significant and of the right sign: negative (positive) shocks have negative (positive) effects on consumption.

therefore had pre-coded options and left room for them to specify their response if it was not available in the options stated which ranged from friends and neighbours to the local government and insurance schemes. For the two other questions on risk responses, one (question 60) had pre-coded responses different from the above. With this question, the responses were informed by the literature review on the coping strategies of the poor and included options such as withdrawing their child(ren) from school (Jacoby and Skoufias, 1997; Jensen, 2000), seeking individual assistance from friends/colleagues, reducing or even cancelling planned investments in the maintenance of their business and engaging in distress sales of productive assets (Holzmann and Jørgensen, 2000: 15; Heitzmann, Canagarajah and Siegel, 2002: 5 & 11; Dercon, 2005a: 484; and Hoddinott and Quisumbing, 2008: 32). The other question (question 76) on risk responses was an open-ended question which asked “what is your key response when you face an adverse shock, what do you do?” The results from this question were coded and analysed in the empirical chapter on risks.

Interviewees were asked questions on their responses to these risks (both anticipated and experienced) at different intervals in order to ensure cross-validation of the responses. For example, question 67 are asked how they responded during the last crisis they faced, and nine questions after, they are asked for the means by which they would respond if they were to experience a crisis now. Dercon and Krishnan (2000) suggest checking such self-reported shocks by comparing them with other information found in the survey, and this was also carried out here.



In conceptualizing risk responses, two observations were made. Firstly, some strategies such as risk-sharing had been designed and agreed on *ex ante*, but are used *ex post* where they have been identified as risk-coping strategies that smooth consumption across households (Alderman and Paxson, 1992). Secondly, depending on the timing of the survey, a response could be identified either as an *ex ante* or an *ex post* response. Hoddinott, and Quisumbing (2008) use the membership of a rotating savings association (ROSCA) as an example. Suppose that the member was interviewed prior to a shock that enabled her to withdraw funds from the ROSCA. In that case, membership of the ROSCA would be interpreted as an *ex ante* risk management mechanism. However, suppose she was interviewed after a shock, and she had just withdrawn funds from the ROSCA. Without knowing the date that she joined the ROSCA in reference to the timing of the shock, it would be difficult to establish whether this particular mechanism was used *ex ante* or *ex post*. The stance taken for the purpose of analysis was however ‘point of use’ as reported by the interviewee. In other words, the response was classified according to the point it was used, before or after the risk, and not when it was designed. Nevertheless, it’s *ex ante* existence is clearly noted. Secondly, some strategies could be used independently as either *ex ante* or *ex post* e.g. diversification. People can combine activities with low positive covariance in order to reduce or mitigate risks. They could also use seasonal migration as a diversification response in the wake of a crisis.

While questions on risks tend to be qualitative in nature, Dercon (2002: 19) notes that their combination with information on assets could provide rich information on existing strategies to cope with risk and could inform appropriate policy design. In addition to this, livelihoods are a key platform on which the poor are able to respond to risks. They are also

central to objective and subjective classifications of poverty. The next section looks at the methodology with regards to analysing livelihoods, with particular emphasis on diversification.

## **4.5 Livelihoods: Diversification Patterns of the Poor**

Livelihoods are central to the lives of the poor. It is from these livelihoods that the poor earn their incomes and carry out expenditures which are used in the popular dollar-a-day identification of poverty. However, merely identifying who is poor or not based on incomes and/or expenditures does not explain the livelihood patterns of those who are consequently considered as poor. Neither does it explain the livelihood strategies carried out by those who perceive themselves as poor and those who do not perceive themselves as poor, but are objectively classified as such. It is this latter area that is of concern in this research, with specific regards to livelihood diversification, as discussed in the literature review.

Assets, access, activities and income are key tenets in the livelihood diversification literature, or as Barret *et al.* (2001: 318) put it (with the exclusion of access), ‘complementary measures in the study of diversification behaviours’. The authors add that these concepts are, however, difficult (but not impossible) to measure in practice, particularly in Africa, and when used in isolation, each of these four dimensions is an imperfect measure of diversification. Assets offer a store of wealth as well as sources of income and access bridges the gap between assets and activities, either of these two measures used in isolation is however unable to provide much information on the other concepts. Activities however, have the added advantage of being able to provide an

indication as to the assets owned and income earned. According to Barret *et. al*, (2001: 318), activities are ex ante flows of services that map the stock concept of assets into the ex post flows of income (Barret *et. al*, 2001). My research therefore collected data mainly on livelihood activities which were consequently treated as sources of income.

The main livelihood activities in the study areas were identified in the FGDs and supported by the survey results. Livelihood diversification strategies were however not explored in the FGDs as this needed more of an individual analysis and was therefore explored via the survey. The survey provided data on livelihood activities, the different sources of income and their percentage contributions to the income portfolio of households. Respondents were asked questions such as: During the past 12 months, what kind of work did you spend most of your time on? Is this your major occupation? During the past 12 months, did you do any other work (could be more than one) beside your main occupation? Which livelihood activity brings the most income? 67 activities were listed in the questionnaire (see appendix) with the option to specify ‘other’ activities that were not listed. The next section discusses in detail how this research categorises these activities as sources of income.

#### **4.5.1 Livelihood Diversification Classifications**

Livelihoods are often perceived as being synonymous with income, but as Lipton and Maxwell (1992) point out, a livelihood is more than just income. The two are, however, inextricably related because the composition and level of individual/household income at a given point in time is the most direct and measurable outcome of the livelihood process (Ellis, 2000: 10). Empirical analysis of livelihoods therefore, often relies on measures of

income. Income comprises both cash earnings of the household plus payments in kind that can be valued at market prices. To aid livelihood analysis, total income is usually disaggregated into different categories and sub-categories that reflect different features of the resources required to generate the income, their seasonality, accessibility to them depending on assets and skills, and their location; nearby or remote (Ellis, 2000: 11). It is however, important to note that these categories have been studied mainly under rural contexts; much less has been done on urban incomes. Barret *et. al.* (2001: 318) explain the income categories as a three-way classification of earned income (i.e. income from productive assets) by *sector*, *function*, and *space*.

The *sectoral* classification concerns only the nature of the product and the types of factors used in the production process.<sup>91</sup> With the *functional* distinction of income, there exists a continuum from “clearly wage-employment” (i.e. involving a wage or salary contract), through a grey area where activities could be classified as either wage or self-employment, to “clearly self-employment” (e.g. entrepreneurial activity). The *space* (local vs. migratory, in-country and/or foreign) distinction permits one to judge how dependent the household is on the local economy and its vicissitudes. It allows a study of local inter-sectoral linkages between the farm and non-farm sectors, rural-urban linkages within the country, and to marry micro-level observations with macro-level observations of workers’ remittances and other unrequited transfers in the balance of payments. A household can be “rural” (located in the countryside) but its activities may be a mix of urban and rural.

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<sup>91</sup> It does not matter where the activity takes place (in the domicile, on the farm premises, in town, abroad), at what scale (in a huge factory or by a single person), with what technology, or whether the participant earns profit or labour income (wages or salary) from the activity (Barret *et. al.*, 2001: pp. 318 – 319).

Errors exist, however, with these sectoral, functional and space distinctions of income. The most common errors are in classifying agricultural wage employment income as non-farm rather than as agricultural (sector) and off-farm (location) income, and assigning off-farm agricultural wage earnings to farm income in some surveys and to non-farm income in others. Also, there is an ambiguity in the way researchers use terms such as ‘rural non-farm income’ because at times they mean the non-farm income (earned anywhere) by rural households, and at other times they mean the non-farm income earned only in rural areas by rural households (see Ellis 1998: 10, Barret *et. al.* 2001: pp. 319 – 320).

As mentioned earlier, income has historically been identified as an appropriate measure of welfare outcomes, and remains the most commonly used measure of diversification in this literature due to its relative convenience. According to Barret *et. al.* (2001: 318), “the prevailing practice is to emphasize income diversification measures, but in almost every case these are directly linked to household asset stocks and the feasible activity choices faced by different households”. In rural livelihoods research, the practice is to distinguish farm from off-farm and non-farm income sources (see Ellis, 1998: 5 – 6; 2000, 11 – 12; and Barret *et. al.*, 2001: pp. 318 – 319). My research uses similar categories as outlined in box 4.1.

### Box 4.3: Rural Income Categories

*Income* refers to cash earnings plus payments in kind that can be valued at market prices (e.g. food), and transfers or exchanges of consumption items that occur between households.

**Farm income:** Incomes from Crops, Livestock, Forestry & Fishing  
(Cash from output sold & consumption-in-kind of own farm output)

**Off-farm income:** Wage or exchange labour on other farms (i.e. within agriculture). Also includes labour payments in kind (such as the harvest share systems and other non-wage labour contracts that remain prevalent in many parts of the developing world); incomes generated within agriculture or from environmental resources other than from own-account farming

**Non-farm income:** Non-agricultural income sources. Involves several secondary categories that vary according to author preferences. This study will be using the following categories:

- (i) *Informal wage* e.g. hired labour, tractor driver, construction activities
- (ii) *Informal non-wage* e.g. tailor, petty-trader, pastor, electrician, traditional healer
- (iii) *Formal wage* e.g. teaching, non-academic staff, borehole contractor, security guard

Though some authors consider **transfers** (remittances) as part of non-farm income, transfers will be considered as a different category as discussed earlier.

*Sources:* Ellis (1998); Ellis and Ade Freeman (2004); Barret *et. al.* (2001: pp. 318 – 319)

*Notes:* In this study, “rural nonfarm income” refers to the nonfarm income (earned anywhere) by rural households, and *not* that which is income earned *only* in rural areas by rural households.

The following definitions are taken from Ellis (1998: 5 – 6; 2000, 11 – 12) and Barret *et. al.* (2001: pp. 318 – 319) are as follows: *Farm income* or ‘agricultural’ income refers to income generated from own-account farming, whether on owner-occupied land or on land accessed through cash or share tenancy. Despite the use of the term ‘farm’, it includes livestock or forest or fish products from natural resources, as well as crop income. *Off-farm income* is used as a short-hand to mean income generated within agriculture or from environmental resources other than from own-account farming activities. *Non-farm income* or ‘non-agricultural’ income refers to all other sources of income that are not derived from agricultural/natural resources, and this includes the processing, transport or trading of

unprocessed agricultural, forest and fish products. Other examples include income from petty trade, casual work, wage labour, contracting land out, remittances, sale of food, drink, charcoal, grass, timber, crafts and others (Carswell, 2000: 21). Several secondary categories of non-farm income are commonly identified e.g. non-farm rural wage or salary employment; non-farm rural self-employment, sometimes called business income; rental income obtained from leasing land or property; urban-to-rural remittances arising from within national boundaries; international remittances arising from cross-border and overseas migration.<sup>92</sup>

The number of activities and income sources were initially considered as two separate variables for the empirical analysis on diversification, but this approach was beset with some difficulties. Firstly, the classification of certain activities as a livelihood activity is susceptible to different value judgements. For example, some consider being a housewife as a livelihood activity, whilst others consider it instead as a natural and necessary function of the female spouse in a household, and therefore do not regard this as a livelihood activity. Secondly, there is no direct income earned from certain activities; some people do not receive a market income because they have other forms of indirect cash or income in-kind (subsistence farmers for example). People in these situations are therefore likely to be excluded if market income sources are used in isolation. Although activities and income help identify individuals' explicit diversification choices, Barret *et. al.* (2001: 318) note that they can be difficult to value, and omit the generation of income from non-productive

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<sup>92</sup> Some authors however use different secondary categories. For example, in a detailed study in rural Pakistan, Adams and He (1995) have the six major income categories of agricultural, non-farm, livestock, rental, domestic remittances and international remittances. In this scheme, wage labour in agriculture is included with own-farm income in the agricultural category; livestock is taken separately from crop income; and non-farm income covers wages, salaries and self-employment outside agriculture, but excludes rents and remittances that are assigned their own categories (Ellis, 1998: 6).

assets, so in themselves offer imperfect measures of diversification behaviours. Multiple indicators are therefore used as cross-checks on inferences based on any single one (Barret *et. al.* (2001: 318).

This research combined data on activities (including subsistent practices in rural areas) and income portfolios in order to examine the diversification patterns of the poor. The inclusion of subsistence is particularly important for those who do not receive a market income given the role of subsistence as a form of indirect cash or in-kind income. People in such situations are therefore likely to be excluded if market income sources are used in isolation. Also, earlier discussions on subsistent households revealed that important differences exist between households that may initially appear similar based on their market incomes. For example, out of three households that report similar incomes, one may have no form of subsistence, another may be partially subsistent, and yet another may be producing commercial crops that have no food value (e.g. sugar). These differences are masked when diversification is looked at purely from an income-based perspective.

In addition to the inclusion of subsistence agricultural activities, it was observed during fieldwork that transfers played a key role in the livelihood portfolios of the poor. However, the steady flow and reliability of these transfers as a source of income is uncertain. For these reasons, transfers are treated as a separate category.<sup>93</sup> This practice therefore distinguishes income diversification from livelihood activity diversification. For example, a household that is involved in a single activity and also receives transfers is not diversified

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<sup>93</sup> In the literature on rural livelihoods, transfers are usually treated as non-agricultural incomes. This research however examines diversification in both rural and urban areas, and this traditional classification will be redundant for the latter area.



in terms of activities, but is income diversified given the extra source of income from transfers, to that being earned from the livelihood activity. A distinction was made between those who received and did not receive transfers, and this task proved useful as several points emerged from the analysis in both rural and urban areas.<sup>94</sup>

## 4.6 Conclusions

The Fallacy:

- The first step is to measure whatever can be easily measured: This is okay as far as it goes
- The second step is to disregard that which cannot be measured or give it an arbitrary quantitative value: This is artificial and misleading
- The third step is to presume that what cannot be measured easily is not very important: This is blindness
- The fourth step is to say that what cannot be easily measured really does not exist: This is suicide

A Smith, *Super Money*<sup>95</sup>

Methodology determines the emerging results of a study, the manner in which the results are interpreted, and intrinsically provides the justification for the validity of a thesis. There are a variety of methods that can be used to collect and analyze data. Within the social sciences, these methods tend to be polarized between the quantitative and the qualitative. As Adam Smith's fallacy stated above points out, as long as it can be measured, let it be measured; that is a quantitative approach and that is the first step. And for that which cannot be measured, rather than 'commit suicide' and discard it, a non-quantitative or

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<sup>94</sup> Though transfers are a source of income, compared to the classifications used in both rural and urban areas which signal an activity, transfers are not an activity in themselves.

<sup>95</sup> Cited from Jodha (1988: 2421):

qualitative approach is needed, that is the fourth step. Perhaps a fifth step is to measure what can be measured and treasure what cannot be measured, this is life.

A combination of quantitative and qualitative methodologies was used in this research, and is an approach that is increasingly being used. Both methods provide a different line of sight toward the same point, and a combination provides a better, more substantive picture of reality (Carvalho and White, 1997). Six focus groups were conducted in total, three in each study area, and 340 questionnaires administered. Data was collected on a variety of issues and measures that were thematically designed according to the three areas of concern to this research: poverty, risks and livelihoods. The specific issues addressed were perspectives of poverty, self-assessments of well-being, livelihood activities, income portfolios, income, food and non-food expenditure, anticipated and realised risks, and the response to these risks. Not all these issues are accessible to an investigator's direct observation; very often, therefore, the researcher must collect data by asking people who have experienced certain phenomena to reconstruct these phenomena. For example, the shocks that have occurred in the past cannot be accessed in the present, people were therefore asked to report on these occurrences.

Poverty is a multidimensional phenomenon that reflects the results and complementarities among cultural, sociological, economic and political factors, thus requiring the use of quantitative and qualitative treatment to bring to bear these different dimensions. Focus group discussions provided contextual/qualitative data, and the questionnaire served as the typical survey-based/quantitative method. The FGDs served as a preparatory and familiarization tool which provided insights into the perceptions of poverty from the people

in these communities, potential risks, coping strategies and constraints with their livelihood activities. The survey asks open-ended qualitative-style questions on self-perceptions of poverty and risks, and collected quantitative data on livelihoods.

## Chapter 5

### Perceptions of Poverty in Identifying the Poor

#### 5.0 Introduction

*The Poor are the true poverty experts*

- Ayoola *et al* (2001: 5)

The lack of a universally accepted definition of poverty has led to an almost universally accepted notion that poverty is a multidimensional phenomenon. This multidimensional nature of poverty therefore implies that there are various ways through which the poor can be identified. Identifying the poor can broadly be divided into objective and subjective approaches. The former uses externally set standards of measurable indicators such as income and basic needs, whilst the latter relies on people's perceptions of what poverty means, and whether or not they perceive themselves as poor. There is substantial research on the 'objective' elements of poverty, but relatively less on the 'subjective'. Nonetheless, there is growing interest in a subjective approach to poverty which is able to bring to light the personal dimensions that are usually hidden behind aggregate statistics.

This thesis is interested in the perceptions of poverty held by people who are externally classified as poor, as well as their perceptions of their own-poverty; do they perceive themselves as poor or not, and why. Focus group discussions and survey methods are used to collect data on perceptions of poverty as externally and internally perceived respectively, from people living in poor rural and urban areas of Lagos State. This constitutes a subjective approach to poverty as people themselves are allowed to define what poverty is

and in turn assess their own poverty status. The purpose of using focus group discussions to first understand the perceptions of poverty held by community members is to gain insights into the factors that may inform the perceptions of own-poverty by members of the same community. There is also evidence that these perceptions may be influenced by relative deprivation (see Sen, 1979: 297; Easterlin 1995: 36; Streeten, 1998: 9; and Stark *et al.* 2009: 119). Related to this is the idea that perceptions of poverty differ between rural and urban areas as references are being made to the wider community in assessing own-poverty status (see Brock, 1999: 9; Ayoola *et al.*, 2001: pp. 10 & 14). Therefore, of further interest to the research is the variation in perceptions of poverty between rural and urban areas. For further analysis on the relative dimension in perceptions of poverty, perceptions of own-poverty are compared to perceptions of their community. Finally, based on the dominant objective approach to understanding poverty (mainly on monetary grounds), the extent to which self-perceived poverty is consistent (or not) with objective indicators of poverty is also examined.

Section 5.1 provides a qualitative analysis of the perceptions of poverty that emerged from the Focus Group Discussions (FGDs). It starts with the linguistic distinctions in expressing poverty, given the influence this has on people's interpretations of poverty. Recurrent themes that emerged from people's perceptions of poverty are then examined. Section 5.2 analyses the perceptions of own-poverty that emerged from the survey, and compares these to perceptions of their community's poverty status. The extent to which both subjective and objective measures of poverty are consistent is the focus in section 5.3. The final section, section 5.4, concludes.

## 5.1 Perceptions of Poverty in Lagos State, Nigeria

The perspectives of poverty from the lives and voices of the people who experience it – the so-called ‘poor’ – provide an in-depth understanding of poverty, and qualitative methods are particularly useful in this regard. According to Arboleda *et al* (2004: 23), ‘the voices of the poor communicate their experience, and keep drawing the reader’s attention back to their lives’. It was observed during fieldwork (2006) that the *Yoruba* language (which is predominantly spoken in Lagos State)<sup>96</sup> had different expressions for the term ‘poverty’. Each expression had a distinct interpretation which influenced how questions asked on poverty were being interpreted. As a starting point, therefore, the descriptions of poverty in the *Yoruba* language are first examined. This is followed by an analysis of the top five perceptions of poverty that were commonly repeated during the focus group discussions<sup>97</sup> where participants discussed what poverty meant to them, among other issues.

### 5.1.1 The Language of Poverty

Nigerians are said to have “a very rich, complex and comprehensive experience of poverty, and the longest and most detailed list of perspectives of poverty to emerge from African assessments of poverty” (Ayoola *et al*, 2001). The ethnic diversity that exists in the country plays a large role in informing this ‘rich’ basket of perspectives. The linguistic expressions that people use in reference to poverty are important because they “give clues to understanding how they experience poverty in the course of their daily lives, and to the

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<sup>96</sup> The three major languages in Nigeria are Yoruba, Hausa and Igbo, and they are named after the people they belong to, who are the three largest and most influential ethnic groups in Nigeria. *Sources:* Languages & Intro: <http://www.motherlandnigeria.com/languages.html> Accessed 03 May 2012; Nigeria: <http://en.wikipedia.org/wiki/Nigeria> Accessed 03 May 2012

<sup>97</sup> All the issues mentioned in the definition of poverty were listed and a simple thematic word count revealed the top issues discussed in the six focus group discussions that were held.

linkages between elements” (Brock, 1999: 13). Ahenkora (1999) gives the examples of older people in rural Ghana who use the term *sika hia* (financial poverty) to refer to lack of cash, saying that it leads to sickness, mental health problems and divorce, and its effects are transferable from old people to their dependants. In urban Ghana however, older people used the term *neeni kwashiorkor* (a medical condition used to refer to protein and energy malnutrition observed amongst children) to describe poverty. While *kwashiorkor* in children is related to deficiency in food nutrients, in older people it is related to a lack of cash. During fieldwork in Lagos State, it was observed that different terminologies in the Yoruba language were used to express poverty, the most relevant two being *ise* and *osi*, which refer to poverty and extreme poverty respectively.

*Ise*, meaning poverty, is expressed in the Yoruba language as a ‘thing that fights’ with a person (who is referred to as an *akuse*, which is translated as an individual that is immersed in *ise*). Poverty, according to this linguistic expression, is seen as a continuous battle in which a person ‘fights’ for his or her survival and the only way to survive this ‘war’ is for the ‘fighter’ to remain stronger than the opponent, in which case he or she may eventually win. It is believed that the ‘fighter’ gains the strength to fight by working hard, which will eventually lead to his/her victory over the opponent, hence the commonly quoted Yoruba proverb that says ‘*eni ba sise, o jari ise*; any individual that works has overcome poverty’.

*Osi*, extreme poverty, on the other hand, is expressed as a situation that is ‘peppering’ or ‘pinching’ a person, who is consequently described as an *olosi*, literally meaning the “carrier of extreme poverty”. These *olosis* are often described as ‘suffer-heads’. According to an elderly male participant in the urban FGD *Eni ti agbon ta, ti osi o ta, ko ma dupe*

which means “someone who a bee has stung, but extreme poverty has not stung, should be thankful”. This statement likens a bee sting to the ‘sting’ of extreme poverty, and says the former is to be preferred; as it is temporary and bearable, but the latter ‘*osi*’ is a continuous ‘pain’ that is very difficult to bear. According to one participant in the urban FGD:

What we call *osi*, GOD should not let us see. If *osi* is peppering someone, for him to become somebody, it is only through the hands of GOD, because someone that is a complete *olosi* is a nobody; he is not a somebody at all. Food for the morning, afternoon and evening, if he does not beg, and asks his mates, he will not see to eat.

It is believed that all human efforts to help an *olosi* will be futile, as only a ‘divine intervention’ can change the situation. Another respondent puts it this way: “People get tired of *olosis* because there is just no breakthrough for them, they cannot flow within their community, you lend them money, they cannot repay”. Given the hopeless situation that describes *osi*, it is understandable that most respondents during the fieldwork process were quick to deny being in extreme poverty, to the extent that a prayer is always said at the mention of the word *osi*.

Another expression of people living in poverty (*ise*) is *aterofo dide*, which can be likened to a plant growing in a swampy ground or in an environment that makes growth difficult. Based on the literal meaning of this expression, every time the person makes an attempt to move, their feet carry a large amount of mud with them such that it is almost impossible to ‘walk’ normally. A similar expression for those living in extreme poverty (*osi*) is *ata pata dide*, which can be likened to a plant that is trying to grow from



a rock. In this case, a ‘breaking out’ is needed before any attempts to ‘walk’ can be made.

Comparing these two Yoruba expressions of poverty and extreme poverty yields interesting insights into the perceptions of poverty. In the case where *ise* fights with a person, there is the possibility of winning ‘the fight’, whereas with *osi*, there is very little that can be done about the ‘irritating heat’. Similarly, the second set of expressions sees an individual in poverty as being in a situation that is ‘swampy’, whilst it is ‘rocky’ for the extremely poor. In the former, it is possible to move (or win the fight), but this movement is hampered, whilst for the extremely poor, ‘breaking-out’ (or dealing with the source of the ‘irritating heat’) is the only way out. Despite these distinguishing features, both scenarios entail a struggle to move forward. They are both described as ‘children from the same mother’ (and are different in the same way that children from the same mother are different). One respondent put it this way: “They both are responsible for the lack of progress in a person’s life”. With this linguistic background in place, the next section moves on to discuss the common perspectives of what this struggle of poverty entails.<sup>98</sup>

### 5.1.2 Common Perceptions of Poverty

Focus group discussions were used to collect data on local perceptions of poverty, people were asked what poverty meant to them and how they would describe a poor person. The framework for analyzing these discussions was based on the words and statements people used to describe poverty. A variety of statements were mentioned and a word count was

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<sup>98</sup> For the rest of this chapter, the term poverty is used to describe both *ise* and *osi*, and where necessary, the distinction is made between the ‘poor’ and the ‘very poor’.

conducted on related keywords. For example, not having enough to eat was a recurrent theme, and words such as ‘eat’ ‘food’ and ‘hunger’ were related keywords to this effect.<sup>99</sup> The result of the word count associated with the themes is presented in Table 5.1 below. Though there was no decisive ranking of these perspectives, they have been ordered according to the frequency with which they were mentioned. Whilst this simple method may not be robust enough in itself, the aim is simply to recognize the commonly perceived notions of poverty based on the focus group discussions.

**Table 5.1 Perceptions of Poverty in Lagos State**

	<i>Number of times cited</i>		
	<b>Rural</b>	<b>Urban</b>	<b>Total</b>
<i>Word Count</i>	9,659	11,763	
Low Incomes, Little or No Money	243	121	564
Low Food Consumption/Hunger	180	80	260
Poor Housing/Living conditions	47	97	144
Inadequate Infrastructure	10	130	140
Low level of children’s education	30	108	138
Prolonged Unemployment	25	46	71
Illness/cannot afford hospital bill	13	38	51
Poor Clothing	9	18	27
Depends on others	1	2	3
Laziness	1	1	2

*Source:* Fieldwork (Focus Group Discussions) in Nigeria 2006

<sup>99</sup> These keywords were carefully counted in order not to duplicate counts and count where a different idea was being presented. For example, if the word ‘eat’ was used three times than once in a single statement, it was counted as one count. Also, if the word ‘food’ was being used in reference to a point that had nothing to do with describing poverty, it was not counted.

Amongst the diverse perspectives that emerged from the FGDs, the following are the top five that were mentioned the most: low incomes, low food consumption, sub-standard living conditions, inadequate basic infrastructure and a low level of children's education. This list is similar to that found by Hargreaves *et al.* (2006) who examined local perceptions of poverty in the Limpopo province of rural South Africa. They found that food security, schooling, housing conditions, and alternative ways in which income may be generated were mentioned regularly, as well as direct mentions of money or income. In comparing the rural and urban results in table 5.1, it is clear that low incomes and low food consumption were a dominant perception amongst rural FGD participants, suggesting a more absolute perception of poverty, while sub-standard housing conditions, inadequate basic infrastructure and a low level of education were mainly an urban concern, suggesting elements of relativity in their perceptions of poverty. The following paragraphs expand on each of these common perceptions of poverty.

With regards to **low incomes**, focus group participants talked of how they “worked like elephants but lived like ants”, and “worked from hand to mouth”. In other words, their incomes were not commensurate with the hard work they exerted in their livelihood activities, and were mainly devoted to meeting their basic needs, and even that is a struggle for some. In her synthesis and review of participatory work on ill-being and poverty, Brock (1999: 9) notes that poor people often conceptualize their difficulty in finding income and work as part of a cycle of impoverishment and vulnerability, as one element of a sequence of becoming poor and staying poor. Incomes are a means to an end and basic needs such as food, clothing, shelter, health and education are some of the ends that are important to poor people. From the FGDs, it was evident that the inadequacy of incomes was therefore

perceived to be implicitly responsible for other dimensions of poverty. According to two FG participants, an urban and a rural one respectively, if you lack money, you cannot think properly and happiness will be far away from your life; you cannot eat, drink, and you lack the good things of life... *owo ni keke ihin rere*; money is the bicycle that carries good things’.

One of the ‘ends’ that was often expressed alongside low incomes was **low food consumption**. For example, two rural participants (at separate FGDs) stated that “food is the first thing, but where would the food come from? It is money... poverty is not having enough money to eat what you want to eat”. The difficulty for an individual to exercise command over available food and the subsequent inadequate food intake is a key definition of poverty as perceived by my study sample. The following two comments are from rural focus group (FG) participants, female and male respectively:

(1) I hardly ease myself because there is nothing to bring out of my body; not much has gone in in the first place, and my children have to eat before I do, so sometimes I go without eating, so that my children can eat (2) In Nigeria now, it is what we see that we eat, it is not what we desire to eat that we eat, even when you see what you desire to eat, there is no money to buy it. And it is not that what you eat is nutritious or satisfying enough.

This importance of food in rural areas was also observed in the ‘Nigeria: Voices of the Poor’ study by Ayoola *et al.* (2001) where food was used in rural descriptions of different welfare categories. In extreme cases, urban FG participants (in my study) discussed how some can be seen scavenging in refuse dumps, seeking out anything edible. Yet, for others, what they describe as “starvation till further notice” is the case. The poor are consequently

defined as those who merely “live to eat and eat to live”.<sup>100</sup> A Nigerian proverb says that “the poor are awake because they are hungry; the rich cannot sleep because the poor are hungry”. In response to a rural FGD participant who said there was no poverty in their community, another man immediately retorted by saying “There is poverty! What do you mean there is no poverty? Is it everyone here that has eaten this morning? It is not how one person is that the other person is”. His response vividly demonstrates the emphasis of his perceptions: not being able to obtain food when it is needed. He also recognizes that individuals have varying circumstances in their status, saying “it is not how one person is that the other person is”. The importance of food in perceptions of poverty is as a result of its role as the most basic human need, thus lending support to the following statement made by a rural survey respondent – Feeding is what keeps body and soul together; before we can even begin to enjoy the other things of life, we need to first be alive at least.

The concern with low food consumption is one that is consistently mentioned during participatory assessments as a defining feature of poverty (see Brock, 1999; Narayan *et al*, 2000; Temu and Due, 2000; Hargreaves *et al.*, 2006; Van Campenhout, 2006; Bello & Roslan, 2010). For instance, Van Campenhout (2006) found that the quality of food consumed was of importance to villages in Rural Tanzania, and notes that these issues are not as obviously incorporated in consumption-based wealth assessments, as they are when qualitative methods that incorporate local perspectives on poverty are used. There is the popular Yoruba adage which says *ti ounje bati kuro ninu ise, ise buse* translated as “when

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<sup>100</sup> Respondents in the rural areas say they chew kolanut as its’ bitter taste helps to ‘keep their hunger away’.

the issue of feeding is taken care of, there is no more poverty”.<sup>101</sup> In this regard, an individual who is able to take care of the issue of feeding is no longer considered as poor. The lack of this basic need (food) particularly identifies the extremely poor, whose primary concern is to ‘stay alive’.<sup>102</sup> According to one respondent “if you see me sick, then it means I am hungry and have no food to eat”.

Building and roofing materials, and the type of toilet used, are usually a part of living standards survey questions used to assess welfare. In many poor areas around the world, mud and low-quality bricks are used as building materials, and pit latrines serve as toilets. In addition to these objective proxies of poor housing conditions, the **sub-standard living conditions** in such settings were commonly mentioned as a perception of poverty by urban FG participants; issues that may not necessarily have been picked up by the survey method alone. Also, this was more of an issue for the urban sample than the rural sample, and this comes as no surprise given the very poor housing conditions in Ajegunle (which were used in identifying the community as a study location in the first place). Some of the housing structures and living conditions in this urban area were worse than that in the rural area, and even worsened when compared to the modern housing conditions of better-off Lagosians nearby. Focus group participants referred to certain houses as *Ile Awosun* which means “a house we enter to sleep”. Worse still, are the dehumanizing conditions in which people live near canals that have been turned into refuse sites. One respondent describes

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<sup>101</sup> This adage was quoted on several occasions (both in the FGDs and from survey participants) to illustrate the importance of food with regards to poverty. With this adage, *ise* (poverty) is the one being referred to.

<sup>102</sup> Hulme and Lawson (2010: 3) identify five main ways in which extreme poverty can be conceptualized and note that the most common are income or consumption-based poverty lines based on an assessment of the amount of money needed to acquire food that meets the minimum calorific needs of a human being.

them this way: “One would not like to see even animals live there, yet human beings are living there”.<sup>103</sup>

The issue of room-congestion was also particularly noted in urban areas, and again, this is expected given the relatively high population density and limited housing spaces in this area compared to the rural area. Most of the housing structures in poor areas of Nigeria (especially within the cities and in my urban study area) are built in what is known as a ‘face-me-I-face-you’ style which is named as such after the manner in which the rooms are built; the rooms face each other, and it is usually one room per household. With a fertility rate of 5.5 births per woman<sup>104</sup>, the average Nigerian household with one man and one wife has a minimum of seven people in a room; coupled with one room per household in impoverished areas, this is a clear recipe for room-congestion and related illnesses. In Lagos State in particular, the Lagos State Government 2010 Household Survey also estimates the average household size to 5 members across the state (LBS, 2010: 3). Participants in the urban FGDs reported that in some cases, seven people can be found sleeping in one room of an average size of 12 x 14 feet, and they added that others can be found sleeping in the passageway. According to an urban FGD participant, “it is possible to find three generations in one room”. Omoh (2012) notes that in Amukoko, Badia, Okokomaiko, Mushin and other densely populated areas of Lagos State, about eight people live in a one-room apartment. He adds that “father, mother, brothers, sisters all live in one

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<sup>103</sup> There are also those who are homeless, and are reported as ‘roaming the street like others in the afternoon, but have nowhere to sleep at night’, they usually sleep under bridges, or in luxurious buses (commonly referred to as *Costas*).

<sup>104</sup> World Bank, Data; Fertility rate total (births per woman), <http://data.worldbank.org/indicator/SP.DYN.TFRT.IN> Accessed 07 May 2012

LBS (2010: 3) states that the 2010 Lagos Welfare and Services Delivery Survey result estimated the average household size to 5 members across the state.

room. At night, they sleep on each other with their parents separated from the rest with a curtain”. Yeboah (2010: 54) also observes the same in Ghana, and notes that “these congested rooms have multiple uses, serving as living, bed, dining, storage, and sometimes laundry room when it rains”. A household that experiences congested room conditions is commonly perceived by Lagosians as living in poverty. According to an urban FGD participant, “many households using the same toilet is a sign of poverty”. Worse still, most of these rooms are not well ventilated, and the inconsistent supply of electricity that is prevalent in Nigeria limits the use of alternative means of ventilation which many of the poor cannot even afford (e.g. diesel generators). These settings expose poor people to respiratory health risks amongst other ills that are further aggravated as a result of overcrowding. The infrastructural deficiencies that exist in Nigeria worsen living conditions, and in itself was a major dimension of poverty repeatedly referred to. The inadequacy of basic infrastructure is the fourth and final common perception of poverty to be addressed here.

The **inadequacy of basic infrastructure** in Nigeria is enough to influence external perceptions of the nation as a poor country. Nigeria is the largest oil producer in sub-Saharan Africa, and holds approximately one-third of the proven gas reserves of Africa, yet at least 60% of its population lack access to electricity for their basic needs (Baker, 2008). A recent survey of the Manufacturers Association of Nigeria (MAN) revealed that Nigeria experiences not less than 60,000 minutes per annum of interruptions to the electricity supply (Okere, 2006), and in many cases, it is far worse than this. Being without electricity has become the norm in many parts of the country, and is a major infrastructural concern. According to an urban FGD participant “it is only in Nigeria that they bring light and



people say praise GOD!”. Another participant states that “no power supply, no work, no money, no food!” This unpredictable and irregular supply of electricity is particularly detrimental to urban residents who depend on it for their livelihoods to a greater extent than those in rural areas who are largely involved in manual agriculture with relatively less need for electricity. Brock (1999: 9) founds in her review of participatory work on poverty, that in addition to lack of income and work, another common issue that was raised amongst poor people was the absence of basic infrastructure and services to support their livelihoods. As a result of the unstable supply of electricity in Nigeria, Esele (2012: 8) notes that the Artisans can no longer do their work effectively and this leads to frustration and discouragement forcing many of these small operators to quit and join the burgeoning “*Okada* riding’ business where possible.

Other infrastructural inadequacies that are pertinent to rural and urban areas are water and drainage issues respectively. In rural areas, more concern was expressed about water supply than electricity. Data from the UNICEF/WHO joint monitoring programme for Water Supply and Sanitation show that 69% of Nigeria’s rural population did not have access to improved drinking water sources in 2004 (compared to 33% in urban areas, with the national rate at 54%).<sup>105</sup> Rural participants talked of the coloured well water they use in having their baths, a source that is only useful during the rainy season; water levels in the wells are much lower during the dry season, and the only other alternative is to buy water which many residents cannot afford as frequently as they need it. In urban areas, their issue with water was not so much to do with access, but with how it is provided. Urban FG

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<sup>105</sup> UNICEF INFORMATION SHEET (February 2007) Water, Sanitation and Hygiene in Nigeria: [http://www.unicef.org/wcaro/WCARO\\_Nigeria\\_Factsheets\\_WASH.pdf](http://www.unicef.org/wcaro/WCARO_Nigeria_Factsheets_WASH.pdf) Accessed November 2009

participants mentioned that water from the few functioning taps provided by the government has an unpleasant smell; the pipes are laid inside the gutter and they are not properly maintained. This lack of safe water is manifested in the prevalence of water-related diseases such as guinea worm, cholera, diarrhoea, dysentery etc. Also, the drainage system in Ajegunle, the urban area studied, was in an abysmal state, one that is worsened further during rainy seasons. Urban FG participants stressed how the malfunctioning drainage systems coupled with bad roads hamper mobility during rainy seasons. I also observed this during fieldwork with sewage from overflowing gutters emptying into the streets and both businesses and homes being affected by the flooding. In addition to these harsh mobility conditions, there are also consequences on the health of affected parties. For example, the risk of contracting malaria increases, as more mosquitoes breed due to the stagnant water. Inadequate infrastructural facilities are a major impediment to living standards and livelihoods, and they are particularly worse for the poor who have little or no alternative. The inadequate infrastructure that exists not only influences perceptions of Nigeria as a poor country but is also commonly perceived as describing the plight of the poor as those who are at the mercy of these inadequacies.

Finally, the fifth most mentioned perception of poverty has to do with the **low level of children's education** (in a household or an individual's child or children). Education is valued as a vital tool for 'escaping' poverty and it is believed that educated children will have more opportunities with which they can achieve a higher level of welfare for themselves and their families. In Indonesia also, parents view their economic security as better served by fewer but better educated children, who can find salaried employment and contribute substantially to the parental household (Niehof, 2004: 332). However, most of

the poor are only able to afford primary education, while a few struggle to afford secondary education for their children. Rural FG participants in my fieldwork (2006) talked of how some parents could not afford to buy school uniforms for their children, leaving the school authorities with no choice but to allow the children to wear their home clothes until they could afford the school uniform. Urban FG participants also mentioned that the school fees were ‘too high’ and that they were left with little or no choice other than to involve their children in earning an income in order to afford their school fees.<sup>106</sup> Rural FG participants discussed how levels of education can be used as an indicator of poverty as follows: parents who had a child (or children) with no education were described as ‘very poor’; up to primary education only, as ‘poor’; up to secondary education only, as ‘some poor and some average’, beyond secondary education, ‘average and well-off’. The ‘Nigeria: Voices of the Poor’ study by Ayoola *et al.* (2001) also observes that the inter-generational inheritance or perpetuation of poverty was noted by participants who identified an inability of poor parents to invest in the human capital of their children. Addison, Hulme and Kanbur (2008: 23) make a similar observation where they note that for the poor, the inability to invest in human capital persists across generations.<sup>107</sup> Unfortunately for the poor, access beyond primary education (secondary education for some) is severely restricted; most of the poor are unable to educate their children beyond these levels and regard this limitation as a result of poverty, and one that also perpetuates it. Poverty to them is the inability to enable their children reach the heights they desire for them.

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<sup>106</sup> Children get involved in hawking in urban areas, and agricultural activities in rural areas. Some go as far as begging on the streets, all in an effort to supplement their parent’s income towards their school fees and basic needs.

<sup>107</sup> Addison, Hulme and Kanbur (2008: 23) refer to the plenty of evidence from the Philippines that the children of parents with little schooling and/or assets have lower school participation, and the children of credit-constrained households are shorter than unconstrained households.

In addition to these common perceptions of poverty (low incomes, low food consumption, sub-standard living conditions, inadequate infrastructure and the low level of children's education) informed by the focus group discussions, the next section takes the analysis further by examining the survey results on how people within the same location assessed their own poverty status, and that of their community.

## **5.2 Subjective Self-Assessments of Poverty**

The survey asked respondents to classify themselves according to one of four categories – very poor, poor, average and well-off. A critique of using these categories was discussed in Chapter 4 (see section 4.3.1). In both rural and urban areas, far more people classified themselves as 'poor' than 'very poor'. This difference confirms the point made earlier on the linguistic distinctions in expressing poverty in the Yoruba language; extreme poverty (*osi*) is seen as a hopeless situation which is almost impossible to get out of, while poverty (*ise*) is a continuous 'fight' which could be 'won'. Far less people therefore classified themselves as 'very poor' as opposed to 'poor'; they rather attested to being in a continuous 'fight' than being in a hopeless situation. Table 5.2 presents the survey results of these classifications.

**Table 5.2: Survey Results of Own-Perceptions of Poverty**

<i>Classification used</i>	<b>Rural</b>	<b>Urban</b>
<b>POOR</b>	<b>28.3</b>	<b>30.3</b>
Very Poor	1.9	2.2
Poor	26.4	28.1
<b>NOT POOR</b>	<b>71.6</b>	<b>69.7</b>
Average	70.3	68.6
Rich/Well-off	1.3	1.1

*Source:* Fieldwork (Household Survey) in Lagos 2006

Respondents steered clear of both extremes of the ‘very poor’ or ‘well-off’ categories, leaving most of the classifications centered on ‘poor’ and ‘average’; 28.4% and 30.3% of the rural and urban samples perceived themselves as poor respectively, with the majority classifying themselves as average. This is an interesting result given that the people surveyed live in income poor communities. One possibility is that the majority who perceive themselves as ‘average’, are actually satisfied with their circumstances, and for this reason, do not regard themselves as poor. In answering why they perceived themselves as ‘average’, many made statements such as ‘I am not rich, but I can feed myself and my family’, ‘I am not hungry, neither am I satisfied’ or ‘I may not have enough money, but I can cater for my household’. In the rural areas, most people are subsistence farmers who believe that despite their low incomes, being able to eat enough to ‘keep on going’ meant that they were no longer poor, lending support to the Yoruba adage that was mentioned on several occasions during the focus group discussions and survey interviews: *Ti Ounje bati kuro ninu ise, ise buse*, which is literally translated as “when food is taken out of poverty, there is no more poverty”. To examine this further, after classifying themselves into one of the four welfare categories, the respondents were asked an open-ended question to explain

their chosen classification. Table 5.3 shows the different explanations that were given as well as the corresponding percentage of respondents that cited each reason. The ‘very poor’ and ‘poor’ categories are referred to as ‘poor’, and the ‘average’ and ‘well-off’ as the ‘non-poor’, these are the categories that will be used henceforth.

**Table 5.3: Reasons given for self-perceptions of being either poor or not poor**

	REASON	% citation <b>Rural</b>	% citation <b>Urban</b>
<b>Poor</b>	• Difficult to <i>feed</i> him/herself and/or household adequately/Not enough money to eat	29.5	23.1
	• Does not have a good job/means of livelihood/ Only has one source of income/ <i>very low income</i>	27.3	23.2
	• Struggles hard/Just managing	26.8	17.3
	• Not in the position he would like to be in/Cannot: live comfortably/up to desired standard of living/materialize plans/educate his or her children to his or her desired standard	7.3	19.2
	• Other/No reason given for classifying self as ‘poor’	10.1 <i>100.0</i>	17.2 <i>100.0</i>
<b>Not Poor</b>	• Can/has enough to take care of himself (and) his/her household/family’s feeding and children’s health, education & house-rent	48.6	42.5
	• Does not have a lot of money, but is not a beggar/not poor/Can cater for immediate needs without begging/asking for anyone’s assistance	25.7	23.6
	• Has a means of livelihood with which he/she earns enough to feed his/her family/Earns a salary	8.2	21.2
	• Struggles hard/manages to sustain his or her family	3.7 6.4	7.1 1.6
	• Can afford to send his/her/children to the University/good school	7.4 <i>100.0</i>	4.0 <i>100.0</i>
	• Other/No reason given for classifying self as ‘Not Poor’		

Source: Fieldwork in Lagos 2006 (Household surveys in Otta-Ikosi, Ajebo & Ajegunle)

Notes: (1) The very poor and poor categories are grouped as ‘poor’ whilst the average and well-off categories are grouped as ‘not poor’ (2) The first two reasons cited for the ‘Not-Poor’ are similar, but were distinguished as respondents placed an emphasis on ‘not having to beg’ to cater for their needs in the second reason

In both rural and urban study sites, basic needs and income featured as the dominant reasons people gave for perceiving themselves as being either poor or not poor. For the poor in particular, these reasons are consistent with two of the common perspectives of poverty that were examined earlier – low incomes and low food consumption. These perspectives also serve as indicators of poverty which are further examined in section 5.3. Though the inadequacy of basic infrastructure was the most common perception of poverty in urban areas, it did not feature in the reasons respondents gave in the survey when asked about why they chose one of the four stated categories (very poor, poor, average, well-off). This is likely as a result of the way in which the questions were asked. In the FGDs, people were asked “what poverty means” and provided answers on a general note, in the survey however, the questions were more personal: “how would you describe yourself? And Why?” Brock (1999: 11) notes that the issue of how the question is framed is important. In examining local perceptions of poverty in the Limpopo province of rural South Africa, Hargreaves *et al.*, (2006) have similar findings. They pointed out that the way in which the questions were asked on poverty in the participatory assessments was to delineate households within villages that are doing relatively better or worse, and this did not encourage the consideration of hugely important factors that affect whole communities. They add that from their experience, they are aware that better water supply, roads and schools, complete electrification, general economic development, job creation, and crime reduction are widely seen as developments that would improve the lot of all. These were however barely mentioned, instead issues such as housing conditions which relate to how poor people in the area, all of whom live in the same society with relatively basic infrastructure were mentioned.

Within the poor category, compared to those in rural areas, more people in the poor areas of metropolitan Lagos expressed concern about not being in the “positions they desired”. According to an urban survey respondent who stated this reason “I have not seen myself the way I want; I cannot feed well, I am struggling hard”. Copestake *et al* (2009: 155) also find that in Peru, “rural respondents are more satisfied with the place where they live and progress in raising a family, while those in urban areas have higher material and related aspirations which they find hard to fulfil”. The next section further examines the self-perceptions of poverty by comparing it to perceptions of their communities.

### **5.2.1 Self versus Community Perceptions of Poverty**

In addition to asking the survey respondents to classify themselves according to one of four categories – Very Poor, Poor, Average and Well-Off – they were also asked to classify their communities according to one of these same categories. The purpose of doing this was one, to confirm the selection of these areas as poor communities; two, to examine how people living in these communities perceive themselves in comparison to how they perceive their communities. Table 5.4 presents the survey results of these classifications.



**Table 5.4: Perceived Self and Community Poverty Survey Results**

<b>Status</b>	<b>Location</b>	<b>Self Classifications %</b>	<b>Community Classifications %</b>
<b>POOR</b>	<b>RURAL</b>	<b>28.3</b>	<b>69.7</b>
	<b>URBAN</b>	<b>30.3</b>	<b>67.5</b>
Very Poor	<i>Rural</i>	1.9	5.2
	<i>Urban</i>	2.2	7.0
Poor	<i>Rural</i>	26.4	64.5
	<i>Urban</i>	28.1	60.5
<b>NOT POOR</b>	<b>RURAL</b>	<b>71.6</b>	<b>30.3</b>
	<b>URBAN</b>	<b>69.7</b>	<b>30.8</b>
Average	<i>Rural</i>	70.3	29.7
	<i>Urban</i>	68.6	30.3
Rich/Well-Off	<i>Rural</i>	1.3	0.0
	<i>Urban</i>	1.1	0.5

*Source:* Fieldwork in Lagos 2006 (FGDs, household surveys)

Notes: 1. Percentage of people within the survey population that perceived themselves (self-classifications) and their communities (community classifications) as being in a particular poverty category.

A striking result above is that though the majority classified **themselves** as ‘average’, a similar majority classified their **community** as ‘poor’. This suggests a tendency for people who perceived themselves as ‘average’ to classify their community as a status beneath that which they classify themselves, in this case, ‘poor’, or alternatively put, a tendency to perceive themselves as better-off than their communities. The fact that approximately 70% in both rural and urban areas surveyed perceived themselves as ‘average’ and a similar proportion perceived their communities as ‘poor’ is a sizeable amount that is important and deserving of note. A simple statistical analysis was carried out to probe further into the links between self and community classifications and interesting results emerged. Respondents were separated according to their self-classifications, and the community classifications given by each category was checked to see whether or not they considered

themselves as (1) better-off than the community, (2) the same or (3) worse-off. The average result of these three cases for each poverty category is presented in table 5.5.

**Table 5.5: Self versus Community Perceptions**

Self-classification	Very Poor	Poor	Average	Well-Off
<b>Average Community classification</b>				
Rural	3	2	1	1
Urban	3	2	1	1.5

*Source:* Fieldwork in Nigeria 2006 (Household surveys in Otta-Ikosi, Ajebo & Ajegunle)

Notes: 1 – *self* Better-off than community

2 – Same

3 – Worse-off

The results were the same in both rural and urban areas, with the exception of those who perceived themselves as ‘well-off’. In both areas, those who perceived themselves as being ‘very poor’ classified themselves as worse-off than their communities, while the ‘well-off’ perceived themselves as ‘better-off’. The ‘poor’ perceived themselves as being in the same category as they perceive their communities to be, while the ‘average’ perceived themselves as better-off than their communities. There are a number of possible explanations for this result. Firstly, some Lagosians may be poor by objective assessments but will not see themselves as ‘poor’ because they feel this undermines them or they choose to be optimistic. The latter point is linked to the literature on happiness which finds that poor people are ‘happier’ than richer people (Veenhoven, 1991; Easterlin, 1995; Diener *et al.* 1999; Copestake *et al.*; 2009). Copestake *et al.* (2009) for example, find that in Peru, people are generally happier in rural areas even though poverty incidence there is greater; they are more satisfied with the place where they live and progress in raising a family, while those in urban areas have higher material and related aspirations which they find hard to fulfil.<sup>108</sup> Secondly, it is possible that my sample picked up slightly better-off people,

<sup>108</sup> This is also likely to be the case in my research, as the location and proximity of the urban study site to wealthier areas of Lagos means that they are exposed to the comforts of life that the rich enjoy, and are more

however, a closer look at their incomes (discussed further in section 5.3) showed that a significant proportion of both samples (rural and urban) had incomes below \$2. Thirdly, they may understand that they are objectively poor, but in comparison to their counterparts within their community, they perceive themselves as better-off. Therefore, based on the categories presented to them in the survey, those who perceive their communities to be ‘poor’ communities will perceive themselves as ‘average’. Psychologists refer to this as a ‘self-serving bias’ or an ‘illusory superiority’ (also known as a ‘better-than-average effect’), in which the individual is biased to believe that he or she typically performs better relative to the average person in areas important to their self-esteem.<sup>109</sup> More specifically, the concept of relative deprivation comes into focus.<sup>110</sup> Stark (1984: 475) notes that “people are engaged in interpersonal income comparisons which are internalized, thus generating psychic costs or benefits, frustrations or elations, relative deprivation or satisfaction”. The issue then is who they are comparing themselves to; their reference group. For example, the perception of those living in *Ajgunle* (the urban study site) is likely to be largely influenced by their location within metropolitan Lagos. Below is an abstract from an article in November 2005<sup>111</sup>, followed by an abstract (directly translated) from an urban FG participant who makes a similar point:

The irony is that *Ajgunle* is a slum that grows in the bowel of skyscrapers, giant oil installations, flyovers and two major seaports (Apapa and Tincan

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aware of their relative deprivation than those in rural areas. This may make them ‘less happier’ than those in rural areas, but may not necessarily have a significant impact on their self-classification of own-poverty status.

<sup>109</sup> More specifically, the ‘illusory superiority’ is said to exist when people have inflated views of their own characteristics. [http://en.wikipedia.org/wiki/Illusory\\_superiority](http://en.wikipedia.org/wiki/Illusory_superiority) Accessed September 2009

<sup>110</sup> Stark (1984; *et al*, 2009) have used the concept of relative deprivation as an explanation for rural-urban migration.

<sup>111</sup> Welcome to ‘*Ajgunle*’, Nigeria’s Jungle City

[http://findarticles.com/p/articles/mi\\_qa5391/is\\_200511/ai\\_n21383032](http://findarticles.com/p/articles/mi_qa5391/is_200511/ai_n21383032) Accessed February 2012

Island), making it a paradox of poverty in the midst of affluence; primitive living in an enclave of modernity.

Those that I know that are really enjoying, when they take light, there is automatic generator standby, even when there is fuel scarcity, they are not bothered. Some ministers and all those big men, the food that they give their dogs, the poor have not seen to eat. But in this *Alaba* (an area in Ajegunle), there are some breadwinners that if the suffering reaches the child and the child has not eaten breakfast, if the child does not go out, maybe to his or her friends place, it will not be easy for the child to eat, before we even talk about the child going to school.<sup>112</sup>

Given the inner-city location *Ajegunle* within metropolitan Lagos and its proximity to wealthy areas of the city, the residents here are relatively closer to the ‘bright lights’ of the city than those in rural areas. Also, residents in rural Lagos are relatively closer to the modern areas in Lagos compared to residents in other rural areas in less developed states in the country. For both the urban and rural sample, their deprivation relative to the better-off is likely to influence their perception of poverty as well as their aspiration; they may use the living standards of the ‘better-off’ people that they see around them as a yardstick for assessing their poverty status and may have higher material aspirations relative to those in rural areas. However, when asked whether or not they perceive themselves as poor, the survey results suggest that people in these poor communities who perceive themselves as ‘average’ are comparing themselves to other people within their community when

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<sup>112</sup> Other participants at this FGD supported the point on the education of children being affected by poverty. They talked of the common sight of children from different households being sent out of schools during school hours as a result of not having paid their school fees, and described this as evidence of the experience of poverty within their community.

assessing their own welfare status.<sup>113</sup> As mentioned earlier, this can be explained by an ‘illusory superiority’ where people living in poor areas perceive themselves as better-off than the average welfare status of people within their close community. People are either comparing themselves to those better-off than they are, or to those worse-off than they are, or to both, but for different reasons. Therefore, it is possible that people have two reference groups that they make inter-personal comparisons with; one is their immediate or ‘poorer’ community with which they make relative poverty assessments, and the other is a ‘wealthier’ community which influences their aspirations. One thing is for certain based on the findings from this research; the people in these poor communities who perceive themselves as ‘average’ are comparing themselves to other people within their community and/or the average welfare level in their communities. They perceive their communities as poor, but themselves as better off. In other words, rather than perceive themselves as relatively deprived, they consider themselves as ‘relatively advantaged’ and others within their immediate communities as relatively deprived. So they may be poor according to an income-based definition of poverty, but they do not perceive themselves as such relatively. The next section compares these self-perceptions of poverty with locally proposed indicators of poverty which are also classic poverty indicators, food and incomes.

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<sup>113</sup> It is also possible that the people are making comparisons with people who they consider to be generally in a lesser status than they are.

### **5.3 Comparative analysis of Subjective & Objective Poverty**

The common perceptions of poverty discussed earlier imply that there are different issues which give a ‘face’ to poverty. Two people, one from the urban area and the other from the rural area respectively, put it this way: “The look of poverty is more visible than the look of a thief; poverty cannot be hidden”; “mere looking at a poor person, you will know the person is poor”. This ‘look’ of poverty can also be referred to as indicators of poverty which give a form of ‘visibility’ to poverty. Perceptions capture the experience of poverty through the ‘eyes’ of the poor, while objective indicators assess it through external lenses. Both approaches seek to explain the same phenomenon of poverty, albeit from different angles. In combining both approaches, this research uses two indicators of poverty that were inferred from the commonly cited perceptions of poverty: low incomes and low food consumption, issues that resonate with classic poverty indicators. The survey included questions on food, income and expenditure, which provide quantifiable data for these two classic indicators of poverty, and are used to identify the objectively poor in the study sample. These objective classifications are then compared with self-classifications of poverty.

#### **5.3.1 Food and Subjective Poverty**

Respondents were asked whether they could afford three meals a day with the response options being ‘yes’ or ‘no’. For the purpose of analysis, those who answered ‘yes’ to this question are regarded as the ‘food non-poor’, and those who answered ‘no’ as ‘food poor’. Based on this, 33.5% and 42.7% of the rural and urban sample respectively are poor. These measures are strikingly similar to the food poverty measure from the 2004 Nigerian Living

Standard Survey where 33.6% of Nigerians were said to be food poor, and this increased to 41% in 2010 (NBS, 2012: 15). The results from my sample are shown in Table 5.6 together with the self-classifications of poverty within each category. It is worth stressing here also that while the survey method is ‘objective/quantitative’ in its design, this particular data on food insecurity is capturing a subjective response as is the data on perceptions of own-poverty.

**Table 5.6: Self-Classifications of those who can and cannot afford three meals a day**

	RURAL		URBAN	
	% in Survey	Self-Classifications %	% in Survey	Self-Classifications %
<b>Can</b> afford 3 meals a day	66.5		57.3	
Perceive self as: Poor				
Not Poor				
<i>Total</i>				
<b>Cannot</b> afford 3 meals a day	33.5		42.7	
Perceive self as: Poor				
Not Poor				
<i>Total</i>				
<b>Total Response on 3 meals a day</b>	100		100	

*Source:* Fieldwork in Nigeria 2006 (Household surveys in Otta-Ikosi, Ajebo & Ajegunle)

Among the ‘food non-poor’, more than three-quarters perceived themselves as non-poor, meaning that their ability to afford three meals a day was influential in their self-perceptions of not considering themselves as poor.<sup>114</sup> However, despite the fact that difficulties in obtaining sufficient food is a commonly held perspective of poverty, among the food-poor, over half of the rural sample did not perceive themselves as poor, while it

<sup>114</sup> Chi-2 tests also revealed a statistical association between self-classification and being able to afford three meals in both rural and urban areas with high levels of significance. The null hypothesis that there is no association between self-classification and being able to afford three meals or not is rejected in both rural and urban areas at 0.8% and 0% significance levels. The association is also significant for the following groups in both rural and urban areas: those aged between 26 to 45 secondary school holders at exactly 0.3% and 0% significance levels. This means that the strong association of self-classifications and 3meals exists for women between the ages of 26 and 45 in the rural areas; widows at 0% and 3.9% significance levels. Chi-2 results revealed a significant statistical association for both men and women in urban areas. In rural areas however, the association was only significant for the women and *not* for the men.

was a near 50:50 perceived poor/non-poor split for the urban sample; approximately 58% and 49% of the rural and urban sample respectively who could not afford 3 meals a day perceived themselves as not-poor. This is similar to the work carried out by Temu and Due (2000) where they found that despite the observation that small-holder farmers in rural Tanzania ranked food insecurity as a key feature of poverty, they did not perceive themselves as food insecure for the most part.<sup>115</sup> One implication of this finding is that if food security was to be regarded as the sole interpretation of poverty by these people, according to their own definition of poverty and perceptions of their status, they are not poor. On the other hand, it is possible that some other definition of food insecurity which employs an external assessment (calorie-based for example) may also identify some of these same people (who do not perceive themselves as poor) as poor. However, though the majority of the food poor did not perceive themselves as poor, more of the ‘food poor’ perceived themselves as poor compared to the ‘food non-poor’. In addition with the finding that approximately 79% and 85% of the rural and urban sample respectively who were not food poor also did not perceive themselves as poor, these results suggest specifically that the ability to afford three meals a day is influential in people’s perceptions of not considering themselves as poor.

### **5.3.2 Expenditure and Subjective Poverty**

The traditional definition and measurement of poverty is an income-based one. Nevertheless, data on expenditure is often used rather than direct income for a number of reasons, which have already been discussed in Chapter 4 (see section 4.3.2), three of these

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<sup>115</sup> They observed that only 12 out of 290 families perceived themselves as food insecure; 232 (80%) consider themselves as food secure and 46 (16%) as marginally secure (Temu and Due, 2000: 57).



reasons will however still be mentioned here. Firstly, expenditure has long been recognized as a better indicator of welfare than income. Glewwe and Van Der Gaag (1990: 810) find that in both rural and urban areas, total household consumption is more strongly correlated with welfare than per capita income. Ravallion & Lokshin (2001: 343) also argue that subjective welfare will depend more on long-run ('permanent') income which will be better reflected in current expenditures than current incomes. Secondly, income (especially agricultural income) varies seasonally while consumption varies less and is therefore less problematic to measure. Thirdly, though the questionnaire included a question on income, there was a higher response rate to the question on expenditures. 87% and 96% in rural and urban areas respectively reported their expenditure figures compared to 61% and 76% who reported their income. Most of the interviewees were self-employed, and some had different sources of income. They were therefore able to recall their expenditures better than their net income. Expenditure figures are therefore used in this section.

Per capita expenditure was derived by dividing the total expenditure by the household size. Heads of households (HoH) are therefore most likely to give more reliable estimates of household expenditure than other members of the household. However, not all respondents in the survey were heads of households (see Chapter 4, section 4.2.2). The HoH interviewed constitute 63% and 50% of the rural and urban sample respectively. Table 5.7 shows the average daily per capita expenditures for the heads of households and the total sample, together with the average for those who perceive themselves as poor and not poor.

**Table 5.7: Average per Capita Expenditures**

	<i>Per Capita Expenditures (₦) per day</i>	
	<b>RURAL</b>	<b>URBAN</b>
Heads of Households	319.3	220.0
<i>Self-classifications</i>		
Poor	277.1	233.7
Non-Poor	280.0	174.5
Total Sample	279.4	182.5
<i>Self-classifications</i>		
Poor	251.1	169.8
Non-Poor	291.0	187.6

*Source:* Fieldwork in Lagos, Nigeria 2006 (Household survey)

The per capita expenditures reported are on average, lower in the urban sample than they are in the rural sample. This finding is contrary to the typical expectation and evidence of lower rural incomes relative to urban incomes (Streeten, 1998: 17). The reliability of the expenditures reported appears questionable, either the expenditures reported in rural areas are overestimated, or that of the urban sample is underestimated. The higher expenditures in rural areas may be reflective of the fact that these figures also include food produced for own-consumption, an element which was absent for the urban sample. However, in both rural and urban areas, the average per capita expenditure reported by HoH was higher than that of the total sample; with a difference of approximately ₦40 (\$0.35 cents) in both rural and urban areas.<sup>116</sup> HoH who perceived themselves as poor also reported higher per capita expenditures per day than those who perceived themselves as poor in the total sample in both areas. In the rural area, HoH who perceived themselves as poor reported less per capita expenditures per day than HoH who perceived themselves as non-poor. In the urban area however, the reverse was the case, in that HoH who perceived themselves as poor

<sup>116</sup> The Naira dollar conversion rate used here is based on ₦115/\$1 which was the average for 2006, the year in which the survey was conducted.

reported higher expenditures than their non-poor counterparts. This latter result is puzzling as it shows that heads of households who perceived themselves as poor actually had higher expenditures than those who did not perceive themselves as poor. Taken at face-value, this suggests that despite having higher expenditures, heads of households in the urban sample still perceive themselves as poor for reasons beyond expenditures. It is, however, plausible that the reported figures may not be a true reflection of the true setting especially in consideration of the fact that 50% of the urban sample were heads of households. In both rural and urban areas however, the proportion of the total sample who perceived themselves as poor reported lower expenditures than the self-perceived non-poor.

In using income or expenditure to identify the poor, poverty lines are typically used. However, these ‘lines of measure’ are of an arbitrary nature. According to the Nigeria Living Standards Survey main report (NLSS, 2006: 14), “the poverty line is a relatively arbitrary divider of the poor and non-poor”. Therefore, to aid a thorough analysis of the proportion of the survey population with ‘low incomes’, a common perception of poverty, seven poverty lines were considered (see section 4.3.2 in the methodology), but only three of these will be examined here. The first is based on the internationally recognized \$1 a day which is calculated into Naira, based on the combined rural and urban consumer price index (CURCPI) for Lagos.<sup>117</sup> The other two poverty lines are based on the guidelines set by the World Bank and the Federal Office of Statistics<sup>118</sup> in Nigeria, namely one-third and

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<sup>117</sup> The Nigerian figure is used to aid comparisons at a national level, whilst the figure for Lagos is used given that fieldwork for this research was conducted in Lagos State (where goods and services are considerably more expensive than the rest of Nigeria, seeing that it is the commercial capital of the country).

<sup>118</sup> In 2005, the Federal Office of Statistics merged with the National Data Bank and is now referred to as the National Bureau of Statistics

two-thirds of the mean per capita expenditure.<sup>119</sup> Canagarajah and Thomas (2002) termed these two relative poverty lines as the *upper* and *lower* poverty line respectively.<sup>120</sup> The Central Intelligence Agency (CIA) World Factbook places Nigeria's estimated GDP per capita in 2006 (the survey year) at \$2,100.<sup>121</sup> *Two-thirds* of this works out as \$1,400 and *one-third* as \$700 per year. The dollar and Naira equivalents per day are \$3.84 : \$1.92 and ₦343.3 : ₦171.7.<sup>122</sup> The proportion of households living below these poverty lines is presented in Table 5.8.

**Table 5.8: Poverty Headcount using per capita Expenditure in Rural & Urban areas**

	Rural		Urban		Sample Average
	No.	%	No.	%	%
Heads of Households (HOH)	97	63	92	50	56
HOH who reported expenditure	83	86	87	95	90
<i>Absolute Poverty: \$1-a-day.</i>	10	12	20	23	18
<i>Relative Poverty</i>					
Lower Poverty Line	25	30	40	46	38
Upper Poverty Line	57	69	76	83	78

*Sources:* World Bank Poverty Assessment (1996); Sillers (2005); NBS CPI and Inflation Figures for Nigeria; Fieldwork in Nigeria 2006 (Household surveys)

*Notes:* The figures above are for heads of households only. For the total sample, however, the lower poverty line identified 34% and 58% of the total rural and urban sample as poor and the respective figures for the upper poverty line are 79% and 92%.

As the poverty lines increase, so does the poverty headcount, which is an expected result.

With a difference of \$0.84 (₦58.50) between the \$1-a-day line and the relative lower

<sup>119</sup> Their justification for using this method is that the poverty line it generates, that is N395 (two-thirds of mean per capita household expenditures in 1985), is slightly higher than the minimum wage of unskilled labour in 1985 (adjusted for per capita equivalence) of N325. It is also slightly higher than a poverty line of US\$1/day per person (which, adjusted for purchasing power parity of the Naira in 1985-86 was N318) that has been used in many multi-country poverty comparisons (World Bank, 1996).

<sup>120</sup> A food only basket is often used as a lower poverty line and food plus other items (clothing, shelter) as an upper poverty line.

<sup>121</sup> <https://www.cia.gov/library/publications/the-world-factbook/fields/2004.html> Accessed May 2008

<sup>122</sup> These calculations are done using the mid-fieldwork period of June 2006 Nigeria average CPI.

poverty line, the poverty headcount doubles its former incidence in both the rural and urban sample (slightly more in the rural sample) of heads of households. An average of approximately 70% of heads of households (and 80% of the total sample) who perceived themselves as poor in both study areas had incomes less than the relative upper poverty line. With each of the poverty lines used, there is a higher incidence of poverty in urban areas than in rural areas, this is no surprise given the lower per capita expenditure reported by the urban sample compared to the rural sample as discussed earlier. When those who perceived themselves as poor were checked against the poverty lines, as the poverty lines increased, so did the percentage of those who perceived themselves as poor. Greeley (1996: 56) however notes that the poverty line is sometimes challenged on the grounds that it is “epistemologically invalid because it implies a single reality and is merely an attempt to imply scientific rigour about something which is only somebody’s value judgement”. The next section compares the value judgements made by the sample population to the ‘scientific rigour’ of food and income indicators.

### **5.3.3 Subjective and Objective Poverty**

One of the questions of interest in this research is the extent to which perceived (subjective) and objective measures of poverty identify similar proportions of the population as poor. The rationale behind this is to compare the consistency between subjective and objective indicators in identifying the poor. Table 5.9 begins by collating the subjective and objective measures that will be used in this section.

**Table 5.9: Subjective and Objective Poverty Measures (%)**

	<b>Rural</b>	<b>Urban</b>
<i>Subjectively Poor</i>	28.4	30.3
<i>Objectively Poor:</i>		
Cannot afford 3 meals a day	33.5	42.7
Incomes below \$1	14.8	30.8
Incomes below \$2	41.3	73.5

*Source:* Fieldwork in Lagos, Nigeria 2006 (Household survey)

*Notes:* 1) The figures used for the subjective and objectively poor are for the total sample in order to maintain consistency with the other measures (self-classification and food) which are calculated for the total sample. 2) The poverty lines used here are \$1 and \$2, and they are calculated into Naira based on the combined rural and urban consumer price index (CURCPI) for Lagos.

More people in the rural areas perceive themselves as poor than the \$1-a-day classification, but a strikingly similar proportion of the urban sample that perceive themselves as poor are also classified as such based on the \$1-a-day classification. One possible explanation for this is that people living in rural areas reported relatively high expenditures, especially with the inclusion of own-consumption of food produced. However, such inclusion may suggest that income measures at this level identify less people as poor compared to how the people perceive themselves to be. In other words, more people in the rural areas perceive themselves as poor than they are classified as by such measures. The upper poverty line however identifies more people as poor than those that perceive themselves as poor. These differences are similar to the findings in the Bevan and Joireman (1997) study in three rural sites in Ethiopia, where the consumption poverty measure identified a lesser proportion of the population as poor in two of the sites (Yetmen and Shumsheha). This implies that more people perceived themselves as poor than was identified with the objective classification. In the third site (Gara Godo), however, the consumption poverty measure identified double the sample proportion that considered themselves as poor.

At the initial glance at the data in table 5.9, the proportion of the subjectively poor is closest to the food indicator in rural areas, but the \$1-a-day indicator in urban areas. The subjective approach identified over half of the sample population that were considered poor based on the objective indicators, suggesting that those who perceive themselves as poor most likely also factor in objective indicators of food and income into their judgments. On the other hand, more than half of those who were objectively poor did not perceive themselves as such.<sup>123</sup> Table 5.10, however, takes a closer look at those who perceived themselves as poor and examines their objective situations. More specifically, it answers what percentage of those who perceive themselves as poor cannot afford three meals a day, and have incomes below \$1 and \$2.

**Table 5.10: Consistency between Subjective and Objective Measures (%)**

	<b>Rural</b>	<b>Urban</b>
<b>Subjectively Poor</b>	<b>28.4</b>	<b>30.3</b>
<i>Objectively Poor</i>		
Cannot afford 3 meals a day	50.0	71.4
Incomes below \$1	22.7	48.2
Incomes below \$2	47.7	76.8

*Source:* Fieldwork in Lagos, Nigeria 2006 (Household survey)

*Notes:* The figures in the second row are calculated for those who perceive themselves as poor

Among those who perceived themselves as poor, the majority in rural areas were food-poor, whilst the majority in urban areas had incomes below \$2. What can be inferred from this is that while those who perceive themselves as poor are incorporating objective indicators in their perceptions, there are other factors beyond this that influence own-

<sup>123</sup> The range was between 32 – 51 percent of the objectively poor who perceived themselves as poor

perceptions of poverty, especially in the rural area. These factors could range from non-material dimensions of vulnerability which participatory poverty assessments have identified as important in poor people's perceptions of poverty (see Chambers 1994; Streeten 1998) to the choice of objective indicator used or methodological issues such as the respondents mood at the time of the interview. One thing is certain; these perceptions are picking up other dimensions of poverty that are not readily observed through food and income measures. However, in terms of the consistency between subjective and objective poverty, these results suggest that measures of perceptions are most consistent with the food measures in the rural areas and income measures in the urban area. According to a rural respondent "we have the little we need to sustain ourselves; it is the 'let us not be hungry' kind of people that are here". To an urban FG participant however, "poverty is a state of your 'take home' not taking you home".



## 5.5 Conclusions

*One way of moving from statistics and abstract generalizations to complex realities, is to see how people experience or perceive their poverty.*

- Bernstein *et al* (1992: 18)

*The poor man cannot think properly because of hunger, and cannot take care of his health*

- Rural Respondent (2006)

*To cut a long story short, poverty has to do with the absence or inadequate availability of the basic necessities of life, things that make life worth living*

- Urban FG Participant (2006)

Nigerians have diverse perspectives of poverty that are culturally rich and fundamental to an understanding of poverty in Nigeria. The perceptions of poverty that emerged revealed the importance of basic needs to the poor in Lagos State, a relatively wealthy area in Nigeria. Low incomes, low food consumption, sub-standard housing conditions, the inadequacy of basic infrastructure, and a low level of children's education were repeatedly mentioned in describing poverty. The aim of this chapter was to examine these perceptions, how people then perceive themselves, and the consistencies between subjective and objective measures in identifying the poor. My analysis of these issues led to five main conclusions on identifying the poor in Nigeria based on their perceptions of poverty.

First, low food consumption is of primary concern in describing poverty. This finding is in line with the observation in the 'Voices of the Poor' study (Narayan *et al*, 2000) where it was noted that "although poverty is rarely about the lack of one thing, the bottom line is lack of food". Other studies have also found the same (see Brock, 1999; Temu and Due, 2000; Hargreaves *et al.*, 2006; Van Campenhout, 2006; Bello & Roslan, 2010). Secondly,

three of the five common perceptions of poverty were representative of the two main approaches that have dominated the literature – the basic-needs approach (as represented by food and housing conditions), and the income/expenditure approach (low incomes). The fourth common perception of inadequate infrastructure can be seen as an external dimension which shows that poverty is as much a micro-phenomenon as it is a macro one. The fifth perception of a low level of children's education expresses the perpetuation of a cycle of poverty through an inter-generational transfer. Two of these common perceptions – low incomes and low food consumption – were used as objective indicators of poverty and compared to self-classifications of own-poverty, and this leads on to the third point.

Thirdly, one of the key questions of interest in this research was the extent to which subjective and objective measures of poverty were consistent in identifying the poor. In the rural area, self-perceptions of poverty were most consistent with food measures, which at best, identified half of those who perceived themselves as poor. In the urban area, subjective poverty was consistent with both objective measures of food and expenditure, which in either case identified more than two-thirds of those who perceived themselves as poor. The fact that less consistency is seen between perceptions and objective measures of poverty in the rural areas compared to the urban area may suggest that there are other dimensions informing rural perceptions that have not been picked up by objective measures, while urban perceptions are largely influenced by objective indicators of poverty.

Fourthly, linguistic differences in expressing poverty were influential in people's perceptions of poverty. Focus group participants and survey respondents in rural and urban

communities of Lagos used a variety of words and phrases from the *Yoruba* language to describe poverty. *Osi* (extreme poverty) was distinguished from *ise* (poverty) as being the difference between a hopeless situation, which is extremely hard to ‘break out’ from, and a difficult but hopeful ‘fight’ to survive, which, though limiting, it is less difficult to ‘move from a swampy ground’ than it is for a ‘plant to break out of a rock’. This linguistic difference in the characterization of poverty was reflected in the survey results; few people classified themselves as very poor (*olosis*), yet, despite being income poor, less than a third of both the rural and urban sample perceived themselves as poor (*akuses*). The final conclusion arises from this paradox.

Finally, People had the tendency to have an *emic* perspective of poverty as better-off than their *etic* perspective, what psychologists call a ‘self-serving’ bias. The majority of respondents perceived their communities as poor, but themselves as *not* poor. Approximately 70% perceived themselves as being of an ‘average’ welfare status, but classified their communities as ‘poor’. Statistical analysis confirmed that people who perceived themselves as ‘average’ had a tendency to perceive themselves as better-off than their communities. This finding bears similarities with writings on the issue of relative deprivation. Stark *et al* (2009: 119) note that ‘poverty has a compelling dimension of relativity: people could feel poor if upon comparing themselves with others they find that their income is lower than the income of others’. In other words, people make social comparisons that influence their perceptions of own-welfare or poverty status and the key issue here is their reference group. The results of this research show that people in the poor communities studied actually compared themselves to other people within their

community, and felt less relatively deprived. In other words, they perceived themselves as 'relatively advantaged'.

## Chapter 6

# Risks & Responses of the Poor

### 6.0 Introduction

*First and foremost, risk matters.*

- Dercon (2005: 487)

Vulnerability, shocks, risks, and risk management feature prominently in the discourse on poverty. In the ‘Nigeria: Voices of the Poor’ study by Ayoola *et al.* (2001: 41), it is said that ‘the poor recognise their vulnerability to shocks – the death of a breadwinner, harvest problems, weather changes, divorce, widowhood and even changes in government policy as well as their lack of access to justice and vulnerability to corruption, violence and crime’. These misfortunes can have life-threatening impacts on the poor, as they could jeopardize current well-being and/or future prosperity. The exposure to risks coupled with the limited risk responses of the poor could “trigger downward spirals that make recovery even more difficult than it would have been at the outset” (Morduch and Sharma, 2002). In extreme cases, the occurrence of certain shocks creates a thin line between life and death. According to Hulme and Lawson (2010: 6), “for the vast majority of the extreme poor, deprivation is not a sudden, intense experience. Rather, it is an enduring, day-to-day experience overshadowed by vulnerability, destitution, physical pain and easily preventable death (for oneself or one’s children and close relatives) in the near future”. From tsunamis to malaria, poor people are often amongst the most vulnerable in society because they are the most exposed to a wide variety of risks, and the least able to cope with these. Inherent in the lives of the poor, therefore, are mechanisms to manage these risks. Given the interests of this research – using the perceptions of the poor to examine their realities – this chapter examines risks and responses to risks using perceptions of own-poverty.

In conceptualising risks within the discourse on poverty, several terminologies exist, and these deserve careful treatment, otherwise these concepts could themselves ‘risk’ being ineffective tools of practical relevance. Sources of risks could be climatic or economic, their nature could be idiosyncratic or co-variate, and responses to these can either be classified as prevention, reduction, and mitigating strategies or *ex ante* risk-management and *ex post* risk-coping actions. Researchers such as Alderman and Paxson (1992), Holzmann and Jorgensen (1999, 2000), Heitzmann, Canagarajah and Siegel (2002), and Hoddinott and Quisumbing (2008) are notable pioneers in untangling these conceptual dilemmas. The framework of a ‘risk-chain’ developed by Heitzmann *et al* (2002) is, however, used in this thesis because it links risks and risk responses, paying equal attention to both aspects, unlike earlier conceptual frameworks which analysed either the risk aspect alone or the risk response aspect. It is made up of three components: (a) the *risk* or uncertain events, (b) the options for managing risk, or the *risk responses*, and (c) the *outcome* in terms of welfare loss. A number of authors in this field such as Alwang, Siegel, and Jorgensen, (2001), Heitzmann *et al* (2002) and Hoddinott, and Quisumbing (2008) note that the empirical focus is usually on different parts of the risk chain, either the risks or the outcomes, with less focus on the risk response because this is the most difficult part of the risk chain to identify and quantify, and it is very household-specific. For the risks aspect of the risk-chain, data is available on settings, anticipated risks, and last shock experienced. In addition, the *ex ante* and *ex post* distinction was the most suitable for this research given the design of the questionnaire. Respondents were asked towards the end of the questionnaire what strategies they had in place to prepare for the ‘rainy day’, and this informed the brief section on *ex ante* responses. However, most of the questions were *ex*

*post* in nature. Respondents were asked how they would respond to the realization of risks they anticipated, as well as their actual responses to shocks they had experienced in the past. In terms of the *outcome* of shocks, limited data is available, and the section on this is mainly qualitative.

The chapter starts by examining the first aspect of the ‘risk-chain’ framework; risks, in section 6.1, distinguished by those that are anticipated (perceived) by the poor and those that have occurred. Measures of perceptions of own-poverty are mapped against anticipated and realised risks, in order to answer one of the research questions on whether or not those who perceive themselves as poor perceive risks differently from those who do not perceive themselves as poor, and those who are objectively poor. Section 6.2 analyses the *ex ante* and *ex post* responses to risks and section 6.3 presents the concluding remarks on the chapter.

## **6.1 Risks in Lagos State**

Poor households face diverse risks on a daily basis. Some of these risks are anticipated while others are not. Risks that are not anticipated are often understood as ‘shocks’. Shocks implicitly connote an unexpected event, albeit with a certain degree of probability. For example, two people may experience illness, and while the illness of one was not anticipated (e.g stroke), the illness of the other person may have been anticipated – for instance, having malaria is likely to be anticipated when living in unsanitary conditions with stagnant water. Also, accidents are by their nature considered as shocks. However,

some people have dangerous jobs or travel on notoriously dangerous roads, and the probability of an accident occurring in such cases is higher.

The distinction between the anticipated and unanticipated nature of risks is an important one because it has an impact on risk responses and could consequently be influential in perceptions of poverty. People are likely to take steps to reduce or mitigate risks that they anticipate, and in the event that they are able to do this, may perceive themselves as not poor. For instance, some people are conscious that they live in areas where crime risks are high and will therefore take steps such as installing security alarms, or contributing to the payment for the services of a local security guard. While living in certain areas with high risks of crime may influence perceptions of a poor community, individuals or households who are able to mitigate these risks may not perceive themselves as poor. A variety of informal activities can take place in response to anticipated risks, whereas an individual or household that was unaware of a risk occurring most likely would not have taken these steps. For this latter group, a negative shock will have severe consequences on the affected parties; an already poor household is most likely to be plunged deeper into poverty. For example, if the breadwinner of a household falls ill, and anticipates the possibility of death, he or she may take steps to mitigate the expected outcome on the household members that he or she would leave behind. In the case where the breadwinner is male, he may have made arrangements with another family member to assist the family in the case of his demise, ensured that his debtors repay his loans, as well as repay his creditors, become more prudent with his expenditures, made some investments that his family can benefit from in his demise, etc. Again, this has an impact on perceptions of poverty. In this example, if the anticipation of death (or the increased exposure to death) and the



accompanying preparations to cope in the event that this happen, may make the individual and/or his household feel less vulnerable and therefore not perceive themselves as poor.

Survey respondents were asked for the last event that ‘shocked’ them. However, their responses are treated with the caution that some of these so-called ‘shocks’ may have been anticipated to some degree as has been illustrated in the examples mentioned earlier. These events, though anticipated to some extent, are still considered as ‘shocks’ because the affected party has little or no control over them. Though it is not clear from the data whether the realised risks reported were anticipated or not, the manner in which the question was designed gave room for the interviewee’s perception of the last event that ‘shocked’ them or happened unexpectedly and had a negative impact on their welfare. Hoddinott and Quisumbing (2008: 23) support this by noting that “if the analyst knows beforehand that risk and vulnerability measurement is one of the objectives of conducting the household survey, retrospective questions can be included to capture, albeit imperfectly, information about realised risks”.

Some of the risks that poor people face are a product of their settings and are therefore endogenous to their experience of poverty, yet others are stochastic events. Therefore, an important empirical starting point in research of this kind are the settings within which the poor reside and carry out their livelihood activities, because these settings in themselves could heighten exposure to certain risks, as well as limit their coping abilities.<sup>124</sup> In light of

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<sup>124</sup> Hoddinott and Quisumbing (2008) refer to the risk-chain in their analysis of quantitative tools needed for risk and vulnerability assessments, and provide a framework for understanding the risk-chain. They propose a conceptual framework grounded in three components: “settings,” “assets,” and “activities”.<sup>124</sup> For this research, extensive data is not available on assets, but on activities and settings. Activities are discussed with regards to livelihoods in chapter 7 and the settings are discussed here.

these settings, the risks that the poor anticipate are the next point of focus, followed by what they considered to be the last event that ‘shocked’ them. The conformity (or not) between anticipated and realised risks is also analysed in this section, while the responses to these risks are examined in section 6.2.

### 6.1.1 Settings

Settings describe the environment in which a household resides and determine to a large extent whether individuals, households, communities, and regions, are exposed (or susceptible) to risks. Examples of settings that determine a household’s exposure to health risks include the existing health and nutritional status of the individuals in the household, housing, infrastructure and household location, cultural and behavioural practices (Heitzmann, Canagarajah and Siegel, 2002: 7). Once these settings are examined (see box 6.1 for the classifications used), the analysis on risks can be launched with greater insight.

#### **Box 6.1: Classification of Settings**

Hoddinott, J. and A. Quisumbing (2008) classify five settings: physical, social, political, legal, and economic. The **physical** setting refers to natural phenomena such as the level and variability of rainfall, the natural fertility of soils, distances to markets, and quality of infrastructure. The **social** setting captures such factors as the existence of certain norms of behaviour, of social cohesion and strife. The **legal** setting can be thought of as the general “rules of the game” in which exchange takes place, which, in turn, is partly a function of the **political** setting that captures the mechanisms by which these rules are set. Finally, there is an **economic** setting that captures policies that affect the level, returns, and variability of returns on assets.

*Source:* Hoddinott and Quisumbing (2008)

Dercon (2005: 487) notes that more effort is required in measuring the risk environment faced, via survey techniques and focus interviews. The survey asked respondents an open-

ended question on the constraints they face in their living standards and daily pursuits, and the results are further explained with earlier findings from the FGDs. The open-ended nature of the survey question on settings meant that a wide variety of issues were mentioned. These issues were further divided into the thematic headings of settings (physical, social, legal, political and economic) and the economic and physical settings were found to be the most mentioned by respondents. Table 6.1 shows the results on the settings for both rural and urban areas.

**Table 6.1: Settings in Rural and Urban areas**

	<b>RURAL</b>			<b>URBAN</b>		
	<b>Total Poor 155</b>	<b>% of the Setting 44</b>	<b>Poor within Setting</b>	<b>Total Poor 185</b>	<b>% of the Poor 56</b>	<b>Poor within Setting</b>
<b>Economic Settings</b>						
Low incomes	36.2	29.6	48.1	55.7	60.7	60.9
High cost of labour	13.6	18.2	38.1	0.5	0.0	0.0
Faulty tools for trade	8.4	13.6	46.2	6.5	12.5	58.3
Cost of government permits & taxes	0.6	0.0	0.0	12.4	3.6	11.1
<b>Physical Settings</b>						
Transportation limitations	5.8	2.3	11.1	15.7	10.7	20.7
Weather Variability	5.8	9.1	44.4	5.0	5.4	33.3
Bad/No access roads	5.2	4.5	25.0	0.5	0.0	0.0
Inconsistent supply of electricity	3.2	2.3	20.0	16.8	10.7	19.4

*Source:* Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Notes: (1) Multiple answers were given by most respondents, two on average

(2) The listing in this table is done according to the rural ranking.

At least a third of both the rural and urban sample mentioned low incomes as a daily economic reality; it was also the most cited economic setting amongst those who perceived

themselves as poor in both areas; 27.3% and 50% of the rural and urban sample respectively. This rural-urban difference amongst those who perceived themselves as poor also resonates with the rural-urban difference found in chapter five with regards to the role of incomes in influencing perceptions of poverty in urban areas.<sup>125</sup> Johnson (2002: 280) that at the best of times, daily survival and making a living mean on-going low income and consumption levels for many rural producers in the Third World (Johnson, 2002: 280). According to a rural survey respondent, “when there is money, the problem is mild, but when there is no money, the person is on the verge of survival”.

The high cost of labour was particularly an issue for the rural poor. Given the manual nature of agricultural activities carried out by most rural households, hired labour is a key resource; it was cited as a constraint by 21 respondents in the rural sample, whereas only one person cited this in the urban areas.<sup>126</sup> Also, this cost is likely seen as ‘high’ as a result of the low incomes of the poor. An issue that was common to both rural and urban areas was having faulty livelihood tools; more of the perceived poor mention this than the proportion that did so in the whole sample. The fact that these tools remain faulty suggests that they are unable to afford the repair which is linked to the setting on low incomes. While none of the rural sample who perceived themselves as poor mentioned the cost of government permits and taxes, 3.6% of the urban poor sample did.<sup>127</sup> Though this appears

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<sup>125</sup> Over two-thirds of the urban sample with incomes less than \$2 perceived themselves as poor, compared to just under half of the rural sample.

<sup>126</sup> 63% of the rural population hire labour. The scarcity of hired labourers also explains their ‘high’ costs. They are mainly from the *igbira* tribe, and are usually hired when the weeds are overgrown (usually during the rainy season) and/or the farm-land needs to be prepared for cultivation. It is important that these weeds are removed, as they breed grass-cutters that destroy cassavas which is their major produce. Those that cannot afford to hire labour, use their family members, especially their children.

<sup>127</sup> 40.5% of the urban sample are traders.

to be a small percentage of the sample, the issue was stressed discussed during one of the urban FGDs. Below are excerpts from the discussions:

Police will disturb, council too will disturb, area boys will come from nowhere and disturb too. Someone will spend many years on a work that they cannot enjoy because of this disturbance; a person will enter the council's trouble today and another person's trouble tomorrow. So we get frustrated with the work we are doing, and we cannot leave the work, some leave it, and start stealing and this is not good.

Those that work by the roadside or in spaces where they do not have the legal access to operate in are often the victims of this 'disturbance'. They get chased away by the police, but say they do not have an alternative they can afford. According to DfID Poverty Guidance (First Draft)<sup>128</sup>, "informal sector workers in urban areas may have their livelihood undermined by police harassment. These constraints have implications for the livelihood strategies which people pursue and the livelihood outcomes which are derived".<sup>129</sup> Many of these economic settings are worsened by the physical settings. For example, an irregular supply of electricity impedes storage facilities, particularly for those who are traders of perishable items; if their wares are not sold on time, they rot, and are equivalent to lost money, and consequently perpetuate a cycle of low incomes for the poor.

Hoddinott and Quisumbing (2008) define the physical setting as phenomena such as the level and variability of rainfall, the natural fertility of soils, distances to markets, and quality of infrastructure. In my research, three-quarter of the rural sample reported the destruction of crops by pests. This is aggravated by the limited access to pesticides, and

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<sup>128</sup> No year was stated for this booklet

<sup>129</sup> DfID Poverty Guidance First Draft p. 49

even when accessible, some cannot afford them. Dercon et al (2005: 564) in their study of 15 villages in Ethiopia found that more than one household in three reported having been adversely affected by pests or diseases that affected crops in their field, stored crops or livestock. These environmental constraints affect the quality of their harvest, and consequently their sales and personal consumption. The variability in weather conditions was of concern to the rural and urban poor. Both the poor and non-poor have no control over the weather, however, the poor are likely to feel more vulnerable to weather changes as their livelihoods (rural livelihoods in particular) are closely connected to the environment and weather conditions. The rainy season is a particularly difficult period for those whose livelihoods are carried out in the outdoors, roadside hawkers for example. Given the limited control in this regard, it is discussed more in the risk sections that follow.

In the urban sample, *Electricity* and *Transportation* issues were the major concerns with regards to their physical settings. As discussed in Chapter 5 (see section 5.1.2), the inconsistent supply of *electricity* has a negative impact on livelihoods and standards of living. Electricity is unevenly distributed, and this inevitably “limits potential sources of livelihood” (Ali-Akpajiak *et al*, 2003: 64). A trader of soft drinks, for example, is unable to chill her drinks due to the inconsistent supply of electricity. Given the predominantly hot weather in Nigeria, traders in this position are unable to attract as many customers as their counterparts who are able to access electricity independent of the national grid and sell chilled soft drinks, thereby limiting the sales and consequent earnings of the former. One urban survey respondent puts it this way “I cannot make my drinks cold and refreshing as

customers like it”.<sup>130</sup> On transportation, as with most cities, it is the ‘fuel’ of an urban environment, and poses a major challenge in a mega city like Lagos. Many of the roads in Lagos are in a bad state and with the added disadvantage of acute traffic congestion, hours of worker productivity are lost due to lengthy journey times, and undue stress is caused – to say the least. These infrastructural issues pose a major problem in Nigeria as a whole and was one of the common perceptions of poverty discussed in Chapter five.<sup>131</sup> It is therefore worth stressing here that inadequate infrastructure is a key link between perceptions of poverty and the risks that poor people are exposed to. Firstly, it influences an overall perspective of Nigeria as a poor country. Secondly, exposure to risks is heightened by these inadequate infrastructural facilities than otherwise would have been the case. Thirdly, livelihoods are also affected. According to the definition given by Lipton and van der Gaag (1993), a livelihood includes “access to and benefits derived from social and public services provided by the state such as education, health services, roads, water supplies, electricity etc.”<sup>132</sup> When these services are not adequately supplied, those who have no alternative may perceive themselves as poor compared to those who have the ability to resort to alternative means. For example, the fact that an individual or household is able to buy a generator and fuel it (in response to the severely limited supply of electricity that is often the case in Lagos), will likely influence their own-perceptions of not being poor. Finally, poverty is itself perpetuated by the inadequate settings (both economic and physical) in which households reside and work. In light of the settings in which the poor find themselves – which are essentially sources of risk – they are able to anticipate the

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<sup>130</sup> Another example is where people resort to manual techniques, such as using their legs to run the sewing machine.

<sup>131</sup> The responses given to the perceptions of poverty and the physical settings were in response to two separate questions in both the FGDs and the Survey.

<sup>132</sup> Other definitions of the concept of a livelihood also recognize the issue of ‘access’ (Chambers and Conway, 1991; Ellis, 2000)

occurrence of certain risks. The next section looks at the risks people anticipate – events that have not occurred, but could occur.

### **6.1.2 Anticipated Risks**

Many concerns were raised during the FGDs about the likelihood of certain risks occurring, and these were used to inform the options in the questionnaire. These options included farm related accidents, delayed payments for services rendered, regular and sudden illness, and extreme weather conditions. In analysing these anticipated risks (and realised risks), the classification of risks used in this paper is adopted from Dercon, Hoddinott, and Woldehanna (2005). These are: climatic; economic; political/social; and health, themes which occur frequently in the literature. Climatic shocks include obvious examples such as drought and flooding, but also erosion, frosts and pestilence affecting crops or livestock, which may be referred to as ‘environmental’. Economic shocks include problems of access to inputs (both physical access and large increases in price), decreases in output prices, and difficulties in selling agricultural and non-agricultural products. Political/social shocks include the confiscation of assets or arbitrary taxation by government authorities, social or political discrimination or exclusion and contract disputes. Crime shocks such as theft and/or destruction of assets, as well as crimes against persons, are also included in this category, as well as conflicts and disputes with family members and neighbours. Health shocks include both death and illness.<sup>133</sup> Figure 6.1 presents a bar chart of the percentage of rural and urban respondents who anticipated these risks and figure 6.2 shows the proportion

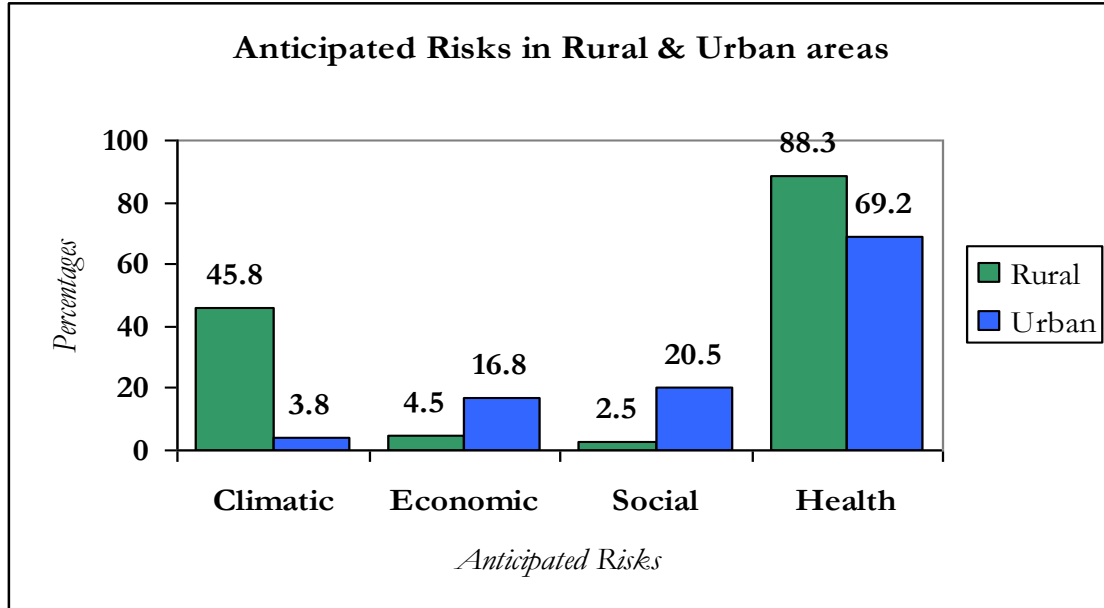
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<sup>133</sup> Heitzmann, Canagarajah and Siegel (2002) also make mention of ‘life-cycle’ risks such as birth, maternity, old-age, family break-up, death.



of the subjectively and objectively poor and non-poor respectively who anticipated these risks.

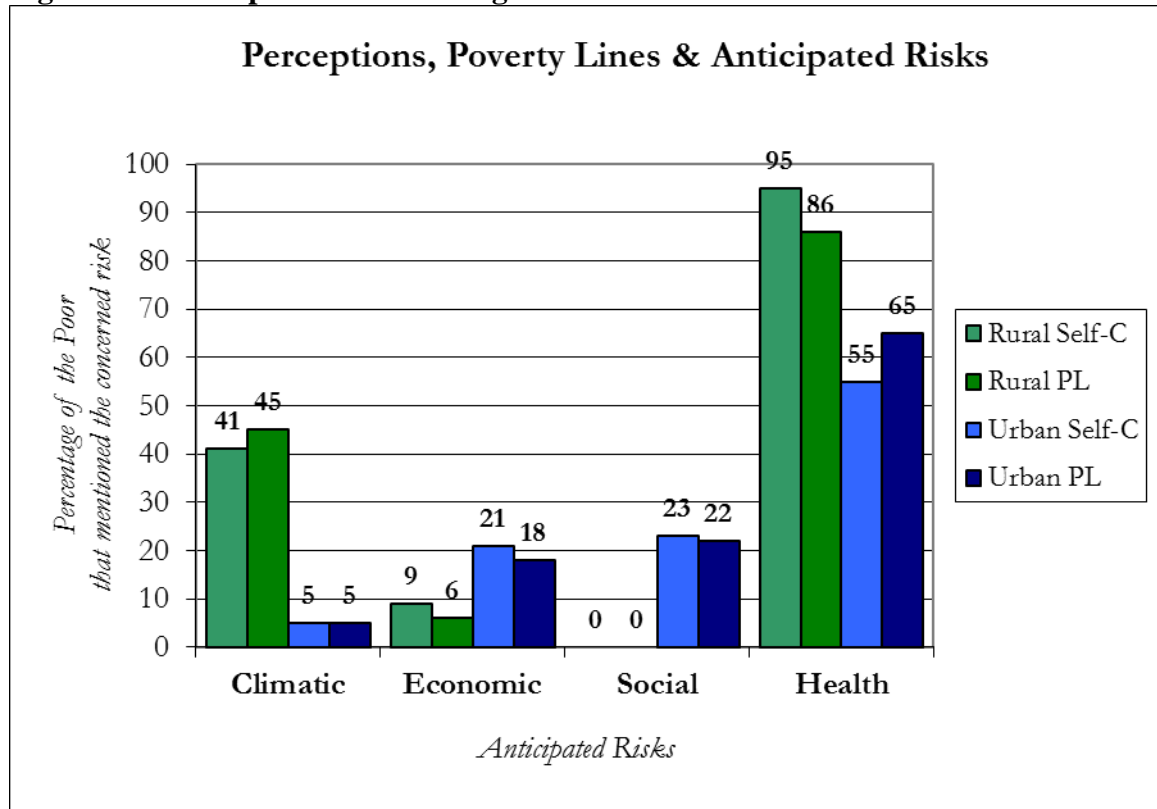
**Figure 6.1: Households reporting Anticipated Risks in Rural and Urban areas**



*Source:* Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

*Notes:* Respondents gave multiple responses, therefore the figures do not all add up to 100%.

One of the aims of this research is to see whether or not those who perceive themselves as poor anticipate risks differently from the non-poor. The spread of anticipated risks amongst the poor was similar to that of the total sample and the non-poor. To facilitate further analysis between objective and subjective poverty in this regard, two indicators of poverty were used: perceptions of own-poverty and the poverty line, and again, there were similarities between the perceptions and expenditure classifications of the poor in both rural and urban areas.

**Figure 6.2: Anticipated Risks amongst the Poor**

Source: Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Notes: Respondents gave multiple responses, therefore the figures do not all add up to 100%.

A notably larger amount of the rural poor anticipated climatic/environmental risks than was the case in urban areas. This is expected as agricultural output is largely influenced by climatic conditions, particularly rainfall.<sup>134</sup> Paxson (1992) finds that the deviations of regional rainfall from average regional values have a large and significant effect on the incomes of Thai rice farmers. Economic risks were, however, anticipated more by the urban poor than the rural poor. Issues such as ‘irregular patronage’ and ‘delayed payment from customers’ which were mentioned as part of their economic settings were also

<sup>134</sup> When there is heavy rainfall, weeds grow rapidly, and to remove these weeds, hired labourers are needed, whose costs are already considered as ‘high’, making it ‘expensive’ for the rural poor to maintain their farms. This ‘heavy rainfall’ also affects the transfer of firewoods from the gathering point to its place of storage. ‘Late rainfall’ on the other hand also affects the healthy growth of crops, and they do not have modern forms of irrigation in the study area

mentioned here as anticipated risks. They were, however, seen as more of an issue of settings, and less as risks. Table 6.2 shows a breakdown of these risks.

**Table 6.2: Anticipated Risks in Rural and Urban areas**

	<b>Rural</b>	<b>Urban</b>
<i>Climatic/Environmental</i>	<i>45.8</i>	<i>3.8</i>
• Extreme weather/weather fluctuations	41.3	2.7
• Toxic environment (e.g. air/water pollution)	1.3	1.1
• Wild animals & pests	5.8	
<i>Economic</i>	<i>4.5</i>	<i>16.8</i>
• Delayed/irregular Salary	2.6	5.4
• Irregular patronage/contracts	1.3	9.2
• Delayed payment from customers	0.6	2.2
<i>Social</i>	<i>2.5</i>	<i>20.5</i>
• Theft/Insecurity	1.3	7.6
• Conflicts with others (e.g. tenants, landlord/lady)	0.6	3.8
• Inconsistent supply of electricity		2.7
• Transportation risks e.g. traffic congestion		5.4
• Disturbance from area-boys		4.3
<i>Health-related</i>	<i>88.3</i>	<i>69.2</i>
• Farm accidents/injuries	51.0	
• Sudden illness	48.4	52.4
• Severe body aches	16.1	5.4
• Work-related injuries/hazards/mishaps	6.4	17.8
• Transport related accidents	1.3	0.5
• Snake/scorpion/poisonous black ant bites	8.4	

*Source:* Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Notes: (1) 97% and 95% of rural and urban respondents respectively answered the question on anticipated risks. Respondents mentioned multiple anticipated risks; on average, two and one anticipated risk(s) were mentioned in rural and urban areas respectively.

(2) The numbers in italics represent the percentage of respondents that report one or more of the concerned shock, they are not an addition of the sub-categories as that would be double-counting. In other words, where a respondent mentioned more than one category of risk, this has been counted as one. As an example, for a respondent who mentions both sudden illness and transport related accidents, these are counted as one health risk. (3) 'Sudden illness' also includes that of the children.

None of the urban poor anticipated social risks, compared to 23% of the urban poor. Yet, many of the issues anticipated as social risks were seen more as part of their settings.<sup>135</sup> However, for both the rural and urban poor, health related risks were the most anticipated risk; 95% and 55% respectively, almost all those who perceived themselves as poor in the rural sample anticipated a health risk. According to one rural respondent “malaria and farm accidents are the major risks we suffer”. In some cases, the anticipated health risk is a ‘sudden’ illness such as malaria, yet in other cases it is more severe e.g. a stroke. Heitzmann *et al* (2002: 21) note that illness as a generic term for health risks comprises quite different risky events, e.g. the risk of getting flu, malaria, smallpox, or sleeping sickness. The anticipation of health risks is a great source of concern for the poor who cannot afford medical care.<sup>136</sup> Chambers (1989) writes movingly:

...again and again, individual case studies of destitute households reveal an accident as the event which impoverished – disabling an adult, especially a breadwinner. At a sudden blow, the body, the poor person’s greatest and uninsured asset, is devalued or ruined. From being an asset, at one stroke it becomes a liability that has to be fed, clothed, housed, and treated. A livelihood is destroyed, and a household made permanently poorer Chambers (1989: 4).

Depending on the severity of the illness, the affected individual(s) could become dependent on others who are also poor, creating more of a burden for the poor carer. Also, if the severely ill person is the bread-winner of the household, and is self-employed, he or she is unable to carry out their livelihood activities as effectively (and not at all in some cases), and their contribution to the welfare of their household could be lost during the time of the

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<sup>135</sup> For instance, 15.7% of the urban population cited transportation difficulties as part of their physical settings, while 5.4% cited it as an anticipated risk. Also, the inconsistent supply of electricity was cited by 16.6% as part of their physical settings, while 2.7% mentioned it as an anticipated risk.

<sup>136</sup> Many resort to the alternative of traditional herbalists referred to as ‘native doctors’.

illness. In the worst case scenario, some die, not due to the illness being of a terminal nature, but because poverty denied them the chance of recovery. Another health risk mentioned was ‘severe body aches’ which was mainly cited by those in the rural area. Given the intense manual nature of farming activities, it is not surprising that they report tiredness and body aches from strenuous activities. However, this rural-urban difference is reversed when the anticipated risk is that of work-related injuries. Both ‘severe body aches’ and ‘work-related injuries’ impact negatively on an individual’s physical well-being and livelihood activities, and the poor have limited options to deal with this risk. The next section looks at risks that occurred in the past and these are compared to anticipated risks in the section that follows.

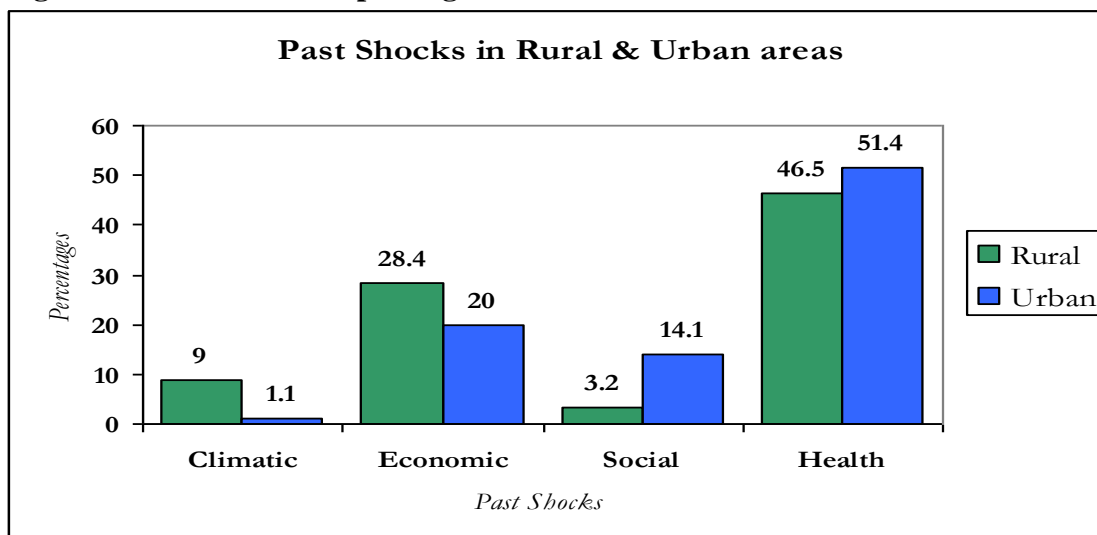
### **6.1.3 Realised Risks**

In addition to anticipated risks, respondents were also asked an open-ended retrospective question about the last risk event that occurred. Before analysing the resulting data, three points are worth mentioning here: the timing, perceptions, and causality of shocks. Firstly, an initial time frame of the ‘past year’ was placed on responses, but for some respondents, no risk event had occurred within this time. The time periods which were given therefore varied across interviewees, and no time frame was specified in some cases. For example, a rainstorm occurred in the rural study area in 2003, which was three years before the fieldwork year, and 4.5% of the rural sample reported this as the last shock experienced. In another instance, one of the rural respondents who reported theft as his last shock said this had occurred 10 years before. Secondly, most respondents reported what they considered as ‘major’ shocks or risk events. Everyday life of the poor presents new survival challenges

which have psychologically prepared them to deal with the unexpected. In the words of Sen (1984, pp. 308 – 9)<sup>137</sup>: “The underdog learns to bear the burden so well that he or she overlooks the burden itself. Discontent is replaced by acceptance... suffering and anger by cheerful endurance. As people learn to adjust... the horrors look less terrible in the metric of utilities”. It is therefore highly likely that other seemingly ‘minor’ shocks (in their own view) had occurred between the time of the major shock reported and when the interview was conducted. However, they mentioned the shock that they perceived as ‘major’ either because of its welfare effects or its long-lasting psychological impression. Finally, most shocks have an impact on assets and incomes, and the impact may be interpreted as the shock itself rather than the root cause. For example, the death of a breadwinner from an illness most likely meant a draw down on current income levels, and can be interpreted either as a health shock or as an income shock. Extrapolation from the results is therefore done with these cautions. The results are presented in figure 6.3 with the use of climatic, economic, social and health-related classifications as has been the case thus far and figure 6.4 shows how these risks are spread amongst the subjectively and objectively poor.

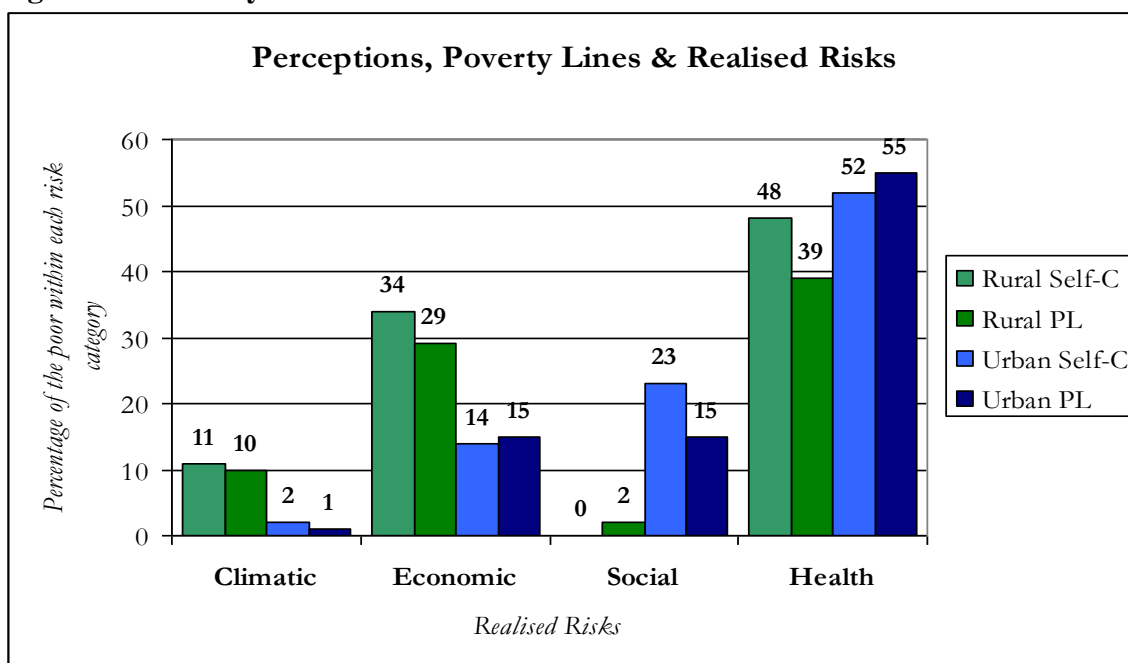
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<sup>137</sup> As cited in Kingdon and Knight (2003: 8)

**Figure 6.3: Households reporting Realised Risks in Rural and Urban areas**

*Source:* Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

*Notes:* Respondents gave multiple responses, therefore, the figures do not all add up to 100%.

**Figure 6.4: Poverty and Realised Risks**

*Source:* Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

*Notes:* Respondents gave multiple responses, therefore, the figures do not all add up to 100%.

Similar to the pattern noticed with the anticipated risks; 9% of the rural sample reported climatic shocks compared to 1% in urban areas, while 14% of the urban sample had experienced a social shock, compared to 3.2% in rural areas. One can therefore infer from this that the climate/environment is to rural areas what social activities are to urban areas – they each play a key role in the livelihood activities in these areas. In both areas however, economic and health risks had been experienced by similar proportions of the sample, especially health risks. Interestingly, while the proportion of the urban sample that perceived themselves as poor had experienced health risks the most (52%), the majority of the self-classified non-poor in the urban sample experienced economic risks (78%). Table 6.3 shows the breakdown of these realised risks.

**Table 6.3: Percentage of households reporting shocks experienced in the past**

	<b>Rural</b>	<b>Urban</b>
<i>Climatic/Environmental</i>	<i>9.0</i>	<i>1.1</i>
• Housing condition/property affected by bad weather	4.5	1.6
• Farm products were lost to animals & pests	4.5	
<i>Economic</i>	<i>28.4</i>	<i>20.0</i>
• Income shock	22.6	10.8
• Loss of a job/contract	1.9	8.7
• Very low sales	1.9	0.5
• Delayed payment of salaries	1.9	
•		
<i>Social</i>	<i>3.2</i>	<i>14.1</i>
• Theft/stolen goods/property/money	1.3	6.0
• Conflict	1.3	2.2
• Divorce/Separated from Partner	0.6	0.5
• 'Disturbance' from areaboys/the police		4.4
• Eviction notice		1.1
<i>Health</i>	<i>46.5</i>	<i>51.4</i>
• Death	29.7	38.4
• Sudden/severe illness/injury	18.1	13.0
<i>Other</i>	<i>3.9</i>	<i>8.1</i>



<i>None/Always prepared/dependent on parents</i>	<i>3.9</i>	<i>2.7</i>
<i>No answer</i>	<i>6.0</i>	<i>0.5</i>

*Source:* Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Notes: (1) 94% and 99.5% of rural and urban respondents respectively answered the question on past shocks. (2) The numbers in italics represent the percentage of respondents that report one or more of the concerned shock. Where a respondent mentioned more than one category of risk, this has been counted as one in order to avoid double-counting. For example, when a respondent mentions both death and sudden illness, these two issues are counted as one health risk.

Theft was the most reported social shock that had been experienced in urban areas. A respondent reported how his motorbike was stolen and he had not yet completed his payment for it, yet he still had to finish his payments despite the fact that he was no longer able to earn an income through the use of the motorbike. He added that “my friends assisted in giving me a bike to work with and feed myself”. The ‘disturbance’ from area boys and council officials was the next most reported social shock in the urban area. Dercon, Hoddinott and Woldehanna (2005) have similar findings; 9.8% of their Ethiopian sample reported destruction/theft of tools, housing or durables, and cash, and 6.3% reported forced contributions and arbitrary taxation as being the major social shock.<sup>138</sup>

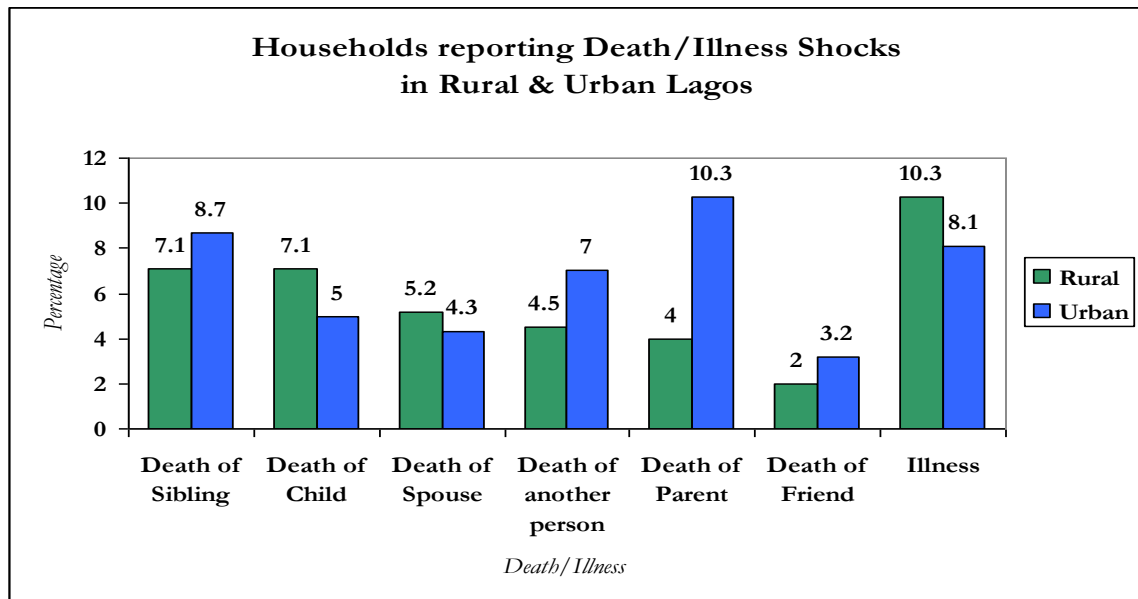
Respondents mentioned several issues that affected their current income levels or potential earnings. An urban respondent for example, mentioned the illness of his younger brother as being a financial burden for himself and another brother. For another respondents, it was a debtor that could no longer be contacted. Rather than making a long list of these, the impact of these negative events on incomes was coded as ‘income shocks’. Among the urban sample who had experienced these economic shocks, 78% perceived themselves as non-poor. The fact that most of those who had experienced economic shocks were those who perceived themselves as poor may be as a result of the fact that about 70% of the sample

<sup>138</sup> Theft was not referred to as a social shock in their work.

perceived themselves as non-poor. However, it may be reflective of a higher economic position of those who perceive themselves as non-poor relative to those who perceive themselves as poor. Nevertheless, health risks followed closely with 70% of those who perceived themselves as poor having experienced a health risk.

*Health* risks were not only the most anticipated risks as discussed in the previous section, they were also the most reported realised risk overall. In Krishna's (2007) study of India, Kenya, Uganda and Peru, he finds that sickness and costs of treatment are always identified as the most significant cause of becoming poorer. In Lagos, the death of a close relative was the most reported realised risk; approximately 30% and 38% of rural and urban respondents respectively. Figure 6.5 shows the breakdown of the death reports in this survey.

**Figure 6.5: Households reporting Death/Illness Shocks in Rural & Urban Lagos**



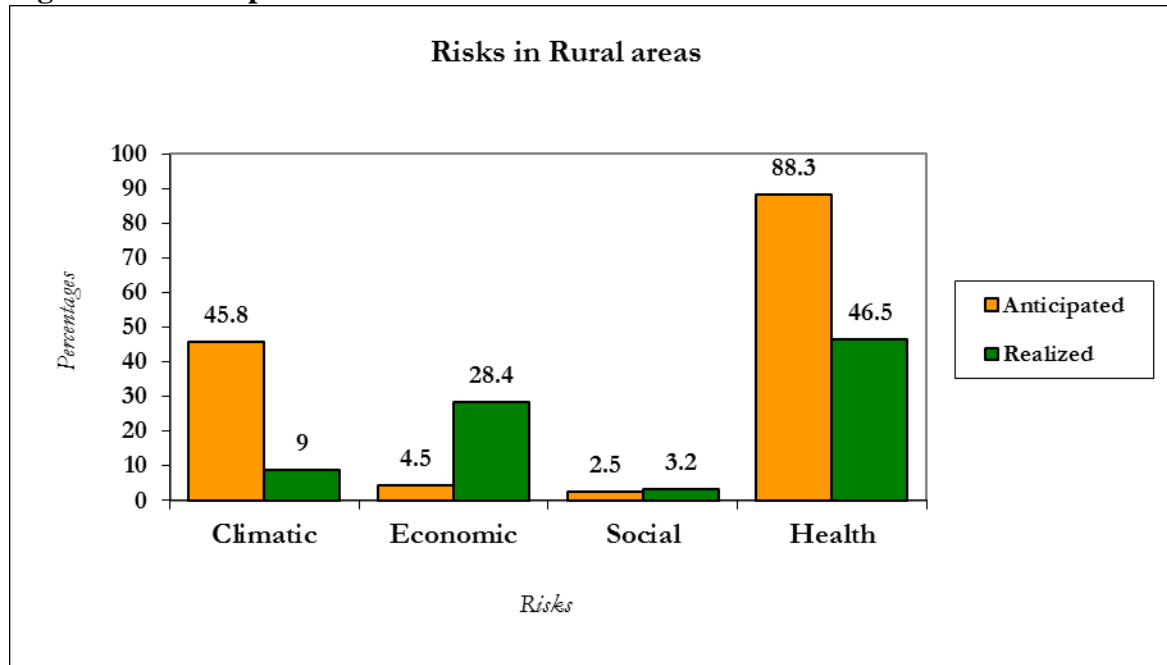
Source: Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

The death of a parent was the most reported instance of a death ‘shock’ in urban areas; 5.2% and 4.3% in rural and urban areas respectively report the death of a spouse, similar to the findings by Dercon *et al* (2005: 564) where 6.3% and 2.9% report the death of a husband and wife respectively. Lawson, McKay, and Okidi (2005: 8) also find that family defragmentation (following death of a key family member or marital breakdown) was a key shock, particularly impacting women. The death of a spouse, particularly the breadwinner, could result in negative outcomes for the poor who do not have any formal life insurance and have weak forms of informal insurance. According to a female urban respondent “it is a disaster for the head of the family to remain ill... I suffered so much to assist my husband when he was ill”. Bendokat and Tovo (1999: 9) also find that in Togo, the death of a family member does not only have direct economic consequences in terms of an income loss (if the deceased was one of the income providers) but also indirect consequences (e.g., high costs imposed by cultural norms on the surviving wives requiring costly funerals and rituals). Dercon *et al* (2005: 580) also note that “while death shocks do not appear to have an effect on consumption, unlike other shocks, households often reported that the death of a husband, wife or another person had an ‘other effect’ (other than an effect on income, consumption, or productive assets) on households”. The high frequency of health risks realised (and the limited capacities to respond) may likely explain why it was also the most anticipated risk. The next section takes a look at the relationship between anticipated and realised risks.

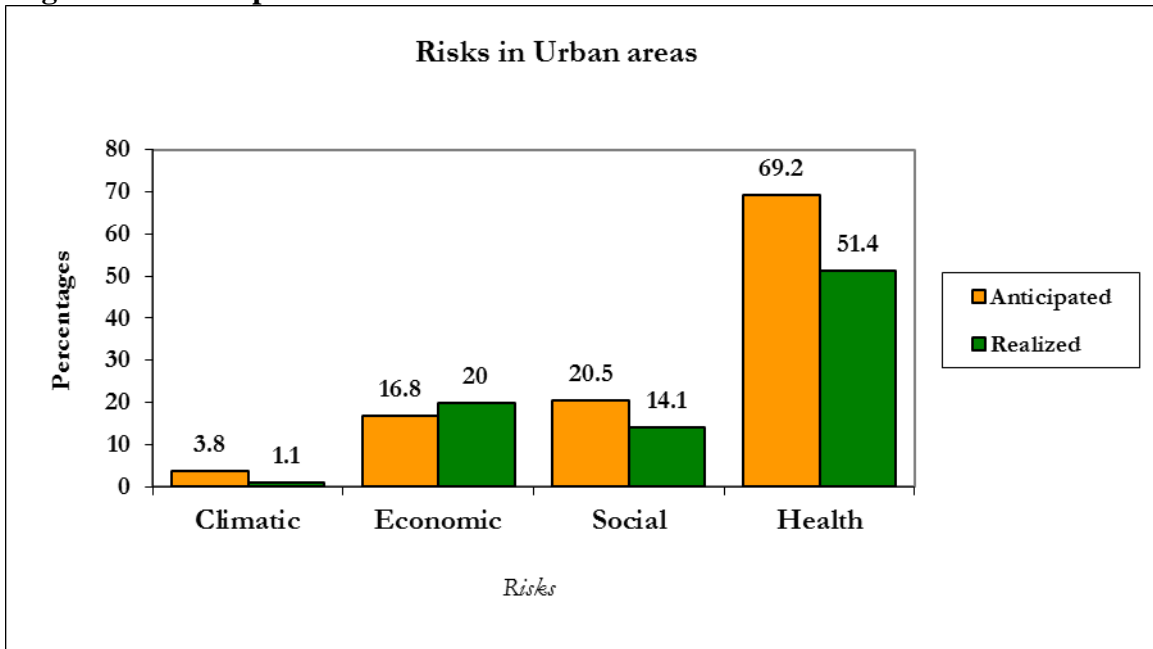
#### 6.1.4 Anticipated and Realised Risks compared

Realised risks have, by virtue of being ‘realised’, already occurred and may likely influence perceptions of risks that may occur in the future. In other words, realised risks may influence anticipated risks. In the survey however, the question on anticipated risks was asked before that on realised risks in order to minimise the response to the former being heavily informed by the latter. With this in mind, it is of interest to note that a comparison of anticipated and realised risks revealed a greater conformity between anticipated and realised risks in urban areas compared to rural areas. Figures 6.6 and 6.7 show anticipated risks alongside actual risks experienced in rural and urban areas respectively.

**Figure 6.6: Anticipated and Realised Risks in Rural areas**



Source: Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

**Figure 6.7: Anticipated Risks and Realised Risks in Urban areas**

Source: Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

In both areas, the experience of climatic/environmental risks was much lower than it is anticipated to occur, especially in the rural areas where 48% anticipated a climatic shock, but 9% reported a past experience of it. This is most likely due to the fact that in anticipation of this risk, *ex ante* measures have been put in place such that when the event occurs, it is no longer seen as a shock. For example, a rural respondent told of the use of traditional herbal mixtures to drive away pests, and in some cases, the use of rain-makers to stop the rains. The number of people who had experienced economic risks was however higher than anticipated in both areas. Again, this difference was greater in rural areas. Limited information about the macroeconomic environment, unusually low patronage that leads to a decline in incomes, and uncertainty about economic forecasts are possible explanations for these differences.

Social risks were the least anticipated and experienced in rural areas, and these risks were the only example of close conformity between anticipated and realised risks in rural areas – 2.5% anticipated a social risk, and 3.2% reported an experience of this. In urban areas, however, more people anticipated a social risk compared to the number of people who had actually experienced one – 14% reported a past experience of a social risk compared to 20.5% who anticipated it. This is similar to the case of climatic risks in rural areas given its impact on livelihoods, and a similar explanation therefore obtains; with the anticipation of social risks in urban areas, *ex ante* measures such as membership of informal associations and religious/cult institutions are likely to have been put in place to mitigate the occurrence of this risk, such that when the risk occurs, it is seen as less of a shock.

Health risks were the most anticipated and most experienced risk. In terms of the conformity between anticipation and actual experience, roughly 70% and 90% in rural and urban areas respectively anticipated a health risk, and roughly 50% in both areas experienced it. The experience of health risks was therefore lower than anticipated, and could again be due to *ex ante* measures, or the sheer experience of unmet fears. Chambers (2007: 40) writes movingly:

For many, their bodies are their most important asset. But it is at the same time vulnerable, uninsured and indivisible. It has often been weakened by life experiences. It is exceptionally exposed and vulnerable – to hard and dangerous work and accidents, to contamination and pollution, to violence, to sickness, to lack of nutrition, overwork and exhaustion. With an accident or illness, it can flip suddenly from being main asset to liability, needing payment for treatment and having to be fed and cared for. It is a recurrent finding that many people fall into bad conditions of deep poverty because of what happened to their bodies. Yet in general, the priority to poor people of quick, effective and affordable treatment to halt their impoverishment has not been appreciated by professionals (Chambers 2007: 40).

The figures above show the imminent concerns about health risks and its impact on poor people. A rural respondent says he ‘lost’ a child who was four years old to malaria and an urban respondent reported the sudden illness of his child who ends up dying, and says he still owes ₦10,000 (approx £43) to the man who helped him pay the fees for his child’s treatment. This latter scenario illustrates a key link between health and economic risks, where an illness and subsequent death has lingering financial implications that could stunt or even trigger a downward spiral in a household’s economic position. Johnson (1992) also found in her 1988 interviews with maize producers in Honduras, that crises arose when someone fell ill and medicines had to be paid for, or when crops failed and debts could not be repaid. According to her, “the margins of survival were often so narrow that relatively small events could spell economic disaster”. The anticipation and realisation of health risks is worsened by the helpless and paralysing fear that there are insufficient resources to respond to such risks. The next section examines the risk responses of the sample population. Before then, however, Table 6.4 summarises this whole section on risks by bringing together the settings, anticipated risks, and realised risks.

**Table 6.4: Risks Summarised: Settings, Anticipated and Realised Risks**

<b>Classifications</b>	<b>Settings</b>	<b>Anticipated Risks</b>	<b>Realised Risks</b>
<b>Climatic</b>	<p>Weather changes; Toxic environment</p> <p><i>Rural</i> (Destruction of crops by pests/ wild animals; Rapid growth of weeds)</p> <p><i>Urban</i> (Livelihood activities are carried out in an open space and are directly affected by the scorching heat)</p>	Heavy rainfall, Scorching heat; Toxic environment (e.g. air pollution)	Housing condition affected by bad weather
<b>Economic</b>	<p>Low incomes; Faulty tools; Credit sales; Delayed/irregular supply of goods/payments from customers; Unstable prices</p> <p><i>Rural</i> (Limited access to pesticides, fertilizers, tractors; Scarce labour force)</p> <p><i>Urban</i> (High cost of food items; Middlemen take high commissions; Unemployment)</p>	Delayed/Irregular Salary/patronage/ payment from customers	Loss of job/ contract; Very low sales; Poor harvest; unfavourable business deal
<b>Social</b>	<p>Inconsistent supply of electricity; Transport limitations; Bad roads/No access roads; Bad drinking water; Cost of government permits and taxes</p> <p><i>Rural</i> (Labourers do not work satisfactorily)</p> <p><i>Urban</i> (Harassment from policemen; Strict government regulations)</p>	Theft/Insecurity; Transportation risks; Conflicts; Harassment from touts/policemen	Theft; Conflicts; Failed exam; Divorce/ separation from partner
<b>Health</b>	Manual/Stressful nature of job; Body aches; Not enough medicines in the hospital; Disability e.g. poor eye-sight	Illness; Body aches; Work-related injuries	Death; Accident; Sudden/severe illness/injury

Source: Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006



Of particular concern in rural areas were climatic risks, while for those in urban areas, social risks represented the main worry. Respondents in both study areas expressed a variety of economic insecurities, but were most concerned about health risks. The heightened anticipation of health risks may, however, partly be due to the economic insecurities that limit the capacity to cope with health risks. These most commonly experienced health risks in this regard were death (34%) and sudden illness (14%).<sup>139</sup> Dercon *et al* (2005: 580) have a similar finding from their work in Ethiopia, where the most commonly reported ‘worst shocks’ were drought (47%), death (43%) and illness (28%). In Bangladesh, the most common unanticipated risks were natural disasters, illness-related expenditure and various kinds of social and economic ‘insecurity’ (Rahman *et al*, 1998 as cited in Kabeer, 2002). In India, they tend to be natural calamities, the death of the breadwinner, the need to meet customary obligations, political instability, and market shocks (Kabeer, 2002: 593).

The identification of risks is the first aspect of the risk-chain, as the nature of these risks has implications for the ability to cope with their consequences. According to Heitzmann *et al* (2002) risks should be identified as a first step of a risk assessment, because different types of risks require different types of risk management strategies. The next aspect of the risk chain is the response to risks which is examined in the next section.

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<sup>139</sup> When respondents were asked how often common shocks occur, 94% said ‘not often’. In their work on Ethiopia, Dercon and Krishnan (2000a) find that rainfall-induced income shocks have idiosyncratic components of 23 percent, crop damage from other sources (pests, animals, weeds) have idiosyncratic components of 65 – 87 percent, and income shocks from an illness have larger idiosyncratic components than these.

## 6.2 Risk Responses

Given the myriad of risks which are exacerbated by poverty, the poor have developed responses – often informal in nature – to deal with these risks. A rural respondent quotes a Yoruba adage that says: *Ko si nti onbo loke ti ile ko gba*; there is nothing that comes from above that the ground cannot take. These risk responses are analysed under *ex ante* (before) and *ex post* (after) actions (see Holzmann and Jørgensen, 2000; Siegel and Alwang, 1999; and Section 2.2.2 in chapter 2 for a more detailed discussion). *Ex Ante* actions are taken before a risky event takes place, e.g. asset accumulation and income diversification and *Ex Post* actions (also known as *risk-coping*) take place after the realization of a risky event e.g. drawing down savings and selling assets.

In applying the conceptual framework of *ex ante* and *ex post* risk responses to practice, two key observations are made. Firstly, strategies such as risk-sharing are designed *ex ante*, but are used *ex post*. Given their use after a risk occurs, they have traditionally been identified as risk-coping strategies (Alderman and Paxson, 1992). However, its *ex ante* existence could also mean that it can perform both risk reducing and mitigating roles. Secondly, the same strategy can be used either as *ex ante* or *ex post*. For example, with diversification, people can combine activities with low positive covariance in order to reduce or mitigate risks, and they could also use seasonal migration as a diversification response in the wake of a crisis. The *ex ante* and *ex post* distinction is most suitable for this research given the design of the questionnaire. *Ex ante* actions are, however, briefly examined as a starting point in this section, it is the *ex post* actions (also known as *risk-coping* mechanisms) that form the bulk of the analysis in this section. It is important, however, to reiterate that some

of the *ex post* actions taken were designed *ex ante*. Such actions are nevertheless analysed as *ex post* because they are typically only used when a risk occurs.

### 6.2.1 *Ex Ante* Actions

Uncertainty is to an extent a certainty in the lives of not just the poor, but also the non-poor, albeit to varying degrees. Burgess and Stern (1991: 40) note that ‘chronic severe deprivation in developing countries is compounded by the uncertainty with respect to livelihood and life which threatens a wider section of the population’. The question on *ex ante* responses was an open-ended question. Some said they had no *ex ante* measures in place to prepare for these uncertainties. According to one urban respondent, “I have no money to eat, how will I prepare for the rainy day?” Among the majority said they currently had *ex ante* actions in place in preparation for these uncertainties, emphasis was placed on education and savings. Table 6.5 shows the results.

**Table 6.5: *Ex ante* Risk Responses**

	Rural	Urban
• Education	43.2	41.7
<i>Investment in children’s education</i>	35.5	26.0
<i>His or her further education</i>	7.7	15.7
• Savings	40.8	33.0
<i>Savings</i>	33.6	24.3
<i>ROSCAs</i>	7.1	8.7
• Hard work/current struggles	23.9	7.0
• Good job/secure livelihood	5.2	7.6
• Protects assets	5.8	0.5
• Prayers/Hope in GOD	5.8	6.0
Other	3.2	7.0
No answer	6.5	1.6

Source: Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Both rural and urban respondents were mainly concerned about investing in the education of their children.<sup>140</sup> This bears similarities with one of the common perceptions of poverty which was the low level of children's education. These survey respondents are therefore concerned about this and are of the notion that investment in their children's education is not only a long-term *ex ante* measure, but could also be a path out of poverty as it has the potential to stop the inter-generational inheritance of poverty (see section 5.1.2 Chapter Five). One rural respondent says "my hope is in my children that I was able to send to school" and an urban respondent put it this way "my children are my future".

#### **Box 6.2: *Ex Ante* institutions**

##### **Traditional institutions of Mutual Trust a.k.a Cults**

Unlike the Church or the Mosque where you go and worship and then you will ask Mr. Lagbaja do you have ₦10, and he will say no, he has nothing, but he does; there is no way to see if he is lying and there is nothing you can do about it. But if you are a member of a cult such as *arupa*, whatever one member wants from the other, if the other person has it, he is duty-bound to say it out, though the person asking might not see it. It is established that you cannot lie to me.

Even if you go to somebody's farm and steal, and you come home, and a member comes to you to ask if you know the person that stole. Because he is a member, he will confide in him, and say 'yes I did, because I did not have money'. These cults have charms that when you lie or you betray a member, you will die, yes, you cannot go scot-free. This is something that does not exist in Churches and Mosques. If you betray me in the church, it will take a longer time for GOD to catch you, but this one is instant justice, so this is the traditional way of establishing mutual trust and confidence among members.

*Source:* Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

*Notes:* The comments above have been written as expressed.

<sup>140</sup> The demographic balance in the survey may be one explanation for the rural-urban difference in the emphasis on investing in their children's education versus own-education; 46% of the rural respondents were above 46 years old, and showed more concern about their children, compared to 22% of this same age-group in urban areas.

Savings were the next most cited *ex ante* strategy. Most of those who had this in place reported keeping their savings at home and using it to meet unexpected expenses which are usually small scale in nature. These savings are however not enough to deal with a major crisis. A similar proportion of the rural and urban sample (approximately 6%) report ‘prayers/hope in GOD’ as their *ex ante* strategy. According to one urban respondent, “it is only GOD that can predict what the future will look like, so there is no point thinking of tomorrow when today is not yet over, the future will take care of itself”. Examples of the *ex ante* strategies referred to as ‘other’ include playing the lottery which is known as *baba ijebu* in the urban areas and membership in cults in the rural areas (see Box 6.2). The next section proceeds with the analysis of *ex post* responses to anticipated and realised risks.

### **6.2.2 Ex Post Risk Responses**

*Ex Post* actions involve strategies to deal with realized losses such as drawing down savings, selling assets such as livestock (Rosenzweig and Wolpin, 1993), jewellery or other durables, withdrawing children from school when there are shortfalls in income (Jacoby and Skoufias, 1997), altering the amount of labour supplied to the labour market (Kochar 1999), seeking temporary employment, migration of selected family members, seeking ‘emergency’ loans (from relatives, friends, banks), borrowing from the credit market or accessing public resources such as transfers. Many of these findings from the literature were used to inform the options to the question on potential responses to anticipated risks. In order to get robust results on *ex post* actions, the survey included five questions on coping responses (see the appendix) which were asked at intervals and included the same

options. Table 6.6 shows the results that emerged on the *ex post* responses to anticipated risks.

**Table 6.6: Potential *Ex Post* Responses to Anticipated Risks**

	<b>Rural</b>	<b>Urban</b>
• Reduce food consumption	67.1	13.0
• Seek assistance from relatives/friends/neighbours	53.0	71.4
• Withdraw child(ren) from school	42.0	5.0
• Reduce /cancel planned investments/expenditure	32.2	13.0
• Engage in distress sales of assets (e.g. jewellery)	14.2	7.0
• Prayers – Seeks GOD’s intervention/wisdom	6.5	21.1
• Increase utilisation of free-access community resources	3.9	
• Looks for another source of income/struggles harder	3.3	0.5
• Resorts to distress-induced migration	2.6	0.5
• Borrows money from the bank/co-operative	1.3	0.5
• Nothing comes as a shock to him or her	0.6	5.0
Other	5.2	3.9
No answer	5.8	1.6

*Source:* Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

*Notes:* The figures in the table above are in response to a closed-ended question on responding to anticipated risks. The options were informed by my literature review before the fieldwork.

Despite the commonly cited perception of a low level of children’s education (though this was dominantly mentioned in urban areas), and the recognition of investing in children’s education as a key *ex ante* strategy, withdrawing a child from school was cited by 42% of rural respondents compared to only 5% of urban respondents. This is similar to the difference that was seen in chapter 5 where a low level of children’s education was mentioned 108 times in the three urban FGDs, but only 30 times in the three rural FGDs. Several reasons can be offered for this rural-urban difference. Firstly, most parents in rural areas are unable to fund higher education for their children. According to a female respondent in the rural area who cited this option, “the children will have to sit at home till I can afford to pay their school fees”. Moreover, employment opportunities in the rural

areas are scarce for the secondary school certificate holders. Even when they migrate to the nearest town, getting a job remains a difficulty. Therefore, despite the education which is hoped will give their children an opportunity to work in the non-agricultural sector, many still end up in agricultural activities as a last resort, which is more often than not, the only option. Jacoby and Skoufias (1997) have a similar finding in the case of rural India. In an urban setting however, agricultural activities are not an option, and the opportunity costs of keeping a child in school might be less than would be the case in rural areas. Withdrawing a child from school runs the risk of jeopardising both the future prospects of the child and the potential benefits of the child's education to the household. Education is undeniably an essential part of increasing one's capabilities and consequently expanding the opportunities available, especially in urban areas. It is therefore not readily a risk response in the urban areas, and in the event that it is, it is symptomatic of extremely difficult conditions. One urban respondent put it this way "no matter the condition, I will never withdraw my children from school".

Responses such as reducing food consumption, reducing (or cancelling in some cases) investment plans, and distress sales, were also in the top five responses. However, one limitation of the data used here is that it is not clear if these actions will be used in the event that the anticipated risks are realised. Respondents were therefore asked how they responded to past shocks in order to shed more light on what strategies are being used in practice, and how close these actual strategies are to potential strategies of response (see table 6.7 below).

**Table 6.7: Actual *Ex Post* Responses to Realised Risks**

	<b>Rural</b>	<b>Urban</b>
• Friends & neighbours	45.2	33.5
• Relatives	38.1	57.8
• GOD/Prayers	5.2	3.8
• Endures the shock alone	4.5	7.1
• Co-operative and Thrift Society	1.3	6.0

*Source:* Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Seeking assistance from friends/neighbours/relatives was the most frequently mentioned potential response to anticipated risks in urban areas, and the second most cited one in rural areas. In both areas, however, it was the most common actual response to past shocks. Rural respondents sought the assistance of their friends and neighbours more often than they asked their relatives for help – 45% to 38% - while the opposite was the case in urban areas – 34% sought assistance from friends compared to 58% from relatives. In rural areas, these friends and neighbours are part of their immediate community which is a very close knit one. However, this is not the case in urban areas where relatives are a more reliable source of assistance than the immediate community, which is not as close knit and has a weaker social capital than is the case in rural areas. According to DfID, “the extended family often plays an important role as a social safety net”.<sup>141</sup> Nevertheless, both ‘friends & neighbours’ and ‘relatives’ are risk-sharing responses which are key to the ways in which the poor cope with shocks.

Respondents were also asked how they would cope if there were a shortage of food, a basic necessity. Given that the most common perception of poverty identified in chapter four was

<sup>141</sup> DfID Poverty Guidance First Draft p. 68



difficulties in eating adequately, it is insightful to examine how the poor cope when this difficulty arises.

#### **6.2.2.1 Coping with a Food Shortage**

Though 66.5% and 57.3% of the rural and urban sample said they could afford three meals a day, more than 80% of both rural and urban respondents answered ‘yes’ when asked in the survey, whether they had ever experienced a shortage of food. As a response to this shortage, approximately 39% and 60% of the rural and urban sample said they ‘bought food items on credit’. Some said they will ‘endure’ during this period, an urban respondent said “I am too ashamed to beg for food, so I will bear the hunger till I can get some food”. However, 33% of the rural sample said they asked for help from their friends and neighbours, compared to 13% of urban respondents; 9.3% of rural respondents sought assistance from relatives compared to 19% in urban areas. Again, this rural-urban difference in seeking assistance from friends and neighbours or relatives appears in the response to this question on coping with a food shortage. A rural FGD participant is quoted as saying said “*Ife l’ounje wa*; love is our food”.

In rural areas, diversification was the third most cited coping strategy used in response to a period of food shortage, and the second most cited in urban areas – 17.8% and 23.4% respectively. In urban areas, men get involved in manual jobs such as fetching water for construction activities as an extra source of income. This response is followed by ‘prayers’; many said “it is only GOD we can run to”. An urban FGD participant said the following:

...you cannot run to anybody, there is nobody again, except you are deceiving yourself, because the person you feel you can go and meet that will be of help to you, immediately

you reach the person's place and start talking about your problems, he will change immediately and start telling you of his own problems. What again do you want to do? Except run to GOD.

Two rural respondents also mentioned the following: (1) some friends are not trustworthy, but GOD will bring the right person; (2) At my age (25), I have passed through a lot of problems, so if it did not take my life, I will scale through with GOD on my side. 'Other' responses used in rural areas involved uprooting crops before they were ripe enough to be harvested, and these were both sold and consumed by the household. A rural respondent mentions that some vegetables which are used to prepare traditional meals grow on their own without being planted, e.g. waterleaf and *ewedu*, and since their major produce – cassava – complements these meals, when this is the only food available, they go out and cut these vegetables. This informant adds that:

Most people eat what they see; once cassava is there, you have *garri*, kill a *bush rat*, roast it, cut it, put it inside the soup and eat! So you can see somebody eating *garri* in the morning, in the afternoon, and in the evening, no change!

In urban areas, however, such vegetables or 'bush-rats' are not available. Despite higher earnings, it is perhaps more difficult to deal with a food shortage in the city than it is in the village where farming is their major livelihood activity. Perhaps this is one explanation why a relatively lesser proportion of the urban sample (57.3%) compared to the rural sample (66.5%) said they could afford three meals a day.

Risk combined with the household responses, lead to the outcome; the third and final component of the risk-chain to be addressed. However, the survey for this research did not include a quantitative assessment of the welfare effects of shocks based on the risks and

responses, and the timing of past shocks with assessments of their welfare status (before and after the shock). Qualitative information was however provided and used to inform the short section on risk outcomes. This is then followed by a closer look at the use of risk-sharing which was the key *ex post* response to risks in the sample and perhaps an influential factor in perceptions of own-poverty.

### 6.3 Outcomes

Shocks can be defined as risks that have a negative impact on welfare. Although the survey for this research did not include a quantitative assessment of the welfare effects of shocks based on the risks and responses, and the timing of past shocks with assessments of their welfare status (before and after the shock), qualitative information was provided on the impact of realised risks. Psychological impacts were the most frequently mentioned in both study areas. Below are some of the comments that were made:

(1) I lost my place of pride in the family because I started washing people's feet in the market place, just to survive; it wasn't until I was able to raise some money before I stopped. (2) One cannot perform his duties at home as the head of the family. (3) I suffered; I started wandering about looking for help. I could not afford to enter motor, I was just trekking about. (4) I could not walk, and my parents died four days after I had this domestic accident; it was like an evil spirit attacked me. (5) I had to stop schooling when my sister fell ill; my education was affected and she eventually died.

Many of the comments made above are risk responses coupled with the psychological outcomes. The economic outcomes consisted mainly of lost time and resources that would have been used productively had the shocks (which were usually health-related) not occurred. According to an urban respondent, her severe illness made her lose a number of

her customers, and she had to start all over again on credit, saying it took her three months to get “back on her feet”. A younger female urban respondent told of the death of her father which happened while she was in secondary school, and in order to continue her education she said she had to start income-generating activities earlier than she expected. Another younger female urban respondent said her education got affected as a result of the illness of her sibling. She goes on to say that the money, which would have been used to pay her school fees was used instead to pay for her sister’s hospital bills, meaning that her household was unable to absorb the illness of one without it affecting the education of another. An elderly man in the rural area also reported the loss of his daughter whom he referred to as ‘productive’, adding that her death had a ‘great’ impact on him. An urban respondent said he is the first born of nine children, and the death of his father meant that he is now responsible for the welfare of his siblings. He adds that he receives no financial assistance from his father’s relatives, and said he had to buy a number of things on credit to arrange his father’s burial.

In order to get robust results on *ex post* actions, the survey included five questions on coping responses, which were asked at intervals. A comparison of the results also suggests that for many of the risks faced, informal arrangements afforded by the proximity of friends/neighbours in rural areas are vital. In response to the different questions on coping responses, the urban sample mentioned the assistance of their relatives more often than they mentioned friends and neighbours. This is unlike the case in rural areas where friends and neighbours were accessed more than relatives. As mentioned earlier, a key explanation for why relatives are more of an *ex post* response than neighbours in urban areas is that there is

less neighbourhood cohesion in urban areas than is the case in rural areas. These issues are discussed further in the next section.

## 6.4 Risk Sharing

Risk-sharing arrangements in particular are vital to the lives of the poor. It spreads the impact of risks across households, and may be accomplished through formal institutions (such as insurance and futures markets) and/or informal mechanisms (including state-contingent transfers and remittances between friends and neighbours) (Alderman and Paxson, 1992). The creation of informal exchange-based risk sharing mechanisms through extended families, mutual gift giving, egalitarian tribal systems, crop-sharing arrangements with landlords, etc is particularly an important means with which poor households cope with shocks. Box 6.4 gives examples of the risk-sharing that takes place in rural areas (the notes have been written as explained).

### **Box 6.3: Risk-Sharing in Rural areas**

#### ***Coping with difficulties in feeding***

One person might have a cassava farm but does not have *garri* to eat in his house at a particular point in time. He can then go to his neighbour's house to give him *garri*. This neighbour also has a cassava farm, and will give to the one in need because he knows that he deals in the same product, so he will give it to that person. Someone who has received his money will help his neighbour who hasn't eaten since morning. Mr. Joeseph will be owing Mr. Fatau, Fatau will be owing Mohammed, Mohammed will be owing another. They don't quarrel over it, because as one person is owing Mr. A, Mr. A is also owing another.

#### ***Widows***

A widow is to remain in her house for 40 days from the day of her husband's death. During this time she will lack nothing; her feeding and other things are supplied by the villagers. But at the end of the 40 days she is expected to go out and look for what she is going to eat.

### ***Coping with an Illness***

In an emergency where there is a sick child, the person will go into the General Hospital in town. If he or she cannot afford the hospital fees, we have to call ourselves to contribute money. Everybody has to contribute money (at least the little they can) because we feel we should not allow the child to die. It is not obligatory on those who do not have anything to contribute. The Father will be going round, whilst the mother is at home. Friends can also go around to help get contributions. In some cases, the community leaders have to carry the heavy load/bear the burden. He or she will definitely come and meet the community leader and say this is my problem. There have been cases where people have died, because they could not afford to pay the fees.

If something happens to one person, the whole community feels affected. When one person is sick, it becomes a problem for everybody. If a child falls ill, they will first go to the herbalist, but if he or she cannot deal with the illness, and the parents cannot afford the hospital fees, there are people around who will contribute money so that the child will survive.

There was someone who had a snake bite at night and died before he could get home, because it was some distance from the farm (where it occurred) to the village where he lives. If this happens, and someone from the other village can hear you shout, then they will come, this one will apply what he brought with him to the person's leg to suppress the pain, another will come out with his own, and another one with his own, and they will get rid of it.

In a small community like Ajebo, we live like brothers and sisters; we help each other a lot, so we don't lose hope. When in crisis, we do not leave anybody to suffer. If we know that things are not okay with someone, after we have not seen him in a few days, we will go and visit that person and find out what the problem is. If the person is ill, we will first ask the native doctors if they know how to use the leaves to help the man ease his illness. If after this native treatment the person is not feeling better after a few days, then it is a matter of going to the hospital. Even when it gets to the stage of the hospital, it is still the same fellow farmers that come together to assist. Even if I do not have any money to give the person in need, I will give what I have, maybe *garri* or plantain, and others will do the same. If he or she is a member of that community, and they know very well that he or she needs help for something, they will help, except you keep your problem to yourself, but if you can say it out, you will see someone coming out to help. That is what we do in our community. That communal love is always there.

### ***Rural Communal Arrangements***

*Aro* – This is when they all work on each other's farms. In this case, there is a commitment to help one another on their respective farms.

*Ofomo dogo* – Where a child is used as collateral. If the person is unable to work, the child will act in his or her stead

*Owe* – One person works on another person's farm and is compensated in kind.

*Source:* Primary Fieldwork data (Focus Group Discussions) in Lagos, Southern Nigeria 2006

*Notes:* These communal arrangements are designed *ex ante* but used *ex post*.

The majority of the rural dwellers are from *Ogun* state, and the commonality of language and customs also fosters close-knit communities, in addition to the proximity of home and farm sites. The close-knit nature of rural communities implies that neighbours are more accessible, and are usually the first to ‘see the shock’. One respondent quotes the adage that “*Aladugbo ni omo iya eniyan*; a person’s neighbours are the children from the person’s mother”. At the same time, however, these fairly homogenous settings and close-knit communities means that ‘friends and/or neighbours’ (especially in rural areas) are likely to have a similar level of welfare to the individual or household affected by the crisis. In the event that co-variate risks occur, this form of response is of limited or no use, in this sample however, many of the risks faced were idiosyncratic in nature.

‘Relatives’, on the other hand, were dominantly accessed by the rural sample. Many of these relatives were said to be located in other communities which were better-off. Therefore there is less correlation of certain risks/shocks among these relatives than will likely be the case amongst friends/neighbours. Alderman and Paxson (1992: 24) note that income sharing between family members that live in different locations, for example, can ameliorate the effects of village movements in income on consumption. On the other hand, due to the proximity of neighbours, these people also play a vital role in coping with shocks, especially in remote rural areas. Notwithstanding that the advantages of one group over the other, the nature of these arrangements are similar: they constitute informal mechanisms of risk sharing.

The frequent use of relatives and friends/neighbours reveals the importance of risk-sharing as a key risk response in both the rural and urban samples. A Yoruba proverb states that:

*Agba jowo la fin soya, owo kan ko gbe eru dori*; It is the joining of hands that helps us carry the load; one hand cannot do so by itself. The quote expresses the point that undermines risk-sharing; sharing the ‘load’ (risk) makes it easier to lift (cope with). This “joining of hands to carry the load”, or risk-sharing, is carried out with an unwritten understanding that secures future assistance for the parties involved, a concept known as balanced reciprocity (Holzmann and Jorgensen, 1999). An individual assists another in the hope that he or she will also be assisted in his or her own time of need, hence the saying, “you scratch my back, I will scratch your back”. The following is taken from a rural FGD participant:

We cannot even eat without depending on one another. Mr. A goes to Mr. B and asks for ewedu without paying Naira. We all contribute money to help each other when in need. If not for the love we have amongst ourselves, and the help we give each other, when you come here, you will see the numbers of people dying every day.

Another rural respondent adds that “because we are able to help ourselves, we do not feel we are poor, we are very poor, but when I have collected *garri* from one, and collected pepper from another”. The similarity in the spread of anticipated and realised risks among those who perceive themselves as poor and those who do not perceive themselves as poor in both the rural and urban sample suggest that both groups perceive the same sort of risks with a similar degree of concern. Greeley (1996: 55) notes that it has frequently been observed that in many surveys there are large numbers of poor households who are living well below the specified poverty line and yet very much surviving. He adds that a large part of the explanation for such cases may be that income has been underestimated; however, it



could also be that such households draw upon the village moral economy in ways in which income measures cannot readily capture. The dominant use of risk-sharing as a response to risk may therefore have been influential in the fact that many of the rural and urban respondents who were income poor did not perceive themselves as poor. There is now considerable interest in the role sub-village local networks play in protecting members from fluctuations in their incomes (Hoddinott, Dercon and Krishnan, 2005: 1). According to a rural FGD participant adds that ‘it is the love we have and share that makes us say that there is no poverty in our midst’.

## 6.5 Conclusions

*Scratch my back, I scratch your back*

- Proverb

Both the poor and non-poor are exposed to risks, however, the poor not only have to cope with continuing poverty but also with the anticipation of risks. The economic and physical settings of the poor in this study posed structural limitations, as well as an increased exposure to certain risks. For example, poor sanitation increases the risk of malaria. The theoretical framework of a ‘risk-chain’ provides a useful guideline for risk analysis among poor households and was used for the empirical analysis in this chapter.

While the rural sample were relatively more concerned about climatic/environmental risks, the urban sample were more concerned about social risks, and both samples had a similar pattern of experience with regards to realised risks. These risks impact on the livelihoods in either area, hence an area of concern for them. However, health risks were the most

anticipated and realised risk amongst the poor in both rural and urban areas and risk-sharing among friends, neighbours and relatives was the dominant risk response, but this is only feasible for risks which are idiosyncratic in nature, and many of the health risks mentioned were idiosyncratic in nature. However, risk-sharing mechanisms alone are not enough to cope with health risks, more policy attention is needed in this area, especially with regards to poor people.

## Chapter 7

# Livelihoods and Diversification Strategies of the Rural Poor

### 7.0 Introduction

*The fox knows many things, but the hedgehog knows one big thing*

- Greek Proverb (Chambers, 1988: 7)

People depend on their livelihoods for sustenance and security; the rich, the poor and the ‘in-betweens’. For the poor, however, this dependence is characterised by a daily struggle to “make ends meet”. The daily realities of poor people’s lives and struggles is expressed in the following account of an incidence that took place in the local government of the rural area studied, which was presumably the most prestigious place to work in the rural area. The scenario is written as told:

In the local government (LG), salary was not paid for six good months, and so many of the LG staff began to suffer, people became frustrated. There was one staff who was seriously ill, and came to the office thinking he would get some money, there in the office, he collapsed. Infact, when he vomited, he vomited purely white *garri*, with nothing else inside it, and he said he took that garri the night before! By the time they rushed the man to the hospital, after a short while, he died. Infact, I never knew that that salary that was not coming affected the entire LG area. Even the market women were affected, because nobody was patronizing them. It is when the LG staff get their salary, that they sell more. Because the salary was not coming, you will see most of the market deserted, nobody is buying anything. Infact, the office too was deserted, nobody was coming to work because you don’t even have money to pay for transport,

so you can't go to the office, even at home, you cannot eat. So you can see the level of poverty.

The above scenario is a vivid description of the realities of poverty, particularly being expressed through low food consumption as a result of low incomes due to unpaid salaries. According to Arboleda *et al* (2004: 23), “the voices of the poor communicate their experience, and keep drawing the reader’s attention back to their lives”. Hulme and Lawson (2010: 7) also note that “for most of the world’s poorest people survival is not based on assistance from donors, NGOs or government programmes. Instead, they survive primarily from their own efforts – casual labouring, gleaning, recycling waste, begging, gathering common property resources – and the support that is offered by relatives and neighbours”. Some have to combine two or more livelihood activities in order to insure themselves against a negative welfare change in one activity, among other reasons. This process is known as livelihood diversification and is the focus of this chapter.

Chambers (1988) distinguishes the poor by their livelihood strategies, using the metaphor of ‘foxes’ and ‘hedgehogs’ from the Greek proverb quoted above. The ‘foxes’ among the poor build a “repertoire of different petty enterprises and activities”, while the ‘hedgehogs’ on the other hand, are locked into one main source of livelihood. In other words, the foxes diversify and the hedgehogs do not. Many authors have found that the poor predominantly act as foxes (Barrett, 1997; Reardon *et al.*, 2000; Little *et al.*, 2001). Typically, the poorest have “highly diversified portfolios with low marginal returns, or desperation-led diversification” (Barret *et al* (2001: 321). This chapter examines if this is the case or not in

rural Lagos; are they more or less likely to be ‘foxes’, that is, to diversify? Or to be hedgehogs?

Diversification for reasons of risk-spreading has long been associated with poverty and survival. When definite outcomes in relation to income streams are replaced by probabilities of occurrence, the social unit diversifies its portfolio of activities in order to anticipate and to ameliorate the threat to its welfare of failure in individual activities (Alderman and Paxson, 1992). According to Ellis (2000: 60), this is just another way of saying that families that are vulnerable to failure in their means of survival do not “put all their eggs into one basket”. The uncertain and volatile nature of the livelihoods of the poor can metaphorically be described as ‘eggs’, and as the proverb advises, should therefore not be held in a single basket. Those without a diverse livelihood portfolio are seen as likely to be the most vulnerable in the event that their sole livelihood ‘fails’, because they have no other source of sustenance to fall back on. These households “have neither enough assets, nor the capabilities to create or access them; they have problems in providing for their members’ basic needs, are unable to create a surplus, cannot cope with a crisis, and are often chronically in debt” (Niehof, 2004: 325). On the other hand, those with highly diversified portfolios are seen as having more sustainable livelihood systems given their multiple livelihood sources. They are able to make use of their livelihoods to cater for their basic needs, and cope with and recover from stresses and shocks (Chambers and Conway, 1991). With the focus being on rural livelihoods in this chapter, most of the research done on livelihoods in sub-Saharan Africa has been on agrarian livelihoods and the general consensus has been to encourage diversification into non-agricultural livelihoods as a path out of poverty (Reardon, 1997; Hussein and Nelson, 1998; Little *et al.*, 2001; Barret *et al.*,

2001; Carswell, 2002). By looking at the diversification patterns of those who perceive themselves as poor relative to the non-poor, this chapter aims to examine whether households diversify into non-agricultural activities as a response to poverty or as a path out of poverty.

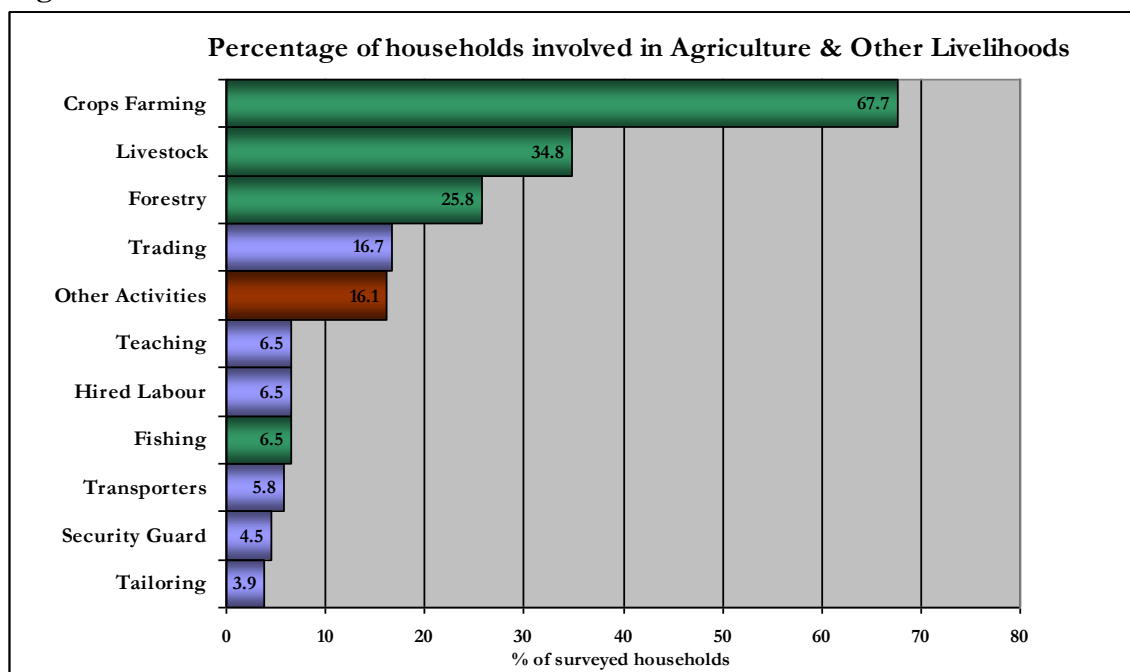
As a starting point, the chapter proceeds with an identification of the various livelihood activities of the survey population in rural areas in section 7.1, with an emphasis on subsistence farming. These activities are then used in analysing the diversification patterns of the rural poor in Section 7.2 where a spectrum that runs from no diversification to highly diversified portfolios is constructed. Activities and income are used in conjunction with other data to construct the spectrum and conduct the empirical analysis. Subjective and objective measures of poverty are mapped on to the diversification spectrum in order to examine the extent of diversification practiced among the poor relative to the non-poor. Section 7.3 concludes.

## **7.1 Livelihood Activities in Rural Lagos**

Agriculture is assumed to be the principal activity of rural populations (Tacoli, 1998: 147) and the rural study sites in Lagos were no different from this atypical classification. The aim of this section is to examine the livelihood activities carried out in the rural areas. Survey respondents were asked for the livelihood activities they were engaged in and this was identified against eleven industries and 68 pre-coded activities, with an option to

specify the exact livelihood activity if not found in the coded options.<sup>142</sup> Figure 7.1 shows the percentage of rural households involved in different activities.

**Figure 7.1: Rural Livelihood Activities**



*Source:* Primary Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

*Notes:* (1) Agricultural activities are marked in green. 'Other' activities include traditional herbalists, religious leaders, an operator of a call centre, electrician and a nurse. (2) For those who were engaged in more than one livelihood activity, the extra activity was also counted, hence the numbers in the chart exceed 100%. However, in order to identify the major livelihood, respondents were asked further questions on which livelihood they spent the most time on, and which one brought the most income.

Agriculture serves as a direct source of food and income for many rural residents. It is usually categorized into four areas: crops, livestock, fisheries and forestry. In rural Lagos, crops (farming) are the prevailing aspect of agricultural activity, with most people harvesting between three to five crops. Food crops are the most commonly farmed, with the dominant one being cassava.<sup>143</sup> Livestock rearing and forestry are practised to a lesser

<sup>142</sup> See the questionnaire in the appendix for more details.

<sup>143</sup> Cassava is grown by 96.2% of the rural survey population, and is said to be the crop that best fits the soil type in the study area (white soil). It therefore produces relatively reliable harvests, making it the most lucrative crop in the area. Other crops grown are yams/cocoyams, plantain/bananas, corn, beans, kolanuts, pineapples, and melon

degree than farming, but more than other activities such as health care services. Next to agricultural activities are trading activities. While almost everyone in the rural area is involved in one agricultural activity or the other, one in every seven people is a petty trader. These petty traders sell a narrow variety of items which are usually limited to cooking ingredients, soft drinks, and other domestic items such as washing detergents.<sup>144</sup>

Given the fairly remote location of the rural study site and the bad roads there, the major form of transportation is through the use of commercial motorcycles referred to in local parlance as *okada*.<sup>145</sup> Most of the transporters were *okada* drivers and few were tractor drivers. There is no strict adherence to the training of *okada* drivers and the registration of motorcycles; therefore, many of the young and middle-aged males have this as a livelihood option within their reach if the initial costs of obtaining a motorcycle can be met.<sup>146</sup> Though 5.8% of the sample reported being transporters, this proportion is most likely underestimated because only a few were found during the times the interviews were conducted; the rest were “on the move”.

Though many of the activities discussed above are income-earning activities; there are certain activities from which no direct income is earned. Subsistence farmers particularly fall into this latter category and those who are solely subsistence farmers are often regarded

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<sup>144</sup> There was only one major petty trader in the area who sold a wide variety of items. It is also worth pointing out that 85.7% of the traders were women. Women worked more as petty traders, tailors and hired labourers on the farm, while the drivers, security guards, and those involved in construction activities as casual labour were all men. The dominance of one gender in certain livelihoods in this sample confirms that there are clearly gender-defined roles.

<sup>145</sup> The name *Okada* was adopted from a small town in Edo state, Nigeria. *Okada* is the fastest means of transport in Lagos and is widely used due to the persistent traffic and bad roads.

<sup>146</sup> As at August 2006 (survey year), a ‘second-hand’ motorcycle costs about ₦70,000 (approximately \$465 at April 2010 market exchange rates of ₦150 to \$1)



as among the poorest in their societies. These subsistence practices are likely to be excluded if market income sources are used in isolation as measures of diversification. For example, out of two households that report similar incomes, one may have no form of subsistence, while the other may be partially subsistent. These differences are masked when diversification is looked at purely from an income-based perspective. Given the focus on rural livelihoods in this chapter, the next section therefore takes a closer look at subsistence practices before proceeding to an analysis of their diversification patterns.

### 7.1.1 Subsistence Agriculture

Given the predominance of agriculture in the rural areas, it is no surprise that the majority of rural households surveyed engaged in agricultural activities as a means of earning an income as well as a direct source of food. There were, however, those who were completely subsistence households who did not earn an income from agriculture, but used it solely for own-consumption purposes. In order to analyse the subsistence practices further, the proportion of own-crop consumed in total food expenditure is examined as a degree of subsistence.<sup>147</sup> The survey results revealed that subsistence accounted for more than 10% of the total food expenditure of all households involved, and a third of the food budget of over half of the rural survey population.<sup>148</sup> Glewwe (1987) also finds that the average food share in rural areas is relatively high, 60-65% of the total household budget, of which 30% is from food produced at home. In Nigeria, the average food share constituted 54% and 58% of the total household budget in 2004 and 2010 respectively (NBS, 2012: 18). The

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<sup>147</sup> Respondents were asked for the value of own-crop produced (where applicable) and consumed, separate from the amount spent on buying food from 'outside'.

<sup>148</sup> No household recorded 100% contribution of crops to their food budget; they still needed to purchase other necessary food items that they did not produce.

proportion of food produced for own-consumption was 40% and 36% of the total household budget in 2004 and 2010 respectively (ibid).

To aid a more definite analysis, the following categories were adopted to define the extent of subsistence practised: the highly subsistent (those with subsistence contributions of 40% or more to total food expenditure), mid subsistence (subsistence contributions between 30 – 39%), and low subsistence (contributions less than 30%). The threshold decided for these categories were based on the range of subsistence contributions in the sample; 78% was the maximum contribution of own-crops to total food expenditure reported, and 10% the minimum. The highly subsistent households were the majority in the total sample (63%) and also had the overall highest income contribution from crops to their livelihood portfolios: 60% on average. Those in the mid and low subsistence categories constituted 29% and 44% of the rural sample respectively. All households in the three subsistence categories reported over 50% income contribution of crops to their livelihood portfolios, confirming the fact that farming plays an important dual role of subsistence and income provision for rural households.<sup>149</sup> In line with the central theme of this thesis on perceptions of poverty, these variations in subsistence practices are mapped against those who perceive themselves as poor and as non-poor (see table 7.1).

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<sup>149</sup> Of those who owned livestock, 83% reared them for subsistence reasons, while the remainder 17% earned income from their livestock, and poultry ownership was the most common livestock.

**Table 7.1: Subsistence and Perceptions of Poverty**

<b>Level of Subsistence</b>	<b>Poor Within %</b>	<b>Among the Poor %</b>	<b>Non-Poor Within %</b>	<b>Among the Non-Poor</b>
High Subsistence	20.6	29.6	79.4	45.1
Mid subsistence	37.9	25.0	62.1	16.2
Low subsistence	29.6	29.6	70.4	27.9

*Source:* Fieldwork data (Household Survey) in Lagos, South-west Nigeria 2006

*Notes:* Column 1 shows the percentage of those who perceived themselves as poor within each subsistence category and column 2 shows the percentage of those who were in each subsistence category among the poor. Columns 3 and 4 do the same for the non-poor category.

Among those who perceived themselves as poor, similar proportions are in the high and low subsistence categories. However, more people in the latter category perceived themselves as poor than those in the former, which had the least percentage of people that perceived themselves as poor, and therefore had most of the non-poor. This suggests that households who are highly subsistent are likely to perceive themselves as non-poor, thus confirming the findings examined in chapter five where food security was seen to play a key role in perceptions of poverty in rural areas. Box 7.1 provides real life examples of respondents in each subsistence level.

**Box 7.1: Examples of households in each subsistence level****Highly Subsistent Households**

Mr. A is the head of a young family with two children. He is involved in gathering firewood, farming and rearing chicken. His sole source of income is from the firewood gathering, and he says 'farming is just for eating'. He grows maize, cassava and yam, and describes the size of his farm as small. 60% of his food budget is from own-production.

Mr. B on the other hand is 47 years old with a large family. He is involved in all four aspects of Agriculture – crops, livestock, fishing and forestry. He said 'I was a fisherman for a long time, but when I discovered it was not enough, I decided to get involved in other activities'. He now earns most of his income from firewood sales, and 75% of his food budget is from own-production.

**Mid Subsistent Households**

Mrs. C is a 60 year old widow with three people in her household. She does not own a farm, but is involved in fishing and firewood gathering. Most of her income is from fishing, which coupled with the chickens she rears, contributes 37.5% to her food budget.

Mr. D on the other hand is a 56 year old man with a large household. He is involved in farming and livestock, and is the secretary of a community pressure group called 'concerned citizens'. He mentions that he makes a lot of money when he sells a pig and adds that he spends a lot of money feeding them. 35% of his food-budget is from own-production, and crops make up 25% of his income portfolio.

**Low Subsistent Households**

Mr. E is a 29 year old unmarried man living with another adult. He has graduated from technical school and is currently looking for a job. He is presently occupying himself with farming activities, where he grows Maize, cassava, yam, plantain, vegetables and melon. His consumption of own-produce constitutes 22% of his food budget. He sells most of what he produces. He also rears chickens. Crops and livestock contribute 70% and 20% respectively to his income, and 10% are transfers from his mother.

*Source:* Primary Fieldwork data in Lagos, Southern Nigeria 2006

Within each subsistence category, variations exist between households. For example, within a particular category, some households are solely subsistence, while others farm for both subsistence and income-earning reasons (see Table 7.2). It is important to consider these variations as they are often hidden when broad income measures are used in isolation. Table 7.2 shows the variations within each subsistence category; the number of households in each variation, and their percentage within the relevant subsistence category and among

the total sample population. These categories of subsistence reveal important differences that exist in rural livelihoods that are often seen as homogenous.

**Table 7.2: Subsistence Agriculture**

Levels of Subsistence	Respondents		
	No.	% Within	% of pop
<b>Highly subsistent (40% contribution or more)</b>	<b>63</b>		<b>40.6</b>
Crops & Livestock, with no market income from either	4	6.3	2.6
Crops only but with no market income from this	5	7.9	3.2
Crops & Livestock, with market income from crops only	13	20.6	8.4
Crops & Livestock; market income from both	6	9.5	3.9
Crops only with market income	24	38.1	15.5
<i>Does not report crops, but partially subsistent<sup>1</sup></i>	<i>11</i>	<i>17.4</i>	<i>7.1</i>
<b>Mid Subsistence (30 – 39% contribution)</b>	<b>29</b>		<b>18.7</b>
Solely Livestock subsistent, no crops	1	3.4	0.6
Crops & Livestock; market income from crops only	7	24.1	4.5
Crops & Livestock, with market income from both	1	3.4	0.6
Crops only with market income	18	62.1	11.6
<i>No agricultural activity reported, but partially subsistent<sup>1</sup></i>	<i>2</i>	<i>6.9</i>	<i>1.3</i>
<b>Low subsistence (10 – 29% contribution)</b>	<b>44</b>		<b>28.4</b>
Solely Livestock subsistent, no crops	1	2.3	0.6
Crops & Livestock; market income from crops only	11	25.0	7.1
Crops & Livestock; market income from both	1	2.3	0.6
Crops only with market income	21	47.7	13.5
<i>Does not report crops, but partially subsistent<sup>1</sup></i>	<i>10</i>	<i>22.7</i>	<i>6.5</i>

Source: Fieldwork data (Household Survey) in Lagos, South-west Nigeria 2006

Notes: (1) People in this context report other agricultural activities such as fishing or working on other people's farms.

Those who owned livestock kept these primarily for own-consumption, leaving most of the agricultural income being earned from crops.<sup>150</sup> The highly subsistent households who earned an income from both crops and livestock make up 4% of the rural sample. These are likely to be the relatively better-off households in the community, given that their agricultural activities contribute over 40% to their food budget, and they also earn an income not only from crops, but also from their livestock. Within all three subsistence categories, the majority of households grew crops for both subsistence and income-earning purposes. It was only among the highly subsistent category that there were households who grew crops purely for subsistence reasons. This 5.8% of the rural survey population are likely to be peasant farmers who according to Johnson (1992) remain small farmers because they produce mostly for their own consumption. It is, however, possible that they are not necessarily peasant farmers, but are medium to large scale farmers who are mainly involved in non-farm activities but also farm solely for their own consumption.

Despite the persistent image of Africa as a continent of 'subsistence farmers', diversification of income-earning activities is increasingly becoming a key feature of rural households. Bryceson (1997) suggests that sub-Saharan Africa is becoming less rural in character, and associated with this process of 'deagrarianization' is a declining reliance by many rural households on income from farming, and an increasing reliance on non-farm income sources.<sup>151</sup> The next section examines if this is the case in the rural sample surveyed.

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<sup>150</sup> Among those who owned livestock, 83% reared them for solely subsistence reasons, while the remainder 17% earned an income from their livestock. Poultry was the most common livestock owned.

<sup>151</sup> Crop yields are subject to the uncertainties of both yields and prices (Berry, 1980 cited in Hussein and Nelson, 1998: 13). Bryceson (1999: 171) also argues that the implementation of Structural Adjustment Programmes and economic liberalization has 'coincided with the rapid expansion of rural income diversification'.

## 7.2 Rural Livelihoods Diversification Spectrum

*Do not put all your eggs in one basket*

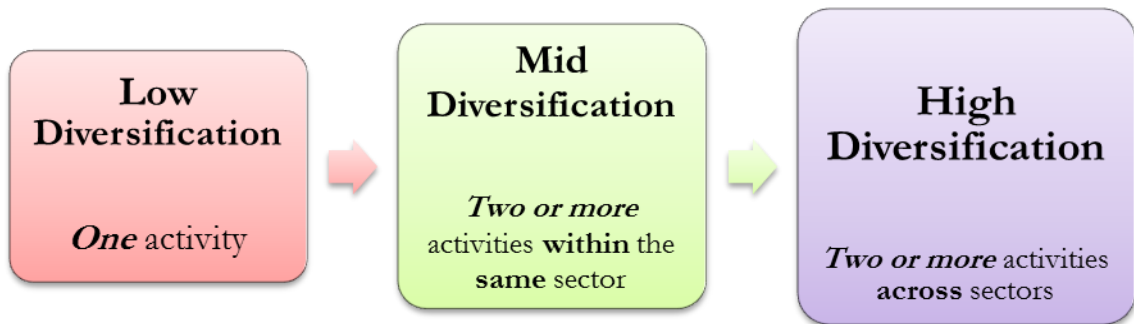
- Popular Proverb

Coping with on-going poverty typically involves engaging in many different activities simultaneously, in a constant search for adequate income (Johnson, 1992: 280). This practice of diversification is defined by Ellis (1998) as “the process by which families construct a diverse portfolio of activities and social support capabilities in order to survive and to improve their standards of living”. This section examines how diverse the livelihood portfolios of poor households are compared to those of non-poor households in rural areas for three reasons. One, the research aims to gain insights into the existential realities of the poor, the lives they live, through the livelihood strategies they employ. Secondly, these realities are primarily examined based on their perceptions of poverty and therefore reveals the livelihood strategies employed by those who perceive themselves as poor. Thirdly, a comparison of this subjective approach to understanding the livelihood strategies and an objective approach to poverty shows how consistent (or not) these two approaches are in identifying the strategies used by poor people.

In examining the diversification patterns of the sample surveyed, activities & income are used in conjunction with data on subsistence levels (discussed earlier). The arguments behind this data use have been discussed in chapter four (see section 4.5). The number of activities carried out (based on an agricultural and non-agricultural categorisation) are used to construct the diversification classification and within each class, the shares of income

from sources beyond the income-earning activity are also considered. Barret *et al* (2001) refers to this as ‘tying observations of one sort of indicator to data on another’. In using this approach, the following diversification spectrum was constructed to capture the diversity of livelihoods in rural areas:

**Figure 7.2: The Diversification Spectrum: Least to highly diversified**



*Source:* Author (2008)

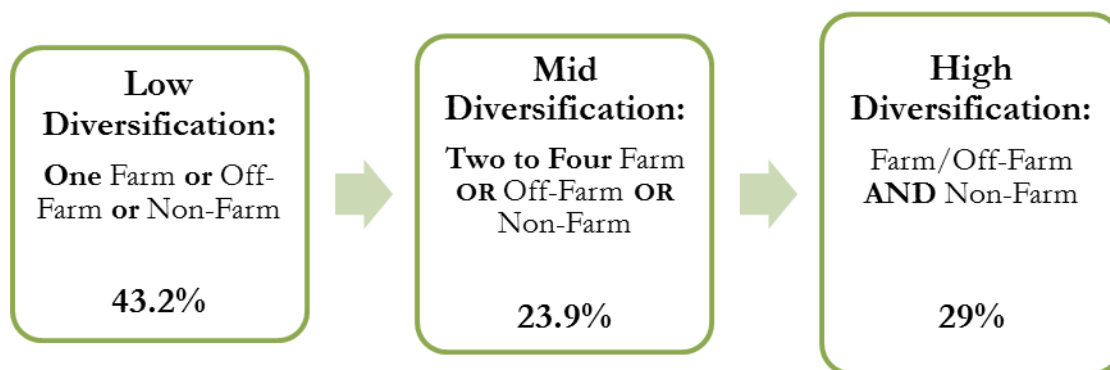
The spectrum starts with the least diversified who are engaged in a single income-earning activity, followed by the mid-diversified who are engaged in two or more activities within the same sector, and the highly diversified who are considered as such because of their combination of activities across sectors. Each box is based primarily on the number of income-earning activities, but analysis is not limited to this. For example, a household may be involved in one activity that brings in market income, but is also a subsistent farmer; this is discussed within each spectrum. Since diversification is generally recognized as an important strategy for decreasing livelihood vulnerability (Niehof, 2004), this spectrum's typology of households can also be interpreted as a continuum from vulnerability to sustainability. At the beginning of the spectrum are households who have little or no diversification, and according to the literature are likely to be those with vulnerable



livelihood systems. At the other end of the spectrum, however, are households that are the most diversified, and are therefore seen to have sustainable livelihood systems. However, as will be seen shortly, this continuum may not necessarily be an accurate one; the most vulnerable and/or poor households are not necessarily those with no diversification, and similarly, those with sustainable livelihood systems may not necessarily be the most diversified. In fact, it may turn out to be the other way round whereby the poor households are the more diversified households and the least diversified are the non-poor.

In examining rural diversification, three ‘farm’ categories are often used in the literature in terms of their income sources: ‘farm income’, ‘off-farm income’ and ‘non-farm income’.<sup>152</sup> This research employs these familiar categories (see section 4.5.1 in chapter 4) in constructing the diversification spectrum for rural households (see figure 7.2). Table 7.3 shows how the diversification spectrum is distributed across the rural sample.

**Figure 7.3: Rural Livelihood diversification Spectrum: Low to high diversification**



*Source:* Author (2008) Fieldwork Survey Data (2006)

<sup>152</sup> The use of the word ‘farm’ does not refer to location or crops alone, but is synonymous with agriculture.

**Table 7.3: Rural Livelihoods from the least diversified to the highly diversified**

<b>Diversification Spectrum</b>	<b>Total No.</b>	<b>% in sample</b>
<i>No involvement in any income activity</i>	6	3.9
Pensioners/Old dependant	5	3.2
Students	1	0.6
<b>Low Diversification</b> <i>One Income earning Activity</i>	<b>67</b>	<b>43.2</b>
<b>Mid Diversification</b> <i>Two to Four income earning activities</i>	<b>37</b>	<b>23.9</b>
Two income earning activities	33	21.3
Three income activities	2	1.3
Four income activities	2	1.3
<i>Farm &amp; Off-Farm</i>	5	3.2
<b>High Diversification</b> <i>Combinations across sectors</i>	<b>45</b>	<b>29.0</b>
Combinations of two	34	21.9
Combinations of three	11	7.1
<b>Total</b>	<b>155</b>	<b>100.0</b>

Source: Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Notes: (1) This refers to the percentage of households within this particular category

Among the three categories in the diversification spectrum, most of the rural population, 43.2%, were involved in one income-earning activity. However, 52.9% of the population had more than one livelihood activity. Within those in the **low diversification** category, 24.5% were engaged in farming and 13.5% in non-farm activities (see the appendix for more details on each category of the spectrum). The highly subsistent households within this category recorded particularly high levels of subsistence averaging at a contribution of 72% to their food budget. The **mid-diversification** category involves those with more than

one livelihood activity but all within the same sector (see box 7.3 for a brief caption of a mid-diversifier).<sup>153</sup> This aspect of the spectrum is occupied by 24% of the population, and can be further divided into two groups; the first are those with **two** activities which form 89% of this category, while the second group involves those with **three to four** activities. In the first group, most people are involved in two farm activities, and it is worth noting that crops and firewood were the two most popular agricultural activities, with firewood contributing more to incomes than crops.<sup>154</sup> This confirms the findings from the FGD where participants mentioned that the sale of firewood brought more income than crops. In the second group, all the households were engaged in *more* than two activities strictly within agriculture, and none of these respondents received transfers compared to 67% of those involved in two activities.

#### **Box 7.2: An Example of a Mid Diversifier**

Mr. G is 58yrs old with a household size of six. His main occupation is as a civil servant with the local government, and he is also involved in construction activities. He rears goats and chickens, and owns a farm where he grows maize, cassava, yams and cocoyams; he says these activities are purely for his familys' consumption. 50% of his overall food budget is from this own-production. 80% of his income portfolio is from the local government, 15% from construction activities, and 5% from the transfers that his younger brother gives him.

*Source:* Primary Fieldwork data in Lagos, Southern Nigeria 2006

The **highly diversified category** involves those who combine activities across sectors and in theory, this should make them less vulnerable to livelihood risks, and potentially better-off, though not necessarily so; 30% of the rural survey population are at this end of the spectrum – 76% are involved in two activities (one farm and one non-farm), while the rest

<sup>153</sup> 75% of those in this category were between the ages of 46 – 65years old; old enough to access transfers from their children or relatives, but still without transfers.

<sup>154</sup> Crops and firewood had the following average contributions: Crops – 41.2%; Forestry – 45.8%; Total Farm – 87% and transfers – 13%.

are engaged in *more* than two activities. Before examining how the poor are spread across the diversification spectrum, table 7.4 takes a closer look at the income contribution of the different sectors within the income portfolio of rural households.

**Table 7.4: Percentage Contributions to Rural Income Portfolios**

<i>Diversification Spectrum</i>	<i>Farm</i>	<i>Non-Farm</i>	<i>Transfers</i>
<b>Low Diversification</b>			
Farm	75.0		25.0
Non-Farm		81.9	18.1
Informal Non-Wage		78.3	21.7
Informal Wage		85.0	15.0
Formal wage		82.5	17.5
<b>Mid-Diversification</b>			
Farm Income	84.4		15.6
Non-Farm Income		95.0	5.0
<b>High Diversification</b>			
<i>One Farm &amp; One Non-Farm:</i>			
Informal Non-Wage	42.2	49.7	16.3
Informal Wage	58.8	36.3	10.0
Formal wage	42.7	52.1	10.0
<i>Two Farm &amp; One Non-Farm:</i>			
Informal Non-wage	50.9	45.0	8.3
Informal Wage	75.0	15.0	20.0
Formal wage	40.0	60.0	0.0
One Farm & Two Non-Farm	25.0	65.0	20.0
One off-farm & Two Non-Farm	15.0	70.0	15.0

*Source:* Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

According to Liedholm *et al* (1994: 1177) in (Ellis, 1998), “past empirical studies have indicated that non-agricultural activities provide 20% to 45% of full-time employment and 30% to 50% of rural household income in Africa”. The review by Reardon (1997) also concludes that non-farm wage labour predominates over agricultural wage labour, with

non-farm self-employment and remittances as income sources in many African settings.<sup>155</sup> In my research, agriculture and non-agricultural activities provide 51% and 16% of full-time employment respectively. Non-agricultural activities therefore do not provide as much full-time employment for the rural sample in my research as much as has been recorded in previous studies. In terms of income contributions however, among those in the low and mid diversification categories, non-farm activities contributed a higher percentage to the income portfolio than farming.<sup>156</sup> For those at the end of the spectrum, except for a few cases, non-farm activities also contributed more than farm activities to rural income portfolios. Of further interest to this research is how the households perceive diversification into non-farm activities. The next section looks at how the poor are located on the diversification spectrum.

### **7.2.1 Rural Poverty & Diversification**

In answering the key question of this chapter “are the poor in Lagos more or less likely to be ‘foxes’ i.e to diversify, or to be hedgehogs?”, an analysis is carried out of where the poor are located on the diversification spectrum. Bringing this in line with the central theme of this research (using the perceptions of the poor to understand their realities), own-perceptions of poverty (identified in Chapter 5) are mapped on to the diversification spectrum. The consistency between subjective and objective poverty is also of interest in this research, therefore, an objective poverty mapping on the diversification spectrum is

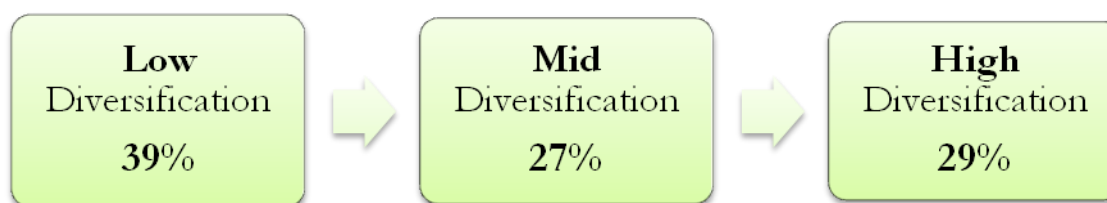
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<sup>155</sup> However, southern African countries, including South Africa itself, differ markedly in this regard with remittance and transfer incomes typically dominating over other off-farm or non-farm income sources [*May, 1996; Baber, 1996*] (Ellis, 1998; p. 10).

<sup>156</sup> Examples of informal wage activities include hired labour, tractor driver etc. However, within the non-farm sector, households predominantly engaged in informal non-wage activities.

also carried out using the relative lower poverty line (see section 5.3.2 in chapter 5).<sup>157</sup> Though arbitrary and somewhat subjective, poverty lines serve as an appropriate contrast and useful combination to a subjective approach to poverty. Figures 7.4 and 7.5 show how the poor and non-poor are spread across the rural diversification spectrum.

**Figure 7.4: The Diversification spectrum among the Rural Poor**



**Figure 7.5: The Diversification spectrum among the Rural NON-Poor**



*Source:* Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

The ranking of diversification patterns among the perceived poor and the perceived non-poor was the same. However, a breakdown of the diversification spectrum (see table 7.5 below) shows a clearer picture. A lesser proportion of those engaged in farm activities perceived themselves as poor compared to those in non-farm activities. Among the non-poor also, a majority were engaged in farm activities compared to those in non-farm activities. Though similar proportions of the poor are each involved in one farm and one

<sup>157</sup> The relative lower poverty line used in chapter 5 worked out as ₦171.7 which was equivalent to \$1.92 given PPP rates at the time of the survey.

off-farm activity, 15.8% of the people engaged in one farm activity perceived themselves as poor compared to 75% of those in an off-farm activity. In the latter case, they owned neither farms nor livestock, but worked mainly as hired labour on farms.

**Table 7.5: Subjective Poverty Status among the Least & Mid Diversified in Rural areas**

Description	% of the <b>Self-Perceived Poor</b> within each category	<b>Among the Poor</b>
<b><u>Low Diversification:</u></b>		<b>36.4</b>
One <b>farm</b> activity	15.8	13.6
One <b>Off-farm</b> activity	75.0	13.6
One <b>Non-farm</b> activity	19.0	9.0
<b><u>Mid Diversification:</u></b>		
Two activities		<b>27.3</b>
Two <b>Farm</b> activities	33.3	18.2
<b>Farm &amp; Off-Farm</b> activities	20.0	2.3
Two <b>Non-Farm</b> activities	75.0	6.8
Three to Four activities	0.0	0.0
<b><u>High Diversification:</u></b>		<b>29.4</b>
<b>Farm &amp; Non-Farm:</b>	<b>26.4</b>	<b>20.4</b>
<i>Informal Non-wage</i>	21.1	9.1
<i>Informal wage</i>	40.0	4.5
<i>Formal wage</i>	30.0	6.8
		<b>4.5</b>
<b>Two Farm &amp; One Non-Farm:</b>	<b>25.0</b>	4.5
<i>Informal Non-wage</i>	50.0	0.0
<i>Informal Wage</i>	0.0	0.0
<i>Formal Wage</i>	0.0	
		4.5
One Farm & Two Non-Farm	100	0
One Off-farm & Two Non-Farm	0	

Source: Fieldwork data (Household Survey) in Lagos, Southern Nigeria

In comparison with those involved in two farm activities, 33% perceived themselves as poor, compared to 75% in two non-farm activities.<sup>158</sup> One explanation for this difference in perceptions can be attributed to the issue of food security. Households in farm activities are able to secure more food for themselves than those in non-farm activities. A Yoruba proverb which says ‘being able to eat lifts a person out of poverty’ also lends support to this importance of food security in rural perceptions of poverty. Among the highly diversified, none of those who had two farm activities and a waged non-farm activity perceived themselves as poor. Though an initial look at the spectrum reveals that majority of the poor are in the low diversification category, when the number of activities was used irrespective of the sector, the majority of the poor were found to be engaged in two farm activities (see table 7.6 below). Those engaged in two activities within agriculture are particularly in a higher risk situation given the covariance of their incomes. For example, if there is a drought, a household that grows crops and rears livestock will be severely affected, the crops will wither and the livestock will be unable to graze. However, if the household has activities in farm and non-farm sectors, the non-farm activity will act as a buffer during the drought.

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<sup>158</sup> It is also worth mentioning that none of the self-perceived poor involved in two non-farm activities received transfers, while the non-poor among them all received transfers. This could be an indication that transfers play a key role in the perceptions of poverty, as it appears to be a difference between those involved in two non-farm activities who consider themselves as poor, and those who did not.

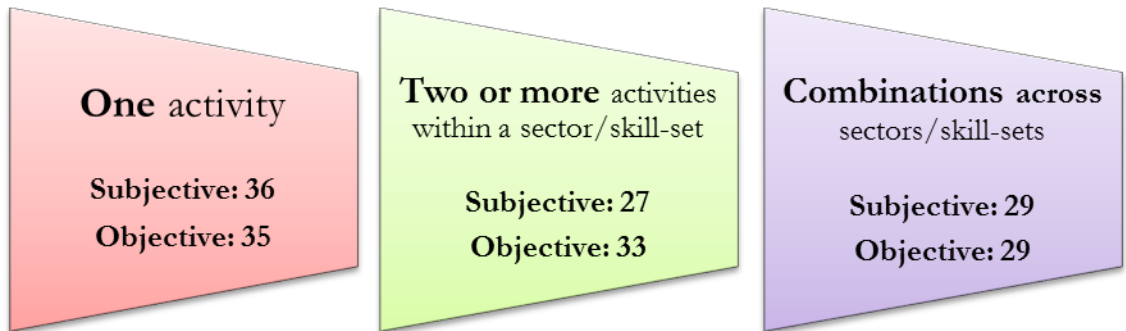


**Table 7.6: The Rural Diversification Spectrum across Self-perceptions**

<b>Diversification Spectrum</b>	<b>Among the Self-Perceived Poor</b>	<b>Among the Self-Perceived NON Poor</b>
No livelihood activity	6.8	2.7
Low Diversification:	<b>36.4</b>	<b>46.0</b>
<i>Two activities</i>	<b>47.8</b>	<b>41.4</b>
Mid Diversification:	27.3	18.9
High Diversification:	20.5	22.5
<i>More than Two activities</i>	<b>9.1</b>	<b>9.9</b>
Mid Diversification	0.0	3.6
High Diversification	9.1	6.3

Source: Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

With the number of activities as the focus, more of the poor were engaged in two activities than were involved in a single activity or in more than two activities. Among the non-poor, however, the majority were engaged in a single income-earning activity. The results from the diversification spectrum and the number of activities suggest that the non-poor do not necessarily engage in higher levels of diversification (across sectors and in terms of number of activities), but are concentrated more in one or two activities within the same sector. One explanation for this could be that these people have specialised in a single source of income (mainly agricultural activities) and have found it sufficient to cater for their needs – giving them food security in particular – such that they do not perceive themselves as poor. The poor on the other hand are clearly engaging more in two activities, which suggests that they are not specialised, neither are they able to diversify further. When the objective poverty indicator (the relative upper poverty line) is mapped on to the diversification spectrum, the middle category has the largest proportion of the sample living below the poverty line (see tables A7.4 and A7.5 in the appendix for more details and figure 7.6 below for a summary).

**Figure 7.6: Rural Poverty across the Diversification Spectrum**

*Source:* Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

The subjective and objective measures of poverty map across the diversification spectrum in a strikingly similar fashion. At first glance, majority of the poor are engaged in low levels of diversification in both rural and urban areas, but particularly so in the latter (see figure 7.6). Within the least and mid-diversified groups, there is a notable difference between those who are living below the poverty line in farm and non-farm activities. Within the least diversified, 40% of those in a non-farm activity are living below the poverty line compared to 13.5% of those within a farm activity. Within the mid-diversifiers also, the gap between farm and non-farm activities widens even more with respective figures of 75% and 37.5%. This difference could be explained by the fact that the non-farmers produce relatively less food through farming for their own consumption (compared to farmers), and therefore have to buy most of their food. When broken down by number of activities, 61.2% of the income poor are involved in two or more activities compared to 34.7% with a single income-earning activity, suggesting again that the poor were engaging in diversification, while a lesser proportion of the poor were in a single income-earning activity.

### 7.3 Conclusions

Livelihoods play a key role in the ability of the poor to cope with poverty. Given the dominance of agriculture in rural areas, subsistence farming was also practiced and accounted for a third of the food budget of over half of the rural survey population. Rural areas have an additional source of indirect income from their subsistence farming activities. According to Johnson (1992; 280) ‘the multiplicity of income streams, small though each may be – and almost invariably connected with low productivity work – may be important for individual as well as household survival’.

There is substantial evidence that non-farm as opposed to farm activities are increasingly contributing to rural income portfolios (Haggblade, Hazell and Brown, 1989; Liedholm *et al.*, 1994; Bryceson and Jamal, 1997; Reardon, 1997; Little *et al.*, 2001). This finding is also confirmed in this study; non-farm activities contributed an average of 46% to the income portfolio of those who combined a farm activity with a non-farm activity (without the inclusion of transfers) and 58% (with the inclusion of transfers as non-farm income, which some authors use). The vast literature on rural African livelihoods is therefore of the view that an underdeveloped rural non-farm sector is likely to restrict rural livelihood opportunities and the opposite is to be pursued to enhance welfare levels in rural Africa. In my research, however, the majority of those engaged in non-farm activities perceived themselves as poor compared to those in farm activities. The poor were therefore found to be engaging in non-farm activities as a response to poverty and not as an escape route out of poverty. Ghosh and Bharadwaj (1992: 153–154) also stated that non-agricultural

employment is a last resort rather than an attractive alternative livelihood; it arises from the survival strategies of rural households unable to obtain employment or self-employment in agriculture. A study by Meagre and Mustapha (1997: 67) also argued that in the context of rural Nigeria, 'the trends towards de-agrarianization proceeded in the context of severe pressure on agricultural and non-agricultural income sources, and not from the development of stable income opportunities outside agriculture'.<sup>159</sup>

The majority of the rural sample in non-farm activities perceived themselves as poor in the low and mid diversification categories (40% and 75% respectively) compared to those in farm activities (13.5 and 37.5% respectively). This shows that farm activities are clearly the preferred option for the rural poor and suggests that they are diversifying into non-farm activities as a response to poverty. This chapter confirms that the agricultural sector which dominates in rural areas is influential in enhanced perceptions of poverty among rural dwellers as well as economically more viable for them than the non-agricultural sector, which may contribute a higher percentage to their income portfolio, but not necessarily be reflective of their poverty status.

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<sup>159</sup> Cited from Oshi (2009: 44)

## Chapter 8

### Conclusions

The lives of poor people remain a subject of much concern to observers and researchers alike, and many efforts have been made to tackle the seemingly unending and challenging phenomenon of poverty. This is of course a just cause, because as Egbuna (1970) succinctly captures in his novel, “we need neither empires nor emperors; what we need is a clean society where the yardstick for measuring our progress is not the presence of the rich but the absence of the poor”. This important yardstick of the presence or absence of the poor has traditionally been understood via external assessments where predominantly monetary measures are used. While this approach has its merits, it often excludes the perspectives of the people being assessed; poverty is then reduced to a statistic, and the human element denied its due place. It is therefore important that people are given the opportunity to judge whether or not they are poor; after all, it is their reality that counts. My research carried out this latter subjective approach, and examined the realities of poverty through the “eyes of the poor”.

The key aims of my research were to find out how people living in poor areas of Lagos State (South-West Nigeria) perceive poverty, their perceptions of own-poverty, the risks they face, their responses to these, and livelihood diversification strategies. The central research question was ‘How do people living in poor communities perceive poverty and what does this reveal about the risks they face, their responses to these, and their livelihood strategies?’ Six focus group discussions and 340 surveyed respondents informed a

combination of qualitative and quantitative analysis of these issues. This chapter concludes the thesis by first presenting a summary of the conceptual framework in section 8.1, followed by the findings on perceptions of poverty in section 8.2, and the realities of poverty (as evident through the risks they face, their risk responses, and livelihood diversification strategies) in section 8.3. Section 8.4 ends with suggestions of further research possibilities.

## **8.1 Poverty, Risks & Livelihoods: The Conceptual Framework In-Brief**

The starting point of most research on poverty is an identification of the poor; however, this has proved to be a task that is as multifaceted as the nature of poverty itself. In simplifying this task therefore, research on poverty can be divided into objective and subjective approaches. The former has been the dominant approach because it produces results that are “eye-catching, have considerable political appeal, possess a stronger impact on the mind and draws public attention more powerfully than a long list of indicators of qualitative discussions” (Streeten, 1993: 235). However, while a subjective approach cannot necessarily attest to these benefits, it has the key advantage of getting information on poverty from those who experience it. According to Rojas (2008: 1079) “third parties are not in a better position than a person him/herself to judge what he or she is experiencing”. Since the 1970s till date, conceptualizing poverty has evolved from solely external assessments to an incorporation of insider perspectives where the poor themselves

are heard. Like Orshansky (1969: 37)<sup>160</sup> long ago commented, “Poverty, like beauty, lies in the eye of the beholder”.

Many authors have argued that poverty is essentially a normative concept; one that has no right or wrong approach but is best left as a subjective exercise based on individual value judgments (see van de Stadt *et al*, 1985; Easterlin 1995, Chambers, 1995; Kingdon and Knight, 2003; Van Campenhout, 2006). McGregor and Sumner (2009: 1) also note that “people’s own perceptions and experience of life matter, as do their relationships and their material standard of living”. Given that ultimately, it is the reality of the poor that counts, my research considers poverty from a subjective perspective and examines both perceptions of poverty in an abstract sense as well as perceptions of own-poverty. A fundamental question in this research was the meaning of poverty as seen through the “eyes of the poor”. This meant carrying out an identification of the poor *a priori*. Economic indicators and visible living conditions which are inherently an objective approach were used in identifying the poor rural and urban communities studied within Lagos State; Agbowo and Ajegunle respectively. Qualitative and quantitative data instruments (focus group discussions and survey methods) were then carried out within these communities and data was collected on poverty, risks and livelihoods. A comparative analysis of perceptions of poverty and risks between rural and urban areas was also of interest given literature findings on these issues differing between the two areas by virtue of the difference in contexts. The focus on livelihoods was however on rural livelihoods given the limited data on urban livelihoods.

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<sup>160</sup> Cited in Sen (1979: 285)

The extent to which subjective and objective approaches identified the same groups as poor was also of interest in the research. In addition to the identification of the poor communities based on external assessments, food and expenditure indicators were analyzed alongside self-perceptions of poverty. It is worth mentioning here however that the food and expenditure measures used were not robust objective measures. The food measure was to a large extent reliant on the respondents value judgment in the sense that people had to answer either ‘yes’ or ‘no’ when asked whether they could afford three meals a day. This is similar to the work carried out by Temu and Due (2000) where they found that in Tanzania, amongst various manifestations of poverty, food insecurity ranked high in the PRA, and in the survey, the food insecurity data was based on perceptions of food security, which is essentially a qualitative response. In other words, while the survey method is ‘objective/quantitative’ in its design, this particular data is capturing a subjective response and though a comparison of two different methods is carried out, this particular response compares like with like (qualitative data) to a large extent. It is worth noting however that their sample survey also covered quantitative data such as education and livestock ownership. Also, though the expenditure measure in my study was an objective one in that people reported their food and non-food expenditures, and those who earned less than \$1-a-day were classified as poor, the recall and per-capita conversion biases minimize the robustness of this measure. Nevertheless, they are to an extent, external assessments of poverty.

Once the perceptions of poverty were analyzed and used in identifying the poor, the research then moves on to examining the realities of poverty as evident through risks and livelihoods. As Yeboah (2010: 45) notes, ‘poverty is not static, but a dynamic relationship



between people and their assets and the risk or opportunities they encounter in their day to day activities'. Sources of risks could be climatic or economic, their nature could be idiosyncratic or co-variate, and responses to these can be classified as *ex ante* risk-management and *ex post* risk-coping actions. The conceptual framework of a 'risk-chain' developed by Heitzmann *et al* (2002) is used in the empirical analysis because it links risks, risk responses and the outcome in terms of welfare loss. Livelihoods are often used as platform with which poor people respond to risks, and in this regard, livelihood diversification is a key strategy observed among the poor. The literature usually refers to diversification strategies as *ex ante* decisions made to reduce exposure to risk or to mitigate the potential outcomes of risks. It is interpreted, therefore, as a deliberate household strategy to anticipate failures in individual income streams by maintaining a spread of activities (Walker and Jodha, 1986). A distinct motive for diversification is however also reflected in its role as a coping behaviour *ex post* to shocks. In analyzing this further, rural livelihoods were the point of focus<sup>161</sup>, and a diversification spectrum which incorporated farm, off-farm and non-farm activities was constructed with three categories: the least, mid and highly diversified. Farm, off-farm and non-farm income categories were used in constructing the rural diversification spectrum. Primarily as a result of the limiting sample size, the results from the data analysis in this research are not claimed to be robust. However, comparisons will be made between the findings from this research to that of the wider literature, specifically with that on other sub-Saharan African countries. The following sections discuss the concluding remarks on the results that emerged from the perceptions and realities of poverty as analyzed in this research.

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<sup>161</sup> Limited data was available on urban livelihoods.

## 8.2 Perceptions of Poverty: Key Results

*Poverty, like beauty, lies in the eye of the beholder*

- Mollie Orshansky (1969: 37)<sup>162</sup>

The perceptions of poverty held by the sample population and their self-assessments of whether or not they are poor were central to this research. The five most common perceptions of poverty mentioned during the focus group discussions were: low incomes, low food consumption, sub-standard living conditions, inadequate infrastructure and the low level of children's education. These issues are similar to the findings in the Hargreaves *et al.*, (2006: 226) study of local perceptions of poverty in the Limpopo province of South Africa, where they find that statements relating to food, the schooling of children, and housing conditions were often referred to in describing different wealth ranks, albeit using different statements. Among these five common perceptions, the top two themes of low incomes and low food consumption are closely related to the classic objective approach to poverty whereby incomes and food consumption are used as defining attributes and measures of poverty. These findings are also consistent with that in the literature on participatory poverty assessments. In her synthesis and review of participatory work on poverty, Brock (1999: 9) found that lack of income and work were basic characteristics of poverty. The concern with low food consumption is also one that is consistently mentioned during participatory assessments as a defining feature of poverty (see Brock, 1999; Narayan *et al.*, 2000; Temu and Due, 2000; Hargreaves *et al.*, 2006; Van Campenhout, 2006; Awotide *et al.*, 2010; Bello & Roslan, 2010). The lack of this basic need (food) is in itself a basic characteristic of poverty the world over, hence an emphasis on addressing

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<sup>162</sup> Cited in Sen (1979: 285)

hunger on development agendas. However, whether or not people use these perceptions in their own personal assessments of whether or not they are poor is a different matter entirely.

For the perceptions of own-poverty classifications, people were asked to classify themselves and their communities into one of the following four categories: very poor, poor, average, well-off. It was interesting to find that in these relatively poor communities, more people (approximately 70%) classified themselves as ‘average’ rather than as poor.<sup>163</sup> Despite the fact that low food consumption was a commonly held perspective of poverty, among those who were food-poor, over half of the rural sample did not perceive themselves as poor, while it was a near 50:50 perceived poor/non-poor split for the urban sample. This is similar to the work carried out by Temu and Due (2000) where they found that despite the observation that small-holder farmers in rural Tanzania ranked food insecurity as a key feature of poverty, they did not perceive themselves as food insecure for the most part.<sup>164</sup> In addition, more than half of those who had incomes below \$1-a-day and \$2-a-day did not perceive themselves as poor. This finding is similar to Jodha’s (1988) findings in Western Rajasthan (India) of over two decades ago where households that had become poorer by conventional measurement of income appeared to be better-off when seen through different qualitative indicators which they themselves use for assessing changes in their own economic status. Bevan and Joireman (1997: 327) also found that in the three different in Ethiopia, fewer people considered themselves as poor compared to how they were

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<sup>163</sup> The rural and urban sample showed strikingly similar results in the self-classifications that were given – 28.4% and 30.3% respectively perceived themselves as poor, with the majority perceiving themselves as non-poor.

<sup>164</sup> They observed that only 12 out of 290 families perceived themselves as food insecure; 232 (80%) consider themselves as food secure and 46 (16%) as marginally secure (Temu and Due, 2000: 57).

classified based on two ‘objective’ measures. Understanding the differences between measured and perceived poverty within the social science discourse has incorporated the work of psychologists who ‘in ever changing societies, continue to do research on understanding the processes that underlie subjective perceptions’ (Diener *et al*, 1999: 276). The differences may be driven by the effects of non-income variables which standard measures do not capture, such as job insecurity, personality traits, relative income differences, social comparisons, and health and marital status (Easterlin, 1995; Ravallion and Lokshin, 2001; Graham, 2004). This research found that relative differences in particular play a key role in influencing own-perception of poverty.

While the majority in both rural and urban areas perceived themselves as non-poor, the majority classified their communities as poor. On closer inspection, those who classified themselves as ‘average’ perceived themselves as better-off than their communities. One can infer from this what psychologists refer to as a ‘self-serving bias’ also known as a ‘better-than-average effect’, in which the individual is biased to believe that he or she is typically better-off relative to the average person in areas important to their self-esteem.<sup>165</sup> This is in consonance with the issue of relative deprivation, and according to Kingdon and Knight (2003: 6), people compare themselves with others in society or with themselves in the past, and they feel deprived if they are doing less well than the comparator. Stark *et al* (2009: 119) also note that “poverty has a compelling dimension of relativity: people could feel poor if upon comparing themselves with others, they find that their income is lower than the income of others”. The issue then is who they compare themselves to, their reference group.

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<sup>165</sup> [http://en.wikipedia.org/wiki/Illusory\\_superiority](http://en.wikipedia.org/wiki/Illusory_superiority) Accessed September 2009

Data used in this research was collected from Lagos State, the commercial capital of the country and one of the most developed states in Nigeria. The survey participants are therefore people who are closer to the ‘bright lights’ of the city than those living in less developed areas of the country. On the one hand, this could mean that people living in impoverished areas are more likely to perceive themselves as relatively poor because they can ‘see’ the wealth of others. If this were to be the case, then reducing inequality would be the policy solution to reducing subjective poverty. Graham (2004) notes that the policy conclusion emerging from the role of relative positions in influencing perceptions is that distributional outcomes matter to welfare. Akay and Martinsson (2008: 8) also note that in addition to a focus on the reduction of absolute poverty, in less poor countries, the policy should also consider income inequality. However, the fact that the majority of the sample population living in poor areas of Lagos (three-quarters of whom live below the upper poverty line), perceived themselves as ‘not poor’ means that for one thing, they are not comparing themselves to the objectively wealthy people living in the city. Given that they perceived themselves as better-off than their communities suggests that for these people, their reference group is other poor people; they perceive themselves as ‘average’, but the communities in which they live as ‘poor’. Their reference group may also not be geographically bound, but could also refer to people of similar welfare levels that live in less developed areas of the country. These findings reveal the importance of relative positions in own-perceptions of poverty and show that people living in poor communities within Lagos State compare themselves to others that are relatively more deprived when making assessments of their own-poverty status.

### **8.3 ‘Their’ Realities: Risks & Livelihood Diversification Patterns of the Poor**

Risk and livelihood strategies as seen through the eyes of the poor provide insights into how they perceive their realities and what counts to them. Health-related risks were, the most anticipated and experienced risk mentioned in both rural and urban areas. There is a key link between health and economic risks. For example, an illness and subsequent death (which were the two major health risks mentioned) has lingering financial implications that could stunt or even trigger a downward spiral in a household’s economic position. Thorbecke (2005) also notes that high risk factors among poor households are family illness and deaths. In Krishna’s (2007) study of India, Kenya, Uganda and Peru, he finds that poor health and health-related expenses had been the most common reason associated with falling into poverty. Hulme and Lawson (2010: 45) note that the statistical association between ill-health and chronic poverty has commonly been highlighted at the micro-econometric level. The death of a spouse, particularly the breadwinner, could result in negative outcomes for the poor who do not have any formal life insurance and have weak forms of informal insurance.

The prevailing concern of health risks over agricultural and social risks in rural and urban areas respectively, suggests that the uninsured exposure to health risks is of grave concern to the poor and deserving of more policy attention.<sup>166</sup> Chambers (2007: 41) suggests that “it may cost much less, and be more feasible, to provide good curative services so that poor people avoid becoming poorer than it is, once they are poorer, to enable them to claw their

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<sup>166</sup> In fact, respondents regarded agricultural and social constraints as part of their settings which they had become accustomed to coping with. There is, however, little they can do to insure themselves against health risks.

way back up again”. As the old saying goes, prevention is *certainly* better, *and less expensive*, than cure.

Informal risk-sharing mechanisms through state-contingent transfers between friends/neighbours and relatives were the dominant ex post response to risks that were found in this study. A large body of literature indicates that households in developing countries make use of a wide variety of mechanisms, often informal, to at least partially limit consumption risk (Alderman and Paxson, 1992; Hoddinott, Dercon and Krishnan, 2005). Savings, diversification and claims on informal networks are widely noted as examples of risk responses. Risk-sharing arrangements in particular are vital to the lives of the poor. However, such informal groups or market-based risk response instruments can often handle idiosyncratic risks, but tend to break down or become ineffective when facing highly covariate, macro-type risks (Holzmann and Jørgensen, 2000: 12). Public safety nets should be developed to cope with these risks – both the common and idiosyncratic ones. Pending the effective provision of these public arrangements, risk-sharing remains a way of life for the poor as well as an active arena for responding to risks. The poor can also respond to risks through diversifying their livelihoods.

Chambers (1988: 7) refers to a Greek Proverb that says: “The fox knows many things, but the hedgehog knows one big thing”. Many authors have found that the poor predominantly act as foxes (Barrett, 1997; Reardon *et al.*, 2000; Little *et al.*, 2001). Typically, the poorest have ‘highly diversified portfolios with low marginal returns, or desperation-led diversification’ (Barret *et al* (2001: 321). This chapter also finds that those who perceive themselves as poor in rural Lagos also act as ‘foxes’. The proportion of those who

perceived themselves as poor was highest among those engaged in two activities. It appears that many of those in this category are taking up a second income-earning activity that is secondary to the primary one, and are doing so in response to poverty. They are unable to specialize in one activity, neither are they able to diversify beyond two activities.

Across the diversification spectrum used for analysis, it was found that most of those engaged in non-farm activities perceived themselves as poor compared to those in farm activities. In addition, those living below the poverty line were more in non-farm activities than in farm activities. One explanation for these differences in perceptions and incomes/expenditures can be attributed to the issue of food security. Households engaged in farm activities are better able to secure food for themselves, more than those engaged in non-farm activities. Those engaged in non-farm activities do not produce any food through farming for personal consumption, and have to buy most of their food. According to one of the respondents “we cannot eat firewood; but we can eat what we grow”. A Yoruba proverb which says “being able to eat lifts a person out of poverty” also lends support to this importance of food security in rural perceptions of poverty. Relative positions may also play a role with regards to perceptions as non-farmers in their interactions with better-off non-farmers perceive themselves relatively deprived, or as has been found in this research, compare themselves to those within their communities who are predominantly farmers and land-owners and also perceive themselves as relatively deprived.



## **8.4 Future Research Possibilities**

A subjective approach to poverty is gaining momentum in the development discourse, and social scientists are increasingly finding an interface with social psychologists in this regard. To inform a holistic analysis of poverty, two areas of further research are suggested. Firstly, comparisons between subjective and objective poverty measures, among other benefits contribute to our understanding of the divergence or convergence between the two, but may not necessarily thoroughly explain the processes behind people's perceptions, and more research is needed in this area. In particular, further analysis is required on how someone who is materially poor does not perceive themselves as such, and the weighting of relational dimensions of poverty in this regard. Secondly, research that examines the change in perceptions over time will be insightful.

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## APPENDIX

### Box A6.1: Survey Questions on Coping Responses

- 1: 62. What are the safety nets you and your household use?
- 2: 64. Of all the people/institutions you could go to see, who do you think would be able to help the most (the most important) when you experience a shock?
- 3: 60. How do you cope when there are common and/or idiosyncratic/individual shocks? What do you do? *Coping response to **anticipated** risks*
- 4: 68. When you experienced this shock, who did you get help from?  
*Coping response to **realised** risks*
- 5: 76. What is your key response when you face an adverse shock?

Source: Questionnaire for Primary Fieldwork (Household Survey) in Lagos, Southern Nigeria 2006

Table A7.1: Low Diversification<sup>1</sup>

Description	<b>Total No.</b>	<b>% in sample</b>	<b>WITHOUT Transfers</b>		<b>WITH Transfers</b>	
			No	% within <sup>3</sup>	No	% within <sup>3</sup>
One <b>farm</b> income activity	<b>38</b>	<b>24.5</b>	<b>11</b>	<b>29</b>	<b>27</b>	<b>71</b>
Highly Subsistent <sup>2</sup>	19	12.25	7	36.8	12	63.2
Not Highly Subsistent	19	12.25	4	21	15	79
One <b>Non-farm</b> income activity	<b>21</b>	<b>13.5</b>	<b>6</b>	<b>28.6</b>	<b>15</b>	<b>71.4</b>
Highly Subsistent	3	1.9	1	33.3	2	66.7
Not highly subsistent	18	11.6	5	27.8	13	72.2
Informal non-wage	9	5.8	1	11.0	8	89.0
Informal wage	5	3.2	2	40.0	3	60.0
Formal wage	7	4.5	3	42.9	4	57.1
One <b>Off-farm</b> income activity	<b>8</b>	<b>5.2</b>	<b>3</b>	<b>37.5</b>	<b>5</b>	<b>62.5</b>
Highly Subsistent	5	3.2	2	40.0	3	60.0
Not Highly Subsistent	3	1.9	1	33.3	2	66.7
<b>Total of all</b>	<b>67</b>	<b>43.2</b>	<b>20</b>	<b>29.9</b>	<b>47</b>	<b>70.1</b>
Highly Subsistent	27	17.4	10	37	17	63.0
Not Highly Subsistent	40	25.8	10	25	30	75.0

Source: Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Notes: (1) This is defined as those involved in one income earning activity.

(2) One of the subsistent from one farm income who did not get transfers was involved in an off-farm activity but reported no direct income

(3) This refers to the percentage of households within this particular category



**Table A7.2: Mid Diversification<sup>1</sup>**

Description	<b>Total No.</b>	<b>% in sample</b>	<b>WITHOUT Transfers</b>		<b>WITH Transfers</b>	
			No	% within <sup>3</sup>	No	% within <sup>3</sup>
<b>Two</b> income earning activities	<b>33</b>	<b>21.3</b>	<b>11</b>	<b>33.3</b>	<b>22</b>	<b>66.7</b>
Two <b>Farm</b> income activities	24	15.5	7	29.2	17	70.8
Highly Subsistent	7	4.5	5	71.4	2	28.6
Not Highly Subsistent	17	10.9	2	11.8	15	88.2
<b>Farm &amp; Off-Farm</b>	5	3.2	1	20	4	80
Highly subsistent	1	0.6	1	100	0	0
Not highly subsistent	4	2.6	0	0	4	100
Two <b>Non-Farm</b> income activities	4	2.6	3	75	1	25
Highly Subsistent	1	0.6	0	0	1	100
Not Highly Subsistent	3	2	3	100	0	0
<b>Three Farm</b> income activities <sup>2</sup>	<b>2</b>	<b>1.3</b>	<b>2</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>Four Farm</b> income activities	<b>2</b>	<b>1.3</b>	<b>2</b>	<b>100</b>	<b>0</b>	<b>0</b>
Highly Subsistent	1	0.6	1	100	0	0
Not Highly subsistent	1	0.6	1	100	0	0
<b>Total</b>	<b>37</b>	<b>23.9</b>	<b>15</b>	<b>40.5</b>	<b>22</b>	<b>59.5</b>
Highly Subsistent	12	7.7	9	75.0	3	25.0
Not Highly Subsistent	25	16.1	6	24.0	19	76.0

Source: Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Notes: (1) This is defined as those with two to four income earning activities within the same sector. They are not sector diverse, but have more than one activity within the same sector, with 54% receiving transfers, and 38% being highly subsistent. (2) Both households were highly subsistent (own food produced contributed over 40% to total food budget), but one household had two farm and one off-farm. (3) This refers to the percentage of households within this particular category

**Table A7.3: The Highly Diversified with two activities across sectors**

Description	<b>Total No.</b>	<b>% in sample</b>	<b>WITHOUT Transfers</b>		<b>WITH Transfers</b>	
			No	% within <sup>1</sup>	No	% within <sup>1</sup>
<b>Farm &amp; Non-Farm:</b>						
<i>Informal Non-wage</i>	19	12.3	7	36.8	12	63.2
Highly subsistent	8	5.2	5	62.5	3	37.5
Not Highly subsistent	11	7.1	2	18.2	9	81.8
<i>Informal wage</i>	5	3.2	1	20.0	4	80
Highly subsistent	2	1.3	0	0.0	2	100
Not Highly subsistent	3	1.9	1	33.3	2	66.7
<i>Formal wage</i>	10	6.5	6	60	4	40
Highly subsistent	4	2.6	3	75	1	25
Not Highly subsistent	6	3.9	3	50	3	50
<b>Total</b>	<b>34</b>	<b>21.9</b>	<b>14</b>	<b>41.2</b>	<b>20</b>	<b>58.8</b>
Highly subsistent	14	9	8	57.1	6	42.9
Not Highly subsistent	20	12.9	6	30	14	70

Source: Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Notes: (1) This refers to the percentage of households within this particular category

**Table A7.3b: The Highly Diversified with more than two activities across sectors**

Description	<b>Total No.</b>	<b>% in sample</b>	<b>WITHOUT Transfers</b>		<b>WITH Transfers</b>	
			No	% within <sup>4</sup>	No	% within <sup>4</sup>
<b>Two Farm &amp; One Non-Farm:</b>	8	5.2	3	50	3	50
<i>Informal Non-wage</i>	4	2.6	1	25	3	75
Highly subsistent	1	0.6	0	0	1	100
Not Highly subsistent	3	2	1	33.3	2	66.7
<i>Informal Wage</i>	2	1.3	1	50	1	50
Highly subsistent	1	0.6	1	100	0	0
Not Highly subsistent	1	0.6	0	0	1	100
<i>Formal Wage</i> <sup>1</sup>	2	1.3	2	100	0	0
One Farm & Two Non-Farm <sup>2</sup>	2	1.3	1	50	1	50
One off-farm & Two Non-Farm <sup>3</sup>	1	0.6	0	0	1	100
<b>Total of all</b>	<b>11</b>	<b>7.1</b>	<b>5</b>	<b>45.5</b>	<b>6</b>	<b>54.5</b>

Source: Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

Notes: (1) One of them was not highly subsistent, while the other did not give any information as to ascertain their subsistence level. (2) These two included an informal wage and informal non-wage & were both not highly subsistent. (3) Both of the non-farm activities in this case were informal non-wage, and this household was not subsistent. (4) This refers to the percentage of households within this particular category

**Table A7.4: Expenditures across Low & Mid-Diversification for Rural areas**

Description	% living below the Poverty line within each category	Among the Poor
<b>Low Diversification</b>	<b>27.7</b>	<b>34.7</b>
One <b>farm</b> income activity	13.5	10.2
One <b>Off-farm</b> income activity	62.5	10.2
One <b>Non-farm</b> income activity	40	14.3
<b>Mid Diversification</b>		<b>32.4</b>
<i>Two income earning activities</i>	<b>42.4</b>	<b>28.4</b>
Two <b>Farm</b> income activities	37.5	18.4
<b>Farm &amp; Off-Farm</b>	40	4
Two <b>Non-Farm</b> income activities	75	6
<i>More than two income activities</i>		<b>4</b>
<b>Three Farm</b> income activities	50	2
<b>Four Farm</b> income activities	50	2

Source: Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

**Table A7.5: Expenditures & High Diversification in Rural areas**

Description	% living below the Poverty line within the highly diversified	Among the Poor
<b>Farm &amp; Non-Farm:</b>	39.4	<b>26.6</b>
<i>Informal Non-wage</i>	36.9	14.3
<i>Informal wage</i>	0	0
<i>Formal wage</i>	60	12.3
<b>Two Farm &amp; One Non-Farm:</b>	14.3	<b>2</b>
<i>Informal Non-wage</i>	0	0
<i>Informal Wage</i>	0	0
<i>Formal Wage</i>	100	2
One Farm & Two Non-Farm	0	0
<b>Total</b>		<b>28.6</b>

Source: Fieldwork data (Household Survey) in Lagos, Southern Nigeria 2006

## SURVEY INFORMATION

### POVERTY, LIVELIHOODS AND SAFETY NETS IN NIGERIA

INTERVIEWER..... Date:.....

PERSON INTERVIEWED: Preferably the head of household, if not available, any adult member of the household who is able to give information on the other household members.

1. Is the interviewee head of household?      1. Yes      2. No

2. Location:    1. Rural      2. Urban

INTERVIEWEE (Respondent Name):.....

Head of household:.....

ID Code:..... Roster:      /

Address (or description):.....

3. Age:.....

1. 0 – 15      3. 25 – 45      5. 65 and above

2. 16 – 25      4. 45 – 65

4. Gender:    1. Male      2. Female

5. Marital status:

1. Married      3. Divorced/ Separated      5. Never married

2. Informal/loose union      4. Widowed

6. Religion:

A. Christian      C. Traditional/ Spiritualist      E. Other

B. Muslim      D. No religion

#### **SECTION 1: HOUSEHOLD ROSTER**

---

7. How many people live in this household? *That is, what is the household size?*

8. How many are adults (18 years and over)?

9. How many are children (0 – 18 years)?

10. How many people have migrated?

11. Why?

1. They are old enough to be on their own
2. Marriage
3. Work

12. What was (NAME'S) father's highest educational level completed?

- |                 |                     |                |
|-----------------|---------------------|----------------|
| 1. None         | 5. 'O' Level        | 9. Tech/Prof   |
| 2. Standard six | 6. SSS              | 10. Tertiary   |
| 3. Middle/JSS   | 7. 'A' Level        | 11. Koranic    |
| 4. Voc/Comm     | 8. Training College | 12. Don't know |

13. What kind of work has (NAME'S) father done for most of his life?

- |                            |                        |
|----------------------------|------------------------|
| 1. Farming                 | 7. Carpentry           |
| 2. Trading                 | 8. Fishing             |
| 3. Clerical                | 9. Don't know          |
| 4. Construction            | 10. Spare Parts Dealer |
| 5. Professional/Managerial | 11. Transporter        |
| 6. Housework               | 12. Other service      |

14. What was (NAME'S) mother's highest educational level completed?

- |                 |                     |                |
|-----------------|---------------------|----------------|
| 1. None         | 5. 'O' Level        | 9. Tech/Prof   |
| 2. Standard six | 6. SSS              | 10. Tertiary   |
| 3. Middle/JSS   | 7. 'A' Level        | 11. Koranic    |
| 4. Voc/Comm     | 8. Training College | 12. Don't know |

15. What kind of work has (NAME'S) Mother done for most of his life?

- |                    |                            |
|--------------------|----------------------------|
| 1. Farming         | 5. Professional/Managerial |
| 2. Trading (.....) | 6. Housework               |
| 3. Clerical        | 7. Don't know              |
| 4. Construction    | 8. Other service           |

## SECTION 2: EDUCATION & HEALTH

---

16. Has (NAME) ever attended School?

1. Yes

2. No

17. What was (NAME'S) highest educational level completed?

- |                        |                     |                   |
|------------------------|---------------------|-------------------|
| 1. None                | 7. A' Level         | 15. Polytechnic   |
| 2. Kindergarten        | 8. Sixth form       | 16. University    |
| 3. Primry/Standrd 6    | 9. Training College | 17. Tech/Prof     |
| 4. Middle/JSS          | 10. Teach. Train    | 18. Tertiary      |
| 5. Sec. (O' Level)/SSS | 11. Technical       | 19. Koranic stage |
| 6. Voc/Comm            | 12. P/Sec. T/T      | 20. Don't know    |
|                        | 13. Nursing         |                   |
|                        | 14. P/Sec. Nursing  |                   |

18. During the past week, has (NAME) suffered from either an illness or an injury?
1. Neither (go to q. 25)
  2. Illness                      what kind?
  3. Injury                      what kind?
  4. Both
19. During the past 2 weeks did (NAME) have to stop the usual activities because of this condition?      1. Yes              2. No
20. For how many days?
21. During the past 2 weeks has (NAME) consulted a health practitioner, or dentist, or visited a health center or consulted a traditional healer?      1. Yes              2. No (go to q.30)
22. Is this a public or private facility?              1. Public.              2. Private
23. On this visit, whom did (NAME) consult?
- |                 |                 |                    |
|-----------------|-----------------|--------------------|
| 1. Trad. healer | 5. Medical Asst | 9. Spiritualist    |
| 2. Doctor       | 6. Midwife      | 10. Other(specify) |
| 3. Dentist      | 7. Pharmacist   |                    |
| 4. Nurse        | 8. Agbo         |                    |
24. How much did (NAME) pay for the consultation?  
AMOUNT:

### SECTION 3: POVERTY

#### ILL-BEING AND WELL-BEING

---

**25. What are the indicators of well-being in order of preference? *That is, what indicators will you tell me to look for if I want to find a comfortable person?***

- |                                             |                                                          |
|---------------------------------------------|----------------------------------------------------------|
| a. Possession of durable goods              | i. Reduced reliance on traditional patrons and landlords |
| b. Consumption of luxuries                  | j. Reduced dependence on low pay-off jobs                |
| c. Clothing                                 | k. Land acquisition                                      |
| d. Eats well                                | l. Well-trained children                                 |
| e. Good health                              | m. Owns a house                                          |
| f. Indicators of access to assets           | n. Other                                                 |
| g. Improved mobility and liquidity position | (specify.....)                                           |
| h. Quality of housing                       | .....)                                                   |

First three categories will be okay.

**26. How would you classify yourself?**

- |              |                           |
|--------------|---------------------------|
| 1. Very poor | 3. Average or not so poor |
| 2. Poor      | 4. Well-off               |

**27. Why this category?**

1. Can feed him(her)self and family
2. Can afford to send his or her children to primary and secondary school
3. Can pay house rent

**28. Can you afford 3-square meals for your family?**

1. Yes                      2. No (how many meals a day can you afford.....)

**29. Do you think most people in your village are:**

- |              |                           |
|--------------|---------------------------|
| 1. Very poor | 3. Average or not so poor |
| 2. Poor      | 4. Well-off               |

**30. What is poverty to you?**

**31. What will you say are the causes of poverty? *Confirm by saying, so are these the things that you perceive as being the problem with poverty eradication?***

- |                                  |                 |
|----------------------------------|-----------------|
| 1. Lack of good health           | 4. Unemployment |
| 2. Laziness                      | 5. Others       |
| 3. Lack of government assistance | (Specify.....)  |

**SECTION 4: LIVELIHOOD STRATEGIES AND TIME USE.**

---

**32. During the past 12 months, have you done work for which you received a **wage**? *In other words, do you have a 'job'? Emphasise this to them, as they may think you are generally asking if you have 'work'?***

1. Yes                      2. No (go to q. 31)

**33. Describe the activity (WRITE NAME OF INDUSTRY)**

**34. How much do you get?**

AMOUNT:

**35. So is this your major occupation/livelihood?**

1. Yes                      2. No

36. During the past 12 months, what kind of work did you spend most of your time on?

1. A different job
2. Same as major activity

37. During the past 12 months, did you do any other work (could be more than one) beside MAIN OCCUPATION?

1. Yes
2. No (go to Part B, q. 40)

38. What other work did you do? WRITE UP TO 4 OCCUPATIONS IN ORDER OF AMOUNT OF TIME SPENT ON THEM.

39. Did you undertake any of these occupations over the same period as the main occupation?

1. Yes
2. No

**40. Which livelihood brings the most income?**

**41. Which of the following activities were you involved in in the past 12 months?**

AGRICULTURE:

Cash Crops e.g.

- |              |                   |                |
|--------------|-------------------|----------------|
| 1. Cocoa     | 5. Sheanut/butter | 9. Tobacco     |
| 2. Coffee    | 6. Cola nut       | 10. Sugarcane  |
| 3. Pineapple | 7. Cotton         | 11. Other Cash |
| 4. Oil Palm  | 8. Coconut        | Crops          |

Food Crops e.g.

- |                    |               |                     |
|--------------------|---------------|---------------------|
| 12. Maize          | 16. Yam       | 20. Vegetables      |
| 13. Rice           | 17. Cocoyam   | 21. Beans and Peas  |
| 14. Sorghum/Millet | 18. Plantain. | 22. Other Food Crop |
| 15. Cassava        | 19. Fruits    |                     |

23. Activities related to the storage of crops...

Activities related to Livestock products e.g

- |                 |                              |
|-----------------|------------------------------|
| 24. Cattle      | 27. Poultry                  |
| 25. Sheep/goats | 28. Other livestock          |
| 26. Pigs        | 29. Milk, making butter, etc |

Activities related to Forestry products e.g

- |                                                     |                    |
|-----------------------------------------------------|--------------------|
| 30. Hunting                                         | 33. Marine fishing |
| 31. Logging.                                        | 34. Inland fishing |
| 32. Firewood gathering and other forestry products. |                    |



35. B. MINING/QUARRYING:

C. MANUFACTURING/PROCESSING:

- |                                                          |                                                                |
|----------------------------------------------------------|----------------------------------------------------------------|
| 36. Production of charcoal                               | 40. Making basket, furniture, pot and other handicraft         |
| 37. Milling (incl. Hand milling]                         | 41. Spinning, weaving, tailoring and dressmaking               |
| 38. Slaughtering and Meat processing                     | 42. Other manufacturing, repair, maintenance (not for own use) |
| 39. Other food processing(eg. Canning, beer brewing, Etc |                                                                |

43. D. ELECTRICITY, WATER AND GAS:

E. CONSTRUCTION/MAJOR REPAIR OR MAINTENANCE:

- 44. Construction of building/fences
- 45. Roads/Bridges
- 46. Other construction activities

47. Fa. WHOLESALE/RETAIL TRADE

48. Fb. RESTAURANTS/HOTELS AND FOOD SELLERS:

G. TRANSPORT, STORAGE AND COMMUNICATION:

- |                                                         |                                          |
|---------------------------------------------------------|------------------------------------------|
| 49. Carrying loads to and from market (not for own use) | 52. Operation of Communication centers   |
| 50. Driving                                             | 53. Coldstore operators                  |
| 51. River/Lake Transport                                | 54. Private Warehousing/Commercial silos |

H. FINANCE/INSURANCE/REAL ESTATES AND BUSINESS SERVICES:

- |                     |                   |
|---------------------|-------------------|
| 55. Money lending   | 58. Consultancies |
| 56. Esusu operators | 59. Real estates  |
| 57. Forex Bureaux   | 60. rental agents |

61. COMMUNITY/SOCIAL AND PERSONAL SERVICES:

- 62. Personal services
- 63. Beauty care services

SERVICES:

- |                              |                                             |
|------------------------------|---------------------------------------------|
| 62. Personal services        | 66. Entertainment and recreational services |
| 63. Beauty care services     | 67. Government services                     |
| 64. Hairdressing/barbering   | 68. International organs./NGOs              |
| 65. Domestic service/laundry |                                             |

**42. For how long have you always been involved in different activities?**

43. Before then how did you survive?

PART B: EXPENDITURE & THE MAIN OCCUPATION

---

44. How much do you spend on food consumption excluding food produced at home?

AMOUNT

TIME UNIT

45. The food you produce and eat at home, how much income could this have generated if it was sold otherwise? *Then confirm by adding that amount to their total income*

AMOUNT

TIME UNIT

46. How much do you spend a day on non-food consumption (e.g transport)?

AMOUNT

TIME UNIT

47. How much will you say you earn a day/week/Month/Year?

AMOUNT

TIME UNIT

48. What is the percentage contribution of each of the following components to your total income? Or say for every N1,000 of your total income, how much do the following categories contribute?

*Income composition*

**Agricultural**

Crop sales

Livestock sales (Livestock products, Livestock live sales)

Fishing

Forestry

**Wages**

Formal wage

Informal wage (including off-own farm income)

Informal non-wage

**Transfers & Remittances**

Urban-to-rural remittances

arising from within national boundaries

---

International remittances arising from  
cross-border and overseas migration.

---

Pensions

Rental

Other

49. Do you get transfers?      1. Yes      2. No (go to q.53)

50. The people that give you these transfers, what is your relationship with them?

51. For whom do you work?

1. Working on own or family agric. activity, (ie. farming, fishing animal rearing/poultry/ hunting)

Employee in a wage job

2. Government Sector
3. Parastatals
4. N.G.Os
5. Co-operatives
6. International Organ./ Diplomatic Missions
7. Private Sector (include paid apprentices)

Self-employed(other than agric)

8. Self-employed in a business with employees
9. Self-employed in a business without employees
10. Unpaid work in family business
96. Other (Specify)

52. Is there a trade union at the place where you work?      1. Yes      2. No

53. Do you hire labour?      1. Yes      2. No

54. How much do you pay them?

AMOUNT

TIME UNIT

## SECTION 5: SAFETY NETS

Now, I would like to ask you about how you cope in times of shock?

---

55. Give me some examples of what sorts of income and health risks you are exposed to that have immediate effects on your livelihood?

1. Snake bite
2. Farm accidents (e.g cutlass cut, wood enters the leg)
3. Too much rainfall
4. Extreme heat that dries the crops
5. Regular illness
6. Sudden illness
7. Abandonment
8. Delayed Salary
9. Irregular contracts
10. Needle enters one's hands
11. Other(specify)

56. How vulnerable are you to these shocks?

1. Not vulnerable
2. Mildly vulnerable
3. Averagely vulnerable
4. Very vulnerable

57. What are the constraints you face?

**58. How do you cope [and adapt] when there are common (like a drought or an epidemic) and/or idiosyncratic/individual shocks? What do you do?**

1. Withdraw child from school
2. Seek individual assistance from friends/colleagues
3. Reduce or even cancel planned investments in the maintenance of business
4. Increasing utilisation of free-access community resources (such as forests)
5. Reducing consumption of nutritious foods - food quantity and quality
6. Engaging in distress sales of productive assets such as land
7. Resorting to distress-induced migration
8. Other (specify.....)

**59. How often do you experience common and idiosyncratic shocks?**

1. Not often
2. Often
3. Very often

**60. What are the safety nets you and your household use?**

- |                             |                                   |
|-----------------------------|-----------------------------------|
| 1. NGO                      | 7. Relative                       |
| 2. Friend/neighbour         | 8. Co-operative and Thrift societ |
| 3. Village leader           | 9. Stocks and Shares              |
| 4. Village elder            | 10. Insurance Schemes             |
| 5. School teacher/Principal | 11. Other (specify)               |
| 6. Local Government         |                                   |

**61. How do these safety nets help? That is, what sort of help do they give you?**

- |                           |                    |
|---------------------------|--------------------|
| 1. Cash                   |                    |
| 2. Food                   | 4. Housing         |
| 3. Job in times of crisis | 5. Other (specify) |

**62. Of all the people/institutions you could go to see, who do you think would be able to help the most when you experience a shock? Why?**

**63. Are you currently participating in a government scheme?**

1. Yes (1. FADAMA 2. Other.....) 2. No

**64. What was the last shock you suffered?**

**65. The last time you experienced this shock (e.g your crop failed), did you get help from**

- |                             |                                   |
|-----------------------------|-----------------------------------|
| 1. NGO                      | 6. Local                          |
| 2. Friend/neighbour         | government/Government             |
| 3. Village leader           | programme                         |
| 4. Village elder            | 7. Relative                       |
| 5. School teacher/Principal | 8. Co-operative and Thrift societ |
|                             | 9. Other (specify.....)           |

**66. What was it's overall impact? *Did you adjust your income generating activities and how?***

**67. How did you use your assets?**

68. And also what sorts of help do you give to other people?

- |                           |                    |
|---------------------------|--------------------|
| 1. Cash                   | 5. Credit facility |
| 2. Food                   | 6. In-Kind         |
| 3. Job in times of crisis | 7. Other (specify) |
| 4. Housing                |                    |

69. Are you a member of any safety net institution other than one run by the government (e.g a Co-operative or thrift group or an Esusu and/or Ajo group)?

1. Yes                      2. No (go to q. 74)

70. How many of these do you belong to?

**More empirical research is necessary to assess the functioning of informal risk-sharing arrangements and the consequences of interventions thereupon.**

71. How effective/useful are the existing safety nets (e.g Co-operatives/Thrift societies/Esusu/Ajo groups) to you and your household?

1. Not useful                      2. Useful                      3. Very useful

**72. What is your key response when you face an adverse shock (e.g income shock), what do you do?**

73. What percentage of low-frequency health shocks with serious long-term effects can you protect?

**74. How would you and your household respond if particular shocks hit you now?**

- |                     |                                   |
|---------------------|-----------------------------------|
| 1. NGO              | 6. Local govt/Govt programme      |
| 2. Friend/neighbour | 7. Relative                       |
| 3. Prayers          | 8. Co-operative and Thrift societ |
| 4. Village leader   | 9. School teacher/Principal       |
| 5. Village elder    | 10. Other (specify.....)          |

75. Give me an example of a positive shock you have faced recently?

76. In comparison, how important are informal safety nets (e.g Esusu) and how important are public safety nets?

**77. What kind of public safety nets will you like to have in place?**

**78. Would it be more effective to try to strengthen existing mechanisms rather than to create wholly new institutions?** 1. Yes 2. No

79. Why?

80. When will your friends and neighbours be less effective in providing help?

81. Ask the elderly about pensions

**82. How do you save your money?**

**83. Do you have a mechanism by which you prepare for the rainy day as well as for the future?** 1. Yes 2. No

**84. How?**

85. Have you ever experienced a food shortage? 1. Yes 2. No

86. What safety nets did you use during this food shortage?

- |                            |                                    |
|----------------------------|------------------------------------|
| 1. NGO                     |                                    |
| 2. Friend/neighbour        | 7. Relative                        |
| 3. Prayers                 | 8. Local govt/Govt programme       |
| 4. Buying things on credit | 9. Co-operative and Thrift society |
| 5. Village leader          | 10. Other(specify.....)            |
| 6. Village elder           |                                    |

87. What is the role that children play as safety nets?

88. Would you say that you are informal safety nets (e.g Esusu) are more important than public safety nets?

- |                   |                      |
|-------------------|----------------------|
| 1. Strongly agree | 4. Disagree          |
| 2. Agree          | 5. Strongly disagree |
| 3. Depends        |                      |

## **SECTION 5: MIGRATION**

RESPONDENTS ARE ALL HOUSEHOLDS 15 YEARS OR OLDER

---

89. Were you born here? (PRESENT PLACE OF RESIDENCE)

1. Yes                      2. No

90. For how long have you been in this place? YEARS                      MONTHS

91. In which region or country were you living before you came to this village/town?

92. What was your main work in (NAME OF PLACE)?

WRITE NAME OF OCCUPATION & IT'S INDUSTRY CODE

93. Whom were you working for?

- |                                |                    |
|--------------------------------|--------------------|
| 1. Government                  | 4. Self-employed   |
| 2. State owned Company         | 5. Other (specify) |
| 3. Private Company or business |                    |

94. What was the main reason for moving from (NAME OF PLACE, Q.6)?

- |                         |                    |
|-------------------------|--------------------|
| 1. Own employment       | 5. School          |
| 2. Spouse's Employment  | 6. Drought/War     |
| 3. Marriage             | 7. Other (specify) |
| 4. Other family Reasons |                    |

## **SECTION 7: HOUSING**

Now, I would like to ask you about your dwelling.

---

95. TYPE OF DWELLING (CURRENT)

- |                             |                                   |
|-----------------------------|-----------------------------------|
| 1. Single Family House      | 5. Several Huts/Bldgs [same Cpds] |
| 2. Apartment/Flat           | 6. Several Huts/Bldgs [diff Cpds] |
| 3. Room(s) [Compound House] | 7. Other                          |
| 4. Room(s) [Other Type]     |                                   |

96. How many rooms does this household occupy? (DO NOT INCLUDE BATHROOMS, TOILETS, KITCHEN)

97. Do other households share this dwelling with you?                      1. Yes                      2. No

98. What is your present occupancy status?

- |                         |                             |
|-------------------------|-----------------------------|
| 1. Owning (go to q.103) | 3. House provided rent-free |
| 2. Renting              | 4. Perching                 |

99. From whom do you rent this dwelling?

- |                     |                              |
|---------------------|------------------------------|
| 1. Relative         | 4. Private individual/agency |
| 2. Private employer | 5. Other                     |
| 3. Government       |                              |

#### **PART D: UTILITIES AND AMENITIES**

---

100. What is the source of drinking water for your household?

- |                                  |                               |
|----------------------------------|-------------------------------|
| 1. Indoor plumbing               | 7. Public standpipe           |
| 2. Inside standpipe              | 8. Well without pump          |
| 3. Pure water/Water vendor       | 9. Well with pump             |
| 4. Water truck/tanker service    | 10. River, lake, spring, pond |
| 5. Neighbouring household        | 11. Rainwater                 |
| 6. Private outside standpipe/tap | 12. Borehole                  |

101. How far is this (SOURCE OF WATER) from your dwelling?  
DISTANCE

102. Do you pay or share a regular bill from the water company?

1. Yes                      2. No

103. How much was your last bill? (only your part if joint meter or shared bill?)  
AMOUNT

104. What is the main source of lighting for your dwelling?

- |                |             |               |
|----------------|-------------|---------------|
| 1. Electricity | 3. Kerosine | 6. Candles    |
| (mains)        | 4. Gas      | 7. Torches    |
| 2. Generator   | 5. Lamp     | (flashlights) |

105. How much was your last bill? ? (only your part if you have a joint meter or shared bill?)  
AMOUNT                      TIME UNIT

106. What is the main fuel used by the household for cooking?

- |             |                |             |
|-------------|----------------|-------------|
| 1. Wood     | 3. Gas         | 5. Kerosine |
| 2. Charcoal | 4. Electricity | 6. Other    |

107. How does your household get rid of rubbish?

- |                                         |                        |
|-----------------------------------------|------------------------|
| 1. Collected (Private or Public)        | 3. Burned by household |
| 2. Dumped by household at a<br>dumpsite | 4. Buried by household |

108. What type of toilet is used by your household?

- |                           |               |
|---------------------------|---------------|
| 1. Flush toilet (SPECIFY) | 3. Pan/bucket |
| 2. Pit latrine            | 4. No toilet  |



## PART E: PHYSICAL CHARACTERISTICS OF THE DWELLING

---

### 109. MAIN CONSTRUCTION MATERIAL OF OUTSIDE WALLS:

- |                    |                       |
|--------------------|-----------------------|
| 1. Mud/Mud bricks  | 4. Stone/Burnt bricks |
| 2. Wood            | 5. Cement/Sandcrete   |
| 3. Corrugated iron | 6. Other (SPECIFY)    |

### 110. MAIN FLOORING MATERIAL:

- |                |                    |
|----------------|--------------------|
| 1. Earth/Mud   | 4. Fibre-glass     |
| 2. Wood        | 5. Cement/Concrete |
| 3. Stone/Brick | 6. Other           |

### 111. MAIN ROOF MATERIAL:

- |                          |                    |
|--------------------------|--------------------|
| 1. Thatch (grass, straw) | 4. Cement/Concrete |
| 2. Wood                  | 5. Asbestos        |
| 3. Corrugated iron       | 6. Other           |

## GENERAL QUESTIONS

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112. How can you find a path out of poverty? **OR** What are your policy suggestions to combat poverty?*Is it a different livelihood? If yes, what kind? Or is it an improvement in your livelihood? If yes, of what sort?*

113. What would you like to do to get out of poverty *or to have a better living standard than you currently have?*

114. OBSERVATION AND COMMENTS.....

#### TIME UNIT

- |                 |              |
|-----------------|--------------|
| 1. Daily        | 5. Quarterly |
| 2. Weekly       | 6. Yearly    |
| 3. Fort-nightly |              |
| 4. Monthly      |              |

#### DISTANCE CODE

- |          |              |
|----------|--------------|
| 1. Yard  | 3. Kilometre |
| 2. Metre | 4. Mile      |