

ANALYSIS OF POVERTY LEVEL AMONG URBAN HOUSEHOLDS IN IREWOLE LOCAL GOVERNMENT AREA OF OSUN STATE

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Abstract: *Poverty is multi-dimensional. It is characterized by lack of purchasing power, exposure to risk, malnutrition, high mortality rate, low life expectancy, insufficient access to social and economic services and few opportunities for income generation. This study was carried out in Irewole local government area of Osun state to determine the level of poverty in the study area. The data collected were analyzed using descriptive statistics such as frequency distribution, percentage, regression and Foster, Greer and Thorbecke (FGT) model. A total of 120 copies of questionnaire were administered for collection of information from respondent. The results from the analyzed data indicated that most of the respondents were middle-aged with mean age of approximately 38 years, about 75.2% of the respondents are married, 86.0% of them had formal education. The mean income of the respondents was analyzed to be ₦57,590.91 and the mean per capita is ₦12,625.441, the poverty line was also analyzed to be ₦8,416.96, the poverty incidence of 36.36 percent shows the percentage of those that fell below the poverty line, the poverty depth of 7.2 percent shows that the income of the respondents needs to be raised by that percentage to move out of poverty, and the severity is 2.79 percent which implies that poverty exist but not so severe in the study area. The study recommends that more effort and resources should be devoted to poverty reduction programmes. However, there is need for the government to formulate and implement policies that will provide employment, housing, education, improved health care facilities and other things specifically for the urban poor.*

Keywords: Poverty level, Irewole, Urbanization, Unemployment

1.0 Introduction

Poverty is one of the most serious manifestations of human deprivation and is inextricably linked to human capital development; it is thus an issue of global concern. Poverty is a plague afflicting people all over the world and it is considered one of the symptoms or manifestation of underdevelopment. Poverty encompasses inadequate income and denial of the basic necessities such as education, health services, clean water and sanitation (World Bank, 2007). It is characterized by lack of purchasing power, exposure to risk, malnutrition, high mortality rate, low life expectancy, insufficient access to social and economic services and few opportunities for income generation. Urban poverty has been a low priority on research and development agenda of Nigerian government. For over two decades, these have been dominated by rural development and rural poverty. The recent renewed interest in urban issues has been due to the widespread idea that urbanization is speeding up. At the end of the year 2000 about half the world's population live in urban areas, in 1975 this was only 28%. In 1970, developing countries level of urbanization was 25%. In 1994, it has increased to 37% and it is projected to be 57% in 2025 (United Nations Development Programme, 2001).

Poverty has no geographical boundary. It is seen in the North, West, South and East. It is found in rural as well as urban areas of Nigeria. Though the incidence of poverty in Nigeria is much higher in the rural areas than in the urban centres, the urban slum-dwellers form one of the more deprived groups (World Bank, 2003). Data from eight countries containing approximately two-thirds of the developing world's people suggested that the focus of poverty is shifting from rural areas to urban areas. The data showed that in seven (Nigeria inclusive) out of the eight countries, the share of the poor people in urban areas is increasing. The recent renewed interest in urban issues has been due to the widespread idea that urbanization is speeding up (National Bureau of Statistics, 2006).

The rising profile of poverty in Nigeria is assuming a worrisome dimension as empirical studies have shown. Nigeria, a sub-Saharan African country, has at least half of its population living in abject poverty

(Ojo, 2008). Poverty has been massive, pervasive, and engulfs a large proportion of the Nigerian society (Federal Office of Statistics, 1996).

The scourge of poverty in Nigeria is an incontrovertible fact, which results in hunger, ignorance, malnutrition, disease, unemployment, poor access to credit facilities, and low life expectancy as well as a general level of human hopelessness (Abiola and Olaopa, 2008). Nigeria is richly endowed and the country's wealth potentials manifest in the forms of natural, geographical and socioeconomic factors (Omotola, 2008). With this condition, Nigeria should rank among the richest countries of the world that should have no business with extreme poverty. Nigeria has witnessed a monumental increase in the level of poverty (Okpe and Abu, 2009). According to them, the poverty level stood at 74.2 percent in the year 2000. Looking at the records, it revealed that about 15 percent of the population was poor in 1960; the figure rose to 28 percent in 1980 and, by 1996, the incidence of poverty in Nigeria was 66 percent or 76.6 million people (FOS, 1999). The United Nations Human Poverty Index in 1999 placed Nigeria among the 25 poorest nations in the world (Garba, 2006). The population in poverty is given as 68.7 million as of 2004 (UNDP, 2010).

Objectives

The main objective of the study is to determine the level of poverty among urban household in Irewole local government area of Osun State. The specific objective of the study are to;

- Identify the socio economic characteristics of the respondent in the study area.
- Analyze the main sources of income among the household head.
- Examine the living condition of the respondents.
- Identify the coping strategies employed by the respondents.
- Determine the poverty level of the respondents.

1.4 Hypothesis of the study

H₀: There is no significant relationship between the socio-economic characteristics of the respondent and their poverty level

2.0 Methodology

The study was carried out in the urban area of Irewole local government area of Osun state. It is bounded in the north by Ayedire, in the south by Isokan, in the east by Ayedaade, and in the south east by Ife-North Local Government Areas of Osun state. It also shares boundary with Egbeda Local Government Area of Oyo state to the west. It is located within longitude 408E and latitude 707W with a land mass of 978.67m². According to the 2006 census by the National population council (NPC), it has an estimated population of 143,599.

In order to have a wide and even coverage of the study area, a random sampling procedure was used to select six wards namely; Sango, Fatima, Ayedaade, Obada, Oke-ada, Sunmoye. Twenty respondents were randomly chosen from each ward, making a total of one hundred and twenty respondents. The analytical method used involves descriptive statistics such as frequency distribution and percentage which was used to analyze the socio-economic characteristics and variables. The data collected was analyzed using the FGT model which includes the head count ratio P₀, poverty (income) gap ratio P₁, and poverty severity P₂. The general formula for this class of poverty measurement depends on a parameter α which takes a value of zero for the head count, one for the poverty gap and two for the poverty squared gap in the following:

The head count ratio expressed as P₀: $H = \frac{q}{n}$

The income gap ratio is expressed as P₁ $I = \frac{z-y}{z}$
 $= \frac{1}{q} \sum_{i=1}^q \left[\frac{g_i}{z} \right]$

$$Poverty\ Line\ P2 \quad P\alpha = \frac{1}{n} \sum_{i=1}^q \left[\frac{g_i}{z} \right] \alpha$$

3.0 Results and discussion

Socio-economic characteristics of the respondents

Table 1 shows the frequency distribution of respondents by sex. It indicates that 72.7% were male and 27.3% were female. This implies that majority of the households in the study area were headed by male and as such, there are more male income earners in the study area than female. The table 1 also shows that 8.3% of the respondents were between the age range of 21-30years, 66.1% were between 31-40, 19.8% were between 41-50 and 5.8% were between 51 years of age and above. The mean age of the respondents was approximately 38 years which implies that majority of the respondents were middle-aged people and are economically active.

Also from table 1, 16.5% of the respondents were single, 75.2% of the respondents were married while 8.3% were divorced. The result indicates that majority of the respondents were married thus they are charged with responsibilities to cater for the family in order to reduce poverty in the household. With a higher percentage of the respondents being married, their level of living is expected to be positively affected as the responsibility of maintaining the household requirement will be shared by both parties. This is in line with the statement of Osinubi (2003) that divorce and widowhood among women affect their level of living as the burden of catering for themselves and children (as often the case in most Nigerian families) shift completely to the women. The table shows that 90.1% of the respondents were within the range of 1-5 while 9.9% are within the range of 6-10. The fact that most of the respondents are still in their child bearing age leaves much to be desired. This is because, the larger the family size, the more thinly spread is the family's income on basic needs thus, leading to poverty aggravation. (Olaniyan, 2000)

The table 1 also reveals that 14.0% of the respondents had no formal education while 86.0% of the respondents had formal education. This implies that a good percentage of the respondents that had formal education which has a great influence on the limitation of poverty in the study area.

Sources of income

Table 2 shows the sources of income of the households. 90.9% of the respondents get their income from non-farm activities while 9.1% gets income from agricultural activities. This is an indication that majority of the respondents gets their income from non-farm activities. This could be due to their high level of education as majority of the respondents have formal education and as such, are gainfully employed in one sector or the other where they earn their income from.

Total Income of Respondents per Month

Table 3 the monthly income of the respondents. 27.3% of the respondents earned between the range of ₦20,000 – ₦40,000 per month, 37.2% earned within the range of ₦41,000 – ₦60,000 per month, 22.3% earned within the range of ₦61,000 – ₦80,000 per month, 6.6% earned within the range of ₦81,000 – ₦100,000 per month while 6.6% earned within the range of ₦101,000 and above per month. The mean income per month was ₦57,590.91. The result revealed that all the respondents earn above the minimum wage approved by the Federal Government of Nigeria. This implies that all the respondents can favorably compete with other people engaged in other sectors.

Living Conditions of the Respondents

Table 4 shows the living conditions of the respondents. 13.2% of the respondents had pit latrine, 8.3% had bucket latrine, 77.7% of the respondents had water closet while 0.8% of the respondents none. This is an indication that majority of the respondent uses water closet. As stated by Adetunji (2012), the type of toilet used has impact on the health status of the family households. The table also shows that 1.7% of the respondents had public pipe borne water, 6.6% had public bore hole, 63.6% had private bore hole while 28.1% uses well water. This is an indication that majority of the respondent uses private bore hole. This implies that poverty is less among the respondents in the study area since majority of the respondents can afford bore hole in their various houses. On the respondents' access to power supply, 49.6% uses PHCN only, 49.6% also uses PHCN and generator while 0.8% uses generator only. This is an indication that majority of the respondents uses PHCN and generator. This implies that the number of respondents that

uses PHCN also uses generator which means majority of them enjoy electricity either by PHCN or by fuelling their generator set. This implies that a larger percentage of the respondents can afford alternative power supply in the absence of power supply by PHCN. On the respondents' type of medical facility utilized, 30.6% of the respondents make use of private hospital, 65.3% uses public hospital, 2.5% uses traditional medication while 1.6% uses self medication. This is an indication that majority of the respondent uses public hospital.

Poverty Measurement by FGT Model (Foster Greer and Thorbecke)

The data collected were analyzed using FGT model. The model uses Poverty head count index (P_0), poverty depth index (P_1) and the poverty severity index (P_2). The head count index is the proportion of the population whose income or consumption fell below poverty line. The poverty depth index is the gap or distance between the income of the average poor and the poverty line. The poverty severity index is a measure of the severity of poverty, that is how severe is poverty in the study area.

The level of poverty was analyzed using the FGT model. The average mean per month is ₦57590.91 the mean per capita is ₦12625.44 while the poverty line was analyzed to be ₦8416.96.

The result obtained by FGT models showing from FGT table below reveals that the poverty line was constructed and estimated using $2/3$ of the mean per capital expenditure, which is estimated to be ₦8416.96.

The poverty incidence or head count index (P_1) is analyzed to be 36.36%, which implies that 36.36% of the total respondents are living below poverty line; poverty is slightly pervasive in the study area. Poverty depth index (P_1) is 7.2%, which implies that the income of households in the study area must be raised by 7.2% to move out of poverty. Poverty severity index (P_2) was 2.7% which shows that 2.7% of the respondents are extremely poor. The table below revealed the different category of household according to their poverty level. The percentage of poor households is 35% while percentage of non-poor household is 65%.

FGT Table Showing Poverty Level

The table 6 reveals that 36.36% of the respondent fell below the poverty line. This implies that the income of household must be raised by 7.2% to move out of poverty while 2.7% shows that poverty is less severe among the respondent in the study area.

4.0 Conclusion

In the study area, most of the activities carried out by the government are based on poverty reduction and or alleviation. In spite of the current efforts by the government to eradicate poverty in the country, poverty still remains a serious problem in the study area with about 36.36 percent of the respondents below the poverty level. The poverty depth which was 0.07215417 implies that cash transfer needed to lift the poor out of poverty for each poor person represents 7.2 percent of the poverty line and the poverty severity of 2.79 shows that poverty situation is less severe among the respondent.

Recommendations

Based on the findings of the study, the following recommendations are made:

- i. There is need for more effort and commitment to poverty reduction programmes by the government and non government agencies
- ii. There is need for improvement in enhancement of human capital through trough training in life skills and vocations which would help stimulate the innate entrepreneurial potentials of the people and expand their income generating capacities and become more productive.
- iii. Policy that would facilitate poverty reduction strategies and how to implement them should be put in places.
- iv. Efforts by governmental and non governmental agencies in the areas of infrastructural development (provision of electricity supply, access to clean drinking water, health centers and affordable housing, among others) would go a long way to improve the living condition of the people in the study area.

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Table 1: Socio-economic characteristics

Variables	Frequency	Percentage
Sex Distribution		
Male	88	72.7
Female	32	27.3
Age Distribution		
21-30	10	8.3
31-40	80	66.1
41-50	24	19.8
51 and above	6	5.8
Marital status		
Single	20	16.5
Married	90	75.2
Divorced	10	8.3
Household size		
1-5	108	90.1
6-10	12	9.9
Level of education of respondents		
Informal	17	14.0
Formal	103	86.0
Membership of a Social organization		
Yes	98	81.8
No	22	18.2

Source: Field survey, 2012.

Table 2: Distribution of respondents by source of income

Source of income	Frequency	Percentage
Non-farm activities	110	90.9
Agricultural activities	10	9.1
Total	120	100

Source: Field survey, 2012.

Table 3: Distribution of respondents by income per month

Income (₦)	Frequency	Percentage
20,000 – 40,000	33	27.3
40,001 – 60,000	45	37.2
60,001 – 80,000	26	22.3
80,001 – 100,000	8	6.6
101,000 & Above	8	6.6
Total	120	100

Source: Field Survey, 2012

Table 4: Distribution of respondents by living conditions

Variables	Frequency	Percentage
Type of toilet		
Pit latrine	16	13.2
Bucket latrine	10	8.3
Water closet	93	77.7
None	1	0.8
Source of water		
Public pipe borne water	2	1.7
Public bore hole	8	6.6
Private bore hole	76	63.6
Well water	34	28.1
Access to power supply		
PHCN only	59	49.6
PHCN & Generator		
Generator only	59	49.6
Means of transportation		
Trekking	3	2.5
Bicycle	3	2.5
Private motor bike	18	14.8
Public transport	72	60.3
Private vehicle	24	19.8
Type of medical facility		
Private hospital	36	30.6
Public hospital	79	65.3
Traditional medication	3	2.5
Self medication	2	1.6

Source: Field survey, 2012.

Table 5: Distribution of respondents according to poverty level

Category	Frequency	Percentage
Poor	42	35
Non poor	78	65
Total	120	100

Source: Field Survey, 2012.

Table 6: FGT result

	FGT Value	Percentage
Head count index(P_0)	0.36363637	36.36
Poverty depth index(P_1)	0.07215417	7.2
Poverty severity index(P_2)	0.02796317	2.7

Source: Field survey, 2012.

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