URBANIZATION AND POVERTY IN THE THIRD WORLD: MEASUREMENT, PATTERNS AND POLICIES IN WARRI METROPOLIS, NIGERIA

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Abstract

This paper aims to analyze the magnitude and incidence of the persistent problem of urban poverty in Warri Metropolis, Nigeria. Besides the introduction (Section 1), the paper is divided into five sections. Section 2 focuses on the theoretical framework and literature review. Section 3 outlines the method and data used to calculate the poverty line, which are used in section 4 to estimate urban poverty. Section 5 assesses the poverty alleviation schemes. The paper ends with concluding remarks in section 6.

Key words: Urbanization, Poverty, Third World, Measurement, Warri Metropolis, Nigeria.

Introduction

There is no universally accepted definition of urban poverty but two broad complementary approaches are prevalent in the literature: economic and anthropological interpretations. Conventional economic definitions use income or consumption complemented by a range of other social indicators such as life expectancy, infant mortality, nutrition, the proportion of the household budget spent on food, literacy, school enrolment rates, access to health care or potable water, to classify poor groups against a common index of material welfare. Alternative interpretations developed largely by rural anthropologists and social planners working in rural communities in the developing countries allow for local variation in the meaning of poverty, and expand the definition to encompass perceptions of non-material deprivation and social differentiation (Wratten, 1995; Satterthwaite, 1995; Raphael and Rudolf, 2001) Anthropological studies of poverty have shown that people's own conceptions of disadvantage often differ from those of professional experts. Great value is attached to qualitative dimensions such as independence, security, self-respect, identity, close and non-exploitative social relationships, decision-making freedom and legal and political rights.

More generally, there has been a widening of the debates on poverty to include more subjective definitions such as vulnerability, entitlement and social exclusion. These concepts have been useful for analyzing what increases the risk of poverty and the underlying reasons why people remain in poverty. Vulnerability is reduced by assets, such as: human investment in health and education; productive assets including houses and domestic equipment; access to community infrastructure; stores of money, jewellery and gold; and claims on other households, patrons, the government and international community for resources at times of need (Chambers, 1995; Cited by Wratten 1995). Entitlement refers to the complex ways in which

individuals or households command resources which vary between people, overtime in response to shocks and long-term trends. Social exclusion is seen as a state of ill-being and disablement or disempowerment, inability which individuals and groups experience. It is manifest in 'patterns of social relationships in which individuals and groups are denied access to goods, services, activities and resources which are associated with citizenship' (ILO, 1996).

Most studies attempting to describe urban poverty have focused on drawing out characteristics of urban poverty, often by comparing rural with urban poverty. However, there is still much debate as to whether urban poverty differs from rural poverty and whether policies to address the two should focus on different aspects of poverty. In some views, rural and urban poverty exist together for they have many structural causes in common, e.g. socially constructed constraints to opportunities (class, gender) and macroeconomic policies (terms of trade). Many point to the important connections between the two, as household livelihood or survival strategies have both rural and urban components (Satterthwaite, 1995). Baker (1995) and Wratten (1995) illustrate this point in terms of rural-urban migration, seasonal labour remittances and family support networks. Conceptualizing urban poverty as a separate category from rural poverty is also problematic because of different yardsticks for defining urban in different countries. The urban – rural divide is more a continuum rather than a rigid dichotomy. Yet, urban poverty can be isolated for special study in view of the fact that it is now widely recognized that the rapid growth of urban populations has led to a worsening in absolute and relative poverty in urban areas (Abotutu, 2012). Interest on urban poverty has until recently, been low on the agenda of development policy because of dominant perceptions of urban bias and the need to counter this with a focus on rural development policy. However, policy interest in urban issues is increasing as a result of two phenomena:

I. Projection of large and increasing proportion of poor people living in urban areas, partly as a result of urbanization.

II. And claims that structural adjustment programs – which have removed some of the urban bias, by removing price distortions – have led to much faster increase in urban poverty than rural poverty.

In Nigeria, the most populous country in Africa, with a population of 150 million people (NPC, 2006) the number of rural poor decline from 26.4 million in 1985 to 22.8 million in 1992. In urban towns and cities, it rose from 9.7million to 11.9million in 1985 – 1992. The depth of poverty declined from 19 percent to 16 percent in rural areas, while it increased in urban areas from 9 percent to 12 percent. In 1985 – 1992, total extreme poverty in Nigeria increased from 10.1 million people to 13.9 million with a near three-fold increase in the urban extreme poor from 1.5 million to 4.3 million people (World Bank, 1996). Economic theory has long suggested that human capital – that is, the education, work experience, training and health of the work force is considered one of the fundamental drivers of economic growth. The conditions associated with poverty can work against this human capital development by limiting individual's ability to remain healthy and develop skills, in turn decreasing the potential to contribute talents, ideas, and even labour to the economy (GOA, 2007).

Economic theory suggests that when poverty affects a significant portion of the population, this can extend to the society at large and produce slower rates of growth. Poverty imposes costs on the nation in terms of both programmatic outlays and productivity losses that can affect the economy as a whole.

This study attempts an empirical verification of the conditions which the urban poor live in order to provide information which will help the city and state administrators develop more positive policies and

actions toward the poor. The study area is Warri metropolis, a leading industrial and commercial city in Niger Delta region of Nigeria.

The paper is divided into six sections. Section 1 focuses on the background of the study (introduction). Section 2 focuses on the theoretical framework and literature review. Section 3 outlines the method and data used to calculate the poverty line, which are used in section 4 to estimate urban poverty. Section 5 assesses the poverty alleviation schemes in urban Nigeria. The paper ends with concluding remarks in section 6.

Theoretical Framework and Literature Review

Theoretical framework

The study is premised on the endogenous growth models the essential elements of which are discussed herein. Economic models that consider human capital to be a fundamental driver of economic growth are commonly referred to as endogenous growth models, although the more traditional neoclassical model has also been augmented to include the role of human capital (Chui, 1998; Currie and Hyson, 1999). Endogenous growth theory posits technological growth as occurring through dynamics inside the model (Ho, 2003). Although there are several competing models, crucial importance in each is given to the production of new technologies and human capital. While the measure point these models emphasize is that human capital is the driving force behind growth, the actual modelling of the relationship is still a controversial issue in the economic literature. Some growth models assert that the driving force behind economic growth is the rate of accumulation of human capital, in which the rate of economic growth is proportional to the rate of accumulation of human capital (Hsing 2005; Siegel, 2006). Another approach considers that high levels of human capital, as embodied in the level of educational attainment of the workforce, increases the capacity of individuals to innovate (discover new technology) or to adopt new technology (Teles, 2005).

In general, economists regard expenditures on education, training, medical care, and so on as investments in human capital. Collectively, theoretical growth models suggest economic growth results from improvements in human capital as embodied in the skills and experience of the labor force; from expansion of physical capital in the form of plant and equipment; and from progress in science, engineering, and management that generates technological advance. Atkinson (1998) and Deaton (1999) argued that while many variables have been empirically tested, only a few have been accepted as being statistically significant in explaining growths. The role of human capital is now almost universally regarded as being indispensable in this respect.

However, human capital deficits experienced by some impoverished individuals cannot always be attributed to experience of poverty. Ravallion (1994) and Sen (1983) argued that in some cases, low education attainment and poor health, although associated with poverty, may actually be caused by some other factor that is also responsible for poverty. In this case, poverty would be a symptom rather than a cause (i.e. poor health, poor choices, or addiction may erode human capital potential and cause poverty). Similarly, most poor people do not commit crimes, and those that do may be motivated by forces unrelated to their incomes. On the contrary, Dev (2001) and Voichovsky (2005) opined that although the relationship between poverty and income growth is not always statistically significant in all regions, statistical insignificance in some cases might be more attributable to data issues such as sample size or multicollinearity rather than an indication of non-relationship between poverty and income growth in various regions. This study provides, arguably, a better comparison group than cross-country studies, since cities in the third world are at relatively similar stages of development.

Literature Review

In this section attempt was made to take a global look on the issue of poverty. To a large extent, the information presented herein was

sourced from Lausanne Occasional papers (LOPs, 2011). Lausanne Occasional papers (LOPs, 2011) observed that despite many differences in the groupings of the poor, the urban poor worldwide have in common:

- Feelings of powerlessness, insignificance, frustration, and despair
- Fearfulness of the future
- Low health expectation
- Inadequate housing
- Unemployment or underemployment
- Insufficient money
- Poor provision for education
- A higher rate of crime
- Political turmoil

According to LOPs (2011), the urban poor are everywhere. In Latin America, rural dwellers have been pushing into metropolitan areas since the 1930s. Presently, fifty-five percent of the population live around the cities in great urban conglomerations. Whole families come with expectations of work and money, but their hope soon becomes despair. Cities are unable to provide basic facilities, and employment is menial and often supplemented by begging and prostitution. Mere subsistence (10 in a one-room house) brings resignation or revolution.

In Africa, the peoples of central and eastern Africa are drawn to the cities by the lure of higher pay. They become de-tribalised and lose the taboos and constraints as their sense of belonging is eroded. Their numbers are being argumented by refugees fleeing oppression or driven by famine. In South Africa, urban blacks provide the labour force. Huge townships like Soweto part husband from wife (LOPs, 2011). Voiceless and powerless, they neither belong to the white dominated cities nor the homesteads they occupy. In African cities there are 60 million unemployed male adults and many others under-employed.

In Asia, people are driven to cities for survival. With no available housing, they congregate with friends or families in the slums. Suffering from malnutrition, lacking education, ignorant of their rights, lapsing into fatalism, they become trapped in the vicious cycle of poverty. So we have the exploited migrants in Calculta without skills or organization, and the families of Hong Kong requiring two or three incomes for survival, and the young people of Bangkok drawing money from prostitution.

In Australia, unexpected poverty juts out. Lacking the deep-rooted industrial history of Europe, or the mass rural migration of Asia, this new continent of 14 million people has "over 2 million Australians living in various degrees of poverty … powerless … voiceless and unorganized" (see Australians in poverty, Peter Hollingsworth, 1979). Here the poor are identified as pensioners, unemployed, broken families, single parents, migrant families from Eastern Europe and refugees from Asia – added to the dispossessed aboriginals.

In Europe, beneath the obvious poverty of the very old, the chronically unemployed, and inadequate people – lies the deeper victimization of redundancy, and a pervading sense of powerlessness. France has three million North Africa migrant workers drawn from Algeria, Morocco and Tunisia. They are part of Europe's 10 million "guest workers" imported in the 1960s from the poorer part of the Mediterranean, from Black Africa, and former colonies in Asia and the Caribbean. They live alongside the long established working classes. Groups of prostitutes, drug-dependents, vagrants, and delinquents tend to gather in the areas of the urban poor (LOP, 2011).

In North America, one estimate indicates that 40 – 45 million Americans are within the ranks of the urban poor (LOP, 2011). Black people in the city centres, driven northwards by the revolution in Southern agriculture and lack of work opportunities, face discrimination and live in frustration. Migrant Hispanics suffer all the disadvantages of the black population with the added problem of language. Native Indians live alongside the undocumented aliens

seeking anonymity, the abandoned elderly, the incoming refugees (from Laos, Kampuchea, Vietnam, Haiti and Cuba) and the transients (alcoholics, single men, and seasonal workers). The lack of jobs, the collapse of the low rent housing market and the cutback of public welfare services lead to a culture of despair.

Finally in its concluding remarks LOP (2011) posits "over against the overwhelming statistics and often appalling suffering of the urban poor, we have to set another side. Enormous reserves of creative energy are to be found among the oppressed poor. Social organization, use of personal abilities, family togetherness, and industry are often combined to create a strong inter-dependency of living. Cultural values are carried and maintained and distinctive notes of dialect, music and beliefs characterize many urban poor groups. Within them there is an impetus for change which has powerful roots, and searches for the political machinery to effect structural revolution.

In Nigeria, the prevalence of both relative and absolute poverty is duly recognized and even mentioned in various National Developments Plans (1975, 1980). Concern for poverty scourge received a further boost during the 1975 Annual Conference of the Nigerian Economic Society (NES) and during the 1997 Annual Conference of the same NES. The 1975 NES conference was devoted entirely to sensitizing the nation on the poverty menace view that Poverty existed when incomes or disposable resources were inadequate to support a minimum standard of decent living. Some of the components of living were specified in the individual papers and more importantly urban poverty was well highlighted, while the 1997 Annual Conference was devoted to the impact of Structural Adjustment Programme (SAP) on poverty in Nigeria and different methods of alleviating poverty in Nigeria. It was agreed that majority of those who are poor are not producers themselves. This group of people forms part of dependent population because they have no direct earnings of the type typically evaluated in distribution studies. And partly there is no guarantee that an increased income would be spent on essential services. Therefore,

it was agreed upon that improvement in basic needs such as medical, housing, education, regular access to nutritional food and so on remains the best option.

Dudley (1975) sees poverty largely in the light of the need for personal growth in Nigeria. According to him, the basic needs, which any society should provide for its members should include such things as food, clothing, shelter, education, health, work and mobility. Dudley provided some basic indicators of the state of basic services especially in relation to the poor in Nigeria. Most of the discussion was at a national aggregate level. Other than showing the general adverse situation in the rural and urban areas, such as inequality, and lack of potable water supply, he also refers to issues of nutrition. For instance, he stated that 30 percent of the households in Oyo State are malnourished. He also stated that in Lagos State more than 72 percent of the households live in one-room houses. He also highlighted that access to health services may vary from two-third of the population in the South to one-third in the North.

Under the principle of basic needs, Walton (1990) did a comprehensive study on Nigeria poverty. She alludes to the fact that there is substantial under-reporting in basic indicators especially in child mortality, diseases and morbidity. She also states that there is positive urban bias in government expenditure for basic services. Significantly there is inadequate income to meet basic food needs let alone basic services.

The issue of conceptualizing poverty within a basic needs framework, specifying these needs and setting minimum levels for them within the Nigerian context, has been the focus of studies by Ogwumike (1995) and Olaniyan (2000). These studies generally defined poverty as a household's inability to provide sufficient income to satisfy its need for food, shelter, education, clothing and transportation. Minimum standards for food are based on nutritional requirements in terms of calories and protein consumption habit and customs are also allowed for in the selection of the food items to give the required national

stock. Shelter and education, the number of person per room and the number of children attending school (and the level of schooling) respectively, are adopted as minimum standard. However, the problem of defining minimum standard for clothing and transportation has persisted.

Poverty Measurement in Nigeria

Given that poverty has been correctly conceptualized, traditional approaches to measurement usually start with the specification of poverty line and the value of basic needs considered adequate for meeting minimum levels of decent living in the affected society.

Poverty can be measured using the head count ratio which is based on the ratio or percentage of the number of individual or household whose income are not equal to the poverty line to the total number of individuals or households (Bardhan, 1973; Ahluwalia, 1976; Ginneken, 1980). Another method of measuring intensity of poverty is the "income-gap" ratio. Here the deviation of the poor's incomes from the poverty line is averaged and divided by the poverty line or expressed as its percentage (World Bank, 1980).

A major work on Nigeria using the core basic needs approach is that of Ogwumike (1987, 1991). His work examined the utility of poverty measure that takes into account the basic needs of life based on Nigerian scene. Using data from a sample survey of households he conducted in Borno, Imo and Oyo States between October l984 and January 1985, he derived minimum levels for such basic needs item as food (759.5 kilo cal/week and 2533.3 gm protein/week, shelter N4.66 a month per person), education (2.09/month/per person) in Nigeria; derived a poverty line of N 47.44 per person per month for Nigeria based on food and non-food needs. The food component constitutes about 80 percent of total expenditure and calculated the extent of poverty (those with income less than the poverty line of N47.44) to be 57.14 percent of the sampled households. He then concludes that a greater proportion of the population may continue to be deprived of

their needs unless radical poverty eradication programmes are instituted in Nigeria.

In 1980 the World Bank study constructed poverty lines on the basis of 1978 income data, which amounted to N65 per family in urban area and N35 per family in rural area. The poverty line assumed in the case of urban household N50 for food and the rest for housing, clothing etc and set the rural prices to be 40 percent below urban level. According to these lines it was estimated that 34 percent were poor in urban area (instead of 15 percent in 1974), while 40 percent were under poverty line in rural area.

In another wider but controversial study by the World Bank carried out in 1996 on poverty in Nigeria, they assessed the poverty trend in Nigeria between 1985 and 1992 using two-thirds of mean households expenditure as poverty line. The main findings of the study were first, poverty was more pronounced in rural than urban area. Second, the southern part of the country had less poverty than either the central or northern part of the country, finally, poverty in Nigeria declined between 1985 and 1992 from 36 million out of a 1995 population of 84 million to 34.7 million out of 1992 population of 102 million. The study shows that the mean per capita household expenditure (in 1985 prices) rose from N592.81 in 1985/86 to N792.6 in 1992/93. Consequently, the estimated moderate and extreme poverty lines stood at N395.41 and N197.71 respectively. Moderate poverty was reported to have fallen from 31 percent in 1985/86 to 20.5 percent in 1992/93, while extreme poverty rose marginally from 12 percent in 1985/86 to 13.6 percent in 1992/93. It was shown that incidence and depth of poverty fell nationally between the two periods, poverty severity rose during the period. In addition, the incidence rose in some states such as Kano, Rivers and Sokoto. The severity also rose in states like Borno, Benue, Cross Rivers, Kano, Kwara, rural Lagos, Plateau and Rivers. The incidence of poverty for all poor in 1992 was 36.4 percent for rural Nigeria and 30.4 percent for urban Nigeria, which indicates

that poverty is not seen in the rural but also co-existed in urban cities/areas of Nigeria.

From the foregoing studies, therefore, it can be seen that poverty has long been in existence in Nigeria. The incidence, depth and severity of poverty have been increasing over the years. More so, over the years, it has been shown that poverty is not limited only to the rural areas of Nigeria but existence of poverty in urban areas has been on the increase.

Methodology of Study

The data used for this study were of primary origin. The data were collected through a general household survey and by the administration of structured questionnaire. The survey covered the six major residential areas in Warri metropolis – GRA, NPA, Enerhen, Ugborikoko, Ekpan, and Ubeji. The survey lasted for six (6) months (July – December 2011). The sample households in all the areas covered were selected by stratified random sampling technique and this was achieved by dividing the population into stratum or sub-population, the household sample was drawn randomly to allow for degree of representativeness.

Information was sought from the sample households on quantifiable and non- quantifiable factors affecting income and households expenditure pattern. Those factors include, household monthly income, source of income, household size, expenditure in various consumers' items, occupation, employment, and other household non-food expenditure. The consumer items that were considered were food, accommodation, clothing, transport, household goods, fuel and light, school fees, drinks and entertainment and other goods and services. The food items considered include yam, garri, beans, rice, bread, egg, fish, beef, or pork, eko (pap), cassava flour, vegetable, fruits and others.

A questionnaire was given to each respondent when literate and the procedure for completing the questionnaire was explained to him or

her. The illiterate respondents were interviewed directly using personal interview method in order to avoid incomplete information.

On the whole, a total of One Hundred and Forty (140) copies of questionnaire were printed, out which one hundred (100) were collected for the analysis due to lack of cooperation from some respondents and incomplete information from some others. The data were analyzed using the Gini coefficient to analyze inequality in the distribution of wealth, while regression analysis was used in the determination of factors responsible for expenditure on households basic needs.

Research Findings and Discussion

Determination of the Respondents in Poverty

As stated in the methodology, the number of people under poverty is calculated in relation to the average expenditure per family (i.e. men per capital expenditure) in the study area. The main budget items consumed by households are food, accommodation, clothing transport, household goods, fuels, light, health services, drinks and entertainment. The distribution of expenditure as found among the households is discussed and the frequency distribution of expenditure among the households interviewed as well as determination of their poverty status are all analyzed as the main subject of this section.

Frequency Distribution of Expenditure

The frequency distribution of expenditure is meant to show in more detail the pattern of household per capital expenditure in the study area. Also, expenditure frequency distribution could be aimed at describing the skewness of the distribution of expenditure and more importantly the shape (type of skewness) of the households' expenditure distribution.

Table 1 below shows the expenditure classes of all households in the study area. It varies from lower expenditure class of less than N5000 per annum per capital expenditure to as high as above ₦50000 per

capita expenditure. The expenditure frequency distribution shown in table 1 indicates per capita expenditure distribution skews to the left side indicating the greater percentage classes of per capita expenditure. The table also shows that the household in the per capita expenditure range of N8000-N13999 constituted the highest percentage (25%). It can be seen from the table below that the proportion of households in each class decreases, as the expenditure class gets higher.

Table 1: Frequency Distribution of Households Per Capita Expenditure

Per Capita Expenditure Class (₦)	Frequency of Household (Number)	Percentage of Households
Under 5000	2	2%
5000 – 7999	1	1%
8000 – 10999	9	9%
11000 – 13999	16	16%
14000 – 16999	19	19%
17000 – 19999	10	10%
20000 – 22999	9	9%
23000 – 34999	12	12%
35000 – 37999	4	4%
38000 – 40999	1	1%
41000 – 43999	5	5%
44000 – 46999	4	4%
47000 – 49999	3	3%
50000 – and above	5	5%
Total	100	100%

Source: Field Survey, 2011

Table 2: Cumulative Relative Frequencies of Housed Per Capita Expenditure and House Receipt

Expenditure Class	Cumulative Proportion of Households	Proportion of Total Household Per Capita Expenditure
≤ 5000	2	0.30
≤ 8000	3	0.58
≤11000	12	4.24
≤14000	28	12.71
≤17000	47	25.05
≤20000	57	32.79
≤23000	66	41.06
≤34000	75	53.66
≤37000	81	62.55
≤ 40000	83	65.75
≤ 43000	88	74.55
≤ 47000	92	82.21
≤ 50000	95	88.2
≤ 70000	100	100

Source: Computed from Field Survey Data 2011

Table 3: Cumulative Relative Frequencies of Households Recipient
and Per Capita Expenditure

Cumulative Proportion of the Household Expenditure	Cumulative Proportion of Household
0.30	2
0.58	3
4.24	12
12.71	28
25.05	47
32.79	57
41.06	66
53.66	75
62.55	81
65.75	83
74.55	88
82.21	92
88.20	95
100 Gini Ratio	100 0.32

Source: Computed From Field Survey Data 2011

Tables 2 and 3 show the per capita expenditure distribution of the household in the study area. It can be shown in the above that 2 percent of the households controlled just 0.30 percent of the total expenditure. 57 percent of the total households controlled less than 33percent of the total expenditure of the data while the remaining 43 percent of the households controlled almost 70 percent of the total expenditure of the area which means less than half of the households controlled over two-third of the wealth of the study area. This shows that the distribution of wealth is not fairly equal in the area. This is confirmed by the Gini index or coefficient of almost 0.32 (0.3 163). According to the ratio got from Gini coefficient, the disparity in the distribution of wealth was not great but it is quite obvious that it exists. For there not to be any disparity in the distribution of wealth,

that is, perfectly distributed, the Gini index should be zero. Therefore, what we have is high enough to cause some problems, that is, like poverty in the socioeconomic activities of the disfavoured people. Therefore, this society is not egalitarian.

Determination of the Factors Affecting the Per Capita Expenditure (Poverty Level) of the Sampled Households

As mentioned in the analytical procedure, a functional relationship was formulated to ascertain the determinants of household per capita expenditure on basic needs using the capital correlation matrix. A linear equation was chosen as the lead equation. This is as follows.

$$Y = \alpha + \beta_1 X_1 + {}_{x2}X_2 + \delta_3 X_3 + o_4 X_4 + \gamma_5 X_5 + \varepsilon_t \qquad (1)$$

where the dependent variable Y is the per capita expenditure on basic needs per year.

X_1 is the age of the head of household in years, X_2 is the sex of the head of household, X_3 is the educational status of the household head in years, X_4 is the per capita income of the household and X_5 is the size of the household.

From the correlation matrix presented below, it can be shown that per capita income and educational status of the households' head were positively related to per capita expenditure while the three other variables (sex, age of household head and household size) were negatively related to per capita expenditure. This is interpreted as the more the number of years of formal education of household head; the more the per capita expenditure, which will determine the level of poverty the household belongs. More so, the more per capita income of the household the more the per capita expenditure on basic needs. It also confirmed that there is negative relationship between the household size, age of household head and sex. The negative relationship between the per capita expenditure and household size can be explained as the more the number of members of a household,

the less the per capita expenditure if the number of people working in the household is relatively small compared to the total numbers. The explanation for sex and age is that they have negative relationship though they are not significant at 1%.

CORRELATION MATRIX

	Y	X_1	X_2	X_3	X_4	X_5
Y	1					
X_1	-0.1429	1				
X_2	-0.0364	0.1822	1			
X_3	0.5158	-0.3259	-0.1919	1		
X_4	0.6246	0.0345	0.0677	0.4163	1	
X_5	-0.1764	0.2282	-8.8133	-0.1374	-0.1156	1

Source: From Correlation Results 2011

Regression Result of the Model

$$Y = 9245.97 - 44.42X_1 - 198.69X_2 + 516.764X_3 + 0.39*X_4 - 387.82X_5$$

$$(69.89) \quad (2079.74) \quad (167.24) \quad (0.065) \quad (441.05)$$

$$R^2 = 0.47769$$

Adjusted R= 0.4499

F-statistic = 17.1938

* Significant at 1%

As shown in the correlation matrix table, only educational status of the household head and per capita income are positively related to the per capita expenditure of the households, while sex, age and household size are negatively related to the level of per capita expenditure. Furthermore, it also is shown from the regression result

above that educational status and per capita income are the only significant variables even at 1% of probability. Therefore, we can say that income of household and educational status of household head had significant impact on the per capita expenditure of household basic needs in Warri metropolis, Nigeria. This can be interpreted as the higher the income available to the household; the better is the disposable income and purchasing power of such household. Hence, the households are at better advantage position as to be able to spend more of their income on basic needs.

In the case of educational status, there are two implications of the result. Firstly, the higher the level or number of years of schooling, the better-exposed one is and also more enlightened. Hence one is adequately informed to devote a sizeable amount of the household income to basic need to maintain a particular level of standard of living suitable to his level of educational standard. Secondly, income and educational status tends to move together in the same direction. Therefore, with improvement in the level of education, one is better placed in terms of income generation and therefore enhanced the purchasing power of the person and thereby improving his standard of living and poverty level.

The household size is however negatively related in the result presented above. This means that the higher the number of household the less or smaller the level of per capita expenditure especially when only few of them are working. Although, the household size is not significant in the area under study; this could be due to the fact that majority of the members of the household, apart from the students, perform one economic activity or other in order to generate income. The age and sex of household heads though negatively related but are insignificant at 1% and therefore insignificant in the determination of the household per capita expenditure. In fact, they do not significantly influence the level of poverty in the area under study. The relatively low R^2 may be due to non-inclusion of certain variables, which range from quantitative to qualitative ones.

Conclusion and Recommendations

The definition of poverty by residents of Warri metropolis was about the same. They see poverty in terms of hunger, not occasional but perpetual hunger, living in poor housing conditions without water, kitchen and toilet facilities, inadequate income, malnutrition, lack of access to social services, and lack of social and political status. Generally, they see poverty as a lack of command over basic consumption needs like foods, clothes, and shelter, as well as lack of certain capacities, such as being able to participate with dignity in society. It is a situation in which one suffers because of lack of basic needs of subsistence.

From our analysis, the Gini index of about 0.32 indicates that there was a considerable inequality in distribution of wealth among the households in the urban area studied, that is, a little above average population controlled a large proportion of the wealth of all households. It was found that the urban households, especially the poor were functionally literate as the study reveals that only about 35 percent of the poor had no formal education while about 65 percent either had primary, secondary or tertiary education. Out of the total households in the study area only 18 percent had no formal education while 82 percent had formal education. Though the majority of the households are educated, it showed from the study that 49 percent are either unemployed or self-employed. About 71 percent of the poor households lived in either single rooms or rooms and parlour. Most of these houses do not have adequate conveniences like running water, toilet, and kitchen; and in place where they had, many households had to share the facilities. Many cooked their food in their room or in the corridors, and used polluted well water as drinking water.

For the residents of Warri metropolis to be able to cope with poverty, the poor among them depend mostly on re-adjusting their expenditure patterns and savings, feeding, clothing and education of children. In fact, majority of the households either fail to save at all or save less than 10 percent of their income. The regression result showed

education (X_3) and Income (X_4) as determinants of monthly or annual households per capita expenditure on basic needs, however, the relatively low R^2 is indicative of the effect of omitted variables.

The inequality in income or wealth distribution and the existence of different poverty levels can be accounted for by unequal opportunities to get the same level of education, the type of occupation of the household head, and partly due to the difference in the number of household size and the number of people working in the household; totality of which resulted in difference in the level of poverty among the households.

Implication of Results and Policy Suggestions

Poverty has the consequence of breeding social disillusionment with respect to what the societal objectives are and member's responsibilities towards attainment of these objectives. Just as ignorance maintains poverty, so also can poverty perpetuate ignorance, since the victims cannot think and plan beyond where the next meal is coming from. Moreover, in a country or locality where the concentration of the bulk of wealth is in few hands, there is serious implication. A society where majority spend almost 90 percent of their income on consumption and having little or nothing for saving, which could be ploughed back into the economy for re-investment, economic growth would be slow and impeded, since the rate of economic growth is a function of investment through multiplier effects. This means that the group of people affected would not participate effectively in the process of development of that nation. In other words, poverty is a vicious cycle reproducing itself in perpetuity.

From the analysis of findings it is obvious that poverty exists in Warri metropolis, where the study was carried out and it is also found that education, household size, occupation, employment, shelter, income and social and infrastructural facilities such as health facilities, roads, electricity, good schools, accommodation and water etc, can be linked to the occurrence of poverty in the area. Therefore, any attempt to

improving these factors will be a step in the right direction in alleviating poverty in the study area and in Nigeria as a whole.

The Government Poverty Alleviation Programme should be restructured if not re-designed and should be centered on the 'basic needs' approach. This approach emphasizes the importance of separating generalized increase in income from the more significant attainment of the requirements for a permanent reduction of poverty through the provision of health services, education, housing, sanitation, water supply and adequate nutrition. The rationale of this approach was that the direct provision of such goods and services is likely to relieve absolute poverty more immediately than alternative strategies, since growth strategies usually fail to benefit the intended target and the productivity and income of the poor depend in the first place on the direct provision of health and education facilities. In the same vein, there is no guarantee that increased income will be spent on essential services, since, households vary in their ability to spend wisely and effectively. They may irrationally prefer 'better' consumption goods that contribute less to family welfare than other goods that might serve as inputs to higher productivity.

Therefore, efforts to reduce poverty are unlikely to succeed in the long run unless there is greater investment in the human capital of the poor. Improvement in education, health and nutrition directly address the worst consequences of being poor. There is ample evidence that investing in human capital, especially in education, shelter and social services increases the Poor's productivity and also attacks some of the most important causes of poverty. Improving the social services of the poor will be an essential part of any long-term strategy for reducing poverty in Warri metropolis in particular and Nigeria in general.

Furthermore, for the poor to back out of this vicious cycle in which they are presently enmeshed government (local, state and federal) must make reaching the poor a priority in its own right. This can be done through establishment of good schools, provision of shelter, provision of scholarship for their children and setting up of medical

centers in the urban slums. These will help in a long way, since the effectiveness of education and health services as a weapon in the fight against poverty goes well beyond productivity in the labor market. They help in reducing the children mortality rate which influences most people living in urban slums (urban poor) to have more children as an insurance for old age, and which invariably leads to high household size and overblown population.

Apart from manpower development, government should find solution to the current unemployment or under-employment problems in the country as well as making and implementing anti- inflationary policies that will reduce the burden created by the current inflation that makes most necessary consumer items unaffordable to the poor masses. This will help to increase the real wage of the salary earners and other income earning activities. All these will help to reduce, if not completely eradicate the incidence of poverty in our urban centres.

In conclusion, any policy designed to ameliorate the plight of the urban poor must among other things recognize housing, provision of potable water, improved health care facilities, improved transportation in terms of good roads and provision of more mass transit buses and train, sound education for the wards of the urban poor and employment opportunities. No society can surely flourish and be happy, of which by far the greater part of the members are poor and miserable. Therefore, the need to alleviate poverty in Warri metropolis in particular and Nigeria as a whole should be the highest priority of the government and the citizenry.

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