



UNIVERSITY *of the*  
WESTERN CAPE

**CHRONIC AND TRANSITORY POVERTY IN NIGERIA: EVIDENCE FROM THE  
NIGERIAN GENERAL HOUSEHOLD SURVEY**

**BY**

**SANDRA CHIEMEZIEM OHUEGBE**

**Student Number: 3924992**

**A MINI-THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE MASTER OF ARTS IN  
DEVELOPMENT STUDIES DEGREE  
INSTITUTE FOR SOCIAL DEVELOPMENT (ISD)  
FACULTY OF ECONOMIC AND MANAGEMENT SCIENCES (EMS)  
UNIVERSITY OF THE WESTERN CAPE**

**Supervisor: Professor Amiena Bayat**

**September 2021**

## ABSTRACT

Poverty in Nigeria has always been examined as a static phenomenon, although empirical studies established that, rather than being static, the poverty levels of individuals can change over time and people can enter and leave a transitory state of poverty. Many individuals live in poverty for a long period of time, the length of which is the defining characteristic of a state of chronic poverty. There has been little or no effort by researchers to distinguish households that are chronically poor from those that are transitorily poor. It is against this background that this study sought to investigate the extent of chronic and transitory poverty among households in Nigeria: specifically, what factors influence chronic and transitory poverty in Nigeria.

The study uses the vicious cycle of poverty as its theoretical underpinning. Data for the study was obtained from the Nigerian General Household Survey panel data. Descriptive statistics, the relative poverty line of 2/3 mean household consumption per capita consumption expenditure, the spells approach in decomposing poverty into chronic and transitory poverty and logit regression were used to determine the factors influencing chronic and transitory poverty. Stata software was used for the analysis.

The results of the analysis show that 35% of households in Nigeria suffer chronic poverty while 29.35% of households have at specific points in time suffered transitory or temporal poverty. The northern region of the country was generally poorer than the south. The logit regression showed that household size increases the probability of falling into transitory poverty or remaining in chronic poverty.

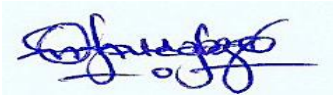
Further, the study showed geographic disparities of chronic and transitory poverty in relation to the rural-urban divide, and resources available to the geographic north and south reflecting the economic influences of agriculture, the oil industry and insurgency. The study concludes that chronic and transitory poverty are sufficiently different poverty dynamics to warrant further study and incorporation in poverty alleviation strategies.

**KEYWORDS:** Chronic Poverty, Transitory Poverty, Income, General Household Survey, Poverty Dynamics, Spells Approach, Poverty Intervention, Development, Mobility, Nigeria

## DECLARATION

I hereby declare that this mini-thesis entitled *Chronic and transitory poverty in Nigeria: Evidence from the Nigerian General Household Survey* is my own work and that I have not previously submitted it at any university for a degree or examination. All sources that I have quoted have been indicated and duly acknowledged by means of referencing.

Sandra Chiemeziem Ohuegbe



Signature: .....

September 2021



## ACKNOWLEDGEMENTS

First and foremost, I want to appreciate the Almighty God for the gift of life, guidance and empowerment to complete this research. Without his mercy, love and grace, the completion of this study would not have been possible. I almost gave up towards the end of this research as the unexpected happened to me, but the mercy of the Lord said no. God showed up for me and reminded me that he has not forgotten me and that the pain I am going through will surely birth an incredible gift buried inside of me.

I would also like to acknowledge and appreciate my supervisor, Professor Amiena Bayat who guided me through the completion of this thesis. She has been a source of inspiration. Her insight, support and commitment in supervising this research are appreciated. Even when I felt I was incapable of doing this research, she believed in my capabilities and abilities. Her timely feedback and prompt responses to the full draft of this thesis made the completion of the work possible.

I extend a special thanks to all my friends, classmates and the entire staff of the Institute for Social Development (ISD) at the University of the Western Cape for the time and insights we have shared. I also appreciate the support and encouragement of Dr Chinwe Obuaku-Igwe, Ms. Pamela Chukwemeka, Mrs. Chidie Anyasode, Ms. Barbara Bright, Ms. Otito Nwaigwe-Chukwu, Mr. & Mrs Stanely Engenti, Mr. Emmanuel Ogbuagbo, Ms. Eunice Owhunda, Dr. Adeolu Daniel Adeniyi, and Dr Adeyemi Saheed Badewa, towards the successful completion of my programme. I am grateful to you all.

During the latter part of this research, I got connected to a community. I just want to appreciate the management of Africa Development University (ADU) Niamey for the opportunity given to me to become an Academic Coordinator as well as a Faculty at A.D.U. Thank you all my ILIMI family.

Finally, to my parents, Rev. and Mrs. G.O.C Ohuegbe, and my siblings, KingDavid, Queen, Cynthia, and Grace, thank you for your prayers. My appreciation also goes to the entire House on the Rock, Heritage House for their continuous prayers.

## DEDICATION

This thesis is dedicated to my sons Gbolahan and Olasubomi, who both had to endure my absence while Mummy was far away studying in the Southern Hemisphere.

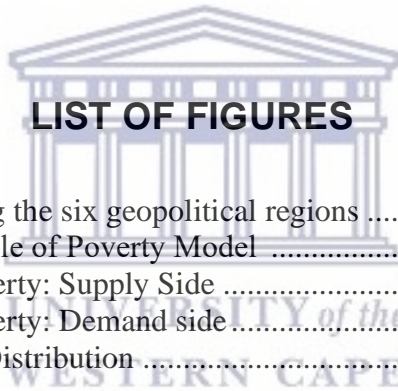


## TABLE OF CONTENTS

ABSTRACT .....	i
DECLARATION .....	ii
ACKNOWLEDGEMENTS .....	iii
DEDICATION .....	iv
LIST OF TABLES .....	vi
LIST OF FIGURES .....	vi
LIST OF ABBREVIATIONS AND ACRONYMS .....	1
CHAPTER ONE .....	2
1.1 Introduction and Background .....	2
1.2 Background to the Research and Study Area: Nigeria .....	6
1.3 Poverty Alleviation Programmes in Nigeria .....	9
1.4 Problem Statement and Research Questions .....	15
1.6 Aim and Objectives of the Research .....	16
1.7 Significance of the Study .....	16
1.8 Organisation of the Dissertation .....	17
CHAPTER TWO .....	19
LITERATURE REVIEW .....	19
2.1 Chapter Overview .....	19
2.2 Poverty Dynamics and Decomposition .....	19
2.3 Empirical Review on the Dynamic Nature of Poverty .....	21
2.3 Chapter Summary .....	28
CHAPTER THREE .....	29
THEORETICAL AND CONCEPTUAL FRAMEWORK .....	29
3.1 Chapter Overview .....	29
3.2 Theoretical Framework .....	29
3.3 Conceptual Framework .....	37
3.4 Poverty Line .....	45
3.5 Measurement of Poverty .....	46
3.6 Chapter Summary .....	54
CHAPTER FOUR .....	55
RESEARCH METHODOLOGY .....	55
4.1 Chapter Overview .....	55
4.2 Data .....	55
4.3 Methods of Analysis .....	56
4.4 Limitations of Study .....	60
4.5 Chapter Summary .....	60
CHAPTER FIVE .....	62
RESEARCH FINDINGS AND DISCUSSION .....	62
5.1 Chapter Overview .....	62
5.2 Descriptive Statistics .....	62
5.3 Econometrics Analysis: Multinomial Logit Use .....	69
5.4 Discussion .....	73
5.5 Chapter Summary .....	80
CHAPTER SIX .....	82
SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION .....	82
6.1 Introduction .....	82
6.1 Summary of Findings .....	82
6.2 Policy Recommendations .....	84
6.3 Conclusion .....	85
LIST OF REFERENCES .....	87
APPENDIX: DESCRIPTIVE STATISTICS .....	103

## LIST OF TABLES

Table 1: Anti-poverty programmes by the Government of Nigeria from 1986 to 2020.....	13
Table 2: Gender distribution of household heads .....	62
Table 3: Age bracket of household heads .....	63
Table 4: Highest education level attained .....	64
Table 5: Primary occupation .....	65
Table 6: Employment status of household heads .....	65
Table 7: Household area of residence .....	66
Table 8: Poverty decomposition (spells approach) .....	66
Table 9: Distribution of transitory and chronically poor households by geopolitical zones ...	67
Table 10: Distribution of transitory and chronically poor households by area of residence ...	68
Table 11: Multinomial Logit Regression Model .....	70
Poverty Decomposition.....	103
Distribution of transitory and chronically poor household by geopolitical zones .....	104
Distribution of transitory and chronically poor household by area of residence .....	105
ECONOMETRICS ANALYSIS.....	106



## LIST OF FIGURES

Figure 1: Nigerian map showing the six geopolitical regions .....	7
Figure 2: Nurkse's Vicious Circle of Poverty Model .....	30
Figure 3: Vicious Circle of Poverty: Supply Side .....	31
Figure 4: Vicious Circle of Poverty: Demand side .....	32
Figure 5: Disparity of Income Distribution .....	46
Figure 6: The Gini Coefficient.....	50
Figure 7: Top 10 Countries of People Living in Extreme Poverty, 2018 .....	75
Figure 8: Poverty Headcount in Nigeria, 2019 .....	77

## LIST OF ABBREVIATIONS AND ACRONYMS

BLP	Better Life Programme for rural women
DFRRI	Directorate of Food, Roads and Rural Infrastructure
FEAP	Family Economic Advancement Programmes
GR	Green Revolution
HDI	Human Development Index
NACB	Nigerian Agricultural and Cooperative Bank
NALDA	National Agricultural Land Development Authority
NAPEP	National Poverty Eradication Programme
NBCB	National Board for Community Banks
NDE	National Directorate of Employment
NRDCS	National Resources Development and Conservation Scheme
OFN	Operation Feed the Nation
PBN	People's Bank of Nigeria
Pre-SAP	Pre-Structural Adjustment Programme
RIDS	Rural Infrastructure Development Scheme
SOWESS	Social Welfare Services Scheme
SAP	Structural Adjustment Programme
YES	Youth Empowerment Scheme



# CHAPTER ONE

## 1.1 Introduction and Background

A significant advance in our understanding of poverty has occurred over the last few years as researchers have turned their attention from a single to a multidimensional approach. It has been generally accepted that a person's lack of income does not explain their condition, which additionally needs a more complex combination of problems to be calculated (Alkire & Foster, 2011; Alkire et al., 2015; Atkinson, 2003, 2011; Bossert, Chakravarty & D'Ambrosio, 2013; Bourguignon & Chakravarty, 2003; Chakravarty, Deutsch & Silber, 2008; Duclos, Sahn & Younger, 2006; Ferreira, 2011; Maasoumi & Lugo, 2008; Ravallion, 2011; Stiglitz, Sen & Fitoussi, 2009; Tsui, 2002).

Poverty is a multidimensional socio-economic problem that has two broad dimensions, namely income poverty and human poverty. Income poverty is the inability of an individual to have the financial resources necessary to satisfy basic needs. When an individual does not have the *human capability* to satisfy basic needs, it becomes human poverty. Poverty is also a situation in which a nation is faced with economic, social, environmental, cultural and political deprivation (Justine, Ighodalo & Okpo, 2012); where there is a shortage of support, financial or material for a person or a household to fulfil the needs of life; or is a state in which nations, households, persons and communities are subjected to involuntary deprivation. The whole of humanity is faced with the problem of poverty as it deprives people of their fundamental human rights. Since poverty is a universal phenomenon, every government seeks or should seek to eradicate poverty from their country (Nsikak & Udoh, 2013).

Poverty in developing countries has been on the increase. Since the late 1990s, poverty in Nigeria has reached a level that can be described as catastrophic. According to the World Bank (2020), the poverty level in Nigeria has increased and is expected to worsen amid the current COVID-19 pandemic ravaging the world. Several Nigerian governments, being aware of the social vices that accompany rising poverty levels, have formulated and implemented poverty alleviation policies in response to the rising poverty rate in the country. However, none of the implemented policies achieved the expected results (Adepoju, 2012). Justine et al. (2012) attributed the failure of these policies to achieve the expected poverty eradication to corruption, the

high unemployment rate, high debt burden, low productivity and macro-economic distortions.

Despite its tremendous potential and the abundance of human and natural resources in Nigeria, poverty has penetrated deeply into the country. Nigeria has lately been called the poverty capital of the world, as the country with the most people living in extreme poverty (World Poverty Clock, 2019). According to the NBS (2020), Nigeria's poverty profile has fluctuated but has been on an upward average trend over the past several decades. The poverty level in Nigeria rose from 28.1% in 1980 to 46.3% in 1985 (NBS, 2020). In 1992, it was 42.7%, but skyrocketed to 65.6% in 1996, fell to 54.4% in 2004, increased to 69.3% in 2010, and further increased to 71.5% in 2011, then dropped to 60% in 2015. It then jumped to 62% by 2016 and fell to 40.1% in 2019. However, the poverty rate was expected to increase in 2020 due to the effects of the COVID-19 pandemic (NBS, 2020).

Despite the government's efforts to tackle poverty, the living standard of the majority of the citizens has declined drastically rather than improve (Jaiyeola & Bayat, 2020). Due to the rising inflation rate, transportation costs and food inflation, an average worker barely earns enough to take care of their family. The newly adopted national minimum wage of ₦30,000 (about USD84) per month barely covers the cost of housing, transportation, nutrition, healthcare and education (Jaiyeola & Bayat, 2020). Citizens living in the rural areas of Nigeria live in mud or cement houses with thatched or tin roofs. Low-income earners living in the urban areas dwell in slums or crowded apartments. Electricity services in the rural areas of Nigeria are hardly available while water supplied in these areas is often not potable. In the urban areas of Nigeria, electricity services and water supplies are erratic.

While the living conditions of the elite few have improved tremendously, the level of poverty in the country has led to a brain drain as citizens leave Nigeria in search of a better life. The high level of poverty in the country has brought about social unrest in most cities. Income disparity between the rich and poor has worsened, while access to a clean water supply, adequate shelter and a safe environment has been low. The high level of poverty in the country has most adversely affected women dwelling in rural areas and other vulnerable groups.

Successive Nigerian governments implemented poverty alleviation programmes which, despite their intentions, seem not to have reduced poverty as expected. This could be partly attributed to Nigeria using static poverty measures based on cross-sectional data to identify who the poor are who are the target of the programmes. According to Dang and Dabalén (2019), static poverty measures fail to differentiate between people who happen to have had a small misfortune (e.g. losing their jobs or suffering from illness) in the year the measurement was carried out and those who have been living in poverty all their lives. This differentiation matters. By viewing poverty as static rather than as a dynamic phenomenon, the Nigerian government targets households that are currently poor for intervention without considering other households whose welfare may fall quickly in the event of a shock.

The fact that some households, due to negative shocks, temporally suffer from poverty while other households suffer poverty for a long time makes the dynamic nature of poverty very important in the analysis of poverty. The dynamic nature of poverty means that poor households today may not be poor tomorrow and this has gained recognition in recent times (Adepoju, 2012). In Pakistan, Arif and Bilquees (2007) observed that a number of households moved into poverty for a year or two after experiencing temporal shocks such as job losses or illness, after which they moved out of poverty. They also observed that a number of other households that had moved out of poverty ended up becoming poor again after a year or two.

Narayan, Pritchett and Kapoor (2009) assert that some of the households interviewed in their study moved into poverty at some point due to loss of jobs. Feelings of helplessness then led them to drug and substance abuse which further impoverished them. This brings to the fore the importance of analysing the dynamic nature of poverty in formulating policies to tackle poverty and in the implementation of anti-poverty programmes.

Investigating the dynamics of poverty of the population in Nigeria will reveal potential changes in poverty status over time; that is, whether people are constantly stuck in poverty, moving in and out of poverty or have never encountered poverty. A focus on the dynamic nature of poverty will aid the Nigerian economy with regard to poverty alleviation policies that influence movements over time to better address poverty. Analysing changes in the well-being of the households over time gives detailed

information on movements into and out of poverty and why some people would stay there (Oduro, 2002). This is important for evaluating the effect of poverty reduction initiatives and policies over time.

Analysing the changes in the welfare of households over a period of time differentiates between households that are transitorily poor and those that are chronically poor (Albuquerque & Gonçalves, 2020). Research on the dynamic nature of poverty has shown that the factors influencing transitorily poor households may not be the same factors influencing chronically poor households. This implies that differentiated poverty reduction policies may be required in targeting chronically poor households and transitory poor households as their characteristics may differ (Dang & Dabalen, 2019).

The Sustainable Development Goals (SDGs) which came into effect in September 2015, are meant to bring together the ideas, skills, and resources of a wide range of people and groups to take global action. It is essential to situate this research within the letter and spirit of the SDGs. The very first framework is to end poverty in all its forms everywhere. The various governments are expected to translate these frameworks into national action plans, policies and initiatives, reflecting each nation's realities and capacities (United Nations, 2015). The new knowledge will guide and shape strategies that will help in the implementation of the SDG goals.

However, in formulating poverty alleviation policies, the priorities of policymakers are households dwelling in chronic poverty rather than those in transitory poverty. Nevertheless, it is of utmost importance that policymakers understand the factors influencing transitory poverty as households in transitory poverty can easily descend into chronic poverty if nothing is done to alleviate their conditions (Baulch & McCulloch, 1999). Recent research has established that, in assessing the welfare of poor households in developing countries and in Nigeria in particular, it has become imperative to take into account the dynamic nature of poverty if effective poverty reduction strategies are to be implemented (Dapel, 2018).

Analysing poverty trends over time by means of multiple cross-sectional surveys (where different people take part in each survey) has been ineffective in combatting chronic poverty because of its propensity to evaluate poverty at a single point in time. By contrast, studying poverty dynamics adds a new dimension to understanding the inherent characteristics of poverty in a region as the poor can be differentiated based

on schooling, labour profile and living conditions using static welfare analysis based on longitudinal data (Oduro, 2002). If a panel data collection is used, households that are below the poverty line at a given time may be observed to only be temporarily poor.

This research is motivated by the fact that there have already been numerous studies that examined cross-sectional data to investigate money-metric and non-money-metric poverty in Nigeria at a specific point in time, but there have been few or no studies that examine poverty dynamics over time. The research problem is thus based on analysing the characteristics of various categories of poverty using longitudinal data to compare poverty levels and patterns over time.

## **1.2 Background to the Research and Study Area: Nigeria**

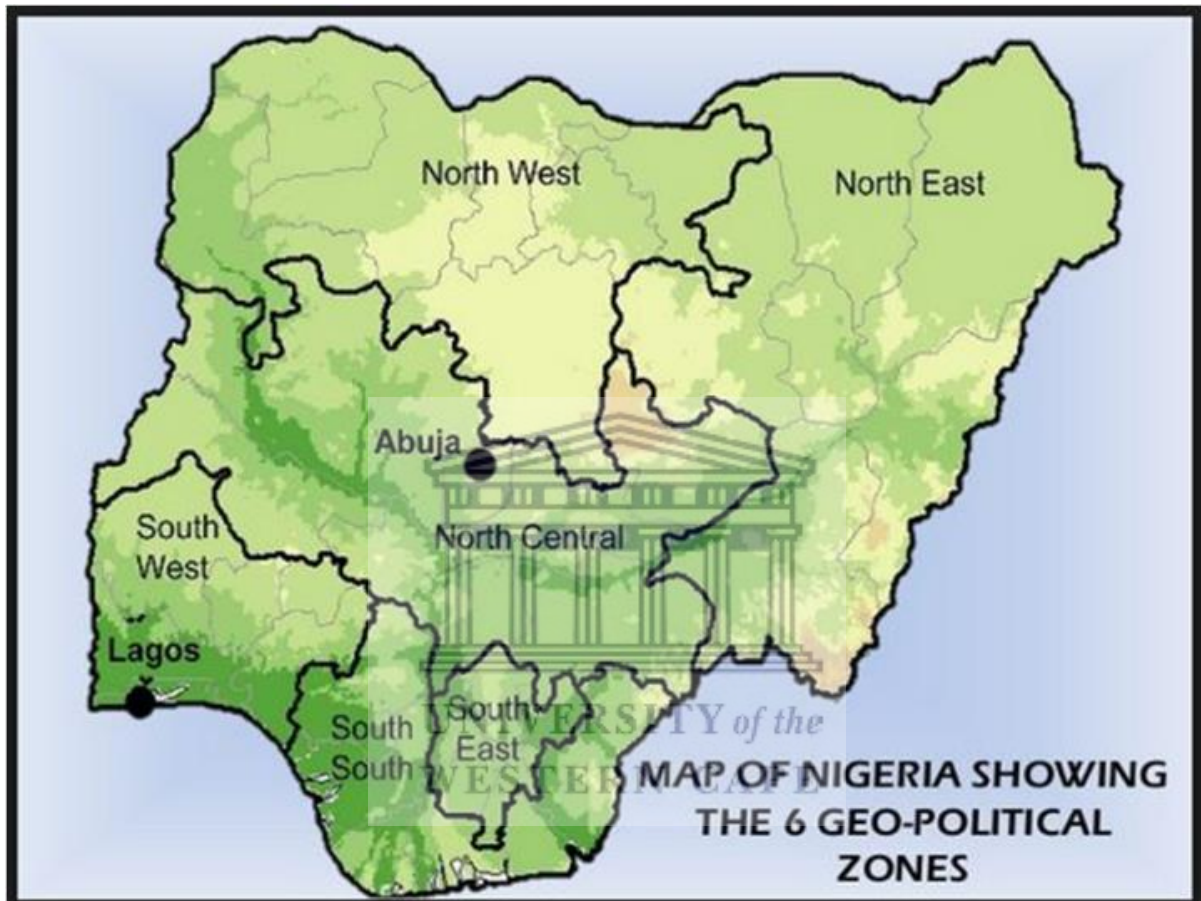
The Federal Republic of Nigeria is located in West Africa between latitudes 4° and 14° to the north, and longitudes 3° and 15° to the east. It comprises an area of about 923 768 km<sup>2</sup>, representing approximately 14% of Western Africa's territory. Nigeria is bordered by Benin to the west, Niger Republic to the north, Cameroon to the east and the Atlantic Ocean to the south. Nigeria's coastline stretches over 853 km to the Niger Delta axis. The coastal and marine areas of the Niger Delta are the largest wetlands in the world and occupy an area of about 70 000 km<sup>2</sup>.

Nigeria is a federation comprising three levels of government, 36 states, 774 local government councils, and a Federal Capital Territory. The Federal Republic of Nigeria's constitution of 1999 recognised Nigeria's political division into six geopolitical zones, namely North Central, North East, North West, South East, South West and South-South.

Nigeria is the most populous country in Africa, accounting for about half the population of West Africa, with around 206 million people. Nigeria is the largest economy in West Africa and a major regional player (World Bank, 2020). Nigeria's economy is ranked 31<sup>st</sup> in the world (IMF, 2015). The economy is primarily agrarian, with a general focus on agricultural production and crude oil extraction. The agricultural sector accounts for 22.35% of the GDP and employs 70% of the workforce (NBS, 2021). For several years, crude oil and natural gas have been the country's main export earners, accounting for

approximately 15% of GDP, 88% of government export earnings and 65% of government revenue.

**Figure 1: Nigerian map showing the six geopolitical regions**



Source: Omolaye, Pius and Orifa. 2015.

Nigeria is resource-rich with reserves of 34 known mineral resources, including 37,2 billion barrels of crude oil and about 187 trillion cubic feet of natural gas (African Economic Outlook, 2017). Gold, iron, coal, tin, aluminum and copper are the main mineral deposits of Nigeria. Approximately 70 million hectares in Nigeria are under cultivation, mostly irrigated by year-round flowing rivers which have helped shape the economic orientation towards agriculture. The oil sector is the engine of the economy, growing at an average rate of about 10% annually, compared to -0.35% for non-oil sectors (Abogan, Akinola & Baruwa, 2014). Agriculture, oil and natural gas industries are the primary drivers of the Nigerian economy, followed by manufacturing and services.

Although the manufacturing sector is considered critical to boosting economic growth in many developing and emerging economies (Anyanwu & Kalu, 2015), Nigeria has very weak manufacturing capability. The manufacturing sector's share of GDP decreased from 6% in 1985 to about 4% in 2011 (Abogan, Akinola & Baruwa, 2014). Nigeria's poor manufacturing industry performance can be linked to the country's lack of positive government policies infrastructure such as a reliable electricity supply, rising US dollar exchange rates and the inaccessibility of global supply chains (African Economic Outlook, 2016).

### **1.2.1 Nigeria and Development**

At the start of the 21<sup>st</sup> century, many countries were increasing their efforts to accelerate their pace of development. Issues such as the eradication of poverty, women empowerment, improvement in healthcare and education, and security for people living in less developed countries have received increased attention (Lawal & Oluwatoyin, 2011). There is a general belief that the economic development of any country depends on the quantity and quality of its resources (renewable and non-renewable), the state of technology and the efficient utilisation of resources in both the production and consumption processes (Lawal & Oluwatoyin, 2011).

Many less developed countries that are rich in natural resources struggle or fail to ensure that the benefits accruing from these natural resources trickle down to the poor masses. It is evident that despite the abundant natural resources in Africa, it is riddled with poverty, food insecurity, ignorance, diseases and famine, with huge external debts and continual mismanagement of material, physical and human resources (Lawal & Oluwatoyin, 2011). Unsurprisingly, 22 of the 36 poorest countries in the world are located in Africa (Castaneda, *et al.*).

If economic, social and political stability are yardsticks to measure a country's level of development, the gap between the less developed countries and the developed countries has continued to widen. Large proportions of the populations in less developed countries are living in extreme poverty (Lawal & Oluwatoyin, 2011). The issues of unemployment, inequality and economic stagnation continue to confront developing countries like Nigeria.

Notwithstanding its huge endowment of natural resources, Nigeria has not been able to bring about meaningful development nor an improved quality of life for most citizens. Despite many poverty alleviation programmes (summarised below), poverty, unemployment and starvation still pervade the country and impede meaningful development.

### **1.3 Poverty Alleviation Programmes in Nigeria**

Different interventionist initiatives have been established by successive governments in response to Nigeria's poverty crisis. Poverty alleviation strategies in Nigeria have emphasised growth, basic needs and rural development approaches. But despite the myriad policies and programmes initiated by the Nigerian government, their inability to significantly affect youth, the primary target, reflects the lacuna between policy formulation and implementation (Adepoju, 2012). Development literature in Nigeria has discussed the government's poverty alleviation efforts within three distinct time frames (as below), being the Pre-Structural Adjustment Programme (Pre-SAP) era (prior to 1986), Structural Adjustment Programme (SAP) era (1986—1999) and the Democratic era (1999—present) (Ewhrudjakpor 2008; Yunusa 2012; Oloyede 2014 & Kolawole 2021).

#### **1.3.1 The Pre-SAP Era (prior to 1986)**

Poverty reduction was never direct during the Pre-SAP era in Nigeria. Instead, the government addressed concerns for poverty reduction indirectly by focusing on specific sectors. The creation of opportunities in health, housing and education, as well as enhanced access to these opportunities, were among the goals of Nigeria's first National Development Plan (NDP). These goals were better defined with successive plans. The Fourth NDP, which tended to be more precise in defining poverty reduction goals, stressed an improvement in the average citizen's real income as well as a reduction in income inequality, among other aims (Ogwumike, 1998). Many of the government's programmes during this era (delivered either entirely by or in cooperation with international agencies), had positive effects on poverty reduction, even though explicitly poor citizens or communities were not the target population for some of the programmes (Ekong & Ekong, 2016).

Generally ad hoc programmes, the pre-SAP policies were the Operation Feed the Nation (OFN), Free and Compulsory Primary Education (FCPE), Green Revolution,



Low-Cost Housing, River Basin Development Authorities (RBDA), National Agricultural Land Development Authority (NALDA), Agricultural Development Programme (ADP), Agricultural Credit Guarantee Scheme Fund, Strategic Grains Reserve Programme, Agricultural Development Programme (ADP), Agricultural Credit Guarantee Scheme Fund (ACGSF), Strategic Grains Reserves Programme, Agricultural Development Programme (ADP) and Agricultural Development Programme (ADP) (Ekong & Ekong, 2016). Some programmes coincided with the oil boom of the 1970s – OFN ran from 1976 to 1980, the FCPE was initiated in 1977, the Green Revolution in 1980 – while others like the various versions of the Low-Cost Housing Scheme, were attempted in more than one era. Both the OFN and Green Revolution were intended to increase agricultural production and improve the overall output of the agricultural sector and partially succeeded in improving the quality of life of many Nigerians.

However, the initiatives could not be continued due to a lack of political will and engagement, policy uncertainty and inadequate beneficiary participation in these programmes (Ogebe & Adeniran, 2019). The majority of these programmes were created with the aims of creating jobs, increasing agricultural production and wages and curbing rural-urban migration. According to Ogebe and Adeniran (2019), despite some degree of success in achieving poverty reduction, the majority of these programmes could not be sustained and several of them eventually failed as a result of deviating from their original goals.

### **1.3.2 The SAP Era (1986—1999)**

The extreme economic crisis in Nigeria in the early 1980s instigated by the collapse of the oil price in 1982 deteriorated the standard of life for most Nigerians. After initially attempting its own fiscal austerity measures between 1982 and 1986, the government made a concerted attempt to respond to the economic crisis by introducing the SAP as devised by the IMF. However, the implementation of the SAP worsened the plight of many Nigerians, especially the poor who were the most vulnerable group (Ogwumike, 1998). Between 1986 and 1993, the government had to devise and introduce many poverty-relief programmes. and further poverty-reduction initiatives were implemented by the government during the directed deregulation period from 1993 to 1998.

Some of the programmes that were introduced included the Directorate of Food, Roads and Rural Infrastructure (DFRRI), the National Directorate of Employment (NDE), the Better Life Programme (BLP), the People's Bank of Nigeria (PBN), the Community Banks Programme, the Family Support Programme (FSP) and the Family Economic Advancement Programme (FEAP) (Afonja & Ogwumike, 2003; Oladeji & Abiola, 1998). The focus of most of these was poverty alleviation through job creation. Nevertheless, according to Oshewolo (2011), a recent government report revealed, the majority of these poverty alleviation projects failed, owing largely to the fact that they:

- were not intended to mitigate poverty;
- lacked a well-established policy structure with adequate poverty alleviation guidelines;
- suffered from political uncertainty, political intervention, policy and macroeconomic dislocations;
- lacked continuity; and,
- were badly executed in most situations.

The pre-SAP and SAP era policies clearly failed to alleviate poverty, as Nigeria's poverty rate continued to escalate during these periods. The failure of these interventions has been blamed on a lack of poor-targeting processes, political and policy uncertainty, insufficient integration of different services, financial, management, governance issues, a lack of oversight and openness, and a lack of mechanisms to ensure the programmes' long-term viability (Oshewolo, 2011).

### **1.3.3 Democratic Era (1999 –present)**

With the emergence of democracy in Nigeria in 1999, new anti-poverty programmes came on board.

The **Poverty Alleviation Programme (PAP)** initiative in 2000 was designed to remedy the shortcomings of previous attempts to alleviate poverty by supplying direct (although menial and temporary) employment to 200 000 unemployed people (Chukwuemeka, 2009). Despite the implementation of the PAP, the rate of poverty in Nigeria remained persistently strong. Following the initiative's ineffectiveness, the government launched the National Poverty Eradication Programme (NAPEP) in 2001.

The **National Poverty Eradication Programme (NAPEP)** was established in 2001 and was focused on training youths for employment in the automobile industry. Its success was limited because the majority of its funds was directed to the administrative costs of offices spread over the country (Anyebe, 2014).

The **YOU-WIN** programme was launched by former president Goodluck Jonathan in October 2011. The main goal of this programme was to generate jobs by encouraging entrepreneurial youths to develop and execute business ideas that would lead to job creation (Odiji, Nwoke & Adeseke, 2016). The programme experienced problems of policy discontinuation and corruption. President Buhari approved the disbursement of ₦11 billion to the awardees of the third edition of YOU-WIN from 2015 but most of the awardees did not receive any money while others only received partial payment.

In February 2012, **SURE-P** was introduced to tackle poverty and unemployment in the country. SURE-P focused on the management and investment of federal government savings derived from the proceeds accruing from the partial removal of the petroleum subsidy (Nwosu & Ugwuera, 2014). SURE-P comprised activities and schemes such as the Vocational Training Scheme (VTS), Graduate Internship Scheme (GIS), Women and Youth Empowerment (CSWYE) and Community Services Scheme (CSS), among others. The mandate of the SURE-P was to provide quality socio-economic development for the benefit of Nigerian citizens (Nwosu & Ugwuera, 2014).

The GIS, which offers unemployed graduates the opportunity to undergo a one-year internship at firms, ministries, banks, government departments and agencies relevant to their disciplines is one of the more successful schemes of the SURE-P. The goal of the GIS is to equip beneficiaries with the practical skills and knowledge needed for employment. Nwosu and Ugwuera (2014) contend that the SURE-P was politicised and politically hijacked by self-interested Nigerian politicians. They note that exclusion was one of the major challenges confronting the programme in all parts of the country and that physically challenged youths were excluded from the programme.

The federal government introduced the N-Power programme in 2017 to provide a structure for work skills acquisition and development of the unemployed youths in the country (Matthew & Victor, 2018). The N-Power programme is undermined by the same problems faced by NDE. N-Power only provides training to unemployed youths but no assistance to ensure that the youths find gainful employment after training. As

a result, the programme is only generating a supply of skilled workers without actually making available any jobs for them.

State governments established various programmes to tackle poverty. The most prominent were the Osun Youth Empowerment Scheme (OYES) established by the Osun state government in 2010, Youth Agricultural Entrepreneur Programme (YAGEP) and the Skills, Training Entrepreneurship Programme (STEP). The OYES is similar to the federal N-Power scheme as it involves a two-year training programme for unemployed youths. Unlike the N-Power scheme, OYES has an exit plan that ensures jobs for the trainees after the completion of the programme. Youth who have successfully completed their training are deployed to public schools, civil services, agricultural initiatives, etc. The OYES is one of the most successful poverty eradication programmes in Nigeria with a commendation from the World Bank (Badejo, Agunyai & Adeyemi, 2015).

The YAGEP and STEP were established in 2015 and 2017 respectively by the Delta state government. These successful programmes provided vocational skills training in fishing, baking, designing and sewing. The programmes provided successful trainees with start-up capital to encourage entrepreneurship and beneficiaries were also allocated fish ponds located in various local government areas.

**Table 1: Anti-poverty programmes by the Government of Nigeria from 1986 to 2020**

Intervention Programmes	Year of Establishment	Target Group	Nature of Intervention
Directorate for Food, Roads and Rural Infrastructures (DFRRI)	1986	People living in the rural areas.	Food production, feeder roads, rural water supply and rural electrification.
National Directorate of Employment (NDE)	1986	Mainly unemployed youths.	Employment creation via vocational skills training, finance and guidance.
Better Life Programme (BLP)	1987	Women based in the rural areas.	Self-help and rural development programmes, skills acquisition and healthcare.
People's Bank of Nigeria (PBN)	1989	Underprivileged people in rural and urban areas.	Encourage savings and credit facilities.
Community Banks (CB)	1990	Rural residents, micro-enterprises in urban areas.	Banking facilities – encourage savings and providing credit facilities
Family Support Programme (FSP)	1994	Families located in the rural areas.	Healthcare delivery, child welfare services.

<b>Intervention Programmes</b>	<b>Year of Establishment</b>	<b>Target Group</b>	<b>Nature of Intervention</b>
Family Economic Advancement Programme (FEAP)	1998	People located in the rural areas.	Credit facilities to support the establishment of cottage industries.
Poverty Alleviation Programme (PAP)	2000	Unemployed youths.	Job creation.
National Poverty Eradication Programme (NAPEP)	2001	Society as a whole.	Poverty eradication from all the sectors.
Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)	2003	Society as a whole.	Develop the SME sector.
National Health Insurance Scheme (NHIS)	2004	Society as a whole.	Easy, affordable health services.
National Economic Empowerment and Development Strategy (NEEDS)	2004	Society as a whole.	The reformation plan of the government to grow the private sector, ensure access to healthcare and education, security, etc.
Seven Point Agenda	2007	Society as a whole.	The plan hinged on the provision of mass transportation, food security, improving the power and energy sector, job creation, and a functional education system.
Vision 20: 2020	2009	Society as a whole.	Long-term plan to encourage Nigerian economic growth.
Transformation Agenda.	2011	Society as a whole.	Public expenditure management, human capital development, among others.
Subsidy Reinvestment and Empowerment Programme (SURE-P).	2012	Women and youth employment.	Creation of job opportunities for women and youth.
YOU'-WIN	2012	Younger people (25—45 years of age).	Focus on youth enterprise development through the execution of business ideas that would lead to job creation.
N-Power	2017	Youth.	Provide a structure for work skills acquisition and development for unemployed youths.
TraderMoni Government Enterprise and Empowerment Programme (GEEP)	2020	Petty traders.	Created to boost the Nigerian economy through leveraging and access to finance for petty traders.

Source: Author's compilation.

#### **1.4 Problem Statement and Research Questions**

Both quantitative and qualitative measurements attest to the growing incidence and disturbing depth of poverty in the country (NBS, 2020). Considering the vast natural and human resources that the country is endowed with, this situation presents a paradox. Despite the huge material and human resources that have been devoted to poverty reduction by successive governments, no significant success has been achieved in this direction (Apata et al., 2010).

In Nigeria, poverty is more dominant in the rural areas with an average of between 62% and 75% of the population living on less than one US dollar a day (Adepoju, 2012). Rural poverty also tends to be more severe than urban poverty. It has become increasingly evident that the poor in Africa are heterogeneous and that some dynamic elements clearly distinguish chronic and transitory poverty (Apata et al., 2010). Chronic poverty is considered the component of total poverty that is static and transitory poverty is the component that varies with time (Jalan & Ravallion, 1998). The isolation of the processes underlying chronic and transitory poverty is considered essential in understanding the extent to which each poverty type may obscure the other or even distort the effects of government anti-poverty programmes.

In Nigeria, the static measure of poverty has failed to differentiate between households that became poor as a result of an adverse shock in the year a poverty survey was carried out (that is, transitory poor) from those households that have been poor for a long time (chronic poor) (Dang & Dabalén, 2019). These distinctions matter because the factors that condemn households to remain in poverty for a long time differ from factors that randomly drag households into poverty for a brief period. The former group need a long-term intervention to exit poverty while the latter would require only a temporal intervention.

The longer households' dwell in poverty, the harder it becomes for them to exit. The question that arises is: has Nigeria's poverty profile become more chronic or more transitory? Although a large body of literature on the trends of poverty in Nigeria exists, only a few studies have attempted to study the dynamic nature of poverty in Nigeria to ascertain if poverty in Nigeria is mostly chronic or transitory. It is imperative to study the extent of chronic and transitory poverty in Nigeria if effective anti-poverty policies are to be implemented.

### 1.5.1 Research Question

The research aims to address the following general research questions:

- What is the extent of chronic and transitory poverty in Nigeria?
- What are the factors influencing chronic and transitory poverty in Nigeria?
- What are the effects of poverty intervention programmes on chronic and transitory poverty in Nigeria?

### 1.6 Aim and Objectives of the Research

This study aims to examine the dynamic nature of poverty in Nigeria using the Nigeria General Household Survey data.

#### 1.6.1 Research Objectives

The specific objectives of the study are to:

- Examine the extent of chronic and transitory poverty in Nigeria over time.
- Present the data on chronic and transitory poverty by geographic zone.
- Determine the factors influencing chronic and transitory poverty in Nigeria.

#### 1.7 Significance of the Study

Poverty in Nigeria has been analysed with static measures with little or no attention given to its dynamic nature. There are few studies on poverty dynamics in the country. This may be attributed to the nature of data required to analyse poverty dynamics. In Africa, only a few countries such as Kenya, South Africa, Zimbabwe, Ghana, Egypt, Ethiopia and Uganda have well-structured household panel data suitable for analysing the dynamics of poverty. This study will be a significant addition to the body of knowledge on the dynamic nature of poverty in Nigeria and Africa at large.

This study is expected to increase knowledge of and add literature on the dynamic nature of poverty by distinguishing clearly the difference between chronic and transitory poverty. This will serve as a reference point for future research on the dynamic nature of poverty. With the rise in Nigeria's poverty level and government

commitment to tackling poverty, the government must have a clear understanding of the differences between chronic and transitory poverty to enable it to formulate and implement effective poverty reduction policies. This would enable policymakers to have a better understanding of the socio-economic effects and causes of transitory poverty as well as chronic poverty. This study will also add to the understanding of the hidden social processes that bring about poverty. The policy recommendations in the study will assist policymakers to formulate suitable poverty reduction policies for both chronically and transitorily poor households in Nigeria. Finally, it is important to include the vulnerability of poverty in poverty studies. This will assist in attaining better poverty reduction strategy goals.

## **1.8 Organisation of the Dissertation**

The study is structured into six chapters. **Chapter One**, the introductory chapter, sets out the background to the study, the research and the study area (Nigeria), as well the research statement, the research questions, and the aims and objectives of the study.

**Chapter Two** reviews the poverty alleviation programmes implemented by successive Nigerian governments in their attempts to tackle poverty, and related literature on poverty dynamics. The chapter also includes an empirical literature review highlighting the research gap the study addresses.

**Chapter Three** presents the theoretical and conceptual framework utilised for the research. The conceptual framework looks at how poverty is defined and explains the significant concepts relating to poverty. Furthermore, this chapter examines the current poverty situation in Nigeria.

**Chapter Four** discusses the research methodology and data used in the study. It provides an understanding of the limitations of the study and the GHS dataset used, and how the study overcame the limitations.

**Chapter Five** presents the research results and findings based on the data collected and analysed.



**Chapter Six** presents the summary of the research findings, with the suggestions and recommendations of the researcher. This chapter concludes the mini-thesis.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Chapter Overview

The first major section of this chapter reviews the literature related to poverty dynamics. The second section concludes the literature review by making explicit the highlights of the empirical literature on the subject, indicates the research gap this study addresses, and specifies the major econometric approach used to investigate chronic and transitory poverty in the empirical literature reviewed.

#### 2.2 Poverty Dynamics and Decomposition

Some individuals escape poverty during times when the overall poverty rate increases and also move into poverty during periods of overall poverty rate reduction (Dapel, 2018). The key driving fact acknowledged in the poverty dynamics literature is that some poor people are not necessarily always poor. Poverty is complex and dynamic. Much of the time, the inter-temporal difference in economic aspects of well-being, such as wages, capacities or capabilities, is larger than in other dimensions. As a result, the economic dimensions of poverty are especially dynamic.

The literature on poverty dynamics is distinct from the static and trend analyses of poverty. The distinction is made according to the type of data used in each form of analysis. Static poverty analysis uses data from a single cross-section of households (or individuals) at a single point in time, whereas trend analysis of poverty uses a series of such cross-sectional data (Dapel, 2018). In comparison, poverty dynamics is founded on longitudinal data that follows the same households (or individuals) over time. Static analysis frequently produces the poverty incidence or rate (the number of poor expressed as a percentage of the total population), poverty depth (the extent to which the poor are below the poverty line), and poverty severity (the extent to which the poorest of the poor are poorer, or the inequality among the poor).

A static poverty analysis, also known as the point-in-time poverty analysis, is achieved from independent and separate cross-surveys and tends to distort important facts as

it is unable to include statistics on individual perceptions of poverty over time and through space. It is not possible to assess the proportion of the total population that has moved out of poverty, remained in poverty or even moved into poverty, using the static poverty profile (Dapel, 2018).

According to Dang and Dabalén (2019), static poverty measures fail to differentiate between people who happen to have had a small misfortune (such as losing their jobs or suffering from illness) in the year the measurement was carried out, and those who have been living in poverty all their lives. Unlike the static measurement of poverty that is only concerned with the number of people in poverty at a point in time, a dynamic analysis or measurement of poverty goes beyond that to reveal how people transfer into and out of poverty or remain in it over time. The dynamic measurement of poverty illuminates the proportions of a population that suffer from chronic and transitory poverty. The dynamics of poverty can be analysed using two primary approaches (Dapel, 2018), the components and spells approaches to poverty dynamics and decomposition, which are the most widely used methods of analysis.

### **2.2.1 The Components Approach**

Ravallion (2000) proposed the components method in its most general form. This approach is based on the idea that consumption (and utility) are determined by long-term expected earnings. Since the poor can at least partially protect themselves from sudden income shocks, a measure of chronic poverty should be focused on the long-term expected portion of income. When an individual's average income falls below the poverty line over time, he or she is classified as poor. Chronic poverty is aggregated using the squared distance index from the Foster-Greer-Thorbecke class of poverty indicators to satisfy the additivity and convexity properties. It is important to note that in this case, chronicity refers to a part of an individual's income, rather than the individual's state of poverty.

When applying Jalan and Ravallion's (1998) approach specifically, it is not possible to classify people as chronically poor; only income *components* that lead to chronic poverty can be identified. The component approach decomposes poverty into chronic and transitory poverty. Chronic poverty in this approach refers to households or

individuals whose time-mean consumption is below the computed poverty line over the periods being studied. The households' time-mean consumption is computed by finding the average consumption or income of the households over time. The component approach includes consideration of income variability around fixed incomes and also poverty lines when households are poor over the sampled period. Households are said to be transitorily poor when there is variability in the households' welfare indicator, be it in consumption or income (Jalan & Ravallion,1998). This approach does not measure transitory poverty as simply crossing the poverty line.

### **2.2.2 Spells Approach**

The spells approach of measuring poverty dynamics simply focuses on the movement of households' income or consumption in relation to the poverty line (i.e. the number or length of periods or *spells* of poverty that they experience). This approach identifies chronically poor households as those whose income or consumption falls below the poverty line over the sample period being studied and transitory poverty as occurring in those households whose income or consumption falls below the poverty line in some periods and above the poverty line in other periods (Dapel, 2018).

The spells approach to poverty dynamics offers some interesting perspectives, but there are a few caveats to be aware of. Where the poverty line is drawn affects whether a family is classified as temporally or chronically poor. The higher the poverty line, the more chronic poverty is likely to occur. The welfare measure that is used has an effect on classification. In comparison to expenditure smoothing, the income calculation of welfare has more uncertainty. As a result, if income is used as the welfare metric, more households may be categorised as transitory poor than if consumption is used. It is well established that calculating the welfare measure is fraught with difficulties, such as recall mistakes, problems estimating the value of one's own consumption, or the value of self-employment profits. Transitory poverty can be exacerbated by measurement errors.

## **2.3 Empirical Review on the Dynamic Nature of Poverty**

Bane and Ellwood (1983), in their study of slipping into and out of poverty, investigated the dynamic nature of poverty in the USA using panel data from the Panel Study of

Income Dynamics (PSID). They argued that defining spells of poverty gives a better understanding of poverty dynamics. Exit probabilities were used to analyse the panel data collected and their findings showed that a fall in household income explained only a minority of cases where people fall into poverty. They also revealed that family structure and life cycles were the major causes of household poverty. They also found that a large number of poor households experience long spells of poverty.

In another pioneering study, Jalan and Ravallion (1998) went beyond just studying poverty dynamics to distinguish between transitory and chronic poverty using panel data from a rural household survey in China. They considered households with a mean consumption below the poverty line over a lengthy time period as chronically poor while those whose mean consumption was temporally below the poverty line were considered to be transitorily poor. The data collected for the study was analysed using the quintile regression method and their results showed that household demographic characteristics are a strong determinant of chronic poverty while physical assets influence both chronic and transitory poor. The results suggested that although some factors affect both the transitory and chronically poor, their determinants differ in general. Jalan and Ravallion (1998) suggested insurance, credit schemes and public works as possible poverty reduction strategies.

In the same vein, Baulch and McCulloch (1999) differentiated between transitory and chronic poverty among poor households in Pakistan using panel data collected from 800 rural households. The data collected was analysed using multinomial logit regression and the analysis of the results showed that households with large family sizes, a high dependency ratio and those residing in Attock (city near Islamabad) had a high probability of being transitory or chronically poor. They argued that implementing poverty reduction strategies only targeting the currently poor households would be ineffective as it would neglect the proportion of households that would fall into poverty due to a small misfortune.

Jenkins, Rigg and Devicienti (2001) examined the dynamics of poverty in Britain. They argued that households that escape poverty are likely to fall back into poverty and that the longer one dwells in poverty, the lower the chances of ever escaping poverty. In

their study, they discovered that 30% of the British households who escape poverty end up falling back into poverty after a year or two. They further discovered that about half of the households that fall into poverty exit after a year and one-third exit after two years. But the exit rate fell quickly as years went by, such that after seven years, only about 19% were able to exit poverty in the following year.

Roberts (2001) investigated the nature of transitory and chronic poverty in KwaZulu-Natal using panel data collected from the country's National Income Dynamics Surveys of 1993 and 1998. The study observed that the incidence of poverty increased among households dwelling in rural areas and those headed by a female. Also, the study revealed that 30.7% of the households were transitorily poor while 22.3% were chronically poor and 47% were not poor.

Bigsten and Shimeles (2004) investigated the dynamics of poverty in Ethiopia using panel data. They adopted the component and spells approaches in their analysis to be able to differentiate the chronically poor from the transitorily poor. Their analysis revealed that the majority of the households dwelling in rural areas were transitorily poor. Also, the dependency ratio and age of the household head were discovered to influence the odds of being poor. This finding was similar to that of Baulch and Hoddinott (2000), who carried out similar research in 10 developing countries. Their findings show that poverty in developing countries was more transitory than chronic.

In another study, Meth and Dias (2004) used data from the South Africa Labour Force Survey and General Household Survey to investigate the level of poverty in South Africa. They discovered an increase in the number of households below the poverty line between 1999 and 2002. Looking at poverty movement among households in the study area, the study observed a 31% increase in the number of households dwelling in chronic poverty and an 11% increase in transitory poverty.

Using panel data, Haddad and Ahmed (2002) examined transitory and chronic poverty in Egypt. Quantile regression was used to analyse the panel data collected and the results showed that poverty in Egypt was mostly chronic and the rate at which households fell into poverty was twice the rate at which they exited from poverty. They further analysed the factors influencing transitory and chronic poverty and showed that

the education status of adult household members, household sizes, value of livestock and land as well the location of residences have a significant influence on transitory and chronic poverty. They suggested that asset accumulation should be improved as a way of tackling poverty in the country since a large number of households were chronically poor.

Similarly, Nega et al. (2010) investigated poverty dynamics in Ethiopia using panel data collected from households in the rural areas of Tigray. They attempted to analyse the effectiveness of two poverty intervention programmes (food security package and food for work programmes) in reducing poverty in the region. Their analysis revealed that poor households in Tigray were mostly chronically poor and the food security package intervention programme was effective in tackling chronic poverty in the region but less effective on transitory poverty. The food for work intervention programme was ineffective in tackling both chronic and transitory poverty in the study area. In an earlier study, Ivaschenko and Mete (2008) used a panel data analysis to discover that the rate at which households in rural Tajikistan enter and exit poverty was alarming and the factors influencing their entry and exit from poverty differed significantly.

In 2011, Ribas, Machado and Golgher studied the persistence and fluctuations in poverty using pseudo-panel data collected from the Brazil National Households Sample Survey. In their study, poverty was decomposed into chronic and transitory poverty using the spells approach. The data collected was analysed using probit regression and the result revealed that 69% of the poverty in the urban areas of Brazil was chronic while 31% was transitory. The study further revealed that education and race were major factors influencing chronic poverty in the country while gender was discovered to significantly influence transitory poverty.

Khanal (2013) examined the nature of transitory and chronic poverty in Nepal using longitudinal data. The panel data used in the study was collected from the 1995/96 and 2003/04 Nepal Living Standard Survey (NLSS). The data collected was analysed using the component approach and results from the analysis show that 88% of poor households suffered chronic poverty while 12% of the remaining poor households suffered transitory poverty. The study suggested the preponderance of chronic poverty

in Nepal and concluded that the Nepal government should focus on formulating policies to tackle chronic poverty in the region.

In their study, Finn, Leibbrandt and Leibbrandt (2013) investigated poverty transition in South Africa using a transition matrix to analyse the panel data collected from three waves of the National Income Dynamic Survey. Their study showed that, despite large numbers of households being able to exit poverty, the majority of the poor households were chronically poor.

In the same vein, Finn, Leibbrandt and Levinsohn (2014) also investigated the dynamic nature of poverty in South African using panel data collected from the 2008 and 2010 National Income Dynamic Survey. They discovered that the poverty level in South Africa fell from 52.8% in 2008 to 49.7% in 2010. The study also employed a transition matrix to illuminate poverty transition among households. Households were split into four categories: category 1 comprise the extremely poor households, category 2 moderately poor households, and category 3 and 4 non-poor households (but category 3 households were closer to the moderately poor household income threshold).

The findings from the transition matrix reveal that 70% of households in category 1 in 2008 remained in that category in 2010 while two-thirds of the remaining 30% of the poor households in category 1 had moved to category two in 2010. Further, 42% of the poor households in category 2 in 2008 fell deeper into poverty by moving to category 1 in 2010 as opposed to 26% who were able to exit poverty by moving into categories 3 and 4. Also, about 22% of households in category 3 moved into category 4 as their per capita household income increased. Finally, about 75% of the households in category 4 remained in this same category.

In Brazil, Gonçalves and Machado (2015) examined the dynamic nature of poverty using longitudinal micro-data collected from the Monthly Job Survey of the Brazilian Institute of Statistics for the 2002—2011 period. The data collected was analysed using a multinomial logit regression model and the result showed that chronic poverty is predominant in the North East region of Brazil. Households with educated members holding at least a secondary school certificate had a higher probability of exiting



poverty or not entering it at all. The study also revealed that households headed by females and non-whites had a high probability of suffering chronic poverty.

In the same year, Gonçalves (2015) carried out another study to ascertain the probability of households in Brazil entering poverty in the future. The study was focused on the vulnerability of households to poverty. The study collected data from the Monthly Job Survey. The results from the analysis carried out revealed that 77% of vulnerable households were chronically poor. Also, the study revealed that households headed by an educated male who is well integrated into the formal labour sector had a high probability of not falling into poverty in the next year (the future) compared to households headed by a female with low education and integrated into the informal sector. The study recommended that the government of Brazil implement policies that encourage formal education and professional qualifications, especially among females, as these would help reduce the vulnerability of families to poverty.

Kudebayeva (2018) analysed chronic poverty and poverty transitions in Kazakhstan using panel data collected from the country's General Household Budget Survey for the period 2001—2009. The study adopted both the component and spells approach in decomposing poverty into chronic and transitory. The study also employed the Multivariate Hazard regression to analyse the panel data collected. The results showed that poverty in Kazakhstan was more transitory than chronic. Households with children below six years had a lower probability of exiting poverty and a higher probability of entering poverty. The study recommended that the government of Kazakhstan make provision for affordable child care in the state to help in checking poverty.

Rogan (2016) employed data from the 2008 National Income Dynamic Survey to examine the gender poverty gap among households in South Africa. The data collected was analysed using the multidimensional and income-based approach and the analysis showed that although there was a general decline in the poverty level, female-headed households and women in general were found to be poorer than their male counterparts. Burger et al. (2017) carried out a similar study in South Africa using

the Totally Fuzzy and Relative approach and their result was similar to that of Rogan (2016).

Omotoso and Koch (2017) and Mushongera, Zikhali and Ngwenya (2017) both carried out similar research in South Africa using data from the General Household Survey of 2002 and 2014. They both examined multidimensional poverty using the Multidimensional Poverty Index (MPI) and their results showed that poverty among households was increasing.

More recently, Dang and Dabalén (2019) examined poverty dynamics in sub-Saharan Africa countries using panel data from 21 countries. Results from the panel regression showed that one-third of the poor households in these countries had exited poverty but chronic poverty was still high among most of the countries studied.

Albuquerque and Gonçalves (2020), investigated the dynamic nature of poverty in Brazil using panel data from the Brazil National Continuous Household Survey. Poverty was categorised as chronic and transitory and the data collected was analysed using a multinomial logit regression model. The results reveal that households in the rural parts of Brazil as well as the northeast zone of the country have a high probability of being either transitorily or chronically poor. The probability of being chronically poor was higher. The study further reveals that households with a large family size and less educated family members have a higher probability of being transitorily or chronically poor.

In Nigeria, only a handful of studies have attempted to investigate the dynamic nature of poverty. Adepoju (2012) used panel data to investigate poverty transition in southwest Nigeria. The data collected was analysed using logit regression and the result revealed that 22.3% of the households in southwest Nigeria were transitorily poor, while 28.2% were chronically poor and 49.5% were not poor. Out of the 22.3% transitory poor households, 15.5% moved into chronic poverty while 6.8% exited poverty. Based on the findings, it was concluded that chronic poverty was prevalent in Nigeria. The study recommended a mixed poverty reduction policy that took into account both the transitorily and chronically poor households in the country.

In a more recent study of poverty dynamics in Nigeria, Dapel (2018) argued that static poverty measures were ineffective in studying poverty in Nigeria. In an attempt to prove this, he used cross-sectional data collected from six sets of household surveys in Nigeria spanning from 1980 to 2010. The study adopted both the spells and component approaches to decompose poverty into its chronic and transitory components. Results from this analysis showed that 21.94% to 32.27% of households in Nigeria had moved into poverty between 1980 and 1985 and about 0.11% to 9.5% of households moved out of poverty within the same period.

The result further showed that the levels of chronic and transitory poverty were higher between 1996 and 2010 compared to 1980—1992, although transitory poverty grew faster than chronic poverty. Chronic poverty was more prevalent in the North East geopolitical zone of Nigeria compared to the South-South zone. The study suggested different anti-poverty policy measures for the North East and South-South zones.

Ogebe and Adeniran (2019) investigated the dynamics of poverty in Nigeria using panel data from the 2011 and 2016 Multiple Indicator Cluster Survey datasets. The MPI was used to ascertain the dynamics of multidimensional poverty in Nigeria and the result revealed that national poverty increased from 16.2% in 2011 to 22.2% in 2016. The study also revealed that households headed by females were poorer than households headed by males. Also, their disaggregate analysis of poverty showed that northern Nigeria had the highest concentration of chronically poor households, especially in the North East zone, compared to the southern region of Nigeria. The study recommended that poverty alleviation policies should target poor households in rural and northern parts of the country.

### **2.3 Chapter Summary**

From the literature reviewed above, in studying the determinants of transitory and chronic poverty, various authors adopted different econometric tools such as quantile regression, tobit regression, probit and multinomial logic regression in their respective studies. For this study, poverty will be decomposed into its transitory and chronic components using the spells approach and the determinants of transitory and chronic poverty will be analysed using logic regression.

## CHAPTER THREE

### THEORETICAL AND CONCEPTUAL FRAMEWORK

#### 3.1 Chapter Overview

The chapter aims to provide the required grounding for the study by presenting the theoretical and conceptual frameworks used. It examines theories using a qualitative and descriptive research approach to expand awareness of the dynamics of poverty from a global worldview and explores how these contribute to poverty in Nigeria.

#### 3.2 Theoretical Framework

Poverty has attracted the attention of researchers as a social problem, and programmes to alleviate it are built in response to hypotheses that explain such interventions. The poverty model has a strong impact on the alleviation strategies that are implemented (Bradshaw, 2007). Poverty mitigation measures necessitate an accurate evaluation and a good understanding of how main causes and other covariates affect the welfare status of households (Anyanwu, 2014). Five theories of poverty are discussed in detail below.

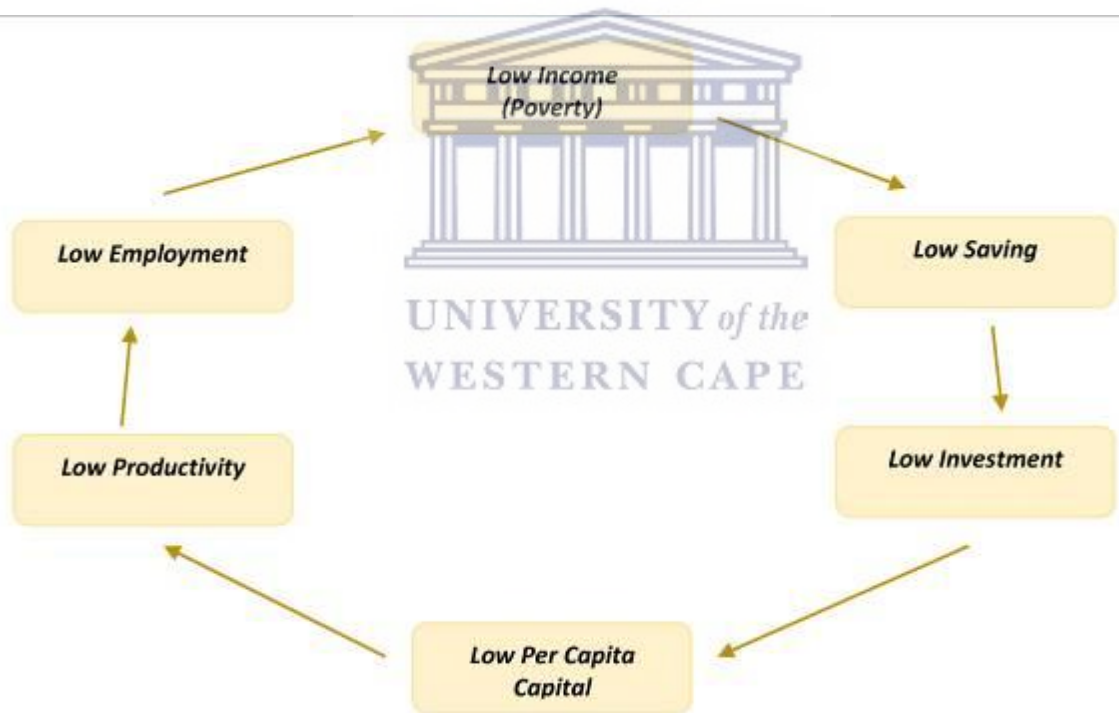
##### 3.2.1 The Vicious Cycle of Poverty Theory

Different variables affect a country's economic growth, some of which are measured in the form of capital. A variety of social and personal practices, as well as economic influences, traditions and habits that vary across a population also influence the growth of a particular country's economy. These non-economic factors can be made conducive to economic development, but people must be educated and trained to do so and such training is dependent on massive investments in human capital.

Professor Ragnar Nurkse first proposed the vicious cycle of poverty theory to understand why developing countries have restricted options for creating stable growth conditions. According to Nurkse (1953:90), the vicious circle of poverty "implies a circular constellation of forces tending to act and react in such a way as to keep a country in the state of poverty". The theory of the "vicious poverty cycle" (see Figure below 2) is based on the model that economic growth mainly depends on the

accumulation of capital. When an individual is unable to save and cannot improve his human capital, they become a part of the poverty cycle. This theory also posits that poverty breeds poverty, and its effect is transmitted from one generation to another over time and has no beginning and no end (Moynihan, 1968). The theory states that various conditions of the poor combine to make the poor remain in poverty such that they are so ensnared in poverty that there is little or no chance to escape it (Ewhrudjakpor, 2008). This theory explains a situation where the head of the household (or head of the family) does not have the financial means to pay for basic necessities such as food, clothes, accommodation and healthcare for all the family members (Bass, 2011). Poverty would be passed on to future generations if the previous household head was unable to meet all basic needs.

**Figure 2: Nurkse’s Vicious Circle of Poverty Model**



Source: Nurkse, R. 1953.

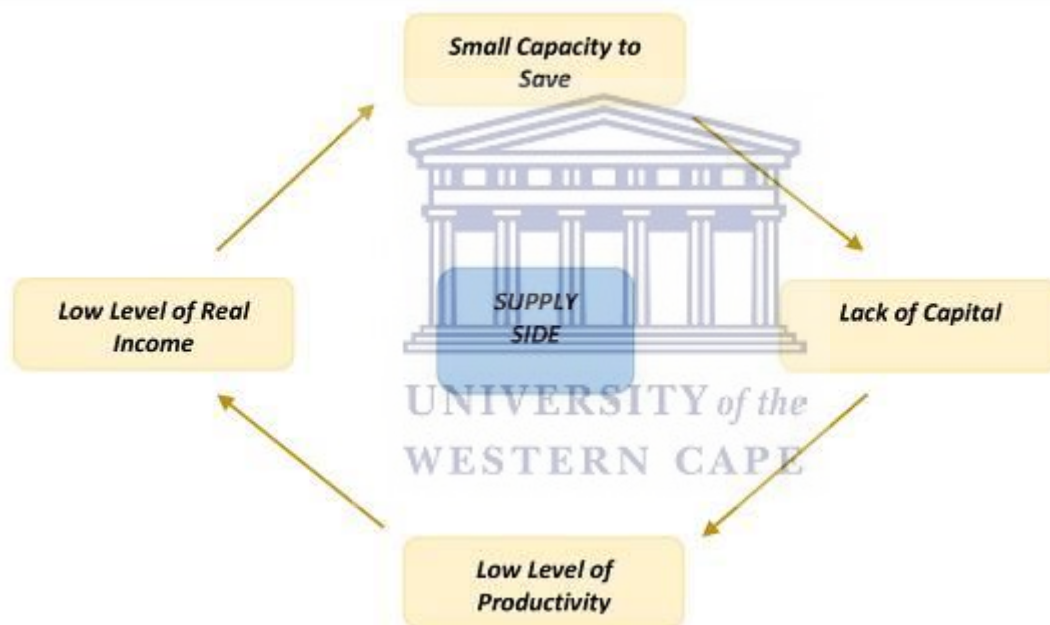
### 3.2.1.1 Causes of the Vicious Cycle

#### a. Supply side of the Vicious Cycle

The supply-side model depicted in Figure 3 shows that low income brings about a fall in savings. This leads to a fall in investment which in turn leads to capital deficiency,

which leads to low productivity. Low productivity brings about low income and the cycle continues. Only when a person's actual income exceeds his expenditure will he be able to save. In underdeveloped countries (UDC), the vast majority of farmers are impoverished subsistence farmers whose income is extremely poor. Because of unskilled labour, hidden unemployment and labour immobility, productivity is poor. As a result, a large portion of the national product is spent on consumption, resulting in a lack of savings, investments and capital growth. The wealthy are able to invest, but they spend their savings on luxury items and imported goods. As a result, their demand does not expand the domestic market.

**Figure 3: Vicious Circle of Poverty: Supply Side**

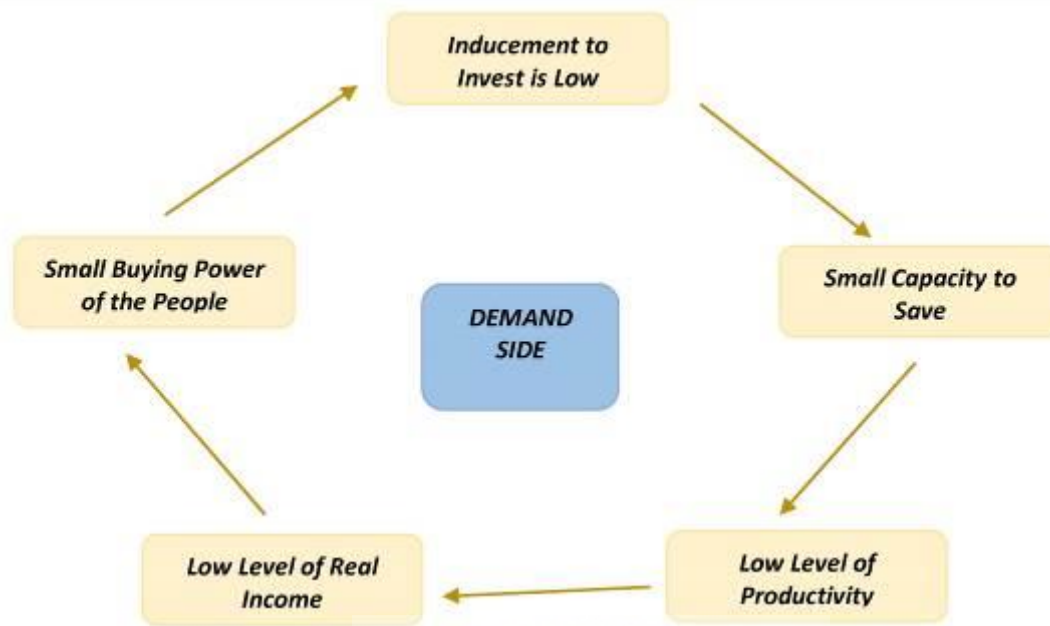


Source: Author.

**b. Demand side of the Vicious Cycle**

On the demand side, low income would result in low buying power among the poor due to low productivity, as seen in Figure 4. As a result, their desire to save would be harmed indirectly. Low income also means low saving capability on the supply side. This is because their earnings are insufficient to meet their basic requirements (Bass, 2011). As a result, there will be a scarcity of resources and a decrease in production. The sales loop would gradually reverse to lower levels.

**Figure 4: Vicious Circle of Poverty: Demand side**



Source: Author.

### c. Vicious Cycle of Market Imperfections

The presence of market imperfections obstructs optimal resource use and distribution. This results in underdevelopment, which leads to economic stagnation. In the production of natural resources, human capital is critical. However, in developing countries, resources are limited due to a lack of expertise and skills continue to be undeveloped and underutilised. As a consequence, the vicious cycle of poverty is caused by both supply and demand for money. As a result, capital formation continues to be poor, resulting in low productivity and profits (Bass, 2011).

Natural resources, on the other hand, will continue to be underutilised, misused and unutilised due to a lack of expertise and knowledge. According to Meier and Baldwin (1957:90), “underdeveloped resources are, therefore, both a result and a cause of backward people”. The less developed natural resources are, the less developed the people are, and the less developed natural resources are, the more economically backward the people are.” The economy is trapped in a vicious cycle of poverty that is mutually aggravating, and breaking it is extremely difficult.

### 3.2.1.2 Solutions to Vicious Cycle of Poverty

#### a. Solution for the supply side

**Increased savings:** Efforts should be made to increase savings to increase expenditure for productive purposes. Expenditures on social ceremonies such as weddings and funerals should be reduced to maximise savings. Luxury purchases should be restricted and government action is needed to promote saving. **Increased investment:** Increasing savings alone will not break the cycle of poverty. Savings should be efficiently channeled through investment. As a result, both short-term and long-term expenditure must be coordinated.

#### b. Solution to the demand-side

Nurkse championed the theory of balanced development, which states that investment should be made in all sectors of the economy to break the demand-side vicious circle. As a result, one sector will meet the demand of another (Thirwall, 2011). This broadens the competition and encourages investment. However, some economists, such as Hirschman and Singer, have called for unbalanced growth to crack the demand-side vicious circle (Thirwall, 2011).

Another way out of the vicious loop is to invest heavily in human capital. To increase human capital, the focus should be placed on schooling, technological skills, administrative preparation and healthcare facilities, among other things, to improve workers' productivity. Transportation and communication infrastructure should also be improved and expanded.

### 3.2.2 Cultural Theory of Poverty

Oscar Lewis originated the cultural theory of poverty during the 1960s and used it to demonstrate that culture can make a significant difference to an individual's economic success or failure. Lewis saw poverty as a tradition or culture among the poor, rather than a result of economic conditions. He further stated that poverty was "an adaptation to a set of objective conditions of the larger society, but once it comes into existence, it tends to perpetuate itself from generation to generation because of its effect on children" (Lewis, 1968:137). Poverty is thus conceptualised as a way of life that people embrace and pass down to the following generations.



According to Lewis (1968), an individual or household can be poor without living in the culture of poverty because it is not based on religious or ethnic marginalisation but on material deprivation. Government interventions aimed at alleviating poverty should not concentrate on getting immediate results as the culture of poverty, because of its relative nature, takes a longer time to change.

The culture of poverty can be changed over time as was seen in countries with nationalistic movements where the key behavior traits of the culture of poverty were changed (Lewis, 1968). The culture of poverty, according to Winch (1987), can also be eliminated through a change in social groupings if poor individuals or a household takes the initiative to relocate to other areas in search of better livelihood. According to this theory, poverty can be reversed if a concerted and sincere reorientation is ingrained or widely adopted; otherwise, this society would perpetuate itself in a vicious circle, passing on poverty from generation to generation.

Reflecting on the research carried out by Lewis (1966), Danaan (2018) argues that certain preconditions must be met before one could say that people exhibit a culture of poverty: the economy of the developing country is predominately a cash economy that has persistently high unemployment and constant underemployment of unskilled workers, and the society fails to provide social, political and economic organisation for the low-income community, whether on a voluntary or imposed basis by the government. In the case of advanced capitalist societies, there are also people with low income and a lack of resources, who live for the moment and place their faith in chance rather than hard work to achieve success.

Following this theory, a culture of poverty can also be said to be reflected in the slow transition of developing countries (including Nigeria) from analogue to digital economies, where access to and acceptance of information and communication technology facilities such as the internet, broadband and mobile money has been slow and restricted (World Bank, 2016b). This is often the product of a distorted mindset caused by some religious and cultural inhibitions, in which people are motivated to reject westernisation to prevent loss of social ideals, norms and community. These behaviors affect how resources are allocated in Nigeria and lead to the country's high

poverty rate. Lewis (1968) argued that negative behavioral traits such as self-doubt, low aspiration, impulsive gratification and limited time horizons combine to deepen poverty and brings about a state of hopelessness and despair. According to Albrecht and Albrecht (2000), these behavioral traits emerges as a result of socialisation among poor groups or families and are transmitted to children born and raised in these communities, reducing the chances of such children to escape poverty (the behavioral traits that resulted from the socialisation of 'paupers' were referred to as the culture of poverty by Lewis [1968]).

### **3.2.3 Individual Deficiency Poverty Theory**

Individual deficiency poverty theory argues that individual deficiencies are the cause of poverty and individuals are solely responsible for their economic situation. The theory assumes that poor individuals are poor because of their bad choices and lack of hard work (Kruger, 2018). Individual variables that cause poverty include attitudes of the individuals, human resources and welfare involvement.

In evaluating how people make poor choices that result in poverty, Dike (2009:51) explains that youths in Nigeria "lack the skills and knowledge necessary to better compete in the relatively tight labour market and instead loiter in villages from morning to night looking for work that is just not accessible and available". The nonchalant attitude of Nigerian youths towards vocational and technical training deprives them of the necessary knowledge and skills to compete favorably in the labor market thus making them "loiter" in the cities and villages. Laziness, engagement in crimes, substance abuse, ill-discipline and non-enrolment in schools are all personal choices of individuals that can lead to poverty. Such choices may have far-reaching negative consequences for an individual's household, where parents' economic stability has a direct influence on their children's prospects and academic success (Osonwa et al., 2013). A person's shortcomings may cause economic hardship that can be alleviated if government and policymakers provide the necessary support, tools and resources to enable citizens to make the best decisions to avoid poverty.

### **3.2.4 Progressive Social Theory**

Rather than claim individual deficiency or that poor individuals' personalities make them the architects of their problem, the proponents of this theory argue that social and economic distortions, as well as political discrimination, are the sources of poverty, limiting opportunities and resources to build prosperity and overcome poverty (Ezeanyejí & Ozughalu, 2014). Some of the 19<sup>th</sup>-century social theorists attacked the individual cause theory by investigating how social and economic processes overrode and produced individual poverty conditions. They proposed that the structure of capitalism required a reserve of unemployed people as a calculated tactic to keep incomes (and costs of production) down (Bradshaw, 2007).

According to Bradshaw (2007), the progressive social theory relies on many aspects, including holding that the political systems and economic policies implemented in the world do not respect the concept of openness in transactions between people and the social framework. The socio-economic system has effected the reality of poverty, where wealth is limited, there are no investments, and people are denied access to well-being by society reducing opportunities to obtain access to services such as schooling, jobs or funding for small businesses.

The proponents of this theory also attribute poverty to discrimination. Individuals, irrespective of their capabilities, are discriminated against based on their religion, gender, race or other personal attributes, and this limits their opportunity to exit poverty or not fall into poverty. In communities that are affected by political, social and economic imbalances, a large segment of the population tends to live close to the poverty line, for reasons that are ethnic, sexual or sectarian, or due to a stigma attached where tribal practices exist (Abdullatif, Omar & Udin, 2017). All these reasons reduce their chances of avoiding poverty, regardless of their skills or personal capabilities.

### **3.2.5 Geographical Disparities Theory**

According to Abdulai and Shamschiry (2014), the geographical disparities theory in poverty analysis assumes that poverty is concentrated in specific places and populations within regions, countries and around the globe. Some of the geographical

reasons for the causes of poverty are urban disinvestment, natural resource proximity and innovation diffusion. The reality is that individuals, societies and institutions in certain regions lack access to openings for wealth creation.

This theory is closely connected to the economic agglomeration theory which shows how the concentration of firms pull in services and markets which further attracts more firms. Similarly, where poverty conditions exist, more poverty is created. For example, the cost of housing is relatively low in poor communities, which attract more individuals and thereby create more destitution (Bradshaw & Main, 2011). Unemployment leads to low investment, reduced consumption, and less available funding for investment and ventures, which fosters low self-esteem, weak aspiration and discouragement. Thus, one local issue leads to numerous other issues and creates more poverty (Danaan, 2018).

Poverty is still increasing because governments and communities have not harnessed the resources and opportunities in the impoverished regions to promote prosperity. Consequently, food shortages, fuel crises, power shortages, housing deficits and other deprivation may be found even in a country [such as Nigeria] well-endowed with abundant arable land, mineral resources, water and other resources that could unlock substantial benefits if they are utilised, rather than neglected to the extent that people in certain regions live in conditions of poverty so deep that they have no hope of exiting it (Danaan, 2018).

### **3.3 Conceptual Framework**

This section discusses in detail the concepts, types and definitions of poverty expounded in the literature that informed the conceptual framework adopted for examination in this study.

#### **3.3.1 Concept of Poverty**

The concept of poverty has been subjected to much debate in the social sciences for the last two decades, but has proven difficult to clearly and comprehensibly describe, owing to its many complicated dimensions. This is partially due to the difficulty of distinguishing between people who are poor and people who are non-poor in society.

According to Narayan-Parker (2000), poverty stems from the perception that one has little power, vulnerability, unmet goals and little money, as well as from lack of trust, lack of plans and few resources. Additionally, poverty can be described as the inability to lead a dignified life due to a shortage of basic resources (Raji, Ayoade & Usoro, 2006).

Poverty is a global phenomenon that affects individuals, countries and continents differently (Oloyede, 2014). No country can truly be said to be free of poverty. However, some countries experience higher levels of poverty than others. Poverty has been defined differently by various researchers. The World Bank (1990, 2014) has defined poverty as a situation in which an individual or household is deprived of the basic needs required for a minimum standard of living. Most widely accepted definitions of poverty describe it in relation to a lack of economic resources with negative social consequences (Sen, 1983; Townsend, 1979; UN, 1995). The concept is that, even when countries have enough food, clothing, and housing, economic conditions cause social ties and involvement to deteriorate (Mood & Jonsson, 2016). Being poor means not being able to participate in society on an equal footing with others, and thereby being increasingly excluded or withdrawn from social and public life due to a lack of economic opportunities.

Kato and Kratzer (2013) define poverty as the inability of individuals or households to actively participate in societal activities due to their low-income status. Ijaiya et al. (2011) assert that poverty can be defined from two different perspectives, namely powerlessness and moneylessness. Powerlessness refers to a situation in which an individual's life is controlled by persons or forces outside their control while moneylessness occurs when individuals lack the financial resources to satisfy their basic needs.

Addae-Korankye (2014) describes poverty as a lack of human necessities for maintaining functional and operational quality, such as nutritious food, clothing, housing, clean water and healthcare. Poverty encompasses not only a lack of income or consumption, but also a lack of access to high-quality healthcare, education and housing, as well as the quality of the local environment. People's happiness and well-

being are impacted. The term 'poverty' therefore encompasses forms of deprivation wider than merely income loss or lack.

Lastly, many sources emphasise the multidimensional nature of poverty. Poverty includes financial, economic, social, political, health, environmental and seasonal dimensions, all of which interact with and reinforce one another (Ali-Akpajiak & Pyke, 2003; Bourguignon & Chakravarty, 2003; Chambers, 1981, 1983, 1995, 2012; Devereux, Sabates-Wheeler & Longhurst, 2012; Hick, 2016).

### **3.3.2 Dimensions of Poverty**

Understanding poverty's complexity and how it manifests for various groups of people is essential to defining successful policy interventions and approaches to poverty reduction (Gweshengwe & Hassan, 2020). The structure of these dimensions, as well as how they link with and reinforce one another, are briefly explained below.

#### **3.3.2.1 Poverty as a Material Concept**

This poverty dimension is connected directly to households' or individuals' living conditions. It refers to material deficiency, that is, the shortage of goods and services such as appliances, radio and TV services, means of transport, garments, food products, accommodation and public facilities and amenities (Chambers, 2012).

**Need:** People are classified as poor because they do not have everything they need or because they do not have the money to acquire what they need. Along with insufficient access to amenities and necessities of life such as clothing, food and appropriate accommodation, poverty occurs when a population barely attains a minimum living standard as regards the preservation of a reasonable level of wealth and material comfort (Addae-Korankye, 2014). Poverty is thus considered to be a state characterised by a lack of material resources or services.

**Limited resources:** An individual's needs are closely related to whether they hold adequate initial assets. For this reason, poverty is associated with having inadequate resources to meet basic needs (Davis & Sanchez-Martinez, 2014). Poverty can also be referred to as circumstances of deficiency in income or resources to obtain or consume the things needed to sustain life. Economic deprivation relates to a person's

lack of economic resources for the consumption of basic goods and services. a lack of income and productive resources to ensure a sustainable livelihood characterises poverty.

### 3.3.2.2 Poverty as Economic Circumstances

When a person lacks the money needed to afford an adequate life, maintain a reasonable quality of living or satisfy basic needs, they are poor by economic circumstance (SIDA, 2017). The economic resources lacking through poverty include natural or environmental capital such as soil, clean water and air, forestry products and fishery stock; physical capital such as utilities (roads, facilities, markets and communication systems); and manufacturing materials such as machinery and tools (SIDA, 2017). Economic deprivation may also be described as a lack of work or having a low-paying, erratic and precarious career (Hulme & McKay, 2013), or a lack of access to industry or entrepreneurship resources.

**Standard of living:** A person's standard of living is closely related to their desired state, but also usually refers to the standard attained in relation to those attained by others. Denying a family an acceptable standard of living weakens their economic position and pushes them into poverty (Sameti, Esfahani & Haghighi, 2012). The failure to meet a basic standard of living is a critical determinant of whether someone is defined as poor or not.

**Inequality:** Inequality is a key dimension of poverty and manifests itself when families are labelled as poor because they are disadvantaged in contrast to others (Spicker, 1999). Even though poverty and inequality may be regarded as distinct problems, if a greater proportion of the population lives below the poverty line, the likelihood is strong that inequality has or will increase (Beteille, 2003). Inequality is often manifested in a scarcity of natural resources. Other examples are a tiered education system (such as in South Africa) where public schools are allocated different resources based on perceptions of unequal distribution of economic resources; and a dual health system, where there are significant inequalities in the healthcare obtained by various ethnic groups, owing largely to income inequality (Triegaardt, 2006).

### 3.3.2.3 Poverty as a Social Circumstance

This dimension of poverty can be referred to as the lack of social capital, manifesting in the following four aspects.

**Social class:** Social class is commonly associated with socio-economic status based on wages, occupation and level of education (Spicker, 1999). The poor as a social class refers to a community at risk of social exclusion because they are unable to receive sufficient income through the labour market to meet their basic needs. The poor represent a social class that personifies poorer life prospects as a result of lower market strength, with market strength usually associated with wealth ownership or an abundance of useful skills.

**Lack of basic security:** Disadvantaged people live in circumstances that prevent them from accessing basic necessities due to a lack of factors that enable individuals and families to fulfil basic responsibilities (Spicker, 1999). The poor not only have limited access to capital but lack long-term ability to acquire it, putting their security at risk (Addae-Korankye, 2014). Poverty refers to a lack of security as well as a lack of ability and opportunity to improve one's life (Sanchez-Martinez & Davis, 2014). Food insecurity, regular exposure to crime and lawlessness and unstable work and housing provision often characterise the lack of security associated with poverty.

**Exclusion:** Poor people's economic exclusion from the labour market, as well as their limited access to opportunities and productive activities, are seen as a primary non-monetary dimension of poverty (Sen, 2000). Deprivation includes problems that occur as a result of economic isolation and social rejection. Social exclusion is mainly concerned with interpersonal problems, such as a lack of social ties to one's family, colleagues, local community, government facilities and organisations, or, more generally, one's culture (Adato, Carter & May, 2006). While social exclusion can refer to a lack of opportunities to earn a wage, it also refers to strained family and community relationships.

**Dependency:** Poverty has a component of dependence, as poor people are often reliant on some kind of grant funding due to a lack of resources. Governments intend social grants to function as temporary economic relief to enable people to meet their



basic needs, the poor can become perpetually reliant on social grants in the absence of other income (Armstrong & Burger, 2009). Paradoxically, social subsidies can create a dependency that contributes to poverty.

#### **3.3.2.4 Poverty as a Moral Judgment**

There are many scenarios wherein people may be said to be impoverished, including when their standard of living is judged to be objectively lacking or when others find it morally unacceptable (Spicker, 1999). Miller (2001) holds that society must be called out for its materialistic way of life which has caused moral concerns to arise from its desire to better the conditions of the lives of the poor and its interest in ensuring that they have access to the greater resources. The primary concern is that by definition is about the harm that it does to others, not that there is anything bad about poverty itself.

#### **3.3.3 Absolute Poverty vs Relative Poverty**

Understanding the distinctions between forms of poverty is essential to understand measures of poverty. Households and individuals are generally considered to be poor if their per capital consumption expenditure or income falls below a threshold, generally termed the poverty line. Within this, poor households can be conceptualised as being absolutely poor or relatively poor.

##### **3.3.3.1 Absolute Poverty**

According to Adepoju (2012), absolute poverty can be defined as a situation in which an individual is living below the minimum socially accepted standard of living. Absolute poverty is also called subsistence poverty. An individual or household is said to be absolutely poor if consumption expenditure or income is below the absolute poverty line which is fixed. The absolute poverty line depicts the level of goods and services or income that is socially accepted as the minimum standard. Absolute poverty is largely based on the basic nutritional requirements and essential goods needed to sustain life. The absolute poverty line is stable over time and is usually computed using the cost of basic needs approach and the food energy intake method (Adepoju, 2012).

While the absolute poverty line will be different in developing countries and developed countries, the World Bank uses the percentage of the population that lives on less than USD1.90 a day as a global indicator of severe poverty. Absolute poverty does not take

into account a person's general quality of life, their degree of deprivation in society or the fact that people have social and cultural needs as well basic material ones.

### **3.3.3.2 Relative Poverty**

Relative poverty considers the level of deprivation suffered by a household or individual against those of other individuals or households in a particular community or location. Relative poverty is subjective compared to absolute poverty because it weighs an individual's or household's poverty against the society's standard of living. That is, it measures how poor an individual or household is by comparison with other non-poor households or individuals in the society. Relative poverty is measured by determining a relative poverty line. The relative poverty line is usually taken as two-thirds of the population's mean per capita income or consumption (Adepoju, 2012). Households or individuals whose per capita income or consumption expenditure is below the relative poverty line are considered relatively poor. Relativity also varies from country to country, while the established standard varies over time according to economic trends. The standard of living is defined in relation to the individual's place in the income or spending distribution (Todaro & Smith, 2015).

Relative poverty is a form of social inequality that directs attention to reasonable standards of living, including the benefits of citizenship, while eliminating the problem of extreme deprivation. Relative poverty cannot be removed by purely economic development. Policies to combat relative poverty also includes social assistance, social security, as well as funding allocation and progressive taxation. Initiatives would naturally include issues of social and group stability (Ferreira & Sánchez-Páramo, 2017).

### **3.3.4 Chronic Poverty vs Transitory Poverty**

Poverty is not a static phenomenon because it contains time dimensions. The concepts of chronic and transitory poverty aid in understanding the dynamic nature of poverty because they explain the time dimension of poverty. Chronic and transitory poverty explain the degree to which households are impoverished over a period of time.

#### **3.3.4.1 Chronic Poverty**

Chronic poverty is a situation in which an individual's or household's per capita income or consumption expenditure has been below the poverty line for a very long time (Kaka & Launi, 2014). Chronic poverty is usually passed down from one generation to the next. According to Adepoju (2012), chronic poverty occurs when an individual or a household experiences deprivation for a long period and probably all their lives. Individuals who are chronically poor suffer a constant shortage of resources (Mowafi & Khawaja, 2015).

When chronically impoverished individuals do find jobs, they tend to be precarious, casual and extremely low-paying. They are often deprived of food and education and lack access to basic needs such as clean drinking water and healthcare. They face prejudice, stigma and 'invisibility' from society and also trade out their own agency to manage and secure themselves and their families (Shepherd & Brunt, 2013).

Chronic poverty occurs in every country and chronically poor individuals face a variety of challenges. People who may be chronically poor are economically disadvantaged ethnic, religious and indigenous groups, refugees, nomads, people affected by HIV/AIDS and those forced from their homes due to social circumstances (Shepherd & Brunt, 2013). Other categories of people—children, the elderly, single women and widows, people who are disabled—are more vulnerable to chronic poverty. Chronic poverty is transmitted from one generation to the next, particularly in rural areas.

#### **3.3.4.2 Transitory Poverty**

Transitory poverty occurs when an individual's or household's per capita income or consumption expenditure is below the poverty line for a short time. Transitory poverty is usually caused by negative shocks that temporarily affect income making it impossible to maintain normal individual or household consumption levels (Adepoju, 2012). Kruger (2018) describes transitory poverty as a situation in which individuals or households slip in and out of poverty.

Transitory poverty also refers to regular shifts in income above and below the poverty line. It describes a situation in which projected income is only above the poverty line

but is perceived to be on the verge of slipping below it, which happens often (Shepherd, 2007). Transitorily poor people have a tenuous supply of income, materials and other assets that is only slightly above the poverty line (Mowafi & Khawaja, 2005).

### **3.3.5 Objective Poverty vs Subjective Poverty**

Poverty can also be conceptualised as subjective or objective, which provides an entirely different view of human need. Poverty is said to be subjective when an individual or household is allowed to assess their poverty status themselves.

#### **3.3.5.1 Objective Poverty**

This type of poverty is sometimes referred to as the welfare approach to poverty measurement. It involves the quantitative measure of poverty using indicators such as consumption, expenditure and income (Posel & Rogan, 2013). This measurement of poverty requires the determination of a minimum income level or consumption level needed for basic survival. This established minimum income level or consumption level is then used as an estimator to differentiate the poor and non-poor. Those whose incomes are below the minimum established income level or who lack the necessary assets to finance the minimum consumption level are defined as being objectively poor (Kruger, 2018).

#### **3.3.5.2 Subjective Poverty**

Unlike objective poverty, subjective poverty is rooted in individual opinions of households about their own circumstances. These opinions are subjective as the households assess their own poverty status. According to Kruger (2018), subjective poverty is determined by collecting data from households or individuals on their opinions about their socio-economic status or self-assessment of their current circumstances. The measurement of poverty merely takes into account the poor's self-assessed degree of poverty (Posel & Rogan, 2013).

### **3.4 Poverty Line**

The poverty line is the amount of income needed to meet the bare necessities of life. Poverty lines are critical measurements that help with the preparation, tracking and assessment of anti-poverty strategies. According to Ravallion (1998), poverty lines

can perform two distinct purposes. The first is defining what the basic standard of living is that will help in distinguishing the poor from the non-poor and the second is to make social distinctions. He goes on to say that poverty lines represent the monetary cost to society of achieving a certain degree of welfare.

According to the World Bank (2016a), poverty lines are calculated using a single global benchmark unit of daily income. With the inclusion of International Comparison Programme (ICP) estimates, the global reference line at the time of the study was adjusted to USD1.90 (this used to be USD1.25 on the global comparison tool). Global poverty lines are set as the minimum daily amount required to cover basic necessities (Titumir & Rahman, 2013). Poverty lines indicate what income a family requires to maintain a minimal standard of living. It provides a means to compute the annual wage bill necessary for day-to-day expenses (Bradshaw, 2007).

Shepherd (2007) asserts that measurements for poverty do not stop at money metrics and expenditures or wages, but may extend to other aspects of relative deprivation. When non-monetary criteria are used, it's possible to derive a "welfare index" cut-off point (40<sup>th</sup> percentile) that is then used as a poverty line to distinguish poor from non-poor. Finally, a poverty line defines a person as poor when their earnings fall below the line, which represents the sum necessary to maintain a basic standard of living (Sanchez-Martinez & Davis, 2014).

### **3.5 Measurement of Poverty**

The accurate measurement of poverty allows decision-makers to recognise key areas for economic and social interventions. These measurements must be scientifically sound while still being responsive to practical problems and policy guidelines. However, there is no widely recognised indicator or standard parameter for poverty measurement. The benefits and drawbacks of the most widely used indicators of poverty are explained below.

#### **3.5.1 Poverty Head Count Index**

This is focused on a poverty line defined by costing a basket of minimum commodities required for basic human survival using revenue, consumption or spending data from

non-poor households (Danaan, 2018). This index measures the proportion of the population that is poor. The index is based on a given poverty line that has already been established as the minimum basket or income required for survival. The head count index is calculated as the ratio of the total number of households below the established poverty line to a given total population (Ogwumike & Akinnibosun, 2013). This measurement of poverty does not consider the depth of poverty. The poverty head count index is normally denoted as  $H$  and can be mathematically expressed as

$$H = \frac{n}{N}$$

Where  $n$  is equal to the number of poor people or households (i.e. those below the poverty line) and  $N$  is equal to the total population (or sample population under study).

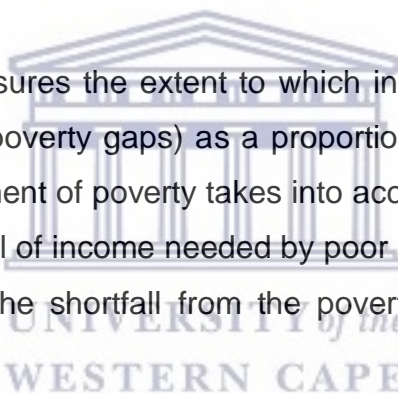
### 3.5.2 Poverty Gap Index

The poverty gap index measures the extent to which individuals or households fall below the poverty line (the poverty gaps) as a proportion of the poverty line (World Bank, 2005). This measurement of poverty takes into account the depth of poverty. It gives information on the level of income needed by poor households or individuals to exit poverty by measuring the shortfall from the poverty line of poor households' income.

Although this measure captures the depth of poverty it does not capture inequality among the poor households or individuals (Kruger, 2018). This index is obtained by first defining the poverty gap ( $g_i$ ) which is calculated by subtracting the actual income of a poor household or individual ( $y_i$ ) from the poverty line ( $z$ ). The gap is considered to be zero for non-poor individuals (i.e. those whose  $y_i \geq z$ ). Using the index function, we have  $g_i = z - y_i$

Therefore, the Poverty Gap Index ( $G$ ) is expressed as

$$G = \frac{\sum_{i=1}^n g_i}{Nz}$$

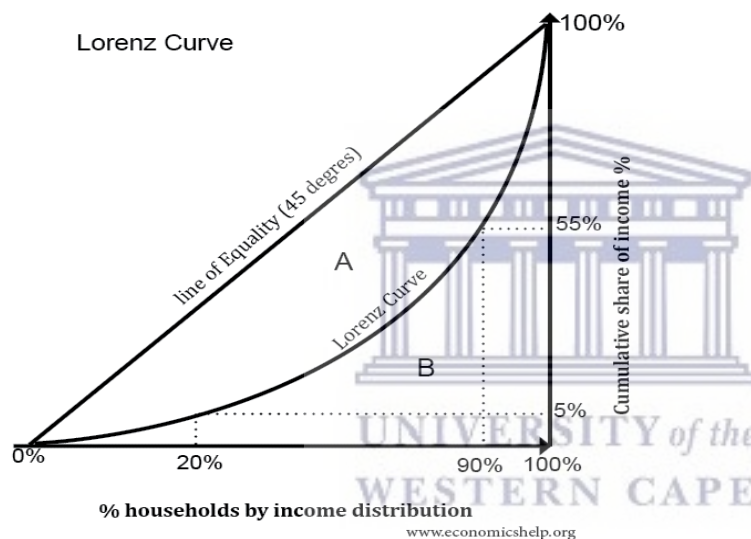


Where  $N$  = total population (sample),  $G_i$  = poverty gap, and  $z$  = poverty line.

### 3.5.3 Disparity of Income Distribution

This measurement of poverty involves the presentation of the distribution of poverty using the Gini Coefficient and Lorenz Curve (Danaan, 2018). The Lorenz curve is a graphical representation of the variations in the distribution of households' income. The horizontal axis of the graph shows the cumulative percentage of poor households' income while the vertical axis shows the cumulative percentage of households that are poor.

**Figure 5: Disparity of Income Distribution**



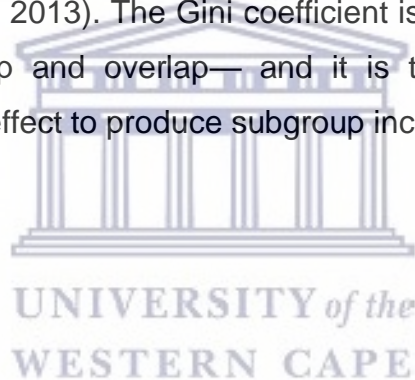
Source: <https://www.economicshelp.org/blog/glossary/lorenz-curve/>

From Figure 5 above, the further away the Lorenz curve is from the diagonal which is regarded as the “line of perfect equality”, the higher the extent of inequality portrayed. Since no country has complete equality or perfect inequality in its distribution of income, the Lorenz curves for any country will lie somewhere to the right side of the diagonal in Figure 5 (Todaro & Smith, 2015).

The last and most convenient way to determine the degree of income inequality in a country is to calculate the ratio between the Lorenz curve and the diagonal. The Gini-coefficient uses the Lorenz curve to measure income distribution, which is a composite frequency curve that compares the spread of a given variable (such as income)

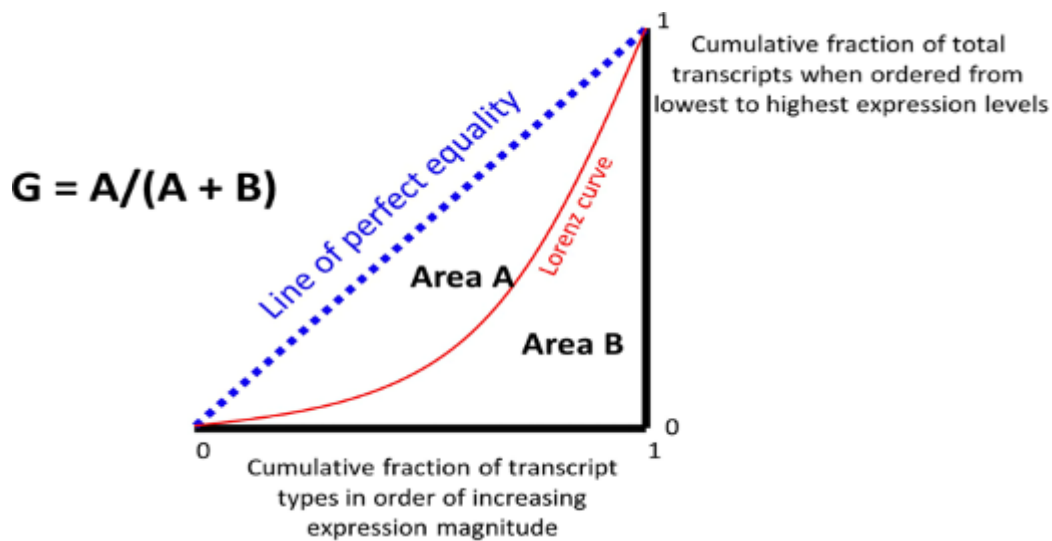
against the populace to demonstrate inequality (Danaan, 2018). Because of its strong properties, the Gini coefficient is an excellent indicator of inequality and can measure income inequality in a country. The higher the coefficient, the higher the level of income inequality and the lower the coefficient, the more equitably income is distributed.

This measurement of poverty has been criticised by scholars in that it does not show the actual number of people who are poor (below the poverty line). The Gini coefficient, like other indicators, has some disadvantages. It can be decomposed but is not subgroup compatible. Subgroup continuity dictates that if poverty falls in one subgroup while remaining constant in another, and both have set population sizes, then the total poverty level must fall as well. The Gini coefficient becomes problematic when the income levels of the subgroup ranges intersect. In that scenario, the impact of a given income distribution shift on subpopulations' inequality will be opposite to its impact on total inequality (World Bank, 2013). The Gini coefficient is divided into three terms—within-group, between-group and overlap—and it is the overlap term that can overcome the within-group effect to produce subgroup inconsistencies.





**Figure 6: The Gini Coefficient**



Source: Wright Muelas et al. 2019.

### 3.5.4 Squared Poverty Gap Index

The squared poverty gap is also known as the poverty severity index ( $P_2$ ) and is specifically used to assess the degree of poverty among the poor. It averages the squares of the poverty gaps relative to the poverty line (World Bank, 2005). Unlike the poverty gap index, this measure of poverty takes into account income inequality among poor households or individuals. The need for this index stems from the fact that the poverty gap index does not sufficiently address questions about shifts in poverty distribution. For instance, if a policy results in money transfer from somebody below the poverty threshold to the poorest individual, the squared poverty gap index reflects this transition, while the poverty gap index does not. This measure of poverty in its simplest form is just the weighted sum of poverty gaps expressed as a ratio of the poverty line. It can be expressed mathematically as



Where all parameters remain as previously defined.

### 3.5.5 Composite Poverty Measures

Two popular indices are used when measuring poverty using the composite poverty measure: the Sen Index (S) and Foster-Greer-Thorbecke Indices (FGT).

### 3.5.5.1 The Sen index

The Sen index uses the combined effect of the number of poor, their poverty depth and the distribution of their poverty within the group to measure poverty (i.e. it uses indices such as the poverty gap index, Gini coefficient and head count index) (World Bank, 2005). The Sen index is denoted as  $S$  and can be written as

$$S = \frac{1}{2} \left( H + \frac{G}{H} \right)$$

where  $H$  is the headcount index,  $\bar{y}_p$  is the mean per capital expenditure or income of the poor, and  $G$  is equal to the value of the Gini coefficient. The Gini coefficient can take a value ranging from zero to one; 1 meaning perfect inequality and 0 perfect equality.

A drawback of composite poverty measures is that they are intended to reflect and analyse living conditions across all countries in the world using available data, but do not provide an in-depth understanding of all applicable growth or poverty indicators in the country under study (De Kruijk & Rutten, 2007).

### 3.5.5.2 Foster-Greer-Thorbecke indices

The Foster-Greer-Thorbecke indices (FGT), which were developed by Erik Thorbecke, Joel Greer and James Foster, provide an elegant unifying framework for measuring poverty. The FGT integrates the indices of poverty severity, poverty gap and head count to measure poverty (World Bank, 2005). In order to calculate poverty in the economy, the FGT index takes income levels into account and gives different weight allowances to different income levels (Foster et al., 1984). Also, the FGT index is a measure of general or decomposable poverty that identifies all population groups as different classes of people. A rise in the FGT may be largely attributable to changes in the economy, but can also be a reflection of increased or decreased social spending.

According to Chen (2015), the FGT index is estimated as a weighted average of the poor's normalised poverty differences. The income deficit as a percentage of the poverty line is measured by the normalised income difference. The FGT class is computed using normalised gaps,  $g_i = (z - y_i)/z$  of a poor person  $i$ , which is the difference equal to the poverty line as a percentage of the received income (Foster et al., 2010).

The FGT index is written as

$$\frac{1}{n} \sum_{i=1}^q \left( \frac{z - y_i}{z} \right)^\alpha / (y_i \leq z).$$

where

$P\alpha$  = poverty measure classifications

$n$  = total population

$z$  = subsistence level

$y_i$  = the  $i$ -th lowermost earnings level

$\alpha \geq 0$  is the poverty aversion parameter

The  $P\alpha$  index takes different forms depending on the index number of the parameter  $\alpha$ .

The  $P$  index takes different forms depending on the index number of the parameter.

Firstly, If  $\alpha = 0$ , the numerator is equal to the value  $q$ , and the number of people living below the poverty line is calculated as  $q/n$ . The proportion of the population deemed to live in a household with an income per capita less than the poverty level is used to calculate the headcount poverty index ( $P_0$ ) (Osowole & Bamiduro, 2013).

Secondly, If  $\alpha = 1$ , the poverty gap is normalised (per capita). Thus, the share of people living in poverty goes up as the absolute number of people in poverty grows, or when the absolute fraction of poverty is larger (Todaro & Smith, 2015). The poverty gap index measures the degree of the disparity between low and high incomes by determining how far poor people are situated from the poverty line (Osowole & Bamiduro, 2013).

Thirdly, If  $\alpha = 2$ , If  $\alpha = 2$ , the influence of an increase in a poor individual's earnings on the degree of poverty rises proportionally to the square of the individual's distance from the income threshold, accounting for poverty severity. The average of the squared proportional poverty that represents the depth of poverty is referred to as this

distribution-sensitive instrument of the mean deficit of the total population from the poverty line (Foster et al., 1984).

### **3.5.6 Quality of Life Index**

This index is a qualitative measure of poverty. Unlike other measures of poverty that use income to measure the quality of life of individuals or households, this index uses a qualitative measure such as the basic literacy rate, life expectancy rate and infant mortality (Danaan, 2018). More metrics were added to this index to measure poverty, including medical status, women's status, defence effort, economy, demographics, geographical area, participation in politics, diverse cultures and welfare effort. The term 'quality of life' refers to both health-related factors such as physical, functional, emotional and mental well-being, as well as non-health-related factors such as employment and social relationships (Danaan, 2018). This particular index has been criticised for assigning absolute values to qualitative variables.

### **3.5.7 Human Development Index**

The Human Development Index (HDI) was developed in 1990 by the United Nations Development Programme (UNDP) to compare the various efforts of countries to tackle poverty. The HDI is a metric that assesses key aspects of human progress. The three most important dimensions or metrics are: life expectancy – an indicator of how long and well a person lives; education access – determined by the estimated years of schooling for children entering school and the mean years of schooling for the adult population; and a fair standard of living – as calculated by GNI per capita adjusted for the country's price level (Roser, 2014).

The HDI uses a combination of both non-income and income parameters to measure poverty. It focuses on the extent of deprivation faced by individuals or households in a country relative to what is globally obtained. The HDI uses three core indices in measuring relative poverty, namely per capita income, life expectancy and the literacy rate (Ogwumike & Akinnibosun, 2013). One of the steps by which HDI is calculated is by creating indices for each of the three measures

$$\text{Dimension index} = \frac{\text{actual value} - \text{minimum value}}{\text{maximum value} - \text{minimum value}}$$

The HDI can also be calculated by combining the three metrics:

$$\text{HDI} = (I_{\text{Health}} * I_{\text{Education}} * I_{\text{Income}})$$

The percentage of people who are not expected to live to the age of forty was used to calculate deprivation in the long and stable health dimension. The proportion of illiterate adults was used to measure literacy deprivation. Finally, deprivation in the quality of living dimension was calculated as the sum of three indicators: the percentage of people without access to clean water, the percentage of people without access to healthcare, and the percentage of moderately and seriously underweight children under the age of five.

### 3.6 Chapter Summary

There is no single accepted definition of poverty as it is a multidimensional phenomenon and has been defined by various scholars to mean various things. In this study, poverty was conceptualised as a dynamic phenomenon with various time dimensions. Further, this chapter reviewed some theories that relate to poverty. The poverty theories discussed illustrate the way poverty is perceived in Nigeria. They provide insight into the forces that contribute to poverty. Lastly, while individually limited to specific aspects of poverty, the foregoing theories all show that poverty is multidimensional or multifaceted.

# CHAPTER FOUR

## RESEARCH METHODOLOGY

### 4.1 Chapter Overview

This chapter explains the methodology and data used in the study. Data for the study was collected from the Nigeria General Household Survey (GHS). Since the focus of the study is on the dynamic nature of poverty, the analysis in the study was limited to the panel data aspect of the GHS. In this chapter, section 4.2 provides an understanding of the GHS dataset employed in the study, section 4.3 explains the methodology adopted for the study and section 4.4 explains the limitations of the study and dataset used, and how the study overcame the limitations.

### 4.2 Data

The study used panel data collected from 4 557 households across the 774 local government areas in Nigeria. The data was obtained from the post-harvest wave 1 (2010—2011) and wave 2 (2012—2013) dataset of the GHS. The GHS-panel data is the first survey of its kind carried out by the Nigeria Bureau of Statistics (NBS), in collaboration with the World Bank. The GHS comprises both a panel data survey and a cross-sectional survey. The panel data survey covers 5 000 households while the cross-sectional aspect covers 22 000 households. The panel survey is carried out biennially.

Initially, the study aimed to employ four wave datasets in the post-planting and post-harvest periods (2010—2011; 2012—2013; 2015—2016; 2017—2018), but found household expenditure and household assets to be absent in post-planting and post-harvest wave 3 (2015—2016) and wave 4 (2017—2018). Furthermore, there was also an aggregate consumption file for wave 3 that lacked a household identifier (hhid) and an individual identification (indiv). These aspects made it difficult to combine aggregate consumption for wave 3 with other aggregate consumption files. Due to these limitations, the research project decided to use the datasets from the post-harvest waves of waves 1 (2010—2011) and 2 (2012—2013).

Despite the irregularities and the dataset issues, the post-harvest datasets for wave 1 and wave 2 employed for this study are nationally representative and suited to the goal of the research.

### **4.3 Methods of Analysis**

The study used quantitative analysis via the use of descriptive statistics and a multinomial logit regression model in analysing the GHS-panel data collected for the study. The descriptive tools used in the analysis included frequencies, percentages and tables. According to Lipton and Ravallion (1995), the consumption measure of poverty is more stable than income-based measures of poverty. They argued that the income of households fluctuates more than their consumption and that consumption captures the household's strength to acquire resources during economic stress. In this study, total household consumption expenditure per capita was used as a proxy for per capita income in calculating the poverty line for the study.

The study made use of a relative poverty line, which was calculated using the mean per capita household consumption expenditures (MPCHCE) from the GHS data (per capita consumption expenditure divided by the total number of households). Those whose per capita household consumption expenditure was greater than two-thirds of the MPCHCE were classified as 'not poor' while those whose per capita household consumption expenditure was less than two-thirds of the MPCHCE were classified as 'poor'.

Given the poverty line, the poverty status of households in wave 1 (2010—2011) and wave 2 (2012—2013) of the GHS-panel data were used in operationalising the concepts of transitory and chronic poverty. A common approach of decomposing poverty into its chronic and transitory components is known as the component approach and uses the inter-temporal mean of consumption in decomposing poverty into chronic and transitory. This approach was not suited to this study because the inter-temporal mean of consumption cannot be computed appropriately using two waves of panel data (McKay & Lawson, 2003). Hence, the spells approach was adopted in decomposing total poverty into chronic and transitory poverty for this study.

This approach meant that households whose per capita consumption expenditure is below the poverty line in both waves are 'chronically poor' while those whose per

capita consumption expenditure is below the poverty line in only one wave are 'transitorily poor'. Changes in the status of households' poverty have been analysed by categorising households from the panel aspect of GHS into three groups, namely non-poor, chronically poor and transitorily poor.

The dynamic nature of household poverty is influenced by factors such as economic shocks, physical environment, societal trends and even the households' characteristics. To begin with, the extent of transitory and chronic poverty in Nigeria was analysed using descriptive statistics. At that point, the multinomial logit regression was utilised to determine the socio-economic factors influencing the changes in the poverty status of households in Nigeria.

#### **4.3.1 Identification of Different Poor Households**

Various scholars (Arif & Bilquees, 2007; Baulch & McCulloch, 1999; Khanal, 2013) use a single approach in differentiating households or individuals that are poor. This study intends to identify chronically poor, transitorily poor and non-poor households using two methods, the first of which described below is the main focus of the study.

##### ***Method One***

1) **Chronic poor**: This category of households refers to those whose per capita consumption expenditure falls below the poverty line in both wave 1 and wave 2 of the GHS.

2) **Transitory poor**: This category of households refers to those whose per capita consumption expenditure falls below the poverty line in either wave 1 or wave 2 of the GHS.

3) **Non-poor**: This category of households refers to those whose per capita consumption expenditure is above the poverty line in both wave 1 or wave 2 of the GHS.

##### ***Method Two***

1) **Chronic poor**: This category of households refers to those identified as poor in both waves.



2) **Poverty entry:** This category of households refers to those whose per capita consumption expenditure is above the poverty line in wave 1 but falls below the poverty line in wave 2.

3) **Poverty exit:** This category of households refers to those whose per capita consumption expenditure is below the poverty line in wave 1 but above the poverty line in wave 2.

4) **Non-poor:** This category of households refers to those whose per capita consumption expenditure is above the poverty line in both waves.

### 4.3.2 Descriptive Analysis

This quantitative analysis will examine the GHS-panel data across two waves to examine the household as well as the personal characteristics of the various groups with an increased focus on Method One. The descriptive statistics will concentrate on:

Personal characteristics: these include age, gender, race and level of educational attainment of the head of household and individuals.

- a. Geographical characteristics: this is the area of residence, i.e. rural or urban area.
- b. Poverty transition: the focus here is on Method One. The study uses the mean per capita household consumption expenditure for wave 1 and wave 2.
- c. Labour market characteristics: employment status and the number of times a person has been working.
- d. Characteristics of the household: these are the average dependency ratio, and the household head's gender, race and income.
- e. Non-income-related: assets owned as well as access to public services.

### 4.3.3 Econometrics Analysis

For the econometrics analysis, a multinomial logit regression model was estimated to capture the determinants of chronic and transitory poverty in Nigeria. A multinomial logit regression model was estimated based on Method One (of differentiating poor households) as the three poverty groups in this method involve ordinal ranking. The

multinomial logit regression enables the study to ascertain the various factors (explanatory variable) that exact a statistically significant influence on chronic and transitory poverty among households.

In this case, it was utilised to anticipate the poverty status of people over time based on their individual characteristics (such as gender, literacy level, age and employment status), household characteristics (such as family size, number employed and social grant recipients in the household, land and livestock ownership, farm status and electricity connection) and community characteristics (such as area of residence). Based on Method One of identifying poor households as discussed above, the dependent variables were coded as (1) chronic poor; (2) transitory poor; (3) non-poor. The last category, households that were non-poor in 2010—2011 and 2012—2013, is the reference category in the multinomial logit model.

#### **4.3.3.1 Multinomial Logistic Regression Model**

The analysis of household poverty dynamics is usually based on models that assess the risk of a household or an individual remaining poor for a given period of time (Devicienti, 2002). However, those models are not suitable for the analysis of poverty dynamics between two points in time. Movements in and out of poverty in Nigeria between 2010—2011 and 2012—2013 must therefore instead be modelled using discrete outcome models. The study estimates a multinomial logit model of poverty dynamics for Nigeria.

Multinomial logit regressions are commonly used to model processes that involve a single outcome among several alternatives that cannot be ordered (Justino & Litchfield, 2003). Poverty dynamics between two periods can be divided into four mutually exclusive outcomes: (i) being non-poor in both periods, (ii) being poor in the first period and non-poor in the second period, (iii) being non-poor in the first period and poor in the second period, and (iv) being poor in both periods (Justino & Litchfield, 2003).

Multinomial logistic regression is used to predict categorical placement in or the probability of category membership on a dependent variable based on multiple independent variables (Starkweather & Moske, 2011). The independent variables can be either dichotomous (i.e. binary) or continuous (i.e. interval or ratio in scale). Multinomial logistic regression is a simple extension of binary logistic regression that

allows for more than two categories of the dependent or outcome variable. Like binary logistic regression, multinomial logistic regression uses maximum likelihood estimation to evaluate the probability of categorical membership (Starkweather & Moske, 2011). Multinomial logistic regression is often considered an attractive analysis because it does not assume normality, linearity or homoscedasticity (Starkweather & Moske, 2011). A more powerful alternative to multinomial logistic regression is discriminant function analysis which requires these assumptions are met. Multinomial logistic regression is used more frequently than discriminant function.

Multinomial logistic regression was used in this study because the dependent variable for the study is a categorical variable with three different categories and these categories are not in any specific order.

#### **4.4 Limitations of Study**

In an attempt to use the panel data from the four waves of the GHS some errors and missing data points in the dataset were encountered which prompted the use of only the data from the post-harvest survey in wave 1 (2010—2011) and wave 2 (2012—2013) of the GHS dataset. A thorough review of the GHS dataset revealed that data on remittances for wave 3 (2015—2016) was missing. Also, the data on aggregate consumption, individual identifier (indiv) and household identifier (hhid) had missing points making it impossible to properly merge them with wave 1 and wave 2 aggregate consumption data.

Data on household assets and expenditures from the wave 3 post-planting and post-harvesting datasets was also missing. Further, data on remittances and health from the wave 1 post-planting dataset were also missing. The total per capita consumption expenditure from wave 4 (2018—2019) was missing. To overcome this limitation, the study decided to use the wave 1 (2010—11) and wave 2 (2012—13) post-harvest panel datasets that are nationally inclusive and suitable for the research and analysis. Also, most households captured in wave 1 were captured in wave 2 making it suitable to properly match the data from the two waves.

#### **4.5 Chapter Summary**

This chapter discussed the methodology and data employed in this study. The section presented an overview of the poverty line, as well as the welfare measures this study

utilised. Two methods for identifying the different groups of poor households were discussed. The econometric approach the study chose to follow was identified alongside various descriptive statistics adopted in the study. Lastly, the study's use of the two waves covering the 2010—2013 period of the GHS to focus on the poverty dynamics of households was explained. The research findings are presented in the next chapter of the study.



## CHAPTER FIVE

### RESEARCH FINDINGS AND DISCUSSION

#### 5.1 Chapter Overview

This chapter presents the research results and findings based on the data collected and analysed. The research findings are presented in the form of tables as well as a discussion relevant to the specific objectives set for the study.

#### 5.2 Descriptive Statistics

Socio-economic characteristics of households have been identified as key factors affecting poverty. Demographic characteristics may also determine the ability of a household to move out of or into poverty, as well as to move out of transitory and chronic poverty. The socio-economic and demographic characteristics of the sample respondents in this study were gauged for gender, age bracket, age of the head of household, level of education, their primary occupation, employment status of the head of the household and the area of residence. The results are shown below.

##### 5.2.1 Gender of the head of the household

Table 2 presents the gender distribution of household heads. The table shows that the number of households headed by a male was far higher than the number headed by females. From the total sample of 4 557 households, 3 637 (79.81%) of the households were headed by a male while the remaining 920 (20.19%) were headed by females.

**Table 2: Gender distribution of household heads**

Gender	Freq.	Percent	Cum.
female	920	20.19	20.19
male	3,637	79.81	100.00
Total	4,557	100.00	

Source: Author's computation from GHS.

### 5.2.2 Age bracket of the household heads

The number of household heads aged 60 years and above (30.70%) is greater than other age categories. Those between the age of 50 and 59 years were the age category with the second-highest number of household heads (25.96%). The smallest representation by age of household heads (only 2.92% of the total household heads) were those between 20 and 29 years. Of the total household heads, 21.55% fell within the 40 to 49 years age bracket while the remaining 19.27% were the 30—39 years age group.

**Table 3: Age bracket of household heads**

Age bracket of hh heads	Freq.	Percent	Cum.
20-29years	133	2.92	2.92
30-39years	878	19.27	22.19
40-49years	964	21.15	43.34
50-59years	1,183	25.96	69.30
60years & above	1,399	30.70	100.00
Total	4,557	100.00	

Source: Author's computation from GHS.

### 5.2.3 Education level of the household heads

Education goes a long way in influencing the poverty status of households. Table 4 shows that most of the household heads (19.18%) had only primary school education. A number of other household heads (14.77%) had no form of formal education. The table further shows that only 8.67% of the household heads had a bachelor degree and 3.97% had a postgraduate degree. A large number of the household heads (18.70%) had only secondary school education and 16.22% had attained only a Qur'anic education. The rest of the households had attained one form of formal education or training.

**Table 4: Highest education level attained**

education level of hhh	Freq.	Percent
-----+-----		
none	673	14.77
primary	874	19.18
secondary	852	18.70
diploma	290	6.36
nce	255	5.60
bachelor	395	8.67
postgraduate	181	3.97
adult education	117	2.57
Qur'anic education	739	16.22
teacher training	64	1.40
vocational/technical	117	2.57
-----+-----		
Total	4,557	100.00

Source: Author's computation from GHS.

#### **5.2.4 Primary occupation of household heads**

From Table 5, we can see that the majority (50.58) of the household heads were engaged in agriculture as their primary occupation, while 18.65% were engaged in buying and selling as their primary occupation. About 6.41% of household heads were engaged in manufacturing and 4.06% in education, 6.30% in personal services and about 2.83% were public administrators. Table 5 reveals that household heads were more engaged in the informal sector than the formal sector. This accords with the general understanding of the Nigerian economy where the informal sector is larger than the formal sector in terms of employment.

**Table 5: Primary occupation**

Occupation	Freq.	Percent
agriculture	2,305	50.58
buying and selling	850	18.65
construction	189	4.15
education	185	4.06
electricity/water/gas/waste	12	0.26
financial/insurance/real estate service	34	0.75
health	56	1.23
manufacturing	292	6.41
mining	4	0.09
personal services	287	6.30
professional/scientific/technical activ	66	1.45
public administration	129	2.83
transportation	103	2.26
other specify	45	0.99
Total	4,557	100.00

Source: Author's computation from GHS.

### 5.2.5 Household heads employed in the formal sector

Table 6 shows that 62.32% of the household heads were not employed in the formal sector while 37.68% were gainfully employed in the formal Nigerian economy.

**Table 6: Employment status of household heads**

Employed in the informal sector	Freq.	Percent	Cum.
no	2,840	62.32	62.32
yes	1,717	37.68	100.00
Total	4,557	100.00	

Source: Author's computation from GHS.



### 5.2.6 Household area of residence

Many scholars have observed that poverty tends to be more prevalent in rural areas. Households in urban areas have more opportunities of exiting poverty or not falling into poverty compare to their counterparts dwelling in rural areas. Table 7 shows that the majority of our sampled households (70.07%) dwell in the rural areas (an implication of poverty) of Nigeria, while the remaining 29.93% dwell in urban areas of the country.

**Table 7: Household area of residence**

residential   area of hh	Freq.	Percent	Cum.
Rural	3,193	70.07	70.07
Urban	1,364	29.93	100.00
Total	4,557	100.00	

Source: Author's computation from GHS.

### 5.2.7 Poverty Transition

The mean per capita household consumption expenditures for wave 1 and wave 2 from the GHS-panel were #109,863 and #125,137 respectively from where poverty lines of #73,242 and #83,425 equivalent to two-thirds of the MPCHCE were obtained. Using the spells approach, poverty in Nigeria was decomposed into chronic and transitory poverty. As depicted in Table 8, 35.02% of the total households in Nigeria suffered chronic poverty while 29.34% suffered transitory poverty. Therefore, more Nigerians suffered chronic poverty than transitory poverty.

**Table 8: Poverty decomposition (spells approach)**

Poverty status	Freq.	Percent
Chronic poverty	1,596	35.02
Transitory poverty	1,337	29.34
Enter poverty	820	17.99
Exit poverty	517	11.35
Non-poor	1,624	35.64
Total	4,557	100

Source: Author's computation (Stata 16).

To further understand the extent of poverty in Nigeria, the poverty spells in the various geopolitical zones were analysed.

**Table 9: Distribution of transitory and chronically poor households by geopolitical zones**

ZONE	POVERTY			Total
	chronic poverty	transitory poverty	non-poor	
1. NORTH CENTRAL	35.6%	31.5%	32.9%	100.0%
2. NORTH EAST	56.2%	25.4%	18.4%	100.0%
3. NORTH WEST	57.4%	28.5%	14.1%	100.0%
4. SOUTH EAST	20.3%	35.3%	44.4%	100.0%
5. SOUTH SOUTH	18.8%	25.3%	55.9%	100.0%
6. SOUTH WEST	17.0%	30.0%	53.0%	100.0%
Total	35.0%	29.3%	35.6%	100.0%

Source: Author's computation from GHS.

Table 9 confirms that chronic poverty is more prevalent in the northern region of Nigeria compared to the southern region as 35.6% of the poor households in the North Central zone of Nigeria suffer chronic poverty while 31.5% suffer transitory poverty. The North East and North West zones have the highest level of chronically poor households in Nigeria. This can be attributed to the high rate of insurgency in this area and the fact that the region is predominantly dependent on subsistence agriculture for livelihoods.

Poverty in the southern region is mostly transitory compared to the northern region which mostly suffers chronic poverty. The South West zone shows the lowest number of chronically poor households (17%) in Nigeria. Poverty in the South West zone is more transitory than chronic. This is not surprising because states (e.g. Lagos state) in the South West zone are regarded as the industrial hub of the country. There is access to basic amenities, employment opportunities, industries, services and better living conditions compared to other zones. The South South zone, the oil hub of the country, has the second-lowest number of chronically poor households in the country. The South East zone also has a low number of chronically poor households at only 20.3% of the households.

The study also looked at the poverty status of households in rural areas compared to those in urban areas. Table 10 shows 43.1% of the total households in rural Nigeria suffer chronic poverty while 30.5% of them suffer transitory poverty and the remaining 26.4% are not poor. But in urban areas, only 16.1% of the total households in this area had chronic poverty while 26.6% were transitorily poor and the remaining 57.3% were

non-poor. This suggests that households in rural areas of the country suffer more chronic poverty than those in urban areas.

**Table 10: Distribution of transitory and chronically poor households by area of residence**

		POVERTY			Total
		chronic poverty	transitory poverty	non-poor	
	Rural	43.1%	30.5%	26.4%	100.0%
	Urban	16.1%	26.6%	57.3%	100.0%
Total		35.0%	29.3%	35.6%	100.0%

Source: Author's computation (Stata 16).

The results from Table 9 and Table 10 support the geographical disparities theory, which assumes that poverty is concentrated in specific places. The results clearly show that poverty in Nigeria is more prevalent and harsher in the northern region of the country than in the southern part, and there is also more poverty in rural areas across the country than in urban areas.

#### **5.2.8 Poverty Intervention Programmes effect on Chronic and Transitory Poverty**

Before and after the handover from the military to a civilian regime in 1999, many poverty eradication policies were incorporated alongside poverty intervention programmes. These policies include deregulation of the economy, tariff reforms, pricing policies, trade liberalisation policies and policies to stimulate indigenous production. Section 1.3 of this dissertation adequately chronicles the many programmes attempted and the list will not be repeated here, save to make the important observation that most of the programmes attempted to target narrow aspects of poverty such as unemployment (e.g. National Directorate of Unemployment established in 1986), illiteracy among the nomadic groups (Nomadic Education Programme), extending credit facilities to the poor (People's Bank of Nigeria Programme established in 1990) and agricultural facilities to smallholder farmers (NALDA).

Despite all the intervention programmes, policies and institutions, the number of households in chronic poverty in Nigeria keeps increasing. Ten years after the inception of the NAPEP, 35.02% of households in Nigeria are still suffering from chronic poverty while 29.34% have suffered from transitory poverty at one point in

time. Even with the introduction of YOU-WIN and SURE-P to complement NAPEP in 2011 and 2012 respectively, total households in poverty (households below the poverty line) increased from 46.37% in 2011 to 53% in 2013. In total, about 11.35% of households in Nigeria exited poverty between 2010 and 2013 while 17.99% fell into poverty in this same period.

Notwithstanding the various poverty intervention programmes attempted in that area, the level of chronic poverty in the northern region of the country increased with 56.2% of households in the North East zone in chronic poverty and 25.4% moves in and out of transitory poverty. Although the level of chronic poverty in the southern region of the country is low, especially in the oil-producing region, most households still suffer transitory poverty as can be seen in Table 9. In general, the poverty intervention programmes have been ineffective in tackling both chronic and transitory poverty. Thus the poor in Nigeria are trapped in the vicious circle of poverty with little or no hope of escaping.

### **5.3 Econometrics Analysis: Multinomial Logit Use**

#### **5.3.1 Factors Influencing Chronic and Transitory Poverty**

The multinomial logit regression analysis, the econometrics analysis adopted by the study to provide answers to the research questions in the study, was used to analyse the factors influencing chronic and transitory poverty in Nigeria. The overall logit regression result is robust and statistically significant since our Chi2 (66) of 1817.19 is statistically significant at a 5% level of significance with a Prob > Chi2 value of 0.0000.

The logit model also explains 18% of the variations in the chronic and transitory poverty status of households given the Pseudo R. Squared value of 0.1821. The factors influencing chronic and transitory poverty were interpreted in terms of the odds ratio of all other response categories relative to the base category. The base category, in this case, is the non-poor households. The results also present the odds ratios associated with the different explanatory variables.

**Table 11: Multinomial Logit Regression Model**

Variable	Chronic poverty			Transitory poverty				
	Odds ratio	Coef.	z-value	p>/z/	Odds ratio	Coef.	z-value	p>/z/
hysize	1.497	0.4036	22.79***	0.000	1.22	0.1994	12.05***	0.000
Age	0.998	-0.0013	-0.45	0.656	1	0.0001	0.07	0.947
<b>Gender</b>								
Male	0.888	-0.1184	-1.07	0.287	0.929	-0.0736	-0.73	0.464
<b>Area of residence</b>								
Urban	0.3055	-1.1858	-11.01***	0.000	0.51	-0.6724	-7.67***	0.000
Potable water	0.999	-0.0004	-8.27***	0.000	0.999	-0.0001	-6.20***	0.000
Electricity	0.999	-0.0003	-10.44***	0.000	0.999	-0.0008	-5.82***	0.000
Access to remittance	2.23	0.8041	1.37	0.17	1.006	0.0069	1.27	0.204
Land size	0.9045	-0.1004	-0.22	0.823	0.634	-0.4552	-0.99	0.320
Access to credit	0.442	-0.8168	-2.99***	0.003	0.779	-0.2495	-0.93	0.351
hhh employed in the formal sector	1.133	0.1249	1.21	0.226	1.035	0.0347	0.37	0.714
<b>Education</b>								
Primary	0.952	-0.0469	-0.31	0.753	1.016	0.01581	0.11	0.909
Secondary	0.792	-0.2336	-1.55	0.121	0.99	-0.0079	-0.06	0.954
Bachelor	0.762	-0.2717	-1.50	0.133	0.680	-0.3854	-2.21***	0.027
Postgraduate	0.810	-0.2103	-0.87	0.386	0.951	-0.0498	-0.22	0.823

Source: Author's computation from GHS data.

\*\*\* Significant at 5%. Log likelihood = -4080.95. Observations = 4557. Pseudo R. Squared = 0.1821. LR Chi2 (66) = 1817.19. Prob > Chi2 = 0.0000. Dependent variable: poverty status (1=chronic poor, 2=transitory poor, 3=non-poor), with base category poverty status=3. Base categories: Gender-female; Area-rural; Education-none.

### 5.3.1.1 Determinants of Chronic Poverty

Table 11 shows that household size, area of residence, access to electricity, access to potable water and access to credit are the major factors influencing chronic poverty in the study area. The age of the household head, gender of the household head, area of residence, access to electricity, potable water and credit, land size and educational qualification of the household head reduce the likelihood of chronic poverty among households in Nigeria, while household size, access to remittance and household head employed in the formal sector increase the likelihood of chronic poverty among households.

An increase in household size will increase the odds of households being chronically poor compared to being non-poor by 1.47. This positive relationship is statistically significant at a 5% level of significance. This finding is in agreement with the neo-

conservative theory of poverty which was built on the Malthusian paradigm propounded by Robert Malthus in 1796. The theory states that poverty is caused by population pressure on subsistence livelihoods. Further, the theory asserts that poverty is based on material deprivation. The higher the population rate, the higher the poverty level in the country (Winch, 1987).

Further, access to remittance and the number of household heads employed in the formal sector increase the odds of households being chronically poor. This positive relationship is not statistically significant at a 5% level of significance implying that although access to remittance and household heads being employed in the formal sector increase the likelihood of households being chronically poor by 2.33 and 1.133 respectively, this effect is statistically insignificant. This result is consistent with the findings of Adepoju (2012) in a similar study using a multinomial logit regression model, who concluded that family size is a significant determinant of chronic poverty and an increase in family size increases the odds of being chronically poor. The findings are also consistent with the work of Arif and Bilquees (2007).

The logit result also revealed that households headed by a male are 0.998 times less likely to suffer from chronic poverty compared to households headed by a female. Also, an increase in the age of the household head will decrease the odds of the household being chronically poor. Although the age and gender of the household heads reduce the odds of being chronically poor, their influence is statistically insignificant.

Households dwelling in urban areas are 0.3 times less likely to suffer from chronic poverty compared to households in rural areas, and this relationship is statistically significant implying that dwelling in urban areas significantly reduces the odds of being chronically poor. Also, an increase in access to electricity, potable water and credit reduces the odds of being chronically poor by 0.99, 0.99 and 0.44 respectively. This relationship is statistically significant at a 5% level of significance. Although an increase in the land size owned by households reduces the odds of being chronically poor, its influence was statistically insignificant. These findings are similar to the findings of Arif and Bilquees (2007), who concluded in a similar study in Pakistan that access to potable water, electricity and male-headed households reduce the odds of being chronically poor.

The human capital variables (primary, secondary, bachelor and postgraduate education of household head) showed an insignificant negative relationship with chronic poverty. Specifically, an additional year of primary, secondary, bachelor and postgraduate education of the household head impacted negatively on the odds of being chronically poor by 0.952, 0.792, 0.762 and 0.810 respectively. Notwithstanding normal *a priori* expectations that education is likely to have a fundamental influence on a household's poverty status, in the Nigerian situation, where graduates lack gainful employment because of the high unemployment rate in the country, the influence of education is not statistically significant.

### **5.3.1.2 Determinants of Transitory Poverty**

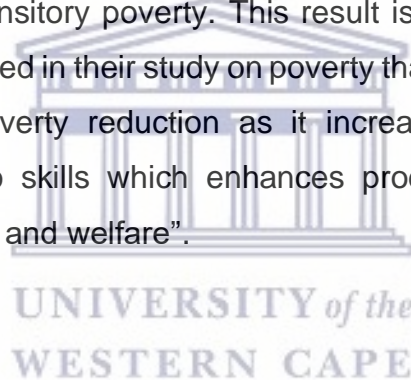
The major factors influencing the odds of transitory poverty in the study are household size, area of residence, access to electricity, educational qualification of household head and access to potable water. The gender of the household head, area of residence, access to electricity, potable water and credit, land size and educational qualification of the household head reduce the likelihood of transitory poverty among households in Nigeria. Household size, age of the household head, access to remittance and household head employed in the formal sector increase the likelihood of transitory poverty among households.

The positive coefficient of household size indicates that an increase in household size increases the odds of being transitorily poor by 1.22 and this effect is statistically significant at a 5% level of significance. Also, an increase in the age of household heads, access to remittance and household heads employed in the formal sector increase the odds of suffering transitory poverty among households, although their effect was statistically insignificant at a 5% level of significance. This result is consistent with the findings of Haddad and Ahmed (2002).

On the other hand, urban residents with large-sized lands were found to be less likely to fall into poverty. That is, households residing in urban areas with large land sizes are less likely to suffer transitory poverty compared to those residing in rural areas with smaller land sizes. The inverse relationship between households dwelling in urban areas and transitory poverty was statistically significant at a 5% level of significance.

Similarly, male-headed households decrease the odds of slipping into transitory poverty by 0.93 compared to female-headed households; although the influence of male-headed households in reducing the odds of being transitorily poor was statistically insignificant. This result corroborates the findings of Gonçalves and Machado (2015) whose study concluded that male-headed households are less likely to fall into chronic or transitory poverty. Also, the results show that an increase in access to electricity and potable water significantly reduces the odds of being transitorily poor by 0.99 and 0.99 respectively.

Access to credit reduces the odds of being transitorily poor by 0.77 but this effect is statistically insignificant. Among all the human capital assets, only tertiary education of the head (bachelor degree) had a significant negative influence on the likelihood of a household being transitorily poor. That is, a bachelor degree education decreased the odds of slipping into transitory poverty. This result is consistent with findings of Adepoju (2012) who concluded in their study on poverty that higher levels of education is crucial for sustained poverty reduction as it increases opportunity of gainful employment and access to skills which enhances productivity and consequently improves household income and welfare”.



## **5.4 Discussion**

### **5.4.1 Reflections on Poverty in Nigeria**

Having analysed the GHS data to illuminate the extent and dimensions of chronic and transitory poverty, it is necessary to contextualise the analyses within the particular character and socio-economic influences determining how poverty plays out in the Nigerian economy, while considering the impact of the Nigerian government and institutions on the evolution of chronic and transitory poverty to date, and relating the results of the study to extant theory.

#### **Paradoxes of Poverty in Nigeria**

Nigeria has over 206 million inhabitants and is the most populated country in Africa (World Bank, 2020). Nigeria is the largest producer of oil in Africa and the sixth-largest in the world (Orokpo & Mutong, 2018), and second in the world in terms of natural gas reserves (Orokpo & Mutong, 2018). Nigeria’s abundant mineral resources include zinc, lead, coal, gypsum, iron ore, limestone, barite and tin, which are mostly concentrated



in the northern part of the country. Nonetheless, despite its abundant natural resources and human capital, the poverty rate in Nigeria is still high, and the country has been referred to as the poverty capital of the world with about 100 million persons living in extreme poverty (World Bank, 2017).

The paradox of a country with ample natural resources and a large agriculture sector having a significant portion of its citizens in poverty is perplexing (Simon-Oke, 2016). A World Bank development report (2011) traced the movement in the incidence of poverty: using the rate of USD1 per day, it shows poverty increased from 28.1% in 1980 to 46.3% in 1986. In 1992 it was 42.7% but it rose to 65.6% in 1996 and later fell to 54.4% in 2004, then it increased to 69.3% in 2010, and further increased to 71.5% in 2011, dropped to 60% in 2015, jumped to 62% in 2016 and fell to 40.1% in 2019. It is expected to increase in 2020 given the negative effects of the COVID-19 pandemic on the economy.

Even before the COVID-19 pandemic, four out of 10 Nigerians were at or below the poverty line. According to the Nigerian National Bureau of Statistics (2018), 39.1% of Nigerians were below the poverty line of USD1.90 per person per day in 2011. Figure 7 presents a graphical comparison of the level of poverty in Nigeria and other countries. The figure shows that Nigeria had the highest rate of extreme poverty in the world in 2018, with 100 million Nigerians living in extreme poverty, compared with the next-worst countries, India, with 72 million extremely poor people, and the Democratic Republic of Congo, where 61 million people lived in poverty.

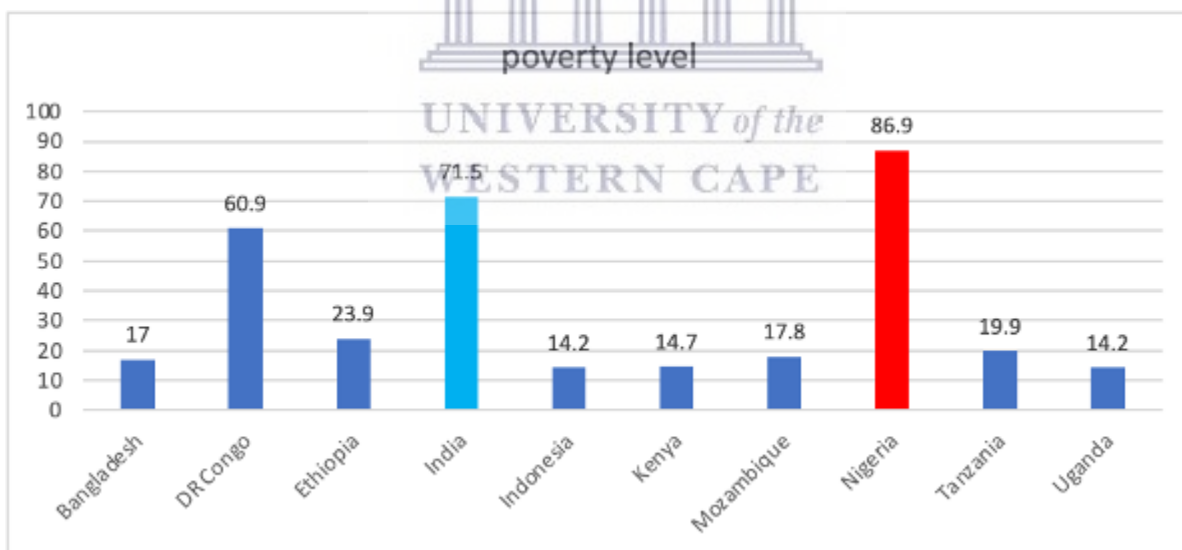
Looking at the comparative analysis of the incidence of poverty among the six geopolitical zones in Nigeria. Table 9 confirms that chronic poverty is more prevalent in the northern region of Nigeria compared to the southern region as 35.6% of the poor households in the North Central zone of Nigeria suffer chronic poverty while 31.5% suffer transitory poverty. The North East and North West zones have the highest level of chronically poor households in Nigeria. This can be attributed to the high rate of insurgency in this area and the fact that the region is predominantly dependent on subsistence agriculture for livelihoods.

Poverty in the southern region is mostly transitory compared to the northern region which mostly suffers chronic poverty. The South West zone shows the lowest number of chronically poor households (17%) in Nigeria. Poverty in the South West zone is

more transitory than chronic. This is not surprising because states (e.g. Lagos state) in the South West zone are regarded as the industrial hub of the country. There is access to basic amenities, employment opportunities, industries, services and better living conditions compared to other zones. The South South zone, the oil hub of the country, has the second-lowest number of chronically poor households in the country. The South East zone also has a low number of chronically poor households at only 20.3% of the households.

The study also looked at the poverty status of households in rural areas compared to those in urban areas. Table 10 shows 43.1% of the total households in rural Nigeria suffer chronic poverty while 30.5% of them suffer transitory poverty and the remaining 26.4% are not poor. But in urban areas, only 16.1% of the total households in this area had chronic poverty while 26.6% were transitorily poor and the remaining 57.3% were non-poor. This suggests that households in rural areas of the country suffer more chronic poverty than those in urban areas.

**Figure 7: Top 10 Countries of People Living in Extreme Poverty, 2018**



Source: World Poverty Clock, 2019.

The Nigerian National Bureau of Statistics estimated that 100 million people were poor in Nigeria in 2020 (NBS, 2020). Although poverty in Nigeria has attracted the attention of successive administrations, the paradox remains of widespread poverty amid plenty and poverty rising in periods of economic growth (Omoyibo, 2013).

## Characteristics of the Incidence of Poverty in Nigeria

Research by Dauda (2017) shows that the majority of poor people in Nigeria are located in the rural areas. There are differences in the incidence of poverty across the geopolitical zones in Nigeria with the incidence highest in the northern part of the country. Figure 8<sup>1</sup> shows that nine northern states (Sokoto, Taraba, Gigawa, Adamawa, Zamfara, Yobe, Niger, Gombe and Bauchi) had the highest poverty rates in the country. In 2018/19, 84.6% of those living below the USD1.90 poverty line lived in rural areas, while 76.3% lived in the North Central, North East or North West zones (NBS, 2018). There are also disparities in poverty between males and females (Orokpo & Mutong, 2018).

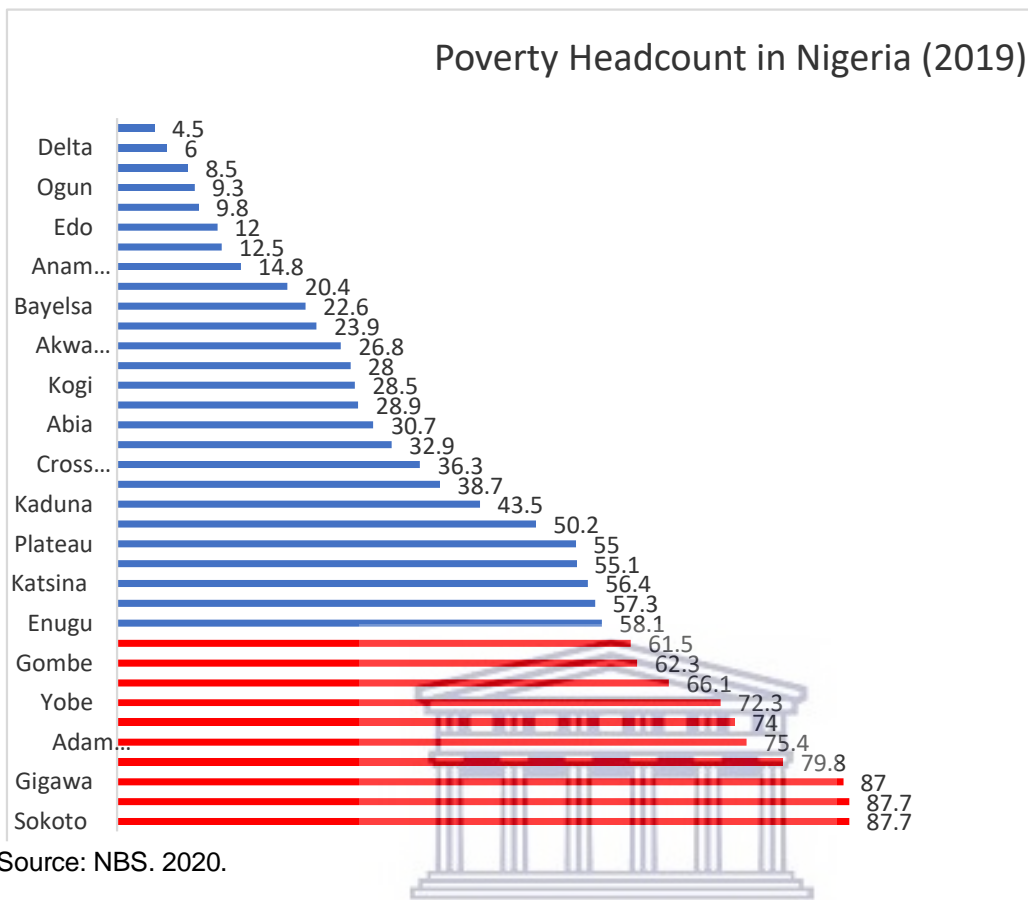
Although the incidence of poverty is much higher in the rural areas than in the urban centers, urban slum-dwellers form one of the more deprived groups in Nigeria. Dauda (2017) notes that poverty in Nigeria differs from the pattern in many other countries given that, even with the economic growth recorded, poverty is still on the increase, with the North West and North East geopolitical zones leading the poverty indices. This situation is at variance with the experiences of countries in Europe, North America and Asia, where economic growth resulted in poverty reduction. Many reasons have been given for the abysmal performance of poverty alleviation initiatives in Nigeria, including poor design and implementation, policy inconsistencies and discontinuity, poor funding and corruption (Arisi-Nwugballa, Elom & Onyeizugbe, 2016; Dauda, 2017).

Arisi-Nwugballa et al. (2016) noted that poverty alleviation initiatives tend to be geared towards providing financial credit and grants to drive the development of micro, small and medium enterprises (MSMEs) to lead to job creation and capacity utilisation. Some of these interventions enhanced the incomes of the target beneficiaries engaged in MSMEs but this could not be sustained due to obstacles such as the high cost of running businesses, infrastructural decay and competition caused by the proliferation of cheaper imported substitutes (Danaan, 2018).

---

<sup>1</sup> Figure 8 depicts the headcount ratio, which defines the proportion of the population that is living in households where the value of per capita total consumption expenditure is below or equal to the poverty line.

**Figure 8: Poverty Headcount in Nigeria, 2019**



Source: NBS. 2020.

### Some Causes of Poverty

In Nigeria, there are often some harmful reasons. Among the causal elements of poverty, the Nigerian Central Bank includes overcrowding, a consequence of a huge population pursuing few resources and too little space due to the rising population, resource shortages or both (Daniel, Moses & Bankole, 2009; Okoro & Kigho, 2013). Other factors responsible for poverty in Nigeria are briefly discussed below.

Education can play a major role in reducing poverty and is central to development (World Bank, 2011). It promotes economic growth, national productivity and innovation, and values of democracy and social cohesion. In Nigeria, the population with no education account for most of the poor. The education system in Nigeria can be regarded as a failure compared to other countries in the world (Omoniyi, 2018). The United Nations Universal Declaration of Human Rights states that everyone has the right to an education. This right has been denied to many Nigerians and especially females. Educating them is seen as unnecessary by many males as they are expected to marry as early as possible.

A high unemployment rate is also implicated in poverty. Nigeria had an estimated unemployment rate of 32.5% in 2012 (NBS, 2012). The failure to achieve good jobs results in low productivity and consumption. Many graduates walk the streets in Nigeria with no real possibility of employment.

Corruption has become the norm in Nigeria. Government revenues are diverted through rent-seeking and split between holders of political power and their associates, while the masses remain in poverty. By diverting funding intended for development, corruption directly leads to more poverty and unequal income and has helped raise rates of crime in Nigeria (Omoniyi, 2018).

Lack of diversification of the economy is a serious problem as over-reliance on the oil sector caused the neglect of the development of other industries. As a result of significant historical mismanagement of Nigeria's vast oil earnings and a worldwide drop in oil prices, Nigeria borrowed money to finance white elephant projects, many of which were also linked to rent-seeking, and the country became immensely indebted, with a considerable portion of the GDP diverted to debt interest (Omoniyi, 2018).

An abiding reason for poverty in Nigeria is the unstable political environment, which negatively affects overall economic growth, resulting in increasing poverty (Iheonu & Urama, 2019). Northern Nigeria has suffered enormous economic damage due to the conflict fomented by Boko Haram, especially in the North East zone. Fulani herdsmen periodically rampage through farmland in the North Central zone and militants in the Niger Delta regularly abduct and kill people in the South-South zone. These conflicts, some of which stem from ethnic friction born in the colonial era, destabilise populations, cause in-migration of refugees, divert state resources to supply the military and rebuild destroyed infrastructure and generally make Nigeria appear politically unstable and therefore unattractive to foreign investment (or at least more expensive to invest in).

#### **5.4.2 Linking Theory to Findings**

In Nigeria, bad governance, impunity, systemic deficiencies, illiteracy, income disparity, joblessness, and corruption have ingrained a culture of poverty, leading to poor orientation, a low standard of living, a high rate of social ills, political instability and religious violence (Danaan, 2018). Interventions from the government to break the

vicious cycle of poverty have been largely fruitless, having either been hijacked by government officials and rent-seekers or misused by beneficiaries. As a result, rather than reducing, poverty in Nigeria is perpetuated and passed down from one generation to the next.

Corruption has a long history in Nigeria and has been documented and debated by many researchers (Aluko, 2002; Dike, 2005; Hope, 2017; Ogbeidi, 2012; Ogundiya, 2009; Okoosi-Simbine, 2011; Osoba, 1996; Salisu, 2000; Tignor, 1993). The uneducated population is susceptible to superficial intellectualism and sentimentalism, which fosters the growth of corruption (Oshewolo, 2010). In public and community service, there is also no form of transparency. Funds allocated for construction and other projects are usually wasted or embezzled by corrupt officials. The rule of law is regularly violated and the systems of checks and balances are undermined to benefit a select few.

Politics is seen as a profitable business and an avenue to wealth, fame or power, instead of a call to serve the people. Ewhrudjakpor (2008) observes that Nigeria is socio-economically backward, and suggests that, to address poverty, the country should pass a law against unethical behaviour and abuse of office by government officials.

Relating the individual deficiency poverty theory to the poverty situation in Nigeria, poverty among households and individuals is on the rise because individuals in the country have failed to take responsibility for their destinies and improve their standards of living (Danaan, 2018) by, for instance, learning appropriate skills that match job opportunities.

It is well established that there is a strong correlation between the level of poverty in the country and governance (Omoyibo, 2013). Some policies were well-intended but, due to lack of proper implementation, exacerbated poverty in the country. The SAP, for example, worsened poverty as the government cut social spending.

The undiversified and narrow structure of the oil-dependent Nigerian economy (Danaan, 2018) has hindered economic development as well as capacity utilisation, resulting in macroeconomic uncertainty, lowered living standards and poverty. One enduring consequence of this has been the inability of the Nigerian government to

provide the necessary economic and social infrastructure such as good roads, electricity and security (Omoyibo, 2013). There has also been insufficient investment in power generation and distribution, which has increased production costs and retail prices for locally produced products, resulting in the decline of the manufacturing sector. Similarly, the country has not grown its share of revenues from agricultural exports as a result of negligence and the elimination of incentives to fuel agricultural development (Danaan, 2018).

Poverty has been worsened by policies that fail to promote women's empowerment or provide equal opportunities to the disabled. Bias, bigotry based on race and faith, and failure to develop the values of true federalism and equity in federal appointments and project allocation, have resulted in many ethno-religious tensions and civil unrest in Nigeria, deepening the country's extreme poverty through the devastation of lives and property (Danaan, 2018).

The Nigerian government have been unable to provide basic necessities of life, including food and personal security. Clashes between herders and farmers in agro-communities in the North and Middle belt have resulted in low food production in the country. The geographical disparities theory perspective has relevance in the Nigerian setting where poverty predominates in specific environments such as rural areas, urban ghettos and regions inclined to experience natural catastrophes such as floods, desert encroachment and drought (Ezeanyeji & Ozughalu, 2014). Economic activities in these areas are lacking and this leads to increased rates of unemployment and poverty. The inability of successive Nigerian governments to provide empowerment opportunities and social amenities to rural dwellers resulted in increased rural-urban migration and exacerbated living conditions in the urban areas.

## **5.5 Chapter Summary**

This chapter extensively analysed the extent of chronic and transitory poverty in Nigeria and the factors influencing them, using descriptive statistics and multinomial logit regression. The analysis showed that 35.02% of the total households in Nigeria suffer chronic poverty while 29.34% suffers transitory poverty. Chronic poverty was found to be more prevalent in the northern region of Nigeria compared to the southern region and more prevalent in rural areas than urban areas. The analysis showed some factors (e.g. household size, area of residence, access to electricity) are likely to be

major factors influencing both chronic poverty and transitory poverty in Nigeria, while others (e.g. educational qualification of household head and access to potable water) were associated more with transitory poverty.





## CHAPTER SIX

# SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

### 6.1 Introduction

This study analysed what it means to be chronically or transitorily poor and examined the social processes that cause poverty in Nigeria. Poverty research in the past used cross-sectional data to analyse poverty, mostly by focusing on poverty measured at a single point in time. This method proved ineffective in distinguishing poverty of a chronic nature from transitory poverty. Poverty dynamics adds a new dimension to studying the inherent characteristics of poverty and the study was able to use the GHS-panel data to analyse the Nigerian population's poverty dynamics to examine potential shifts in poverty status over time. Investigating the profiles of various vulnerable groups in this way will aid in understanding poverty's complexity and, in turn, the implementation of poverty reduction strategies that reduce both chronic and transitory poverty.

### 6.1 Summary of Findings

The study of the wave 1 and wave 2 data found that the majority of Nigerians in rural and urban communities and throughout the geopolitical zones are poor, victims of the lack of governance, infrastructure development and service delivery. Poverty, and the lacking economic performance underpinning it, derive from, among others:

- The failure of the Federal Government to overcome security threats such as the Boko Haram insurgency and rampaging Fulani herdsmen.
- A grossly imbalanced, oil-dependent economy that is almost entirely dependent on the income derived from crude oil and subsistence agriculture.
- An inability to provide enough jobs for a growing population, exacerbated by government corruption and rent-seeking.
- An education system that fails to deliver the skills and training that would stimulate economic growth.
- Inadequate infrastructure to accelerate economic growth, including improving the erratic power supply that hampers foreign investment and local

entrepreneurship and forces the poor to use more expensive and potentially riskier power supply options to maintain some quality of life.

- A federal framework that lacks cultural sensitivity and local democratic participation and an inefficient system of collecting national tax revenue, exacerbated by a low tax base.

This study grouped the households from the GHS-panel data into three categories namely: chronically poor, being those who remained poor in both waves of the survey; transitory poor, being people who moved into or out of poverty between the two waves; and non-poor, those who were not poor in either wave. The analysis showed that 35.02% of the total households in Nigeria are chronically poor while 29.34% are transitorily poor. Chronic poverty was found to be more prevalent in the northern region of Nigeria than in the southern region. More than 73.6% of households in rural areas were either chronically (43.1%) or transitorily (30.5%) poor.

The study showed that poverty is concentrated in specific places, populations and localities with some causes also having more local geographic variables. The impact on the economy in the northern geopolitical zones of the Boko Haram insurgency is one example. The descriptive analysis findings also revealed that chronic poverty was linked to lower educational attainment and lack of access to education. This is evident in the low priority placed on education in northern zones (such as North West in Wave 2), where over 50% of the population relies on subsistent agriculture, and education investment per capita is quite low with an increase in the number of children who are out of the school. Yet, the study showed that the educational level of the household head somewhat influences the probability of households falling into transitory poverty or remaining in chronic poverty.

The analysis also shows that household size increases the probability of falling into poverty (transitory poverty) or remaining in chronic poverty. Chronically poor households have large families and their monthly per capita expenditures are very low. Although many poor households are economically active, they are unable to escape poverty mainly because of low wages and lack of access to productive assets such as land. Thus, merely being employed does not always translate into escaping the vicious cycle of poverty.

Access to potable water and electricity had a significant and negative association with the probability of being chronically poor or transitory poor. Lastly, more chronic and transitory poverty was found to be prevalent among households in rural areas than those in urban areas.

## **6.2 Policy Recommendations**

Several policy implications result from the study. Firstly, and most obviously, poverty alleviation policies should be formulated based on a deeper understanding of poverty dynamics. A geographical approach would be more useful for such policies. This would allow anti-poverty strategies to be tailored to the individual and local issues and problems experienced in each state and local government area, unlike the blanket attempts by past federal governments to tackle whole economic sectors or segments of the society at once. Similarly, a geographical focus on development in zones affected by insurgency would provide citizens with material reasons to resist recruitment to or support of the insurgent movements. A concerted effort by the government in this regard may even restore investor confidence in the region and reverse the rural-urban migration that currently contributes to poverty.

Secondly, the government should formulate and implement more policies that result in social capital. Social policies allow the poor to benefit from income-based welfare through the subsidisation of expenses such as housing, education, healthcare services and amenities, thereby reducing the cost of living, increasing social capital and enhancing gainful participation in the economy.

Thirdly, given the factors influencing chronic and transitory poverty that the study has highlighted, there is a need for more infrastructural changes to be incorporated in poverty alleviation strategies. Improving infrastructure to enable access to education and skills for chronically poor households is a given as is improving living standards through increasing affordable access to electricity and potable water, especially in the rural areas where the majority of the households are chronically poor. Allied to this, the government should also address the economic infrastructure deficits that currently impede growth and promote poverty, such as improving access to markets, creating entrepreneurship hubs and manufacturing facilities, as well as enabling wider access to digital technologies.

Lastly, the analysis shows that household size has a significant and positive influence on the odds of being chronic or transitorily poor. The government could aggressively campaign through public education (albeit approaching with due sensitivity to people's cultural beliefs) to persuade Nigerians of the value of having smaller families.

### 6.3 Conclusion

Despite the failure of various poverty alleviation programmes and strategies implemented by the Nigerian government in their attempt to curb poverty, the underlying economic fundamentals of the country remain strong. Despite being characterised as a 'poverty capital' there should be no reason for pessimism if policymakers and Nigerians, in general, can gain a better understanding of the dynamic nature of poverty.

In this study, the dynamic nature of poverty was analysed using the Nigeria General Household Survey (NGHS) panel data and the results underline the elastic nature of poverty. Poverty in Nigeria is not static (i.e. the poor are not a homogenous group) nor are people necessarily trapped forever in chronic poverty. Rather, the analysis showed clearly that many households slip into and out of transitory poverty. Therefore, by formulating and implementing poverty reduction policies that adequately address chronic and transitory poverty in the country, and *understand them as separate dynamics*, the prospects of a committed (and honest) government alleviating poverty in Nigeria are enhanced.

One empowering approach that could be considered is to seek creative ways to increase the amount of capital in the hands of the poor, since it is commonly held that the poor are far more likely than the wealthy to inject available capital back into the economy, thus stimulating growth. Examples could be transfers of conditional cash, subsidised prices on general commodities, interest-free microfinance loans and non-repayable grants, enrolling the poor in subsidised insurance schemes, slashing the price of airtime and data, and other schemes that could help flatten their consumptions over time.

It is both regrettable and encouraging that funding such large-scale social investment has already proved possible in Nigeria, as the trillions of dollars withdrawn from the

economy through past corruption showed the inherent capacity of the Nigerian economy to generate the necessary capital.



## LIST OF REFERENCES

- Abdulai, A.M. & Shamshiry, E. 2014. *Linking sustainable livelihoods to natural resources and governance*. Singapore: Springer.
- Abdullatif, A.S., Omar, R. & Udin, M.B.M. 2017. Theories of Poverty to the Integrative Theory. A comparative analysis: Accordance to the situation of Iraq. *IOSR Journal of Humanities and Social Science*, 22(5): 47—50.
- Abogan, O.P., Akinola, E. and Baruwa, O., 2014. Non-oil export and economic growth in Nigeria. *Journal of Research in Economics and International Finance*, 3(1), pp.1-11.
- Adato, M., Carter, M.R. & May, J. 2006. Exploring poverty traps and social exclusion in South Africa using qualitative and quantitative data. *Journal of Development Studies*, 42(2): 226—247. DOI: [10.1080/00220380500405345](https://doi.org/10.1080/00220380500405345)
- Addae-Korankye, A. 2014. Causes of poverty in Africa: A review of literature. *American International Journal of Social Science*, 3(7):147—153.
- Adepoju, A.O. 2012. Poverty transitions in rural South West Nigeria. *Global Journal of Science Frontier Research*, 12(1): 19—29.  
[https://globaljournals.org/GJSFR\\_Volume12/3- Poverty-Transitions-in-Rural-South-West-Nigeria.pdf](https://globaljournals.org/GJSFR_Volume12/3-Poverty-Transitions-in-Rural-South-West-Nigeria.pdf)
- Afonja, B. & Ogwumike, F.O. 2003. Poverty: meaning, measurement and causes. Integrating poverty alleviation strategies into plans and programmes in Nigeria. Ibadan: NCEMA.
- African Economic Outlook. 2016. *Sustainable Cities and Structural Transformation*. Paris: OECD Publishing. <https://doi.org/10.1787/aeo-2016-en>.
- African Economic Outlook. 2017. *Entrepreneurship and Industrialisation*. Paris: OECD Publishing. <https://doi.org/10.1787/aeo-2017-en>.
- Albrecht, D.E. & Albrecht, S.L. 2000. Poverty in nonmetropolitan America: Impacts of industrial, employment, and family structure variables. *Rural Sociology*, 65(1): 87—103.

[https://www.researchgate.net/publication/279899565\\_Poverty\\_in\\_nonmetropolitan\\_America\\_Impacts\\_of\\_industrial\\_employment\\_and\\_family\\_structure\\_variables](https://www.researchgate.net/publication/279899565_Poverty_in_nonmetropolitan_America_Impacts_of_industrial_employment_and_family_structure_variables)

Albuquerque, T. & Gonçalves, S. 2020. Chronic and transitory poverty in Brazil: An analysis using Continuous PNAD. Available at SSRN 3658379.

Ali-Akpajiak, S.C. & Pyke, T. 2003. *Measuring poverty in Nigeria*. Oxford: Oxfam.

Alkire, S. & Foster, J. 2011. Counting and multidimensional poverty measurement. *Journal of Public Economics*, 95(7): 476—487.

Alkire, S., Roche, J.M., Ballon, P., Foster, J., Santos, M.E. & Seth, S. 2015. *Multidimensional poverty measurement and analysis*. USA: Oxford University Press.

Aluko, M.A.O. 2002. The institutionalization of corruption and its impact on political culture and behaviour in Nigeria. *Nordic Journal of African Studies*, 11(3): 10—10.

Anyanwu, J.C. 2014. Marital status, household size and poverty in Nigeria: Evidence from the 2009/2010 survey data. *African Development Review*, 26(1): 18—137.  
<https://doi.org/10.1111/1467-8268.12069>

Anyanwu, U.N. & Kalu, A.O.U. 2015. The impact of statutory money supply management and commercial bank loans and advances (CBLA) on economic growth: An empirical evidence in Nigeria. *Arabian Journal of Business and Management Review (Nigerian Chapter)*, 3(5): 1—18. DOI:10.12816/0014511

Anyebe, A.A. 2014. Poverty reduction in Nigeria via National Poverty Eradication Programme (NAPEP): Two decades of policy failure. *Journal of Social Science for Policy Implications*, 2(2): 19—35.

Apata, T.G., Apata, O.M., Igbalajobi, O.A. & Awoniyi, S.M.O. 2010. Determinants of rural poverty in Nigeria: Evidence from smallholder farmers in Southwestern Nigeria. *International Journal of Science and Technology Education Research*, 1(4): 85—91.

Arif, G.M. & Bilquees, F. 2007. Chronic and transitory poverty in Pakistan: Evidence from a longitudinal household survey. *Pakistan Development Review*:111—127.  
<https://www.jstor.org/stable/41260795>

Arisi-Nwugballa, E.A., Elom, M.E. & Onyeizugbe, C.U. 2016. Evaluating the relevance of entrepreneurial orientation to the performance of micro, small and

medium enterprises in Ebonyi State, Nigeria. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 6(3): 221—230.

Armstrong, P. & Burger, C. 2009. Poverty, inequality and the role of social grants: An analysis using decomposition techniques. *Stellenbosch University, Department of Economics Working Paper 15/09*.

Atkinson, A.B. 2003. Multidimensional deprivation: contrasting social welfare and counting approaches. *Journal of Economic Inequality*, 1(1): 51—65.

Atkinson, A.B. 2011. On lateral thinking. *Journal of Economic Inequality*, 9(3): 319—328.

Badejo, B.T., Agunyai, S.C. & Adeyemi, O.O. 2015. Policy, youth recruitment and empowerment in Nigeria: A case study of Osun State Youth Empowerment Scheme (OYES). *Mediterranean Journal of Social Sciences*, 6(1 S1): 384.

Bane, M.J. & Ellwood, D.T. 1983. Slipping into and out of poverty: The dynamics of spells. *National Bureau of Economic Research Paper No. w1199*.

<http://www.ophi.org.uk/wp-content/uploads/ssBane-Ellwood-1986.pdf>

Bass, H.H. 2011. Ragnar Nurkse's development theory: Influences and perceptions. In Kattel, R., Kregel, J.A. & Reinert, E.S. (Eds.). *Ragnar Nurkse (1907—2007): Classical development economics and its relevance for today*: 183—202.

Baulch, B. & Hoddinott, J. 2000. Economic mobility and poverty dynamics in developing countries. *Journal of Development Studies*, 36(6): 1—24.

<https://www.tandfonline.com/doi/pdf/10.1080/00220380008422652?needAccess=true>

Baulch, B. & McCulloch, N. 1999. Distinguishing the chronically from the transitorily poor: Evidence from Rural Pakistan. Paper presented at IDS-IFPRI Workshop on Economic Mobility and Poverty Dynamics, Institute of Development Studies, 7—8 April.

<https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/3420/Wp97.pdf?sequence=1>

Beteille, A. 2003. Poverty and Inequality. *Economic and Political Weekly*.

<http://www.jstor.org/stable/4414161> (Accessed 28 August 2021).



- Bigsten, A. & Shimeles, A. 2004. Dynamics of poverty in Ethiopia. *WIDER Research Paper No. 2004/39*.  
<https://www.econstor.eu/bitstream/10419/63528/1/396657001.pdf>
- Bossert, W., Chakravarty, S.R. & D'Ambrosio, C. 2013. Multidimensional poverty and material deprivation with discrete data. *Review of Income and Wealth*, 59: 29—43.
- Bourguignon, F. & Chakravarty, S. 2003. The measurement of multidimensional poverty. *Journal of Economic Inequality*, 1(1) 25—49. <https://doi.org/10.1023/A:1023913831342>
- Bradshaw, J. & Main, G. 2011. Child poverty and deprivation. *The well-being of children in the UK*, 3: 27—52.
- Bradshaw, T.K. 2007. Theories of poverty and anti-poverty programmes in community development. *Community Development*, 38(1): 7—25.
- Burger, R., Van der Berg, S., Van der Walt, S. and Yu, D. 2017. The long walk: Considering the enduring spatial and racial dimensions of deprivation two decades after the fall of apartheid. *Social Indicators Research*, 130(3): 1101—1123.
- Castaneda, A., Doan, D., Newhouse, D., Nguyen, M.C., Uematsu, H., Azevedo, J.P., and Data for Goals Group, 2016. "Who Are the Poor in the Developing World?" Policy Research Working Paper no. 7844, World Bank, Washington, DC.
- Chakravarty, S.R., Deutsch, J. & Silber, J. 2008. On the Watts multidimensional poverty index and its decomposition. *World Development*, 36(6): 1067—1077.
- Chambers, R. 1981. Introduction. In Chambers, R., Longhurst, R. & Pacey, A. (Eds.). *Seasonal dimensions to rural poverty*. UK: Frances Pinter: 1—8.
- Chambers, R. 1983. *Rural development - Putting the last first*. Harlow, UK: Longman Scientific and Technical.
- Chambers, R. 1995. Poverty and livelihoods: Whose reality counts? *Environment and urbanization*, 7(1): 173—204. <https://doi.org/10.1177/095624789500700106>
- Chambers, R. 2012. *Provocations for development*. Rugby, UK: Practical Action Publishing.

- Chen, Y. 2015. Foster-Greer-Thorbecke Index. In Odekon, M. (Ed.). 2015. *The SAGE Encyclopedia of World Poverty*. 2nd Ed. Thousand Oaks, CA: Sage. Available at: <<http://www.doi.org/10.4135/9781483345727.n306>> (Accessed 14 May 2021).
- Chukwuemeka, E.E. 2009. Poverty and the millennium development goals in Nigeria: The nexus. *Educational Research and Review*, 4(9): 405—410.
- Danaan, V.V. 2018. Analysing poverty in Nigeria through theoretical lenses. *Journal of Sustainable Development*, 11(1): 20—31.
- Dang, H.A.H. & Dabalén, A.L. 2019. Is poverty in Africa mostly chronic or transient? Evidence from synthetic panel data. *Journal of Development Studies*, 55(7): 1527—1547.
- Daniel, E.I.G., Moses, M.D. & Bankole, O. 2009. *Poverty alleviation in Nigeria: Which way Nigeria*. Lagos: Holler Africa Publication.
- Dapel, Z. 2018. Three decades of poverty mobility in Nigeria: The trapped, the freed, and the never trapped. *Center for Global Development Working Paper 485*.  
[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3208845](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3208845)
- Dauda, R.S. 2017. Poverty and economic growth in Nigeria: Issues and policies. *Journal of Poverty*, 21(1): 61—79.
- De Kruijk, H. & Rutten, M. 2007. Weighting dimensions of poverty based on peoples priorities: Constructing a composite poverty index for the Maldives. *Q-squared Working Paper 35*.
- Devereux, S., Sabates-Wheeler, R. & Longhurst, R. (Eds.) 2012. *Seasonality, rural livelihoods and development*. Abingdon, UK: Routledge.
- Devicienti, F. 2002. Poverty persistence in Britain: A multivariate analysis using the BHPS, 1991—1997. *Journal of Economics*, 77(1): 307—340.
- Dike, V.E. 2005. Corruption in Nigeria: A new paradigm for effective control. *Africa Economic Analysis*, 24(8): 1—22.
- Dike, V.E. 2009. Addressing youth unemployment and poverty in Nigeria: A call for action, not rhetoric. *Journal of Sustainable Development in Africa*, 11(3): 129—151.
- Duclos, J.Y., Sahn, D.E. & Younger, S.D. 2006. Robust multidimensional poverty comparisons. *The Economic Journal*, 116(514): 943—968.

Ekong, U.M. & Ekong, C.U. 2016. Skills acquisition and unemployment reduction in Nigeria: A case study of National Directorate of Employment (NDE) in Akwa Ibom State. *International Journal of Economics and Management Sciences*, 5: 352.

Ewhrudjakpor, C. 2008. Poverty and its alleviation: The Nigerian experience. *International Social Work*, 51(4): 519—531.

<https://journals.sagepub.com/doi/pdf/10.1177/0020872808090245>

Ezeanyej, C.I. & Ozughalu, U.M. 2014. Conceptual and theoretical issues in poverty, and a reflection on the poverty and competitive situation in Nigeria. *International Journal of Economics, Commerce and Management*, 2(11): 1—16.

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.682.82&rep=rep1&type=pdf>

Ferreira, F. & Sánchez-Páramo, C. 2017. A richer array of international poverty lines. World Bank blog, 13 October. <https://blogs.worldbank.org/developmenttalk/richer-array-international-poverty-lines>

Ferreira, F.H. 2011. Poverty is multidimensional. But what are we going to do about it? *Journal of Economic Inequality*, 9(3): 493—495.

Finn, A., Leibbrandt, M. & Levinsohn, J. 2014. Income mobility in a high-inequality society: Evidence from the first two waves of the National Income Dynamics Study. *Development Southern Africa*, 31(1): 16—30.

Finn, A., Leibbrandt, M. & Woolard, I. 2013. What happened to multidimensional poverty in South Africa between 1993 and 2010? *SALDRU Working Paper No. 99*, University of Cape Town.

Foster, J. 2010. The Foster-Greer-Thorbecke poverty measures: Twenty-five years later. *Institute for International Economic Policy Working Paper Series*. Elliott School of International Affairs, George Washington University. Washington, DC.

Foster, J., Greer, J. & Thorbecke, E. 1984. A class of decomposable poverty measures. *Econometrica*, 52(3): 761—766.

Gonçalves, S.L. & Machado, A.F. 2015. Poverty dynamics in Brazilian metropolitan areas: An analysis based on Hulme and Shepherd's categorization (2002—2011). *Economía*, 16(3): 376—394.

Gonçalves, S.L. 2015. *Vulnerability of families to poverty: An empirical analysis for six metropolitan regions: 2002 to 2011*. National Bank for Economic and Social Development.

Gweshengwe, B. & Hassan, N.H. 2020. Defining the characteristics of poverty and their implications for poverty analysis. *Cogent Social Sciences*, 6(1):1768669. <https://doi.org/10.1080/23311886.2020.1768669>

Haddad, L. J. & Ahmed, A.U. 2002. *Avoiding chronic and transitory poverty: Evidence from Egypt* (No. 583-2016-39592): 1997—99. <https://core.ac.uk/reader/6289306>

Hick, R. 2016. Material poverty and multiple deprivation in the UK: The distinctiveness of multidimensional assessment. *Journal of Public Policy*, 36(2): 277—308. <https://doi.org/10.1017/S0143814X14000348>

Hope, K.R. 2017. Corruption in Nigeria. In *Corruption and governance in Africa*. Cham: Palgrave Macmillan: 125—162. [https://doi.org/10.1007/978-3-319-50191-8\\_4](https://doi.org/10.1007/978-3-319-50191-8_4)

Hulme, D. & McKay, A. 2013. Identifying and measuring chronic poverty: Beyond monetary measures? In Kakwani, N. & Silber, J. (Eds.). *The many dimensions of poverty*. London: Palgrave Macmillan: 187—214.

Ijaiya, G.T., Ijaiya, M.A., Bello, R.A. & Ajayi, M.A. 2011. Economic growth and poverty reduction in Nigeria. *International Journal of Business and Social Science*, 2(15): 147—154.

Ivaschenko, O. & Mete, C. 2008. Asset-based poverty in rural Tajikistan: Who climbs out and who falls in? *WIDER Research Paper No. 2008/26*. <https://www.econstor.eu/bitstream/10419/63502/1/560710836.pdf>

Jaiyeola, A.O. & Bayat, A. 2020. Status of living standards in Nigeria between 2010 and 2013. *Journal of Poverty*, 24(1): 45—71.

Jalan, J. & Ravallion, M. 1998. Transient poverty in post-reform rural China. *Journal of Comparative Economics*, 26(2): 338—357. <https://econpapers.repec.org/RePEc:eee:jcecon:v:26:y:1998:i:2:p:338-357>

Jenkins, S.P., Rigg, J.A. & Devicienti, F. 2001. *The dynamics of poverty in Britain*. Leeds: Corporate Document Services for the Department for Work and Pensions. <http://hdl.handle.net/10068/545476>.

Justine, I.I.C., Ighodalo, A. & Okpo, O.C. 2012. Poverty and sustainable socio-economic development in Africa: The Nigerian experience. *Asian Economic and Financial Review*, 2(2): 367—381. [https://media.proquest.com/media/pq/classic/doc/3036390951/fmt/pi/rep/NONE?\\_s=ZBIhRiXPTYuIM4J8CqUgOIUDTXE%3D](https://media.proquest.com/media/pq/classic/doc/3036390951/fmt/pi/rep/NONE?_s=ZBIhRiXPTYuIM4J8CqUgOIUDTXE%3D)

Justino, P. & Litchfield, J. 2003. Poverty dynamics in rural Vietnam: Winners and losers during reform. *Poverty Research Unit at Sussex Working Paper*, 10.

Kaka, E.J. & Launi, S. 2014. A review of the strategies adopted by some poor nations to alleviate poverty. *Mediterranean Journal of Social Sciences*, 5(27 P1): 318.

Kato, M.P. & Kratzer, J. 2013. Empowering women through microfinance: Evidence from Tanzania. *ACR Journal of Entrepreneurship Perspectives*, 2(1): 31—35. <http://repository.businessinsightz.org/bitstream/handle/20.500.12018/1567/Empowering%20Women%20through%20Microfinance%20Evidence%20from%20Tanzania1.pdf?sequence=1&isAllowed=y>

Khanal, P. 2013. The nature of chronic and transient poverty: analyzing poverty dynamics in Nepal. *Economic Journal of Development Issues*, 15-16 (1-2): 103—115.

Kruger, K.J. 2018. Investigating transitory and chronic poverty in South Africa, 2008—2015. MCom dissertation, University of the Western Cape. <http://etd.uwc.ac.za/handle/11394/6236>

Kolawole, R.J., 2021. Evaluation of poverty alleviation programmes in Nigeria: The demand driven approach perspective. *International Journal of Development and Management Review*, 16(1), pp.161-177.

Kudebayeva, A. 2018. Chronic poverty in Kazakhstan. *CERGE-EI Working Paper Series*, 627.

- Lawal, T. & Oluwatoyin, A. 2011. National development in Nigeria: Issues, challenges and prospects. *Journal of Public Administration and Policy Research*, 3(9): 237—241.
- Lewis, O. 1966. The culture of poverty. *Scientific American*, 215(4): 1—25.
- Lewis, O. 1968. *A study of slum culture: Backgrounds for La Vida*. Random House.
- Lipton, M. & Ravallion, M. 1995. Poverty and policy. *Handbook of development economics*, 3(2): 2551—2657. <https://ideas.repec.org/h/eee/devchp/4-41.html>
- Maasoumi, E. & Lugo, M.A. 2008. The information basis of multivariate poverty assessments. In Kakwani, N. & Silber, J. (Eds.). *Quantitative approaches to multidimensional poverty measurement*. London: Palgrave Macmillan: 1—29.
- Matthew, O.J. & Victor, A.A. 2018. Reducing unemployment in Nigeria: An evaluation of the entrepreneurship programmers in Ondo State. *Journal for Studies in Management and Planning*, 4(1): 26—36.
- McKay, A. & Lawson, D. 2003. Assessing the extent and nature of chronic poverty in low-income countries: issues and evidence. *World Development*, 31(3): 425—439.
- Meier, G.M. & Baldwin, R.E. 1957. *Economic development: Theory, history, policy*. New York: John Wiley.
- Meth, C. & Dias, R. 2004. Increases in poverty in South Africa, 1999—2002. *Development Southern Africa*, 21(1): 59—85.
- Mood, C. & Jonsson, J.O. 2016. The social consequences of poverty: An empirical test on longitudinal data. *Social Indicators Research*, 127(2): 633—652. <https://doi.org/10.1007/s11205-015-0983-9>
- Mowafi, M. & Khawaja, M. 2005. *Journal of Epidemiology and Community Health*, 59(4): 260—264.
- Moynihan, D.P. 1968. *Understanding poverty*. New York: Basic Books.
- Mushongera, D., Zikhali, P. & Ngwenya, P. 2017. A multidimensional poverty index for Gauteng province, South Africa: Evidence from Quality of Life Survey data. *Social Indicators Research*, 130(1): 277—303.
- Miller, D. (2001) 'The Poverty of Morality', *Journal of Consumer Culture*, 1(2), pp. 225—243. doi: 10.1177/146954050100100210

Narayan, D., Pritchett, L. & Kapoor, S. 2009. *Moving out of poverty Volume 2: Success from the bottom up*. Washington, DC: World Bank and Palgrave Macmillan: 2—49.

Narayan-Parker, D. (Ed.) 2000. *Crying out for change: Voices of the poor*. Vol. 2. Washington, DC: World Bank.

National Bureau of Statistics (NBS). 2012. *The review of the Nigerian economy*. Abuja, Nigeria: NBS.

National Bureau of Statistics (NBS). 2018. Issues. [www.nigerianstart.gov.ng](http://www.nigerianstart.gov.ng). Abuja, Nigeria: NBS.

National Bureau of Statistics (NBS). 2020. *Nigerian poverty profile report*. Abuja, Nigeria: NBS.

National Bureau of Statistics (NBS). 2021. Issues. [www.nigerianstart.gov.ng](http://www.nigerianstart.gov.ng). Abuja, Nigeria: NBS.

Nega, F., Mathijs, E., Deckers, J., Haile, M., Nyssen, J. & Tollens, E. 2010. Rural poverty dynamics and impact of intervention programs upon chronic and transitory poverty in Northern Ethiopia. *African Development Review*, 22(1): 92—114. <http://hdl.handle.net/1854/LU-854295>.

Nsikak, A.A. & Udoh, E.J. 2013. The determinants of rural poverty in Nigeria. *International Journal of Agricultural Management and Development*, 3(2): 141—151. <https://www.sid.ir/en/journal/ViewPaper.aspx?ID=322641>

Nurkse, R. 1953. *Problems of capital formation in underdeveloped countries*. New York: Oxford University Press.

Nwosu, O.C. & Ugwuera, E. 2014. Analysis of Subsidy and Reinvestment Programme (SURE-P) and Youth Empowerment in Nigeria 2012—2014. *IOSR Journal of Humanities and Social Science*, 19(12): 25—32.

Odiji, O., Nwoke, O. & Adeseke, A. 2016. The YOU-WIN Entrepreneurship programme and National development in Nigeria. *International Journal of Economic Development, Research and Investment*, 7(1): 8—15.

Oduro, A.D. 2002. Poverty dynamics. Paper prepared for the Advanced Poverty Training Programme organised by SISERA and the WBI.

Ogbeidi, M.M. 2012. Political leadership and corruption in Nigeria since 1960: A socio-economic analysis. *Journal of Nigeria Studies*, 1(2).

Ogebe, J. & Adeniran, P.A. 2019. Determinants of youth literacy in Nigeria: Implications for Sustainable Development Goals (SDGs). *SDGs Monitor: Journal of implementation* 1, 15—28.

Ogundiya, I.S. 2009. Political corruption in Nigeria: Theoretical perspectives and some explanations. *The Anthropologist*, 11(4): 281—292.

<https://doi.org/10.1080/09720073.2009.11891117>

Ogwumike, F.O. 1998. Poverty alleviation strategies in Nigeria. In *Measuring and monitoring poverty in Nigeria: Proceedings of the Seventh Annual Conference of the Zonal Research Units of CBN*.

Ogwumike, F.O. & Akinnibosun, M.K. 2013. Determinants of poverty among farming households in Nigeria. *Mediterranean Journal of Social Sciences*, 4(2): 365.

Okoosi-Simbine, A.T. 2011. Corruption in Nigeria. In Adejumobi, S. (Ed.). *State, economy, and society in post-military Nigeria*. New York: Palgrave Macmillan: 157—180. [https://doi.org/10.1057/9780230117594\\_7](https://doi.org/10.1057/9780230117594_7)

Okoro, E.G. & Kigho, P.E. 2013. Why poverty? The effect on standard of living, health and education in Nigeria: A review of conceptual issues. *Journal of Research in Peace, Gender and Development*, 3(2): 18—23.

Oladeji, S.L. & Abiola, A.G. 1998. Poverty alleviation with economic growth strategies: Prospects and challenges in contemporary Nigeria. *Journal of Economics and Social Studies*, 4(1).

Oloyede, B.B. 2014. Effect of poverty reduction programmes on economic development: Evidence from Nigeria. *Arabian Journal of Business and Management Review (Oman Chapter)*, 4(1): 26—38. <https://platform.almanhal.com/Files/2/72812>

Omolaye, P.O., Pius, D. & Orifa, A.O. 2015. Systemic evaluation of semi-electronic voting system adopted in Nigeria 2015 general elections. *American Journal of Information Systems*, 3(1): 15—21. doi:10.12691/ajis-3-1-2



- Omoniyi, B.B. 2018. An examination of the causes of poverty on economic growth in Nigeria. *Africa's Public Service Delivery and Performance Review*, 6(1): 1—10. <https://doi.org/10.4102/apsdpr.v6i1.175>
- Omotoso, K.O. & Koch, S.F. 2017. Exploring child poverty and inequality in post-apartheid South Africa: a multidimensional perspective. *Journal of Poverty and Social Justice*, 26(3): 417—437.
- Omoyibo, K.U. 2013. Leadership, governance, and poverty in Nigeria. *Mediterranean Journal of Social Sciences*, 4(6): 29.
- Orokpo, O.F. & Mutong, S.M. 2018. Nigeria's rising poverty profile amidst poverty alleviation programmes: Interrogating the paradox. *International Journal of Innovative Development and Policy Studies*, 6(2): 109—116.
- Oshewolo, S. 2010. Galloping poverty in Nigeria: An appraisal of government interventionist policies. *Journal of Sustainable Development in Africa*, 12(6): 264—274.
- Oshewolo, S. 2011. Poverty reduction and the attainment of the MDGs in Nigeria: Problems and prospects. *Africana*, 5(2): 211—238.
- Osoba, S.O. 1996. Corruption in Nigeria: Historical perspectives. *Review of African Political Economy*, 23(69): 371—386. <https://doi.org/10.1080/03056249608704203>
- Osonwa, O.K., Adejobi, A.O., Iyam, M.A. & Osonwa, R.H. 2013. Economic status of parents, a determinant on academic performance of senior secondary schools students in Ibadan, Nigeria. *Journal of Educational and Social Research*, 3(1): 115—115.
- Osowole, O.I. & Bamiduro, A.T. 2013. On the derivation of estimators of Foster-Greer-Thorbecke (FGT) poverty indices. *CBN Journal of Applied Statistics*, 4(1): 1—13.
- Posel, D. & Rogan, M. 2013. Measured as poor versus feeling poor: Comparing objective and subjective poverty rates in South Africa. *Proceedings of the Economic Society of South Africa (ESSA) Conference, 25–27 September, Bloemfontein*.
- Raji, M.O., Ayoade, O.B. & Usoro, A. 2006. The prospects and problems of adopting ICT for poverty eradication in Nigeria. *Electronic Journal of Information Systems in*

*Developing Countries*, 28(1): 1—9. <https://doi.org/10.1002/j.1681-4835.2006.tb00192.x>

Ravallion, M. 1998. *Poverty lines in theory and practice*. Washington, DC: World Bank.

Ravallion, M. 2000. What is needed for a more pro-poor growth process in India? *Economic and Political Weekly*, 35(13): 1089—1093.

Ravallion, M. 2011. On multidimensional indices of poverty. *Journal of Economic Inequality*, 9(2): 235—248.

Ribas, R., Machado, A.F. & Golgher, A.B. 2011. Fluctuations and persistence in poverty: An analysis of transient-chronic decomposition for Brazil. *Economic Research and Planning*, 41(2).

Roberts, B.J. 2001. Chronic and transitory poverty in post-apartheid South Africa: Evidence from KwaZulu-Natal. *Journal of Poverty*, 5(4): 1—28.

Rogan, M. 2016. Gender and multidimensional poverty in South Africa: Applying the global Multidimensional Poverty Index (MPI). *Social Indicators Research*, 126(3): 987—1006.

Roser, M. 2014. Human Development Index (HDI). *Our world in data*. <https://ourworldindata.org/human-development-index>

Salisu, M. 2000. Corruption in Nigeria. Lancaster University Management School Working Paper Series 2000/006.

Sameti, M., Esfahani, R.D. & Haghighi, H.K. 2012. Theories of poverty: A comparative analysis. *Arabian Journal of Business and Management Review (Kuwait Chapter)*, 1(6): 45—56.

Sanchez-Martinez, M. & Davis, P. 2014. A review of the economic theories of poverty. *National Institute of Economic and Social Research (NIESR) Discussion Paper 435*.

Sen, A. 1983. Poor, relatively speaking. *Oxford Economic Papers*, 35(2): 153—169. <http://www.jstor.org/stable/2662642>

Shepherd, A. 2007. Understanding and explaining chronic poverty - An evolving framework for phase III of CPRC's research. *Chronic Poverty Research Centre Working Paper 80*.

Shepherd, A. & Brunt, J. (Eds.). 2013. *Chronic poverty: concepts, causes and policy*. Cham: Springer.

SIDA. 2017. Dimensions of poverty – Sida's conceptual framework. <https://cdn.sida.se/publications/files/sida62028en-dimensions-of-poverty-sidas-conceptual-framework.pdf> (Accessed January 2021).

Simon-Oke, O.O. 2016. Petroleum resources and Nigeria's poverty profile. *Journal of Economics and International Finance*, 8(10): 168—177.

Smith, D.J. 2010. *A culture of corruption*. Princeton, NJ: Princeton University Press.

Spicker, P. 1999. Definitions of poverty: Eleven clusters of meaning. *The international glossary on poverty*. London: Zed Books: 150—62.

Starkweather, J. & Moske, A.K. 2011. Multinomial logistic regression. Available at: [https://it.unt.edu/sites/default/files/mlr\\_jds\\_aug2011.pdf](https://it.unt.edu/sites/default/files/mlr_jds_aug2011.pdf) (Accessed 10 September 2020).

Stiglitz, J.E., Sen, A. & Fitoussi, J-P. 2009. *Report by the commission on the measurement of economic performance and social progress*.

Thirwall, A.P. 2011. *Economics of development*. 9th Ed. New York: Palgrave Macmillan.

Tignor, R.L. 1993. Political corruption in Nigeria before independence. *Journal of Modern African Studies*, 31(2): 175—202.

<https://doi.org/10.1017/S0022278X00011897>

Titumir, R.A.M. & Rahman, K.M. 2013. *Poverty measures: Comparing different approaches*. Dhaka: Unnayan Onneshan.

Todaro, M.P. & Smith, S.C. 2015. *Economic development*. 12th Ed. London: Pearson.

Townsend, P. 1979. *Poverty in the United Kingdom*. Harmondsworth: Penguin.

Triegaardt, J.D. 2006. Reflections on poverty and inequality in South Africa: Policy considerations in an emerging democracy. In *Annual Association of South African Social Work Education Institutions Conference, Department of Social Work, University of Venda*: 18—20.

Tsui, K.Y. 2002. Multidimensional poverty indices. *Social Choice and Welfare*, 19(1): 69—93.

United Nations (2015) Addis Ababa Action Agenda on the Third International Conference on Financing for Development. [http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA\\_Outcome.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf)

Winch, D. 1987. *Malthus*. Oxford: Oxford University Press.

World Bank. 1990. *World Development Report: Poverty*. New York: Oxford University Press.

World Bank. 2001. *World Development Report 2000/1: Attacking poverty*. New York: Oxford University Press.

World Bank. 2005. *Introduction to Poverty Analysis*. 69—82.

World Bank. 2011. *Human Development Report*. New York: Oxford University Press.

World Bank. 2013. *The World Bank Annual Report 2013*. Washington, DC: World Bank.

World Bank. 2014. A measured approach to ending poverty and boosting shared prosperity: Concepts, data, and the twin goals. Washington, DC: World Bank.

World Bank. 2016a. Global Monitoring Report 2015/2016: Development goals in an era of demographic change. Washington, DC: World Bank.

World Bank. 2016b. World Development Report 2016: Digital dividends. New York: World Bank.

World Bank. 2017. World Development Report 2017: Governance and the law. Washington, DC: World Bank.

World Bank. 2020. World Development Report: Agriculture for development. Washington, DC: World Bank.

World Data Lab. 2019. World Poverty Clock. <https://worldpoverty.io/index.html>, 2019 (Accessed 19 May 2019).

Wright Muelas, M., Mughal, F., O'Hagan, S., Day, P.J. & Kell, D.B. 2019. The role and robustness of the Gini coefficient as an unbiased tool for the selection of Gini genes for normalising expression profiling data. *Scientific Reports*, 9(17960). <https://doi.org/10.1038/s41598-019-54288-7>

Yunusa, R.J., 2012. The factors that influence the effectiveness of poverty alleviation programs in Nigeria (Doctoral dissertation, Miami University).



## APPENDIX: DESCRIPTIVE STATISTICS

### Poverty Decomposition

poverty	Freq.	Percent	Cum.
Chronic poverty	1,596	35.02	35.02
non-poor	1,624	35.64	70.66
transitory poverty	1,337	29.34	100.00
Total	4,557	100.00	

Transition	Freq.	Percent	Cum.
Chronic poverty	1,596	35.02	35.02
Enter poverty	820	17.99	53.02
Exit poverty	517	11.35	64.36
non-poor	1,624	35.64	100.00
Total	4,557	100.00	

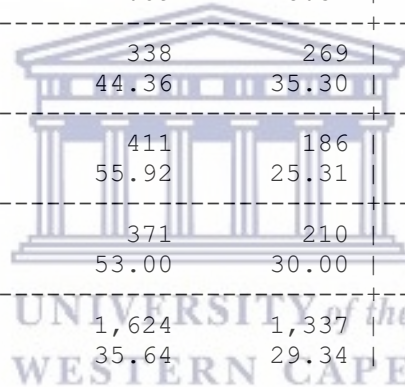


## Distribution of transitory and chronically poor household by geopolitical zones

tabulate zone poverty, row

```
+-----+
| Key          |
|-----|
| frequency    |
| row percentage |
+-----+
```

zone	chronic	poverty non-poor	transitory	Total
NORTH CENTRAL	264 35.58	244 32.88	234 31.54	742 100.00
NORTH EAST	419 56.24	137 18.39	189 25.37	745 100.00
NORTH WEST	501 57.39	123 14.09	249 28.52	873 100.00
SOUTH EAST	155 20.34	338 44.36	269 35.30	762 100.00
SOUTH SOUTH	138 18.78	411 55.92	186 25.31	735 100.00
SOUTH WEST	119 17.00	371 53.00	210 30.00	700 100.00
Total	1,596 35.02	1,624 35.64	1,337 29.34	4,557 100.00



## Distribution of transitory and chronically poor household by area of residence

tabulate Area poverty, row

```
+-----+
| Key |
|-----|
| frequency |
| row percentage |
+-----+
```

```
residential|
.. area of |          poverty
   hh | chronic  non-poor  transitory|      Total
-----+-----+-----+-----+-----+
   Rural |    1,376      843      974 |    3,193
        |    43.09     26.40     30.50 |    100.00
-----+-----+-----+-----+-----+
   Urban |     220      781      363 |    1,364
        |    16.13     57.26     26.61 |    100.00
-----+-----+-----+-----+-----+
   Total |    1,596     1,624     1,337 |    4,557
        |    35.02     35.64     29.34 |    100.00
```





# ECONOMETRICS ANALYSIS

mlogit poverty hhsiz age b1.Gender b1. Area nfdwater electricity b1. Remittance b1. Land b2. Credit b1. hhemployment b5. Education b1. Occupation

Iteration 0: log likelihood = -4989.5418  
 Iteration 1: log likelihood = -4197.4583  
 Iteration 2: log likelihood = -4099.2439  
 Iteration 3: log likelihood = -4081.3367  
 Iteration 4: log likelihood = -4080.948  
 Iteration 5: log likelihood = -4080.948

Multinomial logistic regression

Number of obs = 4557  
 LR chi2(66) = 1817.19  
 Prob > chi2 = 0.0000  
 Pseudo R2 = 0.1821

Log likelihood = -4080.948

poverty	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
<b>Chronic poverty</b>						
hhsiz	.4035966	.0177061	22.79	0.000	.3688934 .4382999	
age	-.0013265	.0029792	-0.45	0.656	-.0071656 .0045125	
2.Gender	-.1183512	.1110886	-1.07	0.287	-.3360808 .0993785	
2.Area	-1.185769	.1076526	-11.01	0.000	-1.396764 -.9747738	
nfdwater	-.0003925	.0000475	-8.27	0.000	-.0004855 -.0002995	
electricity	-.0003455	.0000331	-10.44	0.000	-.0004104 -.0002806	
2.Remittance	.8040991	.5888271	1.37	0.172	-.3499809 1.958179	
2.Land	-.1004747	.4496202	-0.22	0.823	-.9817141 .7807646	
1.Credit	-.8167912	.2731633	-2.99	0.003	-1.352181 -.2814011	
2.hhemployment	.1248618	.1030538	1.21	0.226	-.0771199 .3268434	
<b>Education</b>						
1	-.6170768	.2945432	-2.10	0.036	-1.194371 -.0397827	
2	-.2716731	.1807922	-1.50	0.133	-.6260193 .0826731	
3	.0787268	.206336	0.38	0.703	-.3256843 .4831379	
4	.0453354	.2116631	0.21	0.830	-.3695168 .4601875	
6	-.2102641	.2426078	-0.87	0.386	-.6857666 .2652384	
7	-.0469424	.1492754	-0.31	0.753	-.3395168 .2456321	
8	-.2328109	.1549288	-1.50	0.133	-.5364659 .0708441	
9	-.2335645	.1507502	-1.55	0.121	-.5290295 .0619004	
10	.1134376	.3716825	0.31	0.760	-.6150467 .841922	
11	.2898957	.2920038	0.99	0.321	-.2824214 .8622127	
<b>Occupation</b>						
2	-.2591312	.1188111	-2.18	0.029	-.4919968 -.0262656	
3	-.099754	.2272845	-0.44	0.661	-.5452235 .3457155	
4	-.1902892	.2249185	-0.85	0.398	-.6311213 .2505429	
5	-.8053609	.9514823	-0.85	0.397	-2.670232 1.05951	
6	-1.016258	.6079675	-1.67	0.095	-2.207853 .1753362	
7	-1.390191	.3913388	-3.55	0.000	-2.157201 -.6231809	
8	-.0055688	.1873927	-0.03	0.976	-.3728518 .3617142	
9	-1.43255	1.531161	-0.94	0.349	-4.43357 1.568469	
10	.1583284	.4675193	0.34	0.735	-.7579927 1.074649	
11	-.0120086	.1877959	-0.06	0.949	-.3800818 .3560647	
12	-.5780453	.3591312	-1.61	0.107	-1.28193 .1258389	
13	-.2675142	.2670898	-1.00	0.317	-.7910005 .2559722	
14	.1765649	.3007974	0.59	0.557	-.4129873 .766117	
_cons	-.2661143	.3637895	-0.73	0.464	-.9791287 .4469001	
<b>non-poor (base outcome)</b>						
<b>transitorypoverty</b>						
hhsiz	.1994003	.0165429	12.05	0.000	.1669768 .2318238	
age	.0001782	.0027048	0.07	0.947	-.0051231 .0054795	
2.Gender	-.0736445	.10066	-0.73	0.464	-.2709345 .1236454	
2.Area	-.672439	.0876158	-7.67	0.000	-.8441628 -.5007152	
nfdwater	-.000167	.0000269	-6.20	0.000	-.0002198 -.0001142	
electricity	-.000088	.0000151	-5.82	0.000	-.0001176 -.0000584	
2.Remittance	.7006965	.552035	1.27	0.204	-.3812723 1.782665	
2.Land	-.4552283	.4580438	-0.99	0.320	-1.352978 .442521	
1.Credit	-.2494677	.2673312	-0.93	0.351	-.7734272 .2744917	
2.hhemployment	.0347405	.0947894	0.37	0.714	-.1510434 .2205244	
<b>Education</b>						

1		-.2050087	.2613391	-0.78	0.433	-.717224	.3072066
2		-.385372	.1744481	-2.21	0.027	-.7272841	-.0434599
3		.2359854	.1880737	1.25	0.210	-.1326322	.604603
4		-.0253225	.2011797	-0.13	0.900	-.4196274	.3689823
6		-.0498012	.2229835	-0.22	0.823	-.4868408	.3872385
7		.0158411	.1391962	0.11	0.909	-.2569785	.2886607
8		-.0500168	.1437422	-0.35	0.728	-.3317463	.2317127
9		-.0079606	.1380868	-0.06	0.954	-.2786057	.2626846
10		.1139587	.3512934	0.32	0.746	-.5745637	.8024811
11		.296954	.272678	1.09	0.276	-.2374851	.8313931
Occupation							
2		-.0941	.1078768	-0.87	0.383	-.3055346	.1173346
3		-.1243669	.2227462	-0.56	0.577	-.5609414	.3122076
4		-.4599607	.2266428	-2.03	0.042	-.9041724	-.015749
5		-1.626299	1.091394	-1.49	0.136	-3.765391	.5127926
6		-.9158085	.4954214	-1.85	0.065	-1.886817	.0551996
7		-1.094965	.3610361	-3.03	0.002	-1.802583	-.3873475
8		.166665	.1731078	0.96	0.336	-.17262	.50595
9		.1080302	1.26131	0.09	0.932	-2.364092	2.580152
10		.5167925	.4187308	1.23	0.217	-.3039048	1.33749
11		-.0193776	.1682426	-0.12	0.908	-.349127	.3103717
12		-.0721967	.3121965	-0.23	0.817	-.6840905	.5396971
13		-.2191218	.2500539	-0.88	0.381	-.7092184	.2709749
14		.0126782	.2844546	0.04	0.964	-.5448425	.5701989
_cons		-.2497121	.3472	-0.72	0.472	-.9302116	.4307875

