

# Socio-economic adaptation strategies of the urban poor in the Lagos metropolis, Nigeria

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## Abstract

This article investigates the survival strategies of the urban poor in Lagos metropolis. The study considers the socio-economic characteristics as well as the livelihood patterns and strategies employed in the absence of formal social security systems. The research adopts a purposive sampling of 396 household heads in 31 low-income residential neighbourhoods in the Lagos metropolis. Data were obtained by the administration of structured questionnaires, and analysis was done by both parametric and non-parametric methods. The research revealed that most of the respondents were involved in informal trade enterprises and were living below the national poverty line, as mode household monthly income was between \$50 and \$125. The importance of informal social networks – especially rotating credit and ethnic alliances as social security and insurance mechanisms of the respondents – was highlighted. The study concludes by recommending measures for building on the identified strengths of the urban poor, which includes civic engagement and partnering with informal social networks to provide opportunities for poverty alleviation in the communities.

**Keywords:** Ethnic alliance, informal economy, Lagos, poverty, rotating credit

## 1 Introduction

Urban areas are the engines of economic growth as well as locations for complex networks of activities essential to basic human functions of living and working (Mattingly, 1995). The lure of employment and the perception of improved quality of life in the cities are major socio-economic pull factors (Harris & Todaro, 1970; World Bank, 2007). The African Union (2003) affirms that rapid urbanisation across the African continent is leading to the urbanisation of poverty, with attendant problems that have condemned the majority of urban dwellers to unemployment, food insecurity and life under squalid conditions.

The situation in Lagos, Nigeria's primary city and economic capital, is a case in point. Records show that, despite being responsible for 62 per cent of the Gross National Product (GNP) and 45 per cent of the national industrial labour force, 48.3 per cent of the population live below the poverty line (FOS, 2010). Slums and shanty towns are the most tangible evidence of pervasive poverty in urban areas (Agunbiade, 2006). Furthermroe, Nubi and Omirin (2006) have identified over 100 blighted areas in the Lagos metropolis. In fact, Lagos has been described as probably the biggest continuous footprint of urban poverty on earth (Davis, 2006). According to Ezeh (2012), the future of African cities will largely be determined by what happens to

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this growing urban majority. It is therefore necessary to understand how the indigent residents of Lagos metropolis survive the urban milieu, given the high costs of living and distinct inequalities.

Many studies on poverty have focused on the coping mechanisms of the poor in the face of adverse conditions, such as tenure insecurity (Agbola & Agunbiade, 2007), crime (Bobo, 2009), flooding (Adelekan, 2010) and climate change (Moser *et al.*, 2010). Few have sought to understand how the urban poor cope with everyday life. Kiguli (2004) analysed the coping strategies of Kampala's poor from a gender perspective, while the work of Hossain (2005) and Sijuwade (2008) focused on household responses to poor access to social amenities in Dhaka City and Lagos respectively. Other studies include those of Glaeser, Kahn and Rappaport (2008) who studied urban poverty and mobility adaptations; Bartlett (2011), who focused on the coping strategies of street children; and Owino *et al.* (2013) who studied how the poor cope with growing food insecurity in African cities.

The work of Meagher (2009, 2010, 2011) as well as Meagher and Yunusa (1993, 1996) severally analysed the dynamics of the informal economic sector in Nigeria. Apart from focusing on cities in eastern and northern Nigeria, the research was also limited to informal–formal sector interactions, as well as the associational dynamics of traditional informal economic clusters. To date, there has been no study of the socio-economic adaptation dynamics of the poor in Lagos metropolis, or an evaluation of their livelihood and lifestyle patterns, even though understanding these processes is necessary for effective urban planning and poverty alleviation. This article therefore, from theoretical contexts of social exclusion and urban vulnerability, examines the socio-economic adaptation strategies of the urban poor in selected low-income settlements across the Lagos metropolis. Residents of low-income settlements in particular are considered because the literature avers that the neighbourhoods where poor urban households are located provide opportunities and influences for either reducing or perpetuating the cycle of poverty (Rakodi, 2002). Major issues investigated include socio-economic characteristics such as income, employment and asset ownership profile, consumption and expenditure patterns, and social security systems. Ahmed (2004) stresses the roles of gender, employment, urban residence and household structures as important considerations for analysing poverty, hence the methodology adopted for this article streams from these contexts.

The article presents a brief overview of the study area and goes further to explore the literature on poverty, vulnerability and city survival strategies. It then outlines the methodology of the article and presents the data results and analysis, after which inferences are drawn. This contribution concludes by making recommendations for the major issues highlighted

## 2 Study area

The study is set in the Lagos metropolis, South Western Nigeria, on the narrow coastal plain of the Bight of Benin. Lagos metropolis is situated within latitudes 6°45'N

and longitudes 3°40'E. Lagos metropolis is a group of settlements that have grown from predominantly farming and fishing villages to highly urbanised locales. It is bounded in the west by Ojo and Ijanikin, Lekki Peninsula in the east and Ikorodu and Alagbado towns in the north. Water is the most significant topographical feature in Lagos State, where water and wetlands cover almost 40 per cent of the total land area.

Lagos is Nigeria's biggest and most important city, and was until 1991 her capital. It is a mega city, because its population is estimated to be about 11.22 million people (UN-HABITAT, 2012), with a population density of 50 persons per square hectare (Lagos State Regional Master Plan, 2006). Lagos has remained Nigeria's economic powerhouse, accounting for about 65 per cent of her manufacturing infrastructure and contributing more than half to national economic development (Okunlola, 2007). Commercial activities, which are predominant in the city, are carried out at both the formal and informal levels (Abiodun, 1997).

However, Lagos is currently characterised by commercial ribbon street development such that virtually all residential areas are in a chaotic state, with an indiscriminate mix of commercial, light industry, transport and religious land uses (Oduwaye, 2005). Residential neighbourhoods are stratified according to income levels. Income indicators include socio-economic characteristics such as dominant types of residential dwelling (duplex, bungalow, multi-room apartments and single rooms), quality of buildings (good, dilapidated), monthly income of household, etc. The income/residential density groupings identified across the metropolis are low income/high density, medium income/medium density and high income/low density.

Lagos serves as a major migration destination for indigenes of Nigeria's hinterlands as well as surrounding African countries. As a result, the poverty level is quite high, and according to Davis (2006), Lagos is the biggest node in the shantytown corridor of 70 million people that stretches from Abidjan to Ibadan. The dominant urban poor are transforming the city to meet their needs, often in conflict with official laws and plans. They reside in the slums and squatter settlements scattered around the city, and are predominantly engaged in informal economic activities which encompass a wide range of micro and small-scale subsistence economic activities.

### 3 Poverty, vulnerability and survival in the city

Poverty lines vary across the world, as do definitions (Ravallion, 2010). While the international poverty line is set at \$1.25 per day (Ravallion *et al.*, 2009), relative and absolute poverty benchmarks differ from country to country, based on the method of measurement applied (Sen, 1983; Quentin, 1997; Lars and Xu, 2008). A study by Gindling and Terrell (2004) revealed that increases in minimum wages not only raise the wages of workers in the urban formal sector (large urban enterprises) who are covered by minimum wage law, but also increase the wages of workers in the informal sector, where legislation is often considered not to be enforced. Therefore, for the purpose of this study, the national minimum wage will be adopted as the absolute poverty threshold.

The theory of social exclusion has contributed significantly to the conceptual understanding of poverty. Social exclusion is defined as living in conditions of deprivation and vulnerability, such as income poverty; inadequate access to education, health and other services; lack of political influence, civil liberties and human rights; geographic isolation; environmental exposure; racism or historical trauma; disruption of social capital and social isolation; exposure to wars and conflicts; and alienation or powerlessness (UNDP, 1997). People trapped in the cycle of poverty have a strong feeling of marginalisation, helplessness and dependency, and operate in a perpetual state of vulnerability (Sen, 2000; Lewis, 2003).

Adger and Kelly (1990) define vulnerability as the state of individuals, groups or communities in terms of their ability to cope with and adapt to the external stress placed on their livelihoods and wellbeing. From a social perspective, vulnerability is concerned with how the socio-economic and institutional characteristics of individuals or communities expose them to risks. Hence, it holds that vulnerability is largely associated with the peculiar characteristics of a society, as defined by social and economic class, poverty, inequality, exclusion, gender, age, and access to resources (Blaikie *et al.*, 1994; Jha *et al.*, 2012). From a poverty standpoint, Moser (1998) submits that the more assets people have, the less vulnerable they are; the greater the erosion of people's assets, the greater their insecurity. The need to focus on assets arises because assets are the bedrocks on which livelihoods are based and determine people's ability to cope with vulnerabilities (Sen, 1997; Bebbington, 1999).

Poor individuals and households adjust to the challenges of urban life in the city by mobilising resources, assets and opportunities, as well as combining multiple means into a livelihood strategy (Beall and Kanji, 1999; Rakodi, 2002; Davis, 2006). Within the livelihoods context, assets are generally defined as the stock of natural, physical, human, financial and social capital, which is used directly or indirectly by individuals and households in crafting their livelihoods (Carney, 1998; Ojong, 2011). The Sustainable Livelihoods framework developed by DFID (1999) advances the argument that poverty is better understood by understudying the perspectives of the poor and how policies influence their vulnerabilities (Ellis, 2000; Adaawen and Horgensen, 2012), hence Carney (1998) posits that a livelihood is sustainable when it can cope with and recover from shocks and stresses, while maintaining its capabilities and assets without affecting the natural resource base. Analysing assets at the household level is particularly important, because the overall ability of households to avoid or reduce vulnerability and to increase economic productivity depends on their assets as well as on their ability to transform those assets into income, food or other basic needs (Moser, 1998). As such, this study will consider the assets of poor urban households and how these are applied in developing a sustainable livelihood strategy for surviving in the city of Lagos.

A ubiquitous coping strategy for the urban poor is participation in informality, both economic and social. Economic informality includes reliance on informal

financial institutions and informal exchange networks. Social informality includes reliance on informal governance systems and support structures to mention only a few. Urban growth results in an ever-increasing number of people reverting to informal activities for their daily survival and to sustain their livelihoods, and in Africa, the informal economy is the highest employer of the urban poor, allowing all but the destitute and criminally minded to eke out a living, if not a subsistent living (Olanrewaju, 1997; Tipple, 2005). The literature avers to the potentials and challenges of this sector. Studies include the pioneering treatise of Hart (1973) and the *Kenya Mission Report* (ILO, 1972). Further discourse includes the works of Nurul Amin (1981); Mabogunje and Filani (1984); De Soto (1989); Rogerson (1991); Meagher and Yunusa (1996); the ILO (2002); Srinivas (2003); Tipple (2005) and Lawanson (2012). Employment in the informal sector is a necessary survival strategy, especially in countries that lack social safety nets such as unemployment insurance and effective pension schemes (Yasmeen, 2001). There is also increasing emphasis on the importance of social networks and social capital as resources for the poor (Moser 1996, 1998). Participants in the informal sector are usually unable to separate their economic life from other aspects of their social life, such as culture, religion, kinship and lineage.

City coping strategies within the informal economic subset include increased labour force participation by women and children (Roberts, 1995; Davis, 2006) as well as the dominance of home-based enterprises (Bose, 2001; Mahmud, 2001). Informal social organisations, especially kin- and neighbourhood-based networks, also play an important role in helping the poor adapt to the exigencies of city life (Kachenje, 2005; Meagher 2010). Furthermore, the role of social cooperatives has been highlighted as an essential financial aid mechanism and poverty alleviation tool (Oluyombo, 2012). Hence, this study attempts to investigate the interplay amongst these various facets of urban living.

#### 4 Data and methods

This study adopted the survey research design. The target population consisted of household heads residing in 31 identified low-income communities in Lagos metropolis. Household heads were targeted because according to Moser (1998) and Ahmed (2004), analysis at household level – whether assets or structures – facilitate a better understanding of poverty, vulnerability and productivity.

The low-income settlements with the highest populations were selected in each local government area. They are Agege (Papa Ashafa and Keke), Ajeromi Ifelodun (Alaba Oro, Tolu and Olodi), Alimosho (Abule Egba and Ikotun), Amuwo Odofin (Agboju and Mile 2 Estate), Apapa (Ijora Oloye and Malu Road), Eti Osa (Obalende), Ifako Ijaiye ( Old Ifako and Agbado Ijaiye), Ikeja (Oke Ira), Kosofe (Agboyi and Ikosi), Lagos Island (Olowogbowo and Epetedo), Lagos Mainland (Ebute Meta and Iddo), Mushin (Mushin and Itire), Oshodi Isolo (Bolade Oshodi and Oke Afa), Ojo (Ajangbadi and Alaba), Somolu (Bajulaiye and Bariga) and Surulere (Ojuelegba

and Orile). A survey was undertaken of residential buildings with more than ten households per building in these communities. This came to 2 109 buildings across the study area, and this was adopted as the sample frame. A sample size of 25 per cent (527 households) was selected, after which proportional sampling of 17 households per community was done.

Data collection was by the administration of structured questionnaires, designed to obtain information on key components of poverty, livelihood and lifestyle in the study area. Further information was solicited with regard to socio-economic and socio-cultural profiles, including expenditure on consumption and social participation. Variables included gender, age, education attainment, types of employment, sources of business funding, possession of capital and household assets, membership of cooperative associations, and participation in poverty alleviation programmes. Others include expenditure on food, shelter, medical care and electricity.

The survey was conducted in October 2010. There was a 75.14 per cent survey response rate as 396 questionnaires were retrieved and fit for further analysis. This is sufficient for reliable analysis as the sample confidence interval is better than 0.05. Data were analysed with the use of descriptive as well as inferential statistics including chi square, analysis of variance and test of homogeneity of variance. The significance level of all tests was set at  $p < 0.05$ .

## 5 Results

The survey results discussed in the following section include the socio-economic profile of the respondents, their employment, income, asset ownership, social security structure and patterns of expenditure on basic needs.

### 5.1 *Socio-economic profile of the respondents*

The major household characteristics considered were gender, age, educational attainment, household size and marital status of the household head. The sample consisted of 53.78 per cent male and 46.2 per cent female respondents (see Table 1).

The results indicated that the population was economically active, as more than 80 per cent of respondents were aged between 16 and 45. Furthermore, about 73 per cent of the population were literate, according to UNESCO standards, as they possessed a minimum of secondary school education. Of the sample population 57.7 per cent was married, while unmarried people (by reason of widowhood, divorce or never married) made up 42.3 per cent. Of the single-parent households 51.7 per cent were headed by females. This corroborates literature which states that single-parent families are usually headed by women (Dankelman, 2003). Average household size was between four and six persons for the entire population, corroborating the Lagos State Average household size of five (LASG, 2010). Households of between seven and nine made up about 15.9 per cent of the respondents. Large households of more than ten people comprised 3.8 per cent of all the respondents, particularly in neighbourhoods such as Ajegunle (12) and Mushin (10).

**Table 1: Socio-economic profile of respondents**

	% n =396
<b>Gender</b>	
Male	53.8
Female	46.2
<b>Age</b>	
≤15	1.4
16-30	36.6
31-45	46.9
46-60	12.2
≥61	2.9
<b>Marital status</b>	
Single	42.3
Married	57.7
<b>Educational attainment</b>	
No formal education	5.2
Primary education	21.9
Secondary education	63.8
Tertiary education	9.1
<b>Household size</b>	
1-3	17.7
4-6	62.6
7-9	15.9
≥10	3.8

Source: Fieldwork (2010)

Housing typology across the study area shows that 48 per cent of respondents resided in rooming houses (*face me, I face you*, in local parlance) in which many rooms line a central corridor and share the same household facilities. Of the respondents, 69.3 per cent were tenants, while 20.4 and 35.8 per cent respectively had only one or two rooms for exclusive use by the household. Most respondents (60.9%) lived in buildings where they shared facilities with at least seven other families; 5.5 per cent of respondents lived in buildings of more than 13 households. Other household characteristics revealed by the study include the fact that over 60 per cent of the respondents were migrants to Lagos, who have lived in their neighbourhoods for more than ten years. The initial reason for moving to these communities was affordability. This was especially true in Obalende, Tolu and Ijora.

## **5.2 Employment, income and asset ownership profile of the respondents**

The variables examined in this section are nature of employment, sources of income, number of income earners within household, household monthly income, sources of business support as well as capital assets (house, land and vehicle) and household assets ownership (see Table 2).

The informal economy is the highest employer of labour in the study area, with almost 80 per cent of the respondents earning their income by participating exclusively in informal economic activities. Those who have formal sector employment are engaged as junior staff serving mostly as drivers, janitors and office assistants, and are compelled to supplement their meagre incomes with informal activities. Home-based trade enterprises account for the highest percentage (50%) of informal activities in the study area. The informal service sector employs about 37 per cent of the respondents in diverse activities such as food vending, tailoring, sign-writing, hairdressing and auto repairs. The respondents involved in the informal industrial sector comprise only 12 per cent of the population. The reason for this low quantum may be the relatively intense training and capital outlay required to participate in this sector. Informal industrial activities in the study area include cottage industries (producing such items as sachet water, plastic bags, soap and candles); as well as fabrication industries (carpentry and metalworks).

The dominant business ownership structures in the study area are the sole proprietorship (84%) and two-person partnerships (16.4%). Most partnerships are inherited businesses. Smaller businesses across the study area are run as owner-managed, while larger ones are kin-enterprises, employing between one and four apprentices, usually family members. Some businesses (13%) also have unpaid workers – usually relatives or village kin who recently migrated to the city and were being oriented into urban life. This corroborates the literature which affirms a reliance on rural affiliations as an important adaptation mechanism to city life (Hossain, 2006).

The fact that many businesses are survivalist enterprises is highlighted in their registration status. While 20 per cent have local government trade permits, ten per cent of the respondents have only completed business name registration with the Corporate Affairs Commission. This is the minimum requirement for opening bank accounts in the company's name. Major sources of business funding are a combination of savings, rotating credit (*aafo* or *esusu* in local parlance) and cooperative society loans. About 37.6 per cent of the respondents have been beneficiaries of loans from the rotating credit group or cooperative societies, and they were generally satisfied with loan terms and conditions. They all confirmed repayment within 12 months. The high interest rates, demand for an initial deposit and collateral, as well as the extensive paperwork involved discouraged most respondents from considering bank loans. Less than one per cent of respondents have taken commercial bank loans.

**Table 2: Income, employment and asset ownership profile of respondents**

	Male n=213 (%)	Female n=183(%)	Total n=396 (%)
<b>Category of informal sector</b>			
Trade	98 (46.0)	101 (55.2)	199 (50.3)
Service	85 (39.9)	63 (34.4)	148 (37.4)
Industrial	30 (14.1)	19 (10.4)	49 (12.4)
<b>Position in business</b>			
Owner	145 (68.1)	112 (61.2)	257 (64.9)
Apprentice	43 (20.2)	36 (19.7)	79 (19.9)
Paid employee	6 (2.8)	2 (1.1)	8 (2.0)
Unpaid worker	19 (8.9)	33 (18.0)	52 (13.1)
<b>Business ownership</b>			
Sole Proprietorship	171 (80.3)	160 (87.4)	331 (83.6)
Partnership	23 (10.8)	7 (3.8)	30 (7.6)
Family owned	19 (8.9)	16 (8.7)	35 (8.8)
<b>Business Registration</b>			
Not Registered	141 (66.2)	127 (69.4)	268 (67.7)
Local Government Trade Permit	43 (20.2)	38 (20.8)	81 (20.4)
CAC Business Name	25 (11.7)	15 (8.2)	40 (10.1)
CAC Registered Ltd/Ent	11 (5.16)	3 (1.6)	14 (3.5)
<b>Source of business funding</b>			
Savings	88 (41.3)	73 (39.9)	161 (40.7)
Family Aid	42 (19.7)	40 (21.9)	82 (20.7)
Thrift (Rotating Credit)	43 (20.2)	47 (25.7)	90 (22.7)
Cooperative Loan	38 (17.8)	21 (11.5)	59 (14.9)
Bank loan	2 (0.9)	2 (1.1)	4 (1.0)
<b>Other income source</b>			
Cooperatives/thrift	87 (40.8)	101 (55.2)	188 (47.5)
Inheritance	77 (36.2)	49 (26.8)	126 (31.8)
Office job	59 (27.7)	23 (12.6)	82 (20.7)
Rent	11 (5.16)	6 (3.3)	17 (4.3)
Income from abroad	7 (3.3)	4 (2.2)	11 (2.7)
<b>Other family income earner</b>			
Spouse	153 (71.8)	119 (65.0)	272 (68.7)
Children	38 (17.8)	33 (18.0)	71 (17.9)
Relatives	22 (10.3)	31 (16.9)	53 (13.4)

continued

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	<b>Male n=213 (%)</b>	<b>Female n=183(%)</b>	<b>Total n=396 (%)</b>
<b>Monthly household income</b>			
(\$1=N150)			
≤ \$50	42 (19.7)	59 (32.2)	101 (25.5)
\$51–\$120	85 (39.9)	81 (24.0)	166 (41.9)
\$121–\$200	52 (24.4)	32 (17.5)	84 (21.2)
\$201 – \$400	23 (10.8)	7 (3.8)	30 (7.6)
≥ \$401	11 (5.16)	4 (2.2)	15 (3.8)
<b>Possession of capital assets</b>			
Land	120 (56.3)	93 (50.8)	213 (53.79)
House	142 (66.6)	67 (36.6)	209 (53.03)
Vehicle	97 (45.5)	62 (33.9)	159 (40.40)
<b>Acquisition of capital asset</b>			
Inheritance	139 (65.3)	104 (56.8)	299 (75.5)
Purchase	56 (26.3)	46 (25.1)	102 (25.8)
<b>Possession of household items</b>			
Generator	132 (61.9)	111 (60.7)	257 (64.89)
Air conditioner	49 (23.0)	39 (21.3)	13 (3.53)
Refridgerator	163 (76.5)	154 (84.2)	182 (45.96)
DVD player	180 (84.5)	161 (87.9)	335 (84.60)

Source: Fieldwork (2010)

About 67.4 per cent of respondents had household monthly incomes lower than the national minimum wage of N18,000 (\$125). Modal monthly income range across the study area was between N7,500 and N18,000 (\$50–\$125) and about 41.9 per cent of respondents fell within this category. Apart from informal enterprises, respondents had access to other income flows – mainly income from abroad (2.7%) and returns from thrift/cooperative collaborations (47.5%) – which corroborates the literature that states that cooperative societies and rotating credit associations are the insurance of the low-income earner (World Bank, 2002). Across the study area, contributors to household income included spouses (69%), children (17.9%) and live-in kinfolk (13.4%). With regard to the possession of assets, more than 50 per cent of respondents returned positive responses related to ownership of house and land, although in most cases the properties were family owned and located in their native villages. About 40 per cent of respondents owned cars or motorcycles, most of which are used for income generation as commercial unregistered taxis (*kabukabu* and *okada* in local parlance).

A clear demarcation could not be determined on which household assets were used for business and which were exclusively for household use, corroborating the

literature which states that informal sector entrepreneurs are unable to separate their economic life from other experiences (Tipple, 2005). An example is the electricity-generating set: over 64 per cent of respondents own such sets, primarily for use in their income-generating activities. However, the sets are also used in the household once the business day is over. While all the respondents owned electric fans, only 3.5 per cent owned air conditioners, which were purchased to encourage customers to visit their businesses. Many informal service activities – especially business centres and hair salons – had this asset. Because of the general lack of organised open spaces across the study area, most respondents indulge in passive recreation, such as watching movies, hence more than 80 per cent of them own television sets and DVD players. The proliferation of mass-produced and imported fairly used items makes the possession of household appliances such as television sets, compact disc players, electric kettles and refrigerators easily affordable for most households.

Chi Square tests were conducted to examine the extent of association between gender and various economic factors (see Table 3).

**Table 3: Chi square tests of economy and gender**

	value	df	sig	Remarks
<b>Category of informal sector</b>	14.787 <sup>a</sup>	2	0.001	Significant
<b>Position in business</b>	6.978 <sup>a</sup>	3	0.073	Not significant
<b>Business ownership</b>	7.786 <sup>a</sup>	4	0.100	Not significant
<b>Business registration</b>	18.897 <sup>a</sup>	4	0.001	Significant
<b>Source of business funding</b>	6.154 <sup>a</sup>	5	0.292	Not significant
<b>Other income source</b>	1.810 <sup>a</sup>	4	0.771	Not significant
<b>Monthly household income</b>	9.051 <sup>a</sup>	4	0.060	Not significant
<b>Possession of capital assets</b>	1.187 <sup>a</sup>	1	0.276	Not significant
<b>Acquisition method of capital asset</b>	2.633 <sup>a</sup>	4	0.621	Not significant

Significant male/female contrasts were observed in the category of informal sector participation (chi = 14.787, p=0.001). The study revealed that participation in the informal trade sector was dominated by women: 55.2 per cent as opposed to 46 per cent of men. Furthermore, significant gender differentials existed in business registration status, as the data revealed that only nine per cent of women had formal business registration, as against 16.8% of men (chi = 18.897, p = 0.001).

### 5.3 Respondents' expenditure on basic needs

The key variables considered in this section were average household monthly expenditure on basic needs including housing, food, medical care, power supply (direct and generator) as well as social obligations.

The average monthly expenditure on various basic needs fell below N5,000 (\$33) (see Table 4). Most households expended less than N5,000 on any category monthly. Mode value across all expenditure and income categories also fell within this range.

Expenditure on housing was kept at a minimum, because regardless of the size of the household, the heads of the households claimed they could not afford to rent more than two rooms. As such, in situations where single-room apartments were rented, the livingroom was converted to sleeping space at night. In some cases, the corridors of the buildings were also used as sleeping spaces. Older children were encouraged to leave home and become independent early on. Medical care was usually in response to malaria attacks and the patent medicine store and indigenous herb sellers (*alagbo* or *elewe omo* in local parlance) were heavily patronised. Most respondents sent members of their families who were gravely ill back to their villages, often citing spiritual attacks as being responsible for such cases.

**Table 4: Average monthly household expenditure on basic needs**

Income (\$) Expenditure (\$)	≤ 50 (%) n=101	51–120 (%) n=166	121–200 (%) n=84	201–400 (%) n=30	≥ \$401 (%) n=15	Total (%) n=396
<b>Housing</b>						
0–33	98.0	40.3	25.0	33.3	40.0	51.26
34–66	1.9	59.0	72.6	43.4	46.7	45.7
≥ 67	0	0.60	2.4	23.3	13.3	3.0
<b>Food</b>						
0–33	84.2	68.7	44.0	36.7	26.7	63.4
34–66	11.9	25.9	39.3	56.6	40.0	28.0
≥ 67	3.9	5.4	16.7	6.7	33.3	8.6
<b>Medical</b>						
0–33	97.0	80.1	89.3	86.7	66.7	86.4
34–66	2.9	17.5	8.3	10.0	33.3	11.8
≥ 67	0	2.4	2.4	3.3	0	1.8
<b>Electricity</b>						
0–33	79.2	86.7	85.7	83.3	73.3	83.8
34–66	16.8	12.7	11.9	10.0	20.0	13.6
≥ 67	3.9	0.60	2.4	6.7	6.7	2.5
<b>Generator</b>						
0–33	94.1	96.4	96.4	93.3	6.7	94.4
34–66	5.9	1.8	3.6	6.7	26.7	4.5
≥ 67	0	0	0	0	6.7	0.3
<b>Social obligation</b>						
0–33	88.1	94.0	94.0	83.3	73.3	90.4
34–66	8.9	4.2	3.6	10.0	13.3	6.6
≥ 67	3.0	1.8	2.4	6.7	13.3	3.0

(\$1: N150) Source: Fieldwork (2010)

Food adaptation strategies included foregoing meals, home gardening (usually vegetables) which often results in food exchanges within social networks, foregoing proteins and, in extreme cases of lack, gate-crashing local parties for leftovers.

An interesting issue that was revealed was expenditure on power, with 13.6 per cent of respondents spending between N5,000 and N10,000 (\$34–\$55) monthly on power from the national grid, while 4.5 per cent spent the same on powering their generators during the same period. The study revealed that the higher the household income, the higher the expenditure on power. Casual observation revealed the use of rechargeable lanterns, kerosene lamps, candles and coal irons as alternatives.

About three per cent of respondents spent more than N10,000 (over \$55) monthly to meet social obligations such as donations, dues and levies to town associations, church societies, community associations and social clubs. The study revealed this pattern across all income levels, further strengthening the position of the literature which identifies social networks as an important safety net for the urban poor (Hossain, 2005).

Analysis of Variance (ANOVA) tests further explain the linear relationship and level of significance between household monthly income and monthly expenditure on basic household needs (see Table 5).

**Table 5: Tests for income and expenditure on basic needs**

	Sum of squares	Df	Mean square	F	Sig.	Remarks
Food	65.567	4	16.392	9.920	0.000	Significant
Housing	7.152	4	1.788	3.944	0.004	Significant
Medicals	18.903	4	4.726	12.344	0.000	Significant
Electricity	2.850	4	.713	4.731	0.001	Significant
Generator	16.420	4	4.105	11.949	0.000	Significant
Social obligations	14.292	4	3.573	10.549	0.000	Significant

The tests reveal significant variations in terms of household expenditure on food, housing, medical needs, electricity (direct and alternative) and social obligations across the entire study area.

#### **5.4 Social security profile of respondents**

The key variables considered in this section are membership of social groups, as well as knowledge and participation in poverty alleviation programmes.

Participation in social groups – especially those related to non-work (church society, town union, social club and community association) and work (cooperative/thrift society and/or local chapter of artisans' association) – was found to be a key parameter for the survival of inhabitants of the study area. The rotating credit groups, especially, were the major social security mechanisms in place for most

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respondents, as shown in Table 6. Respondents were asked to identify the groups belonged to, and in many cases they belonged to more than one category in each subset. It was discovered that 56 per cent of respondents belonged to non-work social groups, while 84 per cent belonged to work-based social groups. More respondents belonged to village groups in the non-work category, while the rotating credit groups had the highest membership among the work-based groups.

**Table 6: Social network profile of respondents**

	Category of informal economy			Position in business	Gender		Total
	Trade (%) n=199	Industrial (%) n=30	Service (%) n=148	Owner (%) n=257	Male (%) n=213	Female (%) n=186	N=396
<b>Non-work social networks</b>							
Faith-based	63.8	36.6	50.0	65.8	44.1	74.7	58.8
Village group	55.3	80.0	60.1	68.5	67.1	56.5	74.7
Neighbourhood/CDA	33.7	30.0	25.7	33.1	40.8	13.4	35.1
Social club	54.3	6.3	54.1	70.0	76.9	32.8	56.8
<b>Work-based social networks</b>							
Trade group	66.8	90.0	93.9	85.2	89.7	79.0	85.4
Cooperative/thrift	89.4	100.0	71.6	74.7	77.5	83.3	80.8
Rotating credit	92.9	70.0	95.3	96.1	78.9	96.2	87.6
<b>Major benefit of social group</b>							
Financial aid	92.9	100.0	83.8	92.9	94.4	90.3	93.2
Social support	89.9	70.0	87.8	79.4	84.5	81.2	83.6
Kinship	65.3	56.7	75.0	73.1	82.6	62.9	73.9
Insurance mechanism	83.9	86.7	93.9	85.6	94.4	82.2	89.4
<b>Beneficiary of poverty alleviation programme</b>							
NAPEP	11.1	23.3	17.6	31.5	15.7	19.0	26.8
PAP	26.1	23.3	49.7	42.0	13.2	37.5	26.8
NGO	21.6	10.0	45.3	15.2	23.0	18.3	20.9
Faith-based	19.6	3.3	39.9	42.4	5.2	19.9	12.1

Source: Fieldwork (2010)

The respondents identified the following, in order of importance, as the major benefits they derived from membership of these social organisations: financial aid,

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insurance mechanism, social support and kinship. Financial aid though loans was particularly beneficial, as many respondents claimed that the terms and conditions of the rotating credit schemes and the cooperative society loans were agreeable and less burdensome than those of formal credit institutions. The insurance mechanism offered, especially in emergency situations, support in cash or usually in kind, when someone approached the group. Among the non-work-based groups, support was in the form of babysitting, sharing of information and market stock, when necessary. Social support included advocacy and protection from hostile municipal authorities and extortionist neighbourhood gangs, while kinship benefits were mainly derived through the socialisation process, whereby native laws and customs were reinforced, hence the respondents retained core traditional values despite being in a city as big as Lagos. They were able to share memories, establish friendships, and receive from or show support to fellow migrants and kinfolk.

About 21 per cent of respondents had been beneficiaries of poverty alleviation programmes. When asked to rank these programmes in order of effectiveness, the respondents reported the following in order of approval: Self-help groups/NGOs; faith-based organisations; Lagos State government; Federal government. While the government programmes were structured, the selection of participants was usually based on political affiliation. More women, informal service providers and business owners had been beneficiaries of the Lagos State Poverty Alleviation Programme (PAP), while operators of informal service activities had benefited most from the various poverty alleviation programmes, usually in the form of training.

In order to determine if significant difference in access to the various poverty alleviation programmes existed across the informal economic subsectors, the test of homogeneity of variance was done (see Table 7).

**Table 7: Test of homogeneity of variance of types of poverty alleviation programmes**

	Levene statistic	df1	df2	Sig.	Remarks
NAPEP	0.754	2	355	0.471	Not significant
PAP	26.339	2	352	0.000	Significant
NGO/self-help organisation	3.857	2	350	0.022	Significant
Faith-based organisation	36.800	2	350	0.000	Significant

The P-values are all less than  $\alpha=0.05$ , except for the Federal Government's National Poverty Eradication Programme ( $p=0.471$ ), hence the conclusion is that, except for federal government initiatives, access to poverty alleviation programmes across the study area was the same.

## 6 Discussion and policy recommendations

This study has evaluated socio-economic adaptation strategies of residents of low-income settlements in the Lagos metropolis, through an assessment of their livelihood and lifestyle patterns. The study revealed that the urban poor in Lagos metropolis survive primarily by being involved in the informal sector of the economy, as well as thanks to the strong kin-based networks and cooperative alliances which serve as social safety nets. It was discovered that both work-based (rotating credit groups) and non-work-based (ethnic alliances) social organisations were useful support mechanisms. It is important that poverty alleviation policies recognise the strengths of these organisations and channel pro-poor development initiatives through them.

The study also found that respondents primarily survive by engaging in the informal economy, especially home-based trade enterprises. The informal economic sector must be accepted as a reality of the urban age, rather than its current status as an illegal phenomenon. However, structures must be put in place to ensure that the potentials of the informal economy are harnessed in a mutually beneficial way, for the respondents and the city. One method of achieving this may be to integrate the informal sector into the urban land use system. The first step towards regulating the sector should be recognising social organisations as stakeholders in the urban system.

Membership of a registered/recognised cooperative must offer more than the self-help advantages current systems provide. Members should be recognised as legitimate income earners in the city, and their contributions to the economy of the city must not be cloaked under ‘the shadow economy’, as described by Neuwirth (2011). The Corporate Affairs Commission, as well as local ministries of economic planning and commerce, should facilitate the establishment of a cadre that caters to owners and operators of micro-enterprises. This study found that almost 20 per cent of respondents obtained local trade permits, while another ten per cent registered their business names with the Corporate Affairs Commission, hence it can be inferred that a less cumbersome registration structure and process will encourage more informal entrepreneurs to grow beyond mere survivalist enterprises.

Social cooperatives can be further strengthened with institutional support. Government can facilitate the establishment of a system by which cooperatives can engage with formal financial institutions on behalf of their members. Rotating credit groups, who have had immense success with their loan structure, will be particularly effective in this regard and will empower more informal enterprises (especially the industrial sub-group) to access formal sector funding, while loan repayments will be structured in a manner similar to those currently being administered by the rotating credit groups. These micro-businesses will eventually metamorphose into growth enterprises, offering support beyond kith and kin and contributing significantly to community development.

With many respondents unable to separate livelihood and lifestyle expenditure, it is important that basic training in financial management be introduced into the poverty alleviation programmes as well as the loan packages.

The importance of non-work affiliations was highlighted in the study. The strong influence of ethnic alliances is a case in point: these organisations offer support by giving fresh migrants their first jobs, and often being the port of first call during emergencies. The fact that they assist in non-financial ways as well, must be emphasised.

The gender dynamics that are apparent in socio-economic adaptation strategies must also be considered. The study revealed that 51.7 per cent of single-parent households are headed by females. Furthermore, women dominate the survivalist trade enterprises and have to rely strongly on rotating credit schemes and faith-based support groups. The study revealed that more women have been beneficiaries of government poverty alleviation programmes than men. However, these programmes have been largely tokenist in nature, and have not achieved much in the estimation of the recipients. It is therefore important that gender-specific poverty alleviation programmes be designed and implemented, and that projects to empower women be channelled through their rotating credit schemes, as well as neighbourhood and faith organisations.

## 7 Conclusion

For a city to be sustainable, it must provide an enabling environment for her citizens to prosper, by ensuring that the policies formulated and implemented are those that protect and enhance the immediate and long-term wellbeing of all – including the vulnerable and marginalised. Effective urban poverty control can only be actualised through the application of a pragmatic approach involving civic reorientation, urban redevelopment and the entrenchment of a results-oriented system of urban management, encapsulated in the pro-poor planning concept of urban development.

Pro-poor planning integrates community development mobilisation, economic development and urban planning. Communities suffering economic insufficiency, stagnation or decline must adopt strategies that remedy such through activities aimed at harnessing local resources (human and natural) to improve the quality of life. The focus must be to ensure that strategies for urban development assist the viability of informal enterprises and the proven survival strategies of the urban poor, accepting them as part of the urban fabric and working with them to achieve sustainable development which has positive economic as well as social impacts. Gender dynamics must also be considered, as poverty alleviation goes beyond mere economic empowerment, especially for the womenfolk, many of whom head a growing number of single-parent households.

This article has highlighted the importance of social networks in the survival strategies of the urban poor in Lagos. The importance of cooperatives as social security agents was also revealed, hence the article advances the case that for poverty alleviation and urban development to be effective, interventions must be channelled through these systems.

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