POVERTY IN THE URBAN INFORMAL SECTOR OF KWARA STATE, NIGERIA

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Abstract

An empirical analysis of the rate of poverty and the decomposition of poverty status in the urban informal sector of Kwara State was carried out using a set of household data generated by the use of a structured questionnaire. The study used consumption-expenditure per adult equivalent and the P-alpha class poverty measure to determine the rate of poverty. The result of the analysis indicates that the rate of poverty was high with 63 percent of the operators' consumption-expenditure per adult equivalent falling below the poverty line of ₦9,837.66 per month. The poverty gap index was 0.43 and the severity of poverty index stood at 0.28. By decomposition, operators in the sector that are male, those not married, those with less than four children, those with tertiary education, those that did not belong to any trade association and those engaged in transport business are poorer in the sector. The consequences include the inability to participate in development decisions that affect their lives and their lack of power and voice to change things in their favour. Sufficient funds by financial institutions and government to help expand their businesses, public investment in infrastructural facilities, especially in electricity supply and self-help/communal assistance and the tenets of social capital were suggested as remedies.

Key Words: Poverty, Informal, Urban, Measurement, Nigeria
JEL Classification: I32, O17, O18

Introduction

The activities of the people operating in the informal sector in most urban settlements in less developed countries cannot be ignored since they play significant role in the development of the economies of these countries and their livelihood. The sector employs between 35 percent and 65 percent of the labour force and contributes between 20 percent and 40 percent of the Gross Domestic Product (GDP) in less developed countries (Braun and Laoyza 1994). In Africa, the sector has grown to be a major source of income to a large population of the urban poor and women. In fact, about 400 million African workers have been earning their livelihood in the informal sector and income generated supports additional 200 million others to survive (Grey-Johnson, 1992).

In Nigeria, the sector is known to have contributed about 58 percent of the nation's Gross Domestic Income (GDI) and provided over 50 percent of urban jobs. The sector also provides most of the population with a means of livelihood or essential supplementary income. Most probably the sector is also the only reliable source of livelihood for women and the 52 .4 percent urban poor for whom the formal sector has no accommodation for economic upliftment (Fapohunda 1978; Fapohunda & Lubell 1978; Fapohunda 1985; Ariyo 1996, Schneider, 2002, Ijaiya & Chika 2004; Arosanyin, Ijaiya, Oludoyi, Ajayi & Ipingbemi, 2009; NBS 2010).

Its contribution to economic development notwithstanding, explicate the sector is still regarded as the sector where the bulk of the poor are found. However, studies to explicate this position are either not there or scanty, most especially on Kwara State, thus making it difficult for government and policy makers to provide pragmatic solutions to the poverty situation in the sector. However, in order to provide an objective solution to the poverty situation in the sector in Kwara State, this paper sought answers to the following questions: (i) How poor are the urban informal sector operators in Kwara State? (ii) What are the causes and consequences of poverty among the operators in Kwara State? and (iii) What are the intervention measures necessary to address the challenges of poverty in the urban informal sector of Kwara State?

The Informal Sector in Nigeria

The informal sector is often referred to as "subterranean economy", "underground economy", "shadow economy", "non-corporate enterprises", "micro-enterprises" and "petty producers" with a large volume of self-employed workers, who are engaged in small-scale intensive work such as tailoring, food preparation, trading, shoe repairing, etc. The operators in this sector are not included in the national employment statistics but they are often highly productive and make a significant contribution to national income. Their work in general is characterised by low-capital-output ratio, that is, the ratio of the level of equipment or capital relative to output is low (Hart 1972; Trager 1987; Steams 1988; Fluitman 1989; Sanyal 1991; Pearce 1992; Loayza 1997; Cheaker and Nangbe 1998; Wickware 1998; Ijaiya & Umar 2004; Soares, 2005; GDRC 2009).

The earlier studies on the informal sector can be traced to by the International Labour Organisation (ILO) in Kenya in 1972 and Keith Hart in Ghana in 1973 (ILO 1972; Hart 1973; Amin 2002; Chen, Jhabvala & Lund 2002; ILO 2002a; ILO 2002b; Thomas 2002). However, in theory, the emergence of scholarship on the informal sector can be linked to Lewis (1954) and Hirschmann (1958) who conceptualised economic development as the emergence and growth of manufacturing sector (the "modern" sector) through the absorption of labour being freed from agriculture (the "traditional" sector), due to the more efficient means of production in the former (cited in Todaro 1987; Usman & Ijaiya 2000; Potts 2007; Arosanyin, et. al 2009; Srinivas 2009).

The study by Rogers & Swinnerton (2004) saw the emergence of the sector as a result of undesirable economic distortions and unfavourable policies of government. Studies by Loayza (1994, 1997), Azuma & Grossman (2002) and Xaba, Horn & Motala (2002) traced its emergence to the growth of urbanisation and the problems that come with it, such as unemployment and low skills, heavy burden of taxes and fees, labour market restrictions and inefficient government institutions. The studies also show how the informal sector arises in a neoclassical model when some firms choose to remain small to enjoy legal exemption from a mandated minimum wage policy and tax which distorts resources away from first best allocations.

Since the mid 1980s the sector has also become the engine room of the economies of most less developed countries, given the collapse or near collapse of formal sector enterprises. Apart from serving as major distribution channels for most of the goods produced by formal sector enterprises, the sector has employed between 35 per cent and 65 per cent of the labour force and contributed between 20 per cent and 40 per cent of their Gross Domestic Product (GDP) of most less developed countries (Braun & Laoyza 1994). In Nigeria, the sector contributed about 58 per cent of the nation's Gross Domestic Income (GDI) and provided over 50 per cent of urban jobs (Fapohunda, 1978; Fapohunda & Lubell, 1978; Fapohunda, 1985; Abumere, 1995; Ariyo, 1996; Schneider, 2002; Ijaiya & Chika, 2004; Adeyinka, Omisore, Olawuni & Abegunde 2006; Akintoye, 2008; Arosanyin, et.al 2009). In 2010, close to about 54.6 million people were engaged in the sector, while in Kwara State about 1.3 million were also engaged in the sector, 94, 3238 of them females (NBS 2010).

Urban Poverty in Nigeria

Available data on the poverty situation in Nigeria has shown that over time there has been increase in the total poverty head count. As indicated in Table 1, the total poverty head count increased from 28.1 percent in 1980 to 69 percent in 2010. A comparison of the rate of urban and rural poverty indicates that urban poverty rose from 17.2 per cent in 1980 to 52.4 percent in 2010, while that of the rural area increased from 28.3 percent in 1980 to 66.3 percent in 2010. Of the six geo-political zones in Nigeria, the

North West witnessed an increase in the rate of poverty head count from 37.7 percent in 1980 to 77.7 percent in 2010 (NBS 2010). In Kwara State, the Core Welfare Indicators Questionnaire (CWIQ) Survey conducted in 2006 by the National Bureau of Statistics indicated that total poverty head count was 83.3 per cent for the whole State, while poverty head count for both the rural and urban areas were 95.9 percent and 97.3 percent respectively (NBS 2006).

Table 1: Incidence of Poverty in Nigeria 1980 - 2010

	1980	1985	1992	1996	2004	2010
National	28.1	46.3	42.7	65.6	54.4	69.0
Urban	17.2	37.8	37.5	58.2	43.2	52.4
Rural	28.3	51.4	66.0	69.3	63.3	66.3
South-South	13.2	45.7	40.8	58.2	35.1	63.8
South-East	12.9	30.4	41.0	53.5	26.7	67.0
South-West	13.4	38.6	43.1	60.9	43.0	59.1
North-Central	32.2	50.8	46.0	64.7	67.0	67.5
North-East	35.6	54.9	54.0	70.1	71.2	76.3
North-West	37.7	52.1	36.5	77.2	71.2	77.7

Sources: UNDP, (2009) and NBS, (2010)

Obadan (1997) chronicled the main causes of poverty in Nigeria to include inadequate access to employment opportunities; inadequate physical assets, such as land and capital and minimal access by the poor to credit even on a small scale; inadequate access to the means of supporting rural development in poor regions; inadequate access to markets where the poor can sell goods and services; low endowment of human capital, destruction of natural resources leading to environmental degradation especially in the Niger Delta and reduced productivity; as well as inadequate access to assistance for those living at the margin and those victimised by transitory poverty and lack of participation.

For the urban transitory, the causes of poverty in Nigeria are not far-fetched from those established by Montgomery & Hewett, (2004) and Sabry (2010) who linked some of the causes to the problems associated with urbanisation, which in turn is linked to the massive movement of people from the rural areas to the cities. As observed by these authors, given the massive movement of people from the rural areas to the cities, the scale of urban poverty has been on the rise worldwide, thus creating urban slums, often referred to as informal settlements, which are areas without enough resources, with degraded environmental conditions, without or with limited access to proper sanitation, clean water, electricity and health care facilities. These worsening environmental conditions in turn damage residents' health and entrench the stigma and isolation of living in informal settlements, making it all the more difficult to escape from poverty.

These observations also tally with the study by Ijaiya (2000a) which reported that in the urban city of Ilorin, Kwara State, the lack of or limited supply of some basic needs of life such as food, shelter, potable water, basic health care services, sanitation facilities, transportation and electricity are some of the causes of poverty in the city. For instance, the non-accessibility of health care services over the years has aggravated the health situation of most of the households in the city. Sickness is usually devastating and drains the meager resources of those affected because it disrupts the economic activities of the entire household. The city also has a long history of acute water shortage. This shortage has caused a lot of hardship for most of the households who have to spent more time daily looking for water, which, in effect, cuts down their productive time and adversely affects their income-generating efforts.

Methodology

Sources of Data

In addition to the use of secondary data, a survey aimed at generating primary household data on the measurement of poverty in the urban informal sector of Kwara State was conducted using a structured questionnaire. Copies of the questionnaire were first distributed according to the size of the 16 Local Government Areas (LGAs) in the state on proportional basis, with a minimum of 60 per LGA. At the urban centres i.e. the administrative head-quarters of the LGAs, a total of 856 copies of the questionnaire were administered randomly.

The issues raised in the questionnaire include the background of the respondents (i.e. age, martial status, educational status, employment status, household size and composition); income; total consumption-expenditure; and access to social services (e.g. health care services and medical attention in case of illness, safe drinking water, healthy and safe environment, education, etc).

Major Tools of Analysis

The quantitative tools used were the household consumption-expenditure per adult equivalent adopted by Organisation for Economic Co-operation and Development (OECD) and the P-alpha class measures of poverty adopted by Foster and others in 1984 in determining the extent of poverty (i.e. the incidence, the depth and the severity of poverty). These methods were in line with most works on poverty (See, Grootaert & Braithwaite 1998; Ijaiya 2000a).

In this study thus, the poverty analysis was based on money–metric measure of utility and welfare adopted by Grootaert & Braithwaite (1998) and Ijaiya (2000a). For measure of utility and welfare, total consumption-expenditure of the heads of household operating in the urban informal sector was used as a measure of their welfare and for determining the poverty line. The analysis also took into consideration differences in needs due to the difference in the respondents' household size and composition, and therefore used the household consumption-expenditure per adult equivalent as the welfare measure. There are wide choices of adult equivalent scales and different scales used in different countries. The most commonly used is that of the Organisation for Economic Co-operation and Development (OECD) because of its simplicity and wide familiarity. This scale is expressed as:

$$\text{EXPeq} = \frac{\text{EXP}}{n^{(0.7)}} \qquad (1)$$

Where:

EXP = total consumption-expenditure of the operators in the urban informal sector
n = household size of the operators in the urban informal sector
0.7 = exponential formation representing other adults in the household of the operators (see, Glewwe 1990; Grootaert &Braithwaite 1998; Ijaiya 2000a).

A cut–off point was selected to serve as poverty line across the distribution of real household expenditure per adult equivalent. An absolute line such as $1 a day [Purchasing Power Parity (PPP)] was used in identifying the poor (See, World Bank 2001).

The next stage in the analysis of poverty in the urban informal sector of Kwara State was the use of the popular P–alpha class of poverty measures introduced by Foster, Greer & Thorbecke in 1984.The index is defined as:

$$P_{\propto} = \frac{1}{n} \sum_{i=1}^{q} \left(\frac{z-yi}{z}\right)^{\propto} \qquad (2)$$

Where:
n = number of households in the urban informal sector
q = number of poor households in the urban informal sector
z = poverty line
yi = total consumption – expenditure of individual head of household in the urban informal sector
$\propto$ = poverty aversion parameter.

The poverty aversion parameter ($\propto$) can take any positive value or zero. The higher the value the more the index weighs the situation of the poor households in the urban informal sector, i.e. households that are farthest below the poverty line. Of specific interest are the cases where $\propto$ = 0,1 and 2.

If $\propto$ = 0 the index becomes:

$$P_0 = \frac{q}{n} \tag{3}$$

which is the simple head count poverty rate, i.e. the number of poor households in the urban informal sector of Kwara State as a percentage of the total population. Although, as a useful first indicator it fails to pay attention to the depth (or gap) and severity of poverty in the urban informal sector.

To arrive at the depth of poverty and severity of poverty we looked at the extent to which the expenditure of the poor households in the urban informal sector falls below the poverty line. This is customarily expressed as the "income gap ratio" or "expenditure gap ratio" which expresses the average shortfall as a fraction of the poverty line itself, i.e.:

$$\left(\frac{z-yi}{z}\right) \tag{4}$$

Where:

y_i is the average income or expenditure of the poor households in the sector.

A useful index was obtained when the head count poverty ratio was multiplied by the income or expenditure gap ratio, thus corresponding to:

$$P_1 = \frac{q}{n}\left(\frac{z-yi}{z}\right) \tag{5}$$

which reflects both the incidence and depth of poverty in the sector. These measures have particularly useful interpretation because they indicate what fraction of the poverty line would have to be contributed by every individual household in the sector to eradicate poverty through transfer, under the assumption of perfect targeting.

The severity of poverty index is the mean of the squared proportion of the poverty gap expressed as:

$$P_2 = \frac{q}{n} \quad \left(\frac{z-yi}{z}\right)^2 \tag{6}$$

This index allows for concern about the poverty of the poor households in the sector by attaching greater weight to the poverty of the poorest ones among them than to those just below the line.

Results and Discussion

Socio-demographic Characteristics of the Operators

The socio-demographic characteristics of 856 operators in the urban informal sector of Kwara State are presented in Table 2.

Table 2: Socio-demographic Characteristics of the Operators Urban Informal Sector of Kwara State

Socio-demographic Characteristics	Percentage (%)
Gender of the Operators	
Male	36.7
Female	63.3
Age of the Operators	
Below 30	23.1
31- 40	46.5
Above 40	30.4
Marital Status of the Operators	
Single	33.2
Ever Married	66.8
Household Size of the Operators	
1-4	56.5
5-10	13.7
More than 10	29.8
Educational Status of the Operators	
No formal schooling	11.2
Primary Education	13.8
Junior Secondary	12.0
Senior Secondary/Technical School	33.8
Post Secondary 1 (OND/NCE)	15.3
Post Secondary 2 (HND, B.Sc)	12.9
Post Secondary (Master and above)	1.1

Source: Authors' computation, (2012)

The survey conducted on the operators in the urban informal sector of Kwara State indicated that 46.5 percent of them fall within the 31- 40 years age bracket, with 66.8 percent married or ever married. About 63.3 percent were females, with 56.5 percent having a household size of between 1 and 4. The survey also indicated that 33.8 had a minimum of senior secondary school education. All these implied that the sector is an important absorber/employer of labour irrespective of age, gender and education status.

Result of the Nature of the Urban Informal Sector in Kwara State

In the course of this study, certain features were identified as typical of the informal sector enterprises in the urban areas of Kwara State. Some of these features are the type of informal sector activities, the ownership structure, reasons for establishing the business, sources of capital, working hours of the operators, etc.

Table 3: The Nature of the Urban Informal Sector of Kwara State

Variable	Percentage (%)
Type of informal Sector Activity	
Trading (buying and selling)	23.1
Tailoring/Sewing/Knitting	12.4
Hairdressing	8.8
Manufacturing	7.6
Food Vendor/Catering services	6.3
Food processing	3.6
Repair services	11.6
Transportation	7.6
Others	11.9
Ownership Structure of the Business	
Self/Sole Proprietorship	84.0
Family Owned	9.2
Partnership	5.4
Others	1.4
Other Types of Work engaged in	
Farming	41.5
Government Work	26.1
Other Informal Activities	12.5
Organised Private Sector	15.8
Others	4.1
Reasons for establishing the Business	
Lack of employment in formal sector	34.8
To help family members earn more income	35.5
Personal interest	27.8
Others	1.9
Major sources of start-up Capital	
Inheritance	11.2
Personal savings	51.4
Fund from spouse/relation/friends	25.1
Cooperative Society	6.5
Bank loan	1.8
Government loan (NDE, NAPEP, etc)	0.5
Others	3.5
Range of Hour of Operation per Day	
1- 8 hours	35.9
9 - 12 hours	56.8
Above 12	7.3
Number of Employees	
1-5	83.8
6- 10	2.8
Above 10	0.5
Number of Apprentices under Training	
Below 5	82.3
6- 10	14.8
Above 10	3.1
Number of Apprentices successfully Trained since Establishing the Business	
Below 5	87.3
5- 10	8.0
Above 10	4.7

Source: Authors' computation, (2012)

As indicated in Table 3, 23 per cent of the informal sector operators were engaged in trading (buying and selling). The enterprises in the informal sector were predominantly one-man/sole business with 84 per cent of them owned by a single proprietor. The reasons for the dominance of sole proprietorship were: (i) because businesses in the sector are easy to enter and establish; (ii) it only requires very little capital outlay to start; (iii) the businesses also provide opportunity for quick profit; and (iv) satisfaction of one being a sole owner of a business.

The study also revealed that in establishing some of the informal sector businesses, factors such as lack of employment in formal sector, the desire to help family members earn more income and personal interest determined the establishment of some of the enterprises. Of these factors, 35.5 per cent of the operators established their business because of the desire to help family members to earn more income. As revealed by the study 51.4 per cent of the operators sourced their start-up capital from personal savings, an indication that they did not have access to loans/credits from formal financial institutions because of the stringent conditions for obtaining the loans/credits.

Another important feature of the informal sector of Kwara State is the job and training (especially apprenticeship training) it provides for the bulk of the people most of them poor. For instance, as revealed by the study 83.8 per cent and 87.3 per cent of the operators employed and successfully trained between 1-5 people respectively since their establishment. The operators also have no fixed working hours. However, depending on the nature of the job and location, at a minimum, they spend close to 9 hours daily. As this study reveals, 56.8 per cent of the enterprises operated for between 9 and 12 hours daily. The reason for this may partly be because most of them operated within their homes. To their clients this might be an avenue to reach them any time the need arose and to the operators it probably allowed them to continue to attend to their clients with the long-run effect of increasing the supply of goods and services at cheaper rates and increasing their own income and standards of living.

Poverty Situation in the Urban Informal Sector of Kwara State, Nigeria

Table 4 provides the estimates of the rate of poverty based on the three (3) measures of poverty: the head count poverty index, the poverty gap (depth) and the severity of poverty index in the urban informal sector of Kwara State as at November 2010. The head count poverty index was 0.63, which represented 63 per cent of the people in the urban informal sector of Kwara State whose consumption-expenditure level falls below the poverty line (₦9,837.66 per month).

The poverty gap index was 0.43 representing 43 per cent of the extent of shortfall of the average income of the poor from the poverty line. That is, how poor a person is from the poverty line. This gap is referred to as the poor’s degree of misery. Thus representing the percentage of the expenditure required to bring each individual person that is poor below the poverty line up to the poverty line. The severity of poverty index was 0.28, which represented 28 per cent of the poorest of the poor households in the urban informal sector of Kwara State whom policy makers must pay attention to in the State in the distribution of the standards of living indicators such as health care services, clean water, sanitation, food and income generating activities.

The three measures of poverty therefore clearly indicate that the rate of poverty in the urban informal sector of Kwara State was relatively high when compared to the total percentage of the people that were poor in Nigeria (69% as provided by the National Bureau of Statistics in 2010) (see, NBS, 2010).

Table 4: Foster-Greer-Thornbecke (FGT) Poverty Measures for Kwara State as at November 2010

Total Sample	No. of Poor Households based on ₦9,837.00 Poverty Line	Poverty Head Count Index P_o	(%)	Poverty Gap Index P_1	(%)	FGT Index P_2	(%)
856	663	0.63	63	0.42	42	0.28	28

Source: Authors' computation (2012)

Furthermore, the decomposition of poverty status among the urban informal sector operators in Kwara State as shown in Table 5 indicates that 68 per cent of male operators in the informal sector were poorer than female operators in the sector put at 59 per cent. Operators that were not married and those with less than four children were poorer (64.7 and 63.0% respectively) than those married or ever married and those with more than four children (62.2 and 58.1% respectively). The reason for this could not be far from the traditional belief that the more wives and children a household has, the wealthier the household, given the fact that children are usually seen as tools for production rather than mere consumers.

The result also showed that the poverty level was higher among the operators with tertiary education than those without tertiary education (65.4 and 61.5% respectively). Reasons behind this can be linked to the nature of economic activities most of them were engaged in the informal sector. As the study also revealed most of those with tertiary education were mostly found in trading and transport business which is highly competitive, thus depriving some of them enough income to get out of poverty. Operators that were not members of trade associations within the informal sector were poorer (71.9%) than those that belong to a particular trade association (61.9%), given the incentives and advantages that come with it. For instance, belonging to any trade association will come with all forms of assistance (in-cash and in-kind) from individuals, organisations and governments in time of distress and economic hardship.

The study also revealed that operators involved in transport business were poorer than those engaged in other economic activities in the sector. Reasons behind this can be linked to the type of the transport business, most of which is the use of motorcycles rather than cars and buses, the high level of competition in the transport business and the stringent regulations and safety issues provided by the government.

Table 5: Decomposition of Poverty Status among the Operators in the Urban Informal Sector of Kwara State

Category Z = ₦9,837.00	Expenditure Gap-Ratio	Poverty Incidence P_0	Poverty Depth P_1	Poverty Severity P_2
All Households in the Informal Sector	0.669	0.632	0.432	0.283
Gender				
Male	0.640	0.689	0441	0.282
Female	0.692	0.596	0.412	0.285
Marital Status				
Ever Married	0.658	0.622	0.409	0.269
Not Married	0.659	0.647	0.426	0.281
Household Size				
Operators with > 4 Children	0.676	0.581	0.393	0.266
Operators with ≤ 4 Children	0.669	0.630	0.421	0.282
Educational Attainment				
Operators with Tertiary Education	0.638	0.654	0.417	0.266
Operators without Tertiary Education	0.673	0.615	0.414	0.279
Trade Association				
Operators belonging to Trade Association	0.668	0.619	0.413	0.276
Operators not belonging to Trade Association	0.706	0.719	0.508	0.358
Economic Activities				
Operators involved in Trading	0.670	0.640	0.429	0.287
Operators involved in Technical Services	0.621	0.682	0.424	0.263
Operators involved in Transport Business	0.785	0.520	0.408	0.320
Operators involved in Manufacturing Business	0.736	0.575	0.423	0.251
Operators involved in Other Activities	0.679	0.545	0.370	0.251

Source: Authors' computation, (2012)

Drawn from the perception of the people operating in urban informal sector of Kwara State, the causes and consequences of poverty experienced in the sector included, among others, the lack of sufficient income to purchase some of their basic needs of life like food, clothes and decent housing. The poor in the urban informal sector of Kwara State were also faced with the challenges of insufficient supply of potable water, electricity supply and the excessive charges that go with it. The operators are also faced with the fear of displacement, demolition, arrest and harassment by police and the local law enforcement agencies. In most cases they are also faced with excessive trading fees and multiple taxes. To most of them, the governments (State and Local) instead of seeing them as partners in development, they are usually seen as nuisance that must be discarded with. The implication of this is the decline in their economic activities, as well as, productive and income-generating efforts experienced over time. The consequences according to some of the operators in the sector include their inability to participate in development decisions that affect their lives and their lack of power and voice to change things in their favour. Other consequences are the increase in the rate of crime, prostitution and child labour and hawking among the children of the operators in order to augment family income.

Challenges of Urban Informal Sector of Kwara State

The urban informal sector enterprises in Kwara State, like the informal sector enterprises in other parts of Nigeria, are faced with a number of challenges that have not only impeded their economic activities but impacted negatively on their wellbeing and poverty status. Key among the challenges, as perceived by some of the operators, are the lack of sufficient fund to expand their businesses, the poor state of infrastructural facilities in the state, especially electricity supply, good road networks and safe water. Some of the operators also perceived other challenges as unfavourable government policies that have led to the demolition of their shops. They are usually faced with harassment and intimidation over unpaid levies, fees and charges for doing business in the Local Government Areas by the Local Government Authorities.

Conclusion and Recommendations

An empirical analysis of the rate of poverty and the decomposition of poverty status in the urban informal sector of Kwara State was carried out using a set of household data and the P-alpha class poverty measure. The result of the analysis indicates that the rate of poverty in the urban informal sector of Kwara State is high with 63 percent of the operators' consumption-expenditure per adult equivalent falling below the poverty line of ₦9,837.66 per month. The poverty gap index was 0.43 and the severity of poverty index stood at 0.28. By decomposition, operators in the sector that are male, those not married, those with less than four children, those with tertiary education, those that did not belong to any trade association and those engaged in transport business were poorer in the sector.

The operators are also faced with challenges that had impeded economic activities and impacted negatively on their wellbeing. Key among the challenges as perceived by some of the operators were the lack of sufficient fund to expand their businesses and the poor state of infrastructural facilities in the state, especially electricity supply.

To therefore redress the poverty situation in the sector, there is the need to look at the challenges raised by the poor operating in the sector. First, the government, especially at the local government level, should recognise the contribution of the operators in the sector to the economic development of Kwara State and to also see them as partners in development rather than nuisance. The incessant displacement, demolition of their shops, arrest and harassment of the operators by the police and the local law enforcement agencies for not paying trading fees and charges that were never accounted for should stop. Situation where operators are displaced and their shops demolished without compensation and alternative locations for doing business is detrimental to entrepreneurial development and improvement in the well-being of the operators.

The operators in the urban informal sector of Kwara State should re-consider their reliance on government for assistance. They should resort to self-help/communal assistance and the tenets of social capital since the government over time had failed to recognise them as partners in development. With self-help, the operators would be frequently geared toward changing the critical situations they found themselves in influencing their political and social condition (such as securing freedom for themselves). With self-help there is also the conviction that their efforts or the efforts resulting from the solidarity of the group would be a decisive factor in the formation of feeling of self-esteem. Also with self-help the operators' own resources in the forms of labour, capital, land and skills would also be used for the uplift of their standard of living.

With social capital, often referred to as norms and social relations, the operators would be able to coordinate their actions or act collectively in order to achieve their desired goals, key among which is the uplift of their standard of living.

The government should as a matter of urgency address some of the critical infrastructural challenges the operators are facing. First, there should be regular supply of electricity and safe water which are important to the operation of businesses in the sector and to the lives of the people operating within the sector. Second, government should also assist in the provision of credit facilities at the micro level and possibly the provision of micro insurance facilities to serve as a coping measure in case of unforeseen situations. For the purpose of efficient disbursement of the credit and micro-insurance facilities the government can make use of trade associations and cooperative societies the operators belong to.

Finally, and critical too, is the involvement of the operators in the urban informal sector in activities that affect their lives and in the fight against corruption. Their involvement, for instance, would allow for proper representation, adequate information flow, consultation, negotiation, mediation and commitment on the part of the operators. The fight against corruption would guide against the diversion of funds and other resources that are meant for the development of the sector and the communities where they operate.

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