



## Sources of Income for Households in Nigeria

In 2010, the Nigeria National Bureau of Statistics implemented the General Household Survey (GHS), which included a panel component focusing on livelihoods, agriculture, and household welfare. The GHS-Panel survey was conducted on a sample of 5,000 households and is nationally representative. The first wave of the survey was implemented in two visits to households: visit 1 ran from August to October 2010 and visit 2 ran from February to April 2011. The second wave will run from 2012/2013.

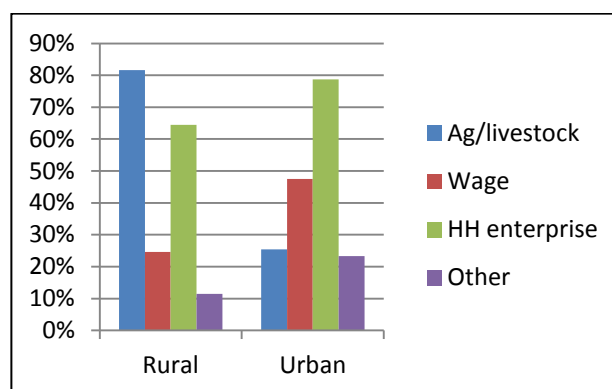
Using data from the first wave, this note presents a basic profile of income sources for households in Nigeria. It explores different income sources and the correlates of income sources with household traits. Income is classified into four main categories: agricultural (growing crops or raising livestock), non-agricultural enterprise (a small shop or other form of household self-employment), wage or salary income (having an employer), and other, non-labor income.

### Diversification of Income Sources

A first look at income sources for households shows a number of salient features. First, diversification is the norm. Of the four main categories of income sources, on average, Nigeria households have just under two sources of income, with over 80 percent of all households reporting two income sources. Very few households report income from all four sources.

Among rural households, four out of five households are engaged in some agricultural activity – either farming crops or maintaining livestock. However, these households also tend to be involved in other activities: about 60 percent of these agricultural households also have a non-farm enterprise, and twenty percent of farm households have at least one member that reports some wage employment.

### Income Sources for Nigerian Households



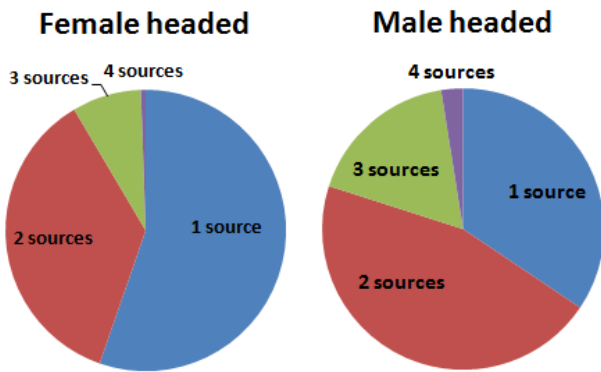
While about 80 percent of urban families earn income from a non-farm business activity, urban households are also diversified. Of the households with an enterprise, 43 percent also have some wage income. And, perhaps surprisingly, agriculture is not only for rural dwellers: one in four urban households engages in some form of agriculture.

Urban households are more likely to have other income (such as transfers from family and friends, and rental income) than their counterparts in rural areas. This category also includes remittances from family abroad. Such income is very rare among Nigerian households; fewer than 2 percent of all households receive this type of income.

### Household Traits and Income Sources

On average, female-headed households are less diversified. Over half of these households have only one category of income source, compared to 35 percent of male-headed households, as is visible in the figure below.

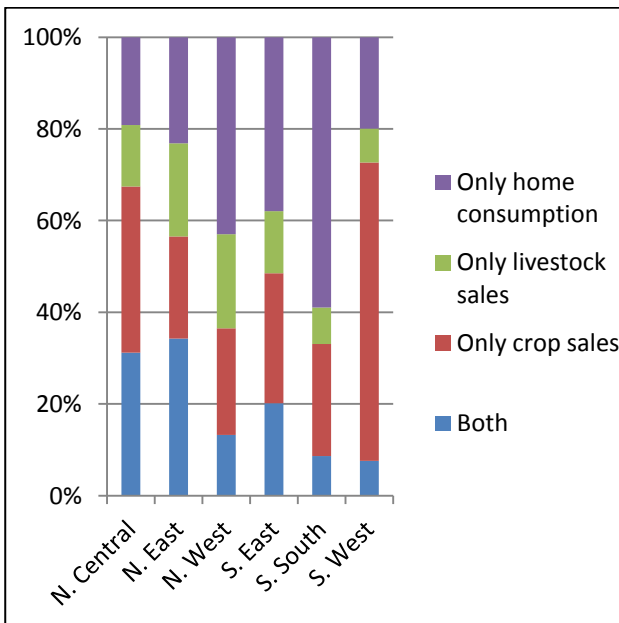
Households with more prime-age adults are more able to diversify and are observed to have slightly more income sources.



### Farming: Cash or Consumption?

While about 60 percent of all households in Nigeria are growing crops or rearing livestock, not all of this activity earns Naira for the household. About one third of these households are engaged in farming for consumption – they earn no cash from sales of crops or livestock.

Across the six zones, there is variation in the share of households that sell any agricultural output and those that only consume their product. The North Central and North East have the large share of farming households that sell both crops and livestock output, whereas households in the South South and South West are among the least likely to do both. The South South zone has the largest fraction of farm households (60 percent) that only engage in agricultural activity for home consumption.



### Wage Income

Income from wages and salaries is often associated with higher living standards. Wage work is more prevalent in urban areas, where nearly half of households report any such income, compared to a quarter of rural households. The data show that households with more highly educated heads are more likely to have this type of income. The gap is large: 17 percent of households whose head has no schooling, compared to 76 percent of those with post-secondary.

Male-headed households are also more likely to have wage income compared to those headed by females (36% to 21% respectively). Interestingly, the age of the head is not associated with a different likelihood of having any income from wage or salary work. By zone, households in the South East are the least likely to have such income (26%), while those in the South South are the most likely (42%).

While wage income is not an uncommon income source for households, for individuals it is not common. That is, households with such income have at most one person with wage income. Thus, the share of the labor force (i.e. those working or looking for work) with wage employment is about half of the portion of households with this type of income.

Across gender, we observe stark differences. Men are almost twice as likely to have any wage or salary work: 14 percent in comparison to 8 percent. This gender gap in wage work holds both within rural and within urban areas. The gender gap also exists in all zones.

This brief is based on data collected by the Nigeria National Bureau of Statistics as part of the Living Standards Measurement Study – Integrated Surveys on Agriculture (LSMS-ISA) project. The full dataset is available for download at [www.worldbank.org/lsmis-isa](http://www.worldbank.org/lsmis-isa).

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