

POVERTY ALLEVIATION POLICIES: CATALYST FOR ECONOMIC DEVELOPMENT OF NIGERIA

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R. A. ITIVEH

Department of Economics
Delta State University, Abraka, Nigeria
rotative2006@yahoo.com

Abstract: *The word poverty had been and is still one of the most familiar and serious problems facing different economies of the world. While the developed countries try to minimize this menace to some extent, other underdeveloped countries wallow in its dominance with impunity. Poverty has been identified to be more associated with rural country side, and linked with some known barriers for its reduction such as government failures, deprivation, inflation and diseases. In Nigeria, although several poverty alleviation policies and programmes have been implemented the problem still persists, it is against this background that this paper examines whether poverty alleviation policies could be a catalyst to the development of the economies of the south-Saharan region that is mostly affected. This paper finds out whether it is lack of democratization, inability to tap the abundance of human and natural resources in Nigeria that could be the bane for the persistent increases in the poverty status of the populace. The paper also suggests positive and attitudinal changes that could properly implement the numerous policies and programmes, to reduce poverty to the bearrest minimum, towards the development of the Nigerian economy.*

Keywords: *Poverty, Alleviation, Economic Development, Programmes.*

Introduction

Poverty has been known to be inevitable among human beings, and found to be the most serious problem of mankind throughout the world. According to World Bank (2000), out of the world's 6 billion people, about 2.8b live on less than US \$2 a day, and more than 1.2b people still live in extreme poverty level of less than US \$ 1 daily. Poverty is associated mostly with developing countries and the rural regions are deeply known with this phenomenon (Lopez 1998). By the 1991 population census in Nigeria, it was discovered that over 75% of the population live in rural areas, and that 90% of them are small scale peasant farmers (Maguezegbe, 1991). Poverty is complex and affects all aspects of human endeavor. It has been researched by economists, geographers, psychologists, management scientists, administrators, political scientists, bankers and non-governmental agencies (NGOs). In each of these disciplines, their findings indicates that poverty creates attitudes that have negative effect on growth, employment, income, equality, security, democracy and good governance, together with environment and basic needs of man. In Nigeria, for example many ministries, agencies, establishments and humanitarian actions have been established to reduce poverty. Consequently Government at different times and levels have attempted to alleviate poverty in Nigeria. The operation feed the nation of (1976), the land use Decree (1978), the Green Revolution programme (1980), the Better life for rural women (1987), the Family Support Programme (1995), Directorate of Food, Roads and Rural Infrastructural DFRRI(1987), Structural Adjustment Programme SAP (1986). Better life for rural women. BLRW(1987), United Nation Capital Development

Fund (UNCDF) have been some of the programmes initiated by different administrations to alternate poverty in Nigerians. Poverty Alleviation programmes like the National poverty Eradication Programme NAPEP(1999), micro finance banking activities within the year 2000s were also implemented but to no avail. From the above exposition, the main objective of this paper is to examine how poverty alleviation could be used as a catalyst for economic development of Nigeria. Specifically we will identify the various causes of poverty in Nigeria and steps so far taken by government to contain or reduce the menace in the economy to the barest minimum.

The paper will be divided into five sections. Section one is the introduction, while section two focuses on the different definitions of poverty in Nigeria. Section three deals with poverty and economic development, while section four suggests ways of reducing poverty in Nigeria with conclusion and recommendation ending the paper in chapter five.

The Word Poverty

Poverty has been defined differently by researchers based on judgements, policy and politics. Few will dispute that poverty is the inability to sustain some minimal level of existence. Poverty is defined in either absolute or relative terms. Absolute poverty denotes a condition that exist when people lack the means to satisfy their basic needs as identified by Maslow (1954) are food, clothing, shelter, transport and health (encyclopedia Britannica, 1972). According to Khugan and Braithwaite (1998:40), the standard approach to define absolute level of poverty is to price a basket of essential goods, and compare it with individuals income to the cost of these necessities. In Nigeria, the dimension and distribution of absolute poverty according to UNCDF (1997) and World Bank Group (2001) may be known from the following data provided: That five children in every hundred (5%) die before reaching five years of age. By 1985 survey, 43 percent of the total population live in absolute poverty with 80 percent of them living in rural areas.

As many as 50 percent of the children suffer from underfeeding. The gap between the rural and urban, formal and informal sectors continue to grow rather than diminishing with increases in economic growth and development. The total people living in absolute poverty live on the very margin of life, on less than US. \$1 a day. Relative poverty on the other hand is defined in comparative terms. This is associated with conditions under which people live indifferent areas, such as ranking among countries or regions of the world, for example by 2001 Nigeria ranked as number 151st out of 174 countries in the world (Odozi, 2001), using development index. Among the poor in rural African and Latin American, households headed by women are poorer on the average than those headed by men (Binswanger and Pingali 1988, as cited in Pearce in 1993: 270). This convincingly implies why women are major targets for assistance in development efforts by nations.

Causes of poverty

By our definitions above, it is clear that absolute or relative poverty can be measured by low income, low life expectancy or illiteracy. There is a strong correlation between the extent of poverty a country has and its Gross Domestic Product (GDP). Based on the above economic and social indicators and others, Nigeria is yet to achieve the much

desired goal of rapid economic growth as well as the elimination of poverty. Causes of poverty in Nigeria could be summarized as follows:-

Political Instability:

This began since 1960. After the independence Nigeria has had more than thirteen heads of state between 1960 and 2003. The constancy in changing governance by about 75 percent of them coming to power through coup detates does not promote growth, coup is usually an unintended wild and retrogressive change effort. It does not create confidence for saving and investments and its consequences is increased poverty.

Bad Governance:

Political leadership in Nigeria lacks accountability, transparency in Government business, absence of rule of law, inconsistency in policies and absence of sound management of available natural and human resources. This bad governance tend to inhibit development of the country.

Corruption as a cankerworm has provided opportunities for well-connected few elites and interest groups in the society to corner for themselves larger proportion of the society's resources at the expense of the masses thus making them to be lazy, fail to innovate and contribute to the development of the society.

Poor Capital Formulation/Accumulation Rate: In Nigeria, income is so low that, it is very difficult if not impossible to save by over 80 percent of the working few. How much capital that could be accumulated in the first instance depends on how much current income is saved rather than consumed (Dasgupta 1978). The entrepreneurial systems of savings mobilization, credit delivery and disbursement approach are still very primitive. Nigeria entrepreneurs mainly use *Esusu* associations for savings mobilization and credit delivery to finance private initiatives whose credit disbursement are based on pre-determined lot rather than specific enterprise needs, all due to total lack of acceptable securities to borrow from banks. Forest (1995) said that Nigeria exhibit the acquisition of wealth but not capital accumulation. Because of low and primitive saving habit in Nigeria, the rate and quality of capital formation and accumulation are affected.

Cost of Governance: Budgets in Nigeria since the 4th to this Sixth Republic reveal that over 60-70 percent of the annual revenue is on current expenditure (Obasanjo 2002). This high rate is not far-fetched, as Asuelimen (2002) observed that the president alone keeps an idle legion of over 49 ministers, over 100 special advisers and make many foreign tours and missions. The president buys 2-3 new Jet planes for himself and entourage etc. not to talk of the maintenance of the National Assembly whose remunerations out stripe that of the United States Assembly. As a result, Nigeria spends about two-third of its \$15 to \$17 billions yearly oil earnings to run the machinery of government, to the detriment of over 80 percent of her citizen that still wallow in abject poverty; and yet turns around to beg the world for loans.

Neglect of Agriculture Production: Agricultural practice is able to absolve more than 60% of the unemployed youths through poverty alleviation. With large span of land across the country, and loamy soil with good tropical climate, crops of different kinds can be raised throughout the 36 states of the federation including the Federal Capital Tertiary (FCT) Abuja. Farm practices like Horticulture, Animal husbandry, Fishing etc. should be encouraged with government proactive efforts this time around, undermining the abundant

pre-dominant oil production in the country. With enhanced wages and adequate motivation to the youths, there would be sufficient food for the teeming population and individuals can come out of the chronic poverty line in the country.

Population growth rate: The economic performance of the country has been very backward, and below target. There is very high population growth rate, even higher than the annual GDP. For example in the years 2000 and 2001, population growth in the GDP was 3.8 and 3.9 percent respectively, while the growth rate for the corresponding years were 4 percent. (CBN 2001). Revenue allocation, religion and tribal conflicts have reduced the speed of poverty reduction in Nigeria. Nigerians spend greater part of their time and money on conflicts instead of sources for growth. For example there are religions conflicts in Kano, Kaduna Borno, Plateau and other parts of the North being caused by a religious sect called the “BokoHaram”.

There are also cases of Revenue allocation conflicts in the Niger-Delta occasioned by the oil exploitation and its revenue, also important are the ethnic and tribal conflicts between Ijaw and Itsekiris in Delta state, Ilaja of Ondo State, Lagos, Jos, Shagamu Middle belt states, with political violence and election petitions and litigations throughout the country’s courts.

Unemployment Problem: Different types of unemployment exist such as disguise, frictional, and seasonal are all found in the country. Efforts by successive government to solve the problem have always been unsuccessful. Bans are frequently placed on employments, constant retrenchment of workers without benefits also a bound. In some cases, even the National Youth Services Corps (NYSC) members posted to many government parastatals for their primary assignments are rejected. Job opportunities are non-existing, and if a few exists are reserved for only friends and relatives.

Gender and sexism problem: This problem refers to a type of discrimination between people based on their social classification of male or female (Oakley and Oakley, 1979). In Nigeria for instance a male child is honoured and given a better education, some husbands don’t allow their wives to work – “full house wives”, and this have negative effect on the economy. This socio-cultural phenomenon becomes dangerous and devastating if the man is ill or dies, the women and the children are then faced with the calamity of abject poverty. If given the chance women could be of great assets to development of economies for example, the few that have had certain opportunities prove men wrong for not taking proper cognizance of their ability. Some of such women in Africa include Dr. Ngozi Okoyo Iweala, Dr. Obi Ezekwesli and some of the few political office holders like first ladies in Federal and state government administration in Nigeria and Helen Saleh, the president of Liberia just to mention just a few.

Economic Instability and institutional failure: There is failure in the strategic management of development plans, budgets, policies and practices of public expenditure programmes. There exist also poor credit facilities to investors. There is poor income distribution with bad fiscal and monetary system under utilization of trained graduate manpower. With continuous dependent on oil as main source of its revenue; Nigeria is unable to budget properly due to constant fluctuation of crude oil prices in the world markets. There is the perennial land tenure system as a major problem to expand on its agricultural potentials.

Table 1: Poverty level in Nigeria 1980 – 1997

| Years | Estimated total population (millions) | Population in poverty (millions) | Poverty level |
|-------|---------------------------------------|----------------------------------|---------------|
|-------|---------------------------------------|----------------------------------|---------------|

| | | | |
|------|-------|------|------|
| 1980 | 65 | 17.7 | 27.2 |
| 1985 | 75 | 34.7 | 46.3 |
| 1992 | 91.5 | 39.2 | 42.9 |
| 1996 | 102.3 | 67.1 | 65.6 |

Source: Federal Office of Statistics, 2001

Table 1 reflects the poverty situation in Nigeria. It shows the rate of increase in poverty in relation to population. Table 2 and table 3 give a clear picture of the degree of poverty in Nigeria

Table 2: The poor and core poor in Nigeria

| Years | Estimated total population (millions) | Population in poverty (millions) | Poverty level |
|-----------|---------------------------------------|----------------------------------|---------------|
| 1980 | 72.865 | 21.0 | 6.2 |
| 1985 | 53.7 | 34.2 | 12.1 |
| 1992 | 57.2 | 28.9 | 13.9 |
| 1996/1997 | 34.4 | 36.3 | 29.3 |

Source: Federal Office of Statistics, 2001

Table 3: Poverty by size of Household

| Size of household | Poverty headcount | | | |
|-------------------|-------------------|-------|-------|------------|
| | 1980% | 1985% | 1992% | 1996/1997% |
| 1 | 0.2 | 0.7 | 2.9 | 13.1 |
| 2-4 | 8.8 | 19.3 | 19.5 | 51.5 |
| 5-9 | 30.0 | 50.5 | 45.4 | 74.8 |
| 10-20 | 51.0 | 71.3 | 66.1 | 88.5 |
| 20+ | 80.9 | 74.9 | 93.3 | 93.6 |
| All Nigeria | 27.2 | 46.3 | 42.7 | 65.6 |

Source: Federal Office of Statistic; (2001)

The effect of poverty in Nigeria

The UNDP Human Development Report (HDR) of 1998 on Nigeria describes the country as “a rich country with a poor population” and “the poorest and most deprived OPEC country” (UNDP 1998). Details of the HDR for Nigeria in 2003 is as shown in table 4.

Table 4: UNDP Human Development Report

| | |
|--|-------|
| Life expectancy at birth (years), 2001 | 51.8 |
| Adult literacy rate (% age 15 and above), 2001 | 65.4 |
| Combined primary, secondary and tertiary gross | 45.1 |
| Enrolment ration (%), 2000/01 | |
| GDP per capital (PPP US\$), 2001 | 850 |
| Life expectancy index, 2001 | 0.45 |
| Education index, 2001 | 0.59 |
| GDP index, 2001 | 0.36 |
| Human development index (HDI) value, 2001 | 0.463 |
| GDP per capital (PPP US\$) rank minus HDI rank | 13 |

Source: <http://www.undp.org/hdr2003/indicator/cty of NGD.html>

The effect of the poverty is much to the extent that the seventh position of Nigeria as the exporter of oil in the world and the largest in Africa is not felt, since the cash income of the average Nigerian is not sufficient to provide for minimum requirement of livelihood in terms of food, water, fuel, shelter, medical care and basic education (Achor, 2001). The report of CBN 2000 shows that the nationwide incidence of poverty stands at 69.2%. From the comments of Achor (2001), the Nigerian national economic portrait akin to the albatross situation-water, water every where, but none to drink. In the midst of plenty of both human and physical resources, Nigeria is still wallowing in poverty. Due to the patriarchal nature of the society, the norms and culture, women are more affected. There are several culture restrictions and perceptions that tend to prevent women from exploring/participating in socio-economic opportunities/activities.

Poverty Alleviation in Nigeria

The possible way out of poverty reduction in Nigeria could be inferred from the fact that most Nigerians are in chains of malnutrition; there is massive unemployment, poor per capital income, low life expectancy, high adult illiteracy and other characteristics of very poor standard of living. The following policy and programmes if vigorously pursued could restore the lost hope of growth and development in the near future.

Democratic and Good Governance: In Nigeria presently democracy, is voting for politicians to enrich themselves, thus eliminating their poverty status to the detriment of the electorates who then have their poverty level increased. For better democracy and good governance the following elements must be adhered to critically. Organization of free and fair election as provided by the constitution. There should also be respect for the rule of law; commitment to economic social and educational freedom.

Opportunities for Growth

Government should be able to expand social and economic opportunities available for economic development. This is a good starting point to address the key ingredients for growth in education, infrastructure and capital in the following ways. From available statistics funding of Education in Nigeria is very low, and this should be increased, for example between 1998 and 2001 the average funds allocated to Education and National Universities Commission (NUC) as a percentage of total annual appropriation was 9.7%, which is far less than the UNESCO and World Bank recommended 20% (see Ukeje 2002). There should be discipline, accountability, transparency and probity in the education sector. There should not also be strikes without basis, wastages, unnecessary closure of schools, cultism, other secret societies and unnecessary favoritism. The duplication and competitive programmes must be eliminated in our universities. Our decaying infrastructure, like electricity, telecommunication, transport, water supply and other utility services must be upgraded and overhauled.

Specific actions are required for complete overhauling of our Airways and seaways to link rural and urban centres and to also prevent, constant air disasters. There should be caution in carrying out privatization and commercialization policies to avoid unpleasant consequences of market imperfections and failures. There should also be a genuine commitment to debt recovery, discipline, openness and accountability in the conduct of Government business. To reduce poverty to the barest minimum in Nigeria there should

be policies to determine appropriate interest rate; it should be able to determine the maximum interest rates for savings and borrowing

There should also be reduced costs of doing Government business through financial discipline, especially among the political office holders, and flamboyant living of bankers and other such public servants. There should be legislation that could enhance the take home pay of workers both in private and public sectors, with a well-structured and disciplined capital market. Appropriate foreign exchange market and rate of exchange is required, for complete elimination of autonomous black exchange markets. There should also be the introduction of Micro Credit Funds to rural men and women to check the incessant rural-urban migration to enable rural dwellers trade and expand their peasant farming into plantation agricultural practices, with the available farm land they have.

In area of security, there should be the provision of health care system through public investments for the sick and rural parents. There should be compensation to investors and farmers in case of economic shocks, crops failure or natural disasters. Payments of salaries, gratuities and pension allowances should be made as at when due.

There should be provision for comprehensive poverty alleviation programme that would cater for the poor.

Also the state of unemployment should be reduced through labour – intensive programmes, while it will also be proper to remove discrimination based on gender, race, ethnicity and social status from the Nigerian society. Industrial revolution to reduce poverty in Nigeria should be pursued vigorously. At present, computers, electronics, airplanes, motor vehicles and other essential technical products are all imported from other countries. Nigeria will be able to reduce poverty if we pass through a gradual process of our industrial revolution (Aigbokhaevbolo 1999), the current frog-jump trial and error foreign-transfer of technology and mentality, environmental and economic goods imported into the country compounds the poverty level of the populace. Foreign debts relief is also very essential in the reduction of poverty in Nigeria. There should also be direct foreign investments with favourable and enabling environment created by governments communities and individuals.

Conclusion and Recommendations

In many cases, it has been understood that the inability to meet the basic human needs like, food, shelter, water, clothing etc. is the cause of poverty. Poverty is synonymous with the poor while it is the poor who must escape from poverty (Salmen 1994). Poverty is a dominant feature of developing countries, and also more deeply associated with the rural regions. In Nigeria for instance about 75 percent of the entire population of over 140million people live in rural areas, while over 90 percent of them are subsistent farmers. The path of sustainable development in alleviation of poverty is finding the right combination of policies and programmes that will enable the poor escape poverty, and to motivate the poor to improve on their own living conditions (Salman 1994). Some of these are to accelerate better education to provide for better sustainable practices in agriculture which will help transit subsistence agriculture to offer employment (Steer, 1992).

The paper examines what poverty is, and the different types that exist; their causes and effects on economic development. The paper also concludes that poverty is an impediment to growth and as such proffers various ways to reduce the menace that has eating deep into the canker fabric of our Nation Nigeria. The way out of poverty therefore is vigorous pursuance of democracy and good governance, health, education, capital formation and accumulation, income equality and employment creation as well as glut connections, accountability, probity and transparency in doing government business are some of the ways discovered to alleviate poverty in developing countries in general and Nigeria in particular.

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