EFFECT OF POVERTY REDUCTION PROGRAMMES ON ECONOMIC DEVELOPMENT EVIDENCE FROM NIGERIA

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Abstract
This work observes the effect of poverty reduction programs on economic development evidence from Nigeria. Poverty reduction is a serious matter that requires serious attention. Despite various poverty reduction programs flag off by various past and present governments in Nigeria, it seems that this menace is still living with us. Therefore, the aim of this paper is to find out the causes of poverty and how it can be curbed or reduced to the barest minimum through policy recommendations. This study covers the period of 1980–2010, analyzing time series data obtained from secondary sources. The essence of the study is to investigate the significant effect of various anti-poverty programs set up by various governments to reduce poverty level in Nigeria. The researcher employed the Ordinary Least Square technique to measure the incidence of poverty. The analysis was facilitated with the use of E-views analytical package. Findings reveal the existence of overall significant effect of poverty reduction on economic development in Nigeria.

INTRODUCTION
The Nigerian State had been hit by the twin problems of poverty and under-development. This may be attributed to a number of factors, some of which are mismanagement of human and material resources, indiscipline, lack of political will by the government of the country beginning from the post-independence and present day Nigeria. Rather than tackle development and poverty alleviation in the society, policy makers or politicians appeared to have converted leadership positions and public offices into avenues to squander money, embezzlement, corruption, money laundering abroad, to the neglect of the suffering masses and development.

As a result of these underdevelopment and poverty in the land, the country has woken up to witness anti-social activities and vices like armed robbery, cultism, drug trafficking, prostitution, child labor and trafficking, ritual killings, political thuggery and assassinations, etc. This phenomenon has left the country highly underdeveloped socially, economically and technologically. This has created a situation of mass unemployment and other social vices articulated from the foregoing.

Highly skilled trained manpower and infrastructure facilities are either under-utilized or non-existent. The worsening economic condition prompted the introduction of economic
stabilization act of April 1982 with minimal involvement of non-governmental institution. The various government programmes aimed at eradicating or alleviating poverty have not stood the test of time, as they have not actually impacted positively on the people. When the former president, General Sanni Abacha took power from chief Earnest Shonekan in 1993, he introduced other poverty alleviating measures like Family Economic Advancement Programme (FEAP). However, upon coming to power in the new democratic order in 1999, the Obasanjo administration in an effort to alleviate the suffering and poverty in the land, introduced the National Poverty Eradication Programme (NAPEP).

However well intentioned, these programmes were hijacked by the politicians as the philosophy behind the setting up of these programmes were politicized, thereby undermining the objective of setting up these programmes. For instance, beneficiaries of these programmes are usually party faithful, loyalists and family members.

This research therefore, identifies the problems and consequences of poverty and underdevelopment, on a developing economy like Nigeria.

The issue of poverty is a global phenomenon, which affects continents, nations and people differently. There is no nation that is absolutely free from poverty. The main difference is the intensity and prevalence i.e the highest level of social insecurity, violence, social unrest and generally unacceptable low standard of living. Thus, poverty is a condition in which a person is deprived of, or lacks the essentials for minimum standard of living. Poverty has been defined as the inability to attain a minimum standard of living (World Bank Report, 1990).

Nigeria with a population estimated at about 168 million, having the 8th largest deposit of natural gas in the World is also not left out of this phenomenon given its name as the giant of Africa. Nigeria is blessed with abundant resources. There are also abundant solid mineral deposits that remained largely untapped. Nigeria has been noted to be poor inspite of the fact that it has put in place a lot of plans and programs to resolve this cankerworm right for her independence, the number of those in poverty increased from 27% in 1980 to 46% in 1985, it declined slightly to 42% in 1992 and increased sharply to 69% in 1996. This is so pathetic in the sense that a very good proportion of the populace lives below absolute poverty line i.e those living on an income of less than $1 a day (Ogwumike, 2001).

Despite the above statement, Nwaobi (2003) asserts that Nigeria presents a paradox. The country is rich but the people are poor. Given this condition, Nigeria should rank among the richest countries that should not suffer poverty entrapment. However, the monumental increase in the level of poverty has made the socio-economic landscape frail and fragile.

However, the above scenario has not come into being as a result of nonchalant attitude and non-recognition of the problem at hand. It has also not come by as a result of lack of response to the yearning of the poor people to be emancipated from their rather deplorable and frustrating state of near despair.

As an emerging economy, government lacked capacity and resources to deal with the problems of development and international relations, their political leaders became overwhelmed by the severity of hunger, disease, illiteracy, and poverty afflicting the citizens of the country. To worsen matters most of these political leaders soon separated themselves from the sufferings of the people, engaged themselves in self aggrandizements and became insensitive to the yearnings of their people for basic economic and social amenities instead, they frittered away their nations’ wealth in self enrichment and engaged in worthless development programmes. Beside, the new world order that place emphasis on good governance, economic prosperity and social justice.
Only those governments, who provide for the welfare of their citizens amongst others, are likely to enjoy international co-operation with the world industrialized nations. No doubt this is the major impetus for political leaders to be more concerned with the total welfare of their people, especially in the area of poverty alleviation.

However, it is worth stating that no Nigerian Government, be it military or civilian, has come without introducing and leaving behind one form of poverty alleviation programme or another meant to reduce the level of poverty, give hope and succor to the poor and, or move towards some sort of wealth creation. Strategies, policies and plans have been articulated; programmes and projects have been formulated and executed over the years.

Therefore, this work intends to examine various strategies put up by the Nigerian governments to curb poverty in the land.

REVIEW OF RELATED LITERATURE
A major problem with the literature on poverty alleviation and development as far as this study is concerned is that most works tend to focus more on poverty and development in general rather than being specific on alleviation efforts of individual countries. Attempt will; however, be made to look at these general issues and then try to tie them to the specifics later.

Poverty exists when the quantity of resources available to a person is less than some particular quantity of resources needed by that person.” However, it is not easy to use this definition in poverty court. The problem here is that nothing in the nature of man or in the nature of the world suggests the minimal resources needs that must be satisfied before a person can be free from the menace of poverty.

Popular explanations among modern social scientists treat poverty as an aspect of social pathology. Since the term pathological is used to describe an abnormal condition of deviation from the average or the prevailing type rather than from an ideal condition, such a concept obviously arises within a society whose economic development has sufficient quantity of the products necessary for its wellbeing.

Social thoughts and popular opinion have gradually shifted from a fatalistic to a critical point of view towards poverty, its meaning, its causes and effects. The religious or fatalistic explanation of wealth as a gift from destiny and of poverty as a visitation and punishment was useful as consolation for the poverty – stricken individual or group.

Akerele-Ale (1998:14) stated “poverty is also one of the potent causes of its own persistence since many elements of the poverty situation jeopardize the nation’s economic performance and hinder economic growth. (This, of course, is to the extent that inadequate national economic performance, especially economic growth, is an important factor in the causation of persistence of poverty).” In terms of countries, Nigeria cannot be considered to be poor because it has enough, which if well distributed, could eliminate poverty in the country. Given the present understanding that poverty goes beyond material and capabilities deprivation, it is acknowledged in the literature that business as usual will not eliminate or reduce poverty. In other words, poverty reduction requires more than just delivering money and advice.

The poverty reduction strategies in Nigeria have been empirically reviewed by various authors and scholars, such that in other to have a robust review, assertions of different authors have been collated here on the subject matter. To conduct an empirical review on poverty alleviation, recent facts and figures given by scholars and authorities on the subject matter
especially those given after the millennium declarations (year 2000) are useful. Given the peculiarities and structural deficiencies of Nigeria, there is need to be particular with the review so as not to generalize global trend with Nigeria’s issue. Oshewolo (2010) observed the practical realities of the poverty situation in Nigeria and the effect on the citizens. It is worth remarking that many efforts have been put in place to combat this menace. Poverty itself is a social problem, but it also creates and sustains other social problems. Continuing, he asserted that the additional problems arise mainly because the mechanisms and strategies through which the poor attempt to cope with their poverty, that is, to survive in spite of their poverty, are not limited to the positive ones, but often include some, which victimize other people, pose a threat to the economic and social order. One cannot but agree with this assertion, especially when the spate of societal ills, which includes violence, vandalization of public utilities, killings, robbery etc. are traced to the poor trying to make ends meet.

Aliyu (2002) made specific assessment of basic indicators of poverty using the basic need approach and observed that the poverty and extreme hunger eradication reduced to some extent in between the millennium declaration and this day, worth noting is the fact that poverty level has risen again. Poverty was 28.1% in 1980 but rose to 65.5% in 1996. Afterward, the percentage of the people living in poverty declined from 65.6% to 54.4% in 2004.

In the area of primary education, the United Nations report (2007) reveals that in 2005 about 84 out of 100 school age attended schools. The literacy rate among 15-24 years olds also improved from 76.2% in 2004 to 80.2% in 2005. Thus if this rate is sustained there is a bright prospect. Gender equality wise, ratio of boys to girls in primary education rose from 79% in 2004 to 81% in 2005. From the report of UNICEF (2010) female adult literacy as % of male between 2003 and 2007 is given as 80%. Also reduction of child mortality has been a daunting task. Maternal mortality rate, combat of HIV/AIDS, malaria and other diseases are not encouraging.

Solow (1957), Fabricant (1959) and Mushkin (2000) in Achime and Afemikhe (2002) argued that financial investment instability caused by macroeconomic disequilibrium in the health and education sectors increases the level of poverty in the society. An organic bi-directional relationship exists between financial investment in human capital and the level of poverty within the framework of an economy. To alleviate poverty in our society, an attempt must be made to realign the current financial investment pattern in the health and education sectors of the Nigerian economy. The implicit assumption is that poverty will be reduced when the overall economy grows and investment is made in the social sectors. This approach relies on a model of poverty reduction that was prevalent in the 1980s and it ignores much of the progress made in development thinking.

The international poverty center also posited that security, democracy and human rights are not explicitly dealt with in these poverty alleviation programmes. Security is a development challenge, since armed conflict like the book haram issue, the then Niger Delta militancy affect economic growth. Hence it was reported that poverty alleviation strategies should include this objective so as to draw more attention to their links with socio economic challenges.

POVERTY PROFILE IN NIGERIA

Evidence abounds to illustrate that Nigeria is a poor nation. This position is justified because a large percentage of the population lives below the poverty line. Socio-economic indicators also present a pale picture of the situation.

Four decades after independence, Nigeria remains a poor country with an annual per capita income of barely $300. This figure is below the sub-Saharan average of $450 (see AFPODEV,
2006 or any recent textbooks on economic development). At the dawn of the third millennium, approximately 70 percent of the population still lived on less than US $1 a day, an indication of extreme poverty. Real GDP growth has remained sluggish averaging 3.5 per cent per annum since 2000.

Furthermore, Igbuzor (2006) observes that Nigeria is among the 20 countries in the world with the widest gap between the rich and the poor. According to Earth Trends (2003), the total income earned by the richest 20 percent of the population is 55.7 percent while the total income earned by the poorest 20 percent is 4.4 percent. In terms of human development index, Nigeria is ranked 158th of the 159 countries surveyed in 2005 (CIA World Fact Book, 2009; Oshewolo, 2010b). Using selected world development indicators, the life expectancy at birth in 2006 for male and female in Nigeria was 46 and 47 years respectively. Between 2000 and 2007, 27.2 percent of children under five were malnourished. This is alarming compared to what is obtainable in other developing economies.

Worse still, the mortality rate for children under five (5) is given as 191 per 1000 births in 2006. This is unacceptably high compared to the figures of 69 per 1000 births in South Africa, 108 per 1000 births in Togo and 120 per 1000 births in Ghana (see World Bank 2008; Oshewolo, 2010b). By economic rating, even on the continent of Africa, Nigeria is poorly ranked.

The pervasive poverty situation in Nigeria clearly betrays the high hopes at independence that the country would emerge as a major industrial haven in the world. The high hopes were hinged on the availability of abundant natural and material resources in the country. Today, Nigeria is ranked among the poorest economies in the world; a situation that is always disturbing to even thinks of, despite the enormous resources at the disposal of the country.

**INDICATORS OF POVERTY**

An economic performance as well as the standard of living of the population is usually the general indicators used as poverty indicators. These factors combine the measures of purchasing power or income or consumption with other social indices which show availability and access to education, health care delivery, basic infrastructure and other welfare facilities in order to define the incidence, intensity and the distribution of poverty in a population.

OECD (1999:33) tried to provide a way out when it posited that despite the difficulty of precise measurement, knowledge from different sources can often be used to identify the poor. Indicators of poverty from a general perspective focus on measures of economic performance as well as standard of living of the population. It defends such a method as being appropriate in the sense that it combines measures of income or consumption with those social indicators which highlight availability and access to health care delivery, education, basic infrastructure and other welfare-enhancing facilities in order to define the incidence of poverty, the intensity or the severity and the distribution of poverty in a population.

This will no doubt ensure a good basis for comparability and reduces the poverty gap being recently experienced in poverty related areas.

**POVERTY ERADICATION PROGRAMMES IN NIGERIA**

Successive Federal Governments of Nigeria had initiated several programmes, which were aimed at reducing and alleviating poverty. Some of these strategies are discussed briefly below.

**TABLE 1: ANTI POVERTY PROGRAMMES BY THE GOVERNMENT OF NIGERIA**
<table>
<thead>
<tr>
<th>Programme</th>
<th>year of establishment</th>
<th>Target group</th>
<th>Nature of intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Revolution</td>
<td>1989</td>
<td>Purely farmers</td>
<td>Modernization of the agricultural sector.</td>
</tr>
<tr>
<td>Directorate for Food, Roads and Rural Infrastructure (DFRRRI)</td>
<td>1986</td>
<td>Rural areas</td>
<td>Federal roads, rural water supply and rural electrification</td>
</tr>
<tr>
<td>Family Support Programme (FSP)</td>
<td>1994</td>
<td>Nigerian masses especially the women</td>
<td>Empowerment of women, since they are seen as an important variable in households standard of living</td>
</tr>
<tr>
<td>National Director of Employment (NDE)</td>
<td>1986</td>
<td>Unemployed youth</td>
<td>Training, finance and creation of employment opportunities</td>
</tr>
<tr>
<td>Peolpes Bank of Nigeria(PBN)</td>
<td>1989</td>
<td>Underprivileged in the society</td>
<td>Encouraging savings and availability of credit facilities</td>
</tr>
<tr>
<td>Nigeria Agriculture and Cooperative Bank (NACB)</td>
<td>1973</td>
<td>Individual farmer, cooperative society, limited liability company.</td>
<td>Provision of credit facilities for production, processing and marketing of agricultural products</td>
</tr>
<tr>
<td>National Board for Community Bank (NBCB)</td>
<td>1990</td>
<td>Grass root level</td>
<td>Establishment of rural banks to encourage savings toward investment</td>
</tr>
<tr>
<td>Family Economic Advancement Programme (FEAP)</td>
<td>1997</td>
<td>Rural areas</td>
<td>Economic package for the household</td>
</tr>
<tr>
<td>Better Life for rural women Programme (BLP)</td>
<td>1987</td>
<td>Rural women</td>
<td>Self help and rural development programmes, skills acquisition and health care</td>
</tr>
<tr>
<td>National Poverty Alleviation Programmes (NAPEP)</td>
<td>2001</td>
<td>Youths, infrastructural development and social welfare</td>
<td>Establishment of skill acquisition center and youth empowerment</td>
</tr>
<tr>
<td>Poverty Alleviation Programmes (PAP)</td>
<td>2000</td>
<td>Unemployed youths</td>
<td>Direct labour services</td>
</tr>
</tbody>
</table>

Source: Researcher compilation

**CONTROL MEASURES PUT IN PLACE TO CURB POVERTY IN NIGERIA.**

Efforts made towards elimination poverty would be more effective if appropriate definition of the main issue – Poverty - is made. Most views of poverty on which institutional frameworks were established were based on myopic view of poverty. Poverty should be viewed from a multidimensional point. The World Bank and all the International agencies concerned with this have indeed been stressing on the need to view poverty in this direction as it would enable a comprehensive approach rather than piecemeal.

The World Bank’s opinion on sustainable poverty reduction programmes become most relevant for effective poverty alleviation programmes in Nigeria: “countries should invest in basic social services, promotion of efficient and sustainable distortions that prejudice the poor’s interest”. To
lend credence to the World Bank’s opinion. The FOS (1996:124) proffers, “sustainable poverty reduction anchored on three approaches:

- Policies that promote efficient growth and which make use of the poor’s most abundant asset, labour;
- Public expenditure on institutions that provide equitable access to education, health care, and other social services. These should properly integrate social-Safety net for the most vulnerable groups in the society e.g. old age, disabled and chronically poor rural dwellers; and
- Stable macroeconomic policy environment is also considered very imperative and vital.”

Various studies conducted by the World Bank, clearly revealed that poverty reduction problems are not based on the correct identification of the poor. Worse still the poor hardly benefit from the programmes meant to reduce their poverty. Therefore, the poor should be involved in the design and most importantly in the implementation of any programme meant for them.

**WHY IS POVERTY ALLEVIATION PROGRAMMES IN NIGERIA NOT YIELDING THE DESIRED RESULT?**

Although analyzing each of the Poverty Reduction Strategies in Nigeria looks ideal, such exercise has been done by several studies and they seem to agree substantially on the reasons for the failure of the numerous poverty intervention measures. Jega (2003:6) was unequivocal in his agreement with problems identified by Ajakaiye (2003) as the bane of poverty alleviation eradication programmes in Nigeria. Ajakaiye in his work identified the following problems associated with the successive poverty reduction programmes.

- Policy inconsistency and poor governance;
- Ineffective targeting of the poor (leading to leakage of benefits to unintended beneficiaries);
- Unwieldy scope of the programmes resulting in resources being thinly spread among projects;
- Overlapping of functions which ultimately led to institutional rivalry and conflicts;
- Lack of complementarities from beneficiaries;
- Uncoordinated sectoral policy initiatives;
- Lack of involvement of social partners and other stakeholders in planning, implementation and evaluation; and
- “Poor human capital development and inadequate funding.”

The Presidential Panel on Streamlining and Rationalization of Poverty Alleviation Institutions and Agencies in its main report of 1999 P. 10 listed some reasons it considered most relevant that account for the failure of the wide array of Nigeria’s poverty intervention measures. The reasons accord substantially to those above with the following as additions:

i. Gross mismanagement and lack of financial discipline;
ii. Poor and inconsistent funding;
iii. Policy inconsistencies occasioned by frequent changes in Government and absence of in-built sustainability mechanism; and
iv. Absence of a co-coordinating body necessary for effective implementation, co-ordination, planning, monitoring and evaluation of achievements and constraints.

**METHODOLOGY**

For a comprehensive, credible and accurate research, an analytical cum exploratory research design was adopted to assess various poverty reduction programmes put up by various
administrations in Nigeria as development strategies to achieve the objective of this study. The data to be used are obtained from Central Bank of Nigeria (CBN) Statistical Bulletin. The method of data analysis employed in this work is determined by the research objectives and the corresponding research hypothesis. In view of this, econometric and statistical method of data analysis was adopted. Ordinary least square (OLS) regression analysis vis-à-vis simple linear correlation analysis will be adopted as the method for the analysis of the data.

MODEL SPECIFICATION

A basic needs approach is used in this study in specifying and estimating the model for explaining poverty incidence in the Nigerian economy.

In specifying the model adopted in this study, we have been guided by theoretical considerations, voluminous empirical evidence as well as the peculiarities of the Nigerian economy. In line with the basic needs approach, we assume that the basic needs approach focuses on the need to produce education, housing, sanitation, nutrition, water supply and health. Basic needs approach also include raising the productivity and the incomes of the poor which basically depend on the direct provision of health care and education which may with time increase the income of the poor so that they can afford the basic needs. As a result, the poor will spend their income wisely to facilitate access to education, health care, sanitation, water supply and certain facilities. They believe that poverty can only be attacked or eradicated if the poor are helped through the provision of the basic needs, especially education and health care which eventually constitute variables for the estimation of the poverty model. This statement is supported by the literature of ‘vicious circle’ of poverty theory. This model measures how well societies satisfy certain specific life serving social characteristic (Doessel and Grounder 1994). It was adopted from Morris (1977) and was first used in Indonesia.

In its functional form, we have,

\[
P_I = f(UR, PCI, INF, LIT, LE, IMR) \] .............................. 1

\[
P_I = a_0 + a_1 UR + a_2 PCI + a_3 INF + a_4 LIT + a_5 LE + a_6 IMR + \mu \] .......................... 2

Where: \( P_I \) = Poverty incidence; \( UR \) = Unemployment Rate; \( UR \) = Unemployment Rate; \( PCI \) = Per Capita Income; \( INF \) = Inflation Rate by Consumer Price Index; \( LIT \) = literacy Rate; \( LE \) = Life Expectancy Rate; \( IMR \) = Infant Mortality Rate; \( \mu \) = stochastic variables

RESULT OF THE REGRESSION ANALYSIS OF THE MODEL

With the aid of Econometric view (E-view) using the Ordinary Least Square technique was used to estimate the model and the results below were obtained

**Dependent variable:** Poverty Index

**Method:** Least squares

**Date:** 03/27/14

**Sample:** 1980 - 2012

**Included observation:** 33

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMR</td>
<td>-2.131622</td>
<td>0.689583</td>
<td>-3.091177</td>
<td>0.005</td>
</tr>
<tr>
<td>LER</td>
<td>-7.793336</td>
<td>2.803934</td>
<td>-2.779429</td>
<td>0.0104</td>
</tr>
<tr>
<td>LIT</td>
<td>0.166946</td>
<td>0.360121</td>
<td>0.463583</td>
<td>0.6471</td>
</tr>
<tr>
<td>INF</td>
<td>0.013153</td>
<td>0.078866</td>
<td>0.166781</td>
<td>0.8689</td>
</tr>
<tr>
<td>PCI</td>
<td>-0.119564</td>
<td>0.151571</td>
<td>-0.788837</td>
<td>0.4379</td>
</tr>
</tbody>
</table>
Source: Author’s computation (E-views)

The model is now being expressed as:

\[ PI = 660.14 + 0.029253\text{UR} - 0.119564\text{PCI} + 0.013153\text{INF} + 0.166946\text{LIT} - 7.793336\text{LER} - 2.131622\text{IMR} + \mu \]

**INTERPRETATION OF RESULT**

Based on the result obtained from the regression analysis, Poverty reduction programmes have a significant effect on economic development in Nigeria. The high coefficient of multiple determinant \((R^2 = 0.767323)\) indicates that 76.7\% of the systemic variations in the dependent variable (Poverty incidence) during the period under study is explained by unemployment rate, per capita income inflation rate, literacy rate life expectancy index and infant mortality rate during this period. The relevance of this is the need to emphasize that high employment rate in Nigeria will reduce the rate of poverty in the economy performance.

In summary, since all the econometric test applied in this study show statistically significant relationship between the dependent and independent variables from the model, thus, we reject the null hypothesis \((H_0)\) and accept the alternative hypothesis \((H_1)\).

**SUMMARY AND POLICY RECOMMENDATIONS**

Despite the fact that the variables used to study the incidence of poverty is not exhaustive of factors that influence poverty incidence, which is even evidenced from our explained variables. This work therefore conclude that poverty eradication in Nigeria is a difficult and herculean task as efforts so far exerted by various past administration, has been relatively futile. Poverty has weighty consequences on the poor, the family and on the society. Once poverty is not broken; it breeds vicious poverty at higher level. It causes lack of regard for constituted authority. It breeds hunger, social rejection, and dejection and in the extreme case, it can lead to armed robbery. The issue of poverty alleviation should be taken with all sense of seriousness it deserves and not ordinary paying lip-service to it.

In view of the analysis and findings drawn from this research work, the following recommendations are put forward:

(i) The National Bureau of Statistics (NBS) should be well funded and managed to ensure that adequate data relating to poverty incidence are readily availability and gathered from time to time to aid uniform and consistent decisions, progress reports and speculations.

(ii) Government policy on poverty alleviation should follow a multi-sectoral approach where all the stakeholders are given specific roles to play.

(iii) All those likely to participate in any form of poverty reduction programmes must undergo capacity building and ethical orientation training.
REFERENCES