

# The Paradox of Poverty in Nigeria: What an Irony

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## Abstract

Poverty is an enemy to man. It not only humiliates, it dehumanizes its victims. The paper examines why the country, Nigeria is rich and the people are poor. In doing this, the paper examines poverty alleviation programmes hitherto embarked upon by the previous governments and came up with the conclusion that these policies failed in alleviating poverty in Nigeria. Rather than alleviate poverty in the country, money meant for these programmes went into the pockets of friends and cronies. The reason being that the poor people were never involved in evolving these programmes. The programmes were designed from the top as a pill and swallowed by the poor at the bottom. The root cause of this is corruption. The paper therefore suggests that government should intensify efforts at curbing corruption. Additionally, the poor who were never considered when alleviation programmes were being designed should not only be consulted, they should be recruited in executing these programmes.

**Keywords:** Poverty, Poverty-Alleviation, Macro-Economics, Globalization, Inequality.

## INTRODUCTION

“Poverty is the worst form of violence” Mahatma Ghandi. Poverty has risen in Nigeria with about 112 million Nigerians (about 67.1% of the country’s total population of 167 million living below poverty level). It is a paradox for the Nigeria economy to be going from strength to strength, yet Nigerians were getting poorer and poorer by the day. Whereas the country’s real Gross Domestic Product (GDP) growth rate is rising, ironically this has not translated to any real socio-economic services in terms of employment opportunities, poverty reduction and improvement in the general living conditions of the citizenry.

Already Nigeria is lagging behind the 2015 MDG target No. 1 set by the global community which is eradicate extreme poverty and hunger” by 2015. With poverty level at 67.1 percent and the enormity of the challenge, it is not likely that the 2015 target of 21.4 percent poverty level will be met by Nigeria. The concern over increasing poverty levels in Nigeria and the need for its eradication so that the standard of living of the people can improve has led to the conceptualization and implementation of various targeted and non-targeted poverty eradication and alleviation programmes. Unfortunately, the issue of poverty eradication have proved to be the most difficult challenge facing the country where majority of the people live in absolute poverty.

Poverty reflects a current state of deprivation, of lacking of resources or capabilities to satisfy current needs. Poverty is especially severe in the rural areas, where experts say up to 80 percent of the population live below the poverty line, and social services and infrastructure are limited. The country’s poor rural women and men depend on agriculture for food and income. About 90 percent of Nigeria food is produced by small scale farmers who cultivate small plots of land and depend on rainfall rather than irrigation systems. The poorest groups eke out a subsistence living but often go short of food, particularly during the pre – harvest period. The productivity of the rural population is also hindered by ill health particularly HIV/AIDS, tuberculosis and malaria.

Rural infrastructure in Nigeria has long been neglected. Investments in health, education and water supply have been focused on the cities. Neglect of rural infrastructures affects the profitability of agricultural production. The lack of rural roads impede the marketing of agricultural commodities, prevents farmers from selling their produce at reasonable prices, and lead to spoilage. This is why poverty in Nigeria remains significant. Poverty in Nigeria has been a problem for more than 50% of the population in the past 10 years. In 1980 however, a little less than 30% of Nigerians were living below the poverty line. Infact it seems there has been no change in Nigeria’s living standard, while living standards worldwide have been increasing. At the same time, this country Nigeria has become richer and richer thanks to the exploitation of oil resources while her citizens have become poorer and poorer. It is a case of rich country, poor people. So, despite Nigeria being the 3<sup>rd</sup> biggest economy in Africa, Nigeria ranks 153 out of 187 countries on the scale of the Human Development Index (HDI) of 2012.

The paper is divided into six sections. Immediately after the abstract is the introduction followed by conceptual definitions. The next section deals with the causes of poverty. This is followed by the section on past attempts at alleviating poverty in the country. The next section has to do with why poverty persists in the country despite government’s deliberate efforts at reducing it. Lastly is the section on recommendation and then a conclusion is drawn.

## CONCEPTUAL DEFINITIONS

The word poverty is from the French word *povreté* and from the Latin word *paupertas* from pauper meaning poor. There are several definitions of poverty. Poverty is regarded as the state in which someone lacks certain amount of material possessions or money. Absolute poverty, refers to the deprivation of basic human needs, this infact is destitution. This is a situation were there is lack of food, water, sanitation, clothing, shelter, health care and education. Relative poverty is contextually defined as economic inequality in the location or society in which people live.

Adam Smith in 1776 in his book “The Wealth of Nations” argued that poverty is the inability to afford, “not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders for credible people, even of the lowest order, to be without“. J.K. Galbraith (1958) argued that “people are poverty stricken when their income, even if adequate for survival, falls markedly behind that of their community.

Poverty is hunger, poverty is lack of shelter, poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom. Poverty is a state of being without a state of hardship and lack of resources across a wide range of circumstances.

The United Nations fundamentally see poverty as a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go, not having the land in which to grow ones food or job to earn one’s living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living in marginal or fragile environments, without access to clean water or sanitation.

According to the World Bank, poverty is pronounced deprivation in well-being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Furthermore, the World Bank see poverty encompassing low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice and insufficient capacity and opportunity to better our lives.

The Copenhagen Declaration states that absolute poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services. The term absolute poverty is sometimes synonymously referred to as extreme poverty.

## CAUSES OF POVERTY

Poverty has many causes, some of them are very basic. Experts suggest for instance that the world has too many people, too few jobs and not enough food. These causes are basic and are quite intractable. They cannot also be easily eradicated. In most cases, the causes are basic and effect of poverty interacts, so that what makes people poor also creates conditions that keep them poor. Primary factors leading to poverty in Nigeria include among others over-population, the unequal distribution of resources in the world economy, inability to meet high standard of living and costs of living, inadequate education and employment opportunities, environmental degradation, certain economic and demographic trends, and welfare incentives.

The Federal Republic of Nigeria has a population of more than 160 million - the largest in Africa and a fast growing economy. Agriculture is the mainstream of the economy, contributing about 40 percent of Gross Domestic Product (GDP). The agriculture sector employs approximately two-thirds of the country’s total labour force and provides a livelihood for about 90 percent of the rural population. Nigeria is the world’s largest producer of cassava, yam and cowpea - all staple foods in Sub-Sahara Africa. It is also a major producer of fish, yet it in a food deficit nation and imports large amounts of grain, livestock product and fish.

Inspite of Nigeria’s plentiful agricultural resources and oil wealth, poverty is widespread in the country and has increased since 1990s. Some 70 per cent of Nigerians live on less than US\$1.25 a day. The dollar – a – day poverty threshold is considered to be one of the globally recognized measures of poverty. According to analysts, the dollar-a-day threshold was common international poverty line developed by economist in the late 1980s.

Poverty is particularly severe in rural areas where up to 80 percent of the population live below the poverty line, and social services and infrastructure are limited. The lack of productivity in the agricultural sector is the main root cause of rural poverty in Nigeria as the oil revenue largely bypass those living and working outside that industry. The ability to provide food for the family and sell off the excess has diminished year by year as agricultural industry has declined decade by decade. Malnutrition affects just under a third of all Nigerian children. One of every five die before their fifth birthday. HIV/AIDS affects three out of every hundred citizens and there are nearly ten million orphans in the country out of a total population of 167 million – making it the eight most populous nation in the world. Unfortunately, the land for farming is suffering from deforestation and

soil erosion in the North due to poor farming methods. In the Niger Delta region, land is becoming increasingly polluted by oil spills and also suffers from regular heavy flooding. Below are some facts and figures about poverty in Nigeria taken from Nigeria National Bureau of Statistics and a range of other sources.

**NIGERIA POPULATION IN POVERTY**

- 1980: 17.1 Million
- 1985: 34.7 Million
- 1992: 39.2 Million
- 1996: 67.1 Million
- 2004: 68.7 Million
- 2010: 112.52 Million

Source: Nigeria National Bureau of Statistics.

**SOME FACTS AND FIGURES ABOUT NIGERIA POVERTY.**

INDICATORS	2000	2005	2008	2009	2010	2011
Population	123.69m	139.82m	150.67m	154.49m	158.42m	162.47m
Life Exp. At Birth	46 Years	49 Years	50 Years	51 Years	51 Years	53 Years
% of population access to Imp. Water	53%	57%	58%	58%	58%	NA
% of population with access to improved sanitation	34%	32%	32%	31%	31%	NA
% of pop. With access to electricity						51%
Living in absolute poverty		54.7%			60.9%	
Children under 5 underweight			26.7%			
Literacy						50.4% (72.1% Male) (50.4% Female)
Unemployment rate						21%

Source: Taken from a range of sources.

Note: From official supplies, many Nigerians generate their own electricity.

Nigeria ought to be one of the richest countries of the world with the vast reserves and a plentiful workforce, yet over 70% of the county’s population live under the poverty life and half of those live in abject poverty, That about 112 million people. The dollar – a – day poverty threshold is considered to be one of the globally recognized measures of poverty. According to analysts, the dollar-a-day threshold was common international poverty line developed by economist in the late 1980s.

One major causes of this is the rampant corruption in urban areas and the ongoing failure of repeated programs to address the poverty issue. Many of these programs have been dismissed as mere slogans. Even a former head of state Gen. Babangida stated at a time that “the Nigerian economy has defiled all economic theories”. Funds (even though) small compared to the enormity of the problem have trickled down to the masses due to inefficiency and corruption leaving about 90 percent of the rural community to rely on substance farming with almost half struggling to make a living on smallholdings barely one hectares in size.

**PAST ATTEMPTS AT ALLEVIATING POVERTY IN NIGERIA.**

According to the United Nations, the international development community has had poverty in focus for more than a decade. At summit meetings and other occasions, world leaders have stated and reconfirmed their agreement that poverty must be reduced and eventually eradicated. To do this , the political commitment is necessary, but not sufficient, conditions for this to happen. Policy makers need appropriate concepts and rhetoric and general policy statements.

Poverty in Nigeria remains significant despite high economic growth. Nigeria has one of the world’s highest economic growth rates (averaging 7.4% in the last decade). Nigeria has a well developed economy and plenty of natural resources such as oil. However, Nigeria retains a high level of poverty which according to National

Bureau of Statistics (NBS) 2012 report, reported that 112.519 million Nigerians live in relative poverty conditions.

The concern over increasing poverty levels in Nigeria and the need for its eradication as a means of improving the standards of living of the people has led to the conceptualization and implementation of various targeted or non-targeted poverty eradication and alleviation programmes.

Both the Nigerian government and donors agencies have been very active in efforts in analyzing and finding solutions to the increase of poverty leveling the country. Concern over these problem as well as efforts to eradicate or at least reduce poverty cannot be said to be new. Of course the developed countries are enjoying major reduction in poverty level while developing countries, Nigeria inclusive, have been battling with poverty from one poverty alleviation programme to another eradication programme, but all to no avail. As it were, the issues of poverty eradication have proved to be the most difficult challenges the country is facing where majority of the people live in absolute poverty. As mentioned earlier, there have been attempts at poverty alleviation, most notable among them are the following.

1972: National Accelerated Food Production Programme and the Nigerian Agricultural and Cooperative Bank.

1976: Operation Feed the Nation: to teach the rural farmers how to use modern farming tools.

1976: Green Revolution Programme: to reduce food importation and increase local food production.

1989: Directorate of Food, Roads and Rural Infrastructure (DFRRI).

1993: Family Support Programme and the Family Economic Advancement Programme

2001: National Poverty Eradication Programme (NAPEP): to replace the previously failed Poverty Alleviation Program.

These programmes appeared like glorifying poverty alleviation as they all failed to deliver. The earliest poverty alleviation programmes were the 1972 Gen. Yakubu Gowon's National Accelerated Food Production Programme and the Nigerian Agricultural and Co-operative Bank, entirely devoted to funding agriculture. The NAFPP turned out to be a colossal waste and nothing was achieved.

Then there was the much published Operation Feed the Nation (OFN) in 1976 by the then military head of state Gen Olusegun Obasanjo, "which expended so much money and efforts in getting ill-prepared university undergraduates to go to the rural areas to teach the peasant farmers how to farm. It was like teaching an old dog a new trick. A theoretical farming graduate teaching a farmer, who makes his living out of farming. The success of the scheme was only in the area of creating awareness of food shortage and the need to tackle the problem.

In 1979, President Shehu Shagari, started the Green Revolution Programme which had the twin objective of curtailing food importation while boosting crop and fibre production. When the programme ended in 1983, 2 billion naira tax payers' money was wasted. In today's exchange rate, that is more than two hundred billion naira.

Buhari's government introduced the GO Back to land programme with variations such as the former Rivers State Governor, Fidelis Oyakhilomen's school to land programme and the Lagos state governor, Gbolahan Mudashiru's graduates farming scheme programme. Initially the Oyakhilomen's scheme worked wonders in Rivers state but it fizzled out and died.

In 1986, Gen. Babangida established the Directorate of Food, Roads and Rural Infrastructure (DFRRI) for rural development. This scheme was meant to provide feeder roads, electricity and portable water and toilet facilities for the rural dwellers. The project gulped ₦1.9 billion which is about ₦80 Billion Naira today, without Nigerians benefitting from them.

Babangida's wife, Maryam, also went into the business of caring for the poor. She set up Better Life Programme (BLP). At the end of the day she ended up making millionaires out of the BLP officials and friends. The better life for rural women became the better life for rich women.

In 1993, Abacha and his wife found a gold mine in the business of pretending to care for the poor. The Family Support Programme (FSP) and the Family Advancement Programme (FAP), were set up. According to Tell magazine of 3<sup>rd</sup> August 1998 "FSP gulped over 10 billion of tax payers money at the time Abacha was retrenching helpless civil servants nationwide.

In 2001, Obasanjo started the National Poverty Eradication Programme (NAPEP). It was designed to replace the Poverty Alleviation Programme. NAPEP's goal was to train youths in vocational trades, to support internship, to support micro-credit among others. But by 2008 most of the beneficiaries were non-poor. All these programmes failed.

There is the belief that one of the major reasons for the failure of all these agricultural, poverty reduction programme was that they were based on "faulty philosophy". The belief is that food programmes such as Gen. Gowon's National Accelerated Food Production, the Gen. Obasanjo Operation Feed the Nation; the Shehu Shagari's Green Revolution and the Gen. Buhari's Go Back to Land programme "failed because the far-fetched objectives of making farming out of all Nigerians and no country attains self sufficiency in food by seeking to turn all its citizens in to farmers. Farming should be left for those whose business it is to farm".

## WHY IS POVERTY PERSISTING IN NIGERIA?

Poverty in Nigeria remains significant despite high economic growth. The following are reasons adduced for the worsening poverty situations in Nigeria.

1. **Income Inequality:** Income inequality worsened from 0.43 to 0.49 between 2004 and 2009. This is correlated with differential access to infrastructure and amenities. In particular there are more rural poor than urban poor. This resulted from the composition of Nigeria's economy, especially the energy (oil) and agriculture sectors. Oil exports contribute significantly to government revenue and about 15% of GDP, despite employing only a fraction of the population. Agriculture however contributes about 45 percent of GDP and employs close to 90 percent of the rural population. This incongruence is compromised by the fact that oil revenue is poorly distributed among the population with higher government expenditure in urban areas than rural areas
2. **Political Instability:** Nigeria's large population and historic ethnic instability has led to the adoption of a federal government. The resultant fiscal decentralization provides Nigeria state and local governments considerable autonomy, including control of over 50 percent of government revenue as well as responsibility for providing public security. The lack of stringent regulation and monitoring system, however has allowed for rampant corruption.
3. **Long Term Ethnic Conflict and Civil Unrest:** Nigeria has historically experienced much ethnic conflicts with the return to civilian rule in 1999, militants from religious and ethnic groups have become markedly more violent. While this unrest has its root in poverty and economic competition, its economic and human damages further escalates the problem of poverty (such as increasing the mortality rate). It also leads to displacement of communities from one location to the other. The unsettledness that arises does not allow.
4. **Poor Management of the Economic Policies:** over the years the macro-economic and monetary policies have been poorly managed. In the 1970s the naira was stronger than the US\$ (dollar). But the naira has so much depreciated today that one pound sterling now exchange for more than ₦240 (two and forty naira). The result is that businesses are folding up. No employment and the small and medium enterprises (SMES) that should have employed some Nigerians have closed down.
5. **Lack of Good Governance:** It is shameful that policies are still being enunciated in Nigeria without due regard to the people. Surprisingly, when these politicians are begging for votes, their slogan is always "let the people speak". But as soon as they are in government they formulate policies without the consideration of the welfare of the masses, talk less of consulting them. The outcome of which is further poverty.
6. **Youth Unemployment:** The unemployment rate in the country is to an astronomical height. Graduates of 2005/2006 sessions onwards are still roaming the street in search of employment. Government should create the enabling environment for the private sector to take off properly. The multiple problems of light, insecurity and corruption have sent some multinationals packing to neighboring countries. The government on her own should establish industries and revamp the ailing ones so that these graduates (from the University and Secondary Schools) will be removed from the streets and given gainful employment.
7. **Low Productive Capacity:** Productive Capacity is low in the country. Industries that would have produced to capacity are just on maintenance production attempting only to break-even because of the high cost of production. These companies are again not in a position to absorb some of these job seekers. So poverty continues.
8. **Corruption:** Corruption in Nigeria today almost parses for a state policy. Corruption has been institutionalized such that the socio-economic and political systems can almost not function without it. Corruption has made public institutions to be grossly inefficient, has diminished productivity in the public and private sectors of the economy. It was because of corruption that was why the earlier poverty alleviating programmes by the past governments did not work.

## RECOMMENDATIONS

Concern about these problems and some efforts made to eradicate or at least reduce them can not be said to be new. While major reductions in poverty level have been made in developed countries, developing countries Nigeria inclusive have been battling with poverty from one poverty alleviation programme to another eradication programme. One reason is that Nigerian leaders and policy makers have often looked outside for solutions to the nation's ever rising poverty. They have not engaged themselves in out-of-the-box-thinking. They have always believed in the prescriptions from the IMF/World Bank. As we have seen, western theories have failed the country as their theories are essentially based on western culture of one man one wife. If Nigeria is to go by their concepts as it were the country will never be developed. To come out of the woods the following recommendations are put forward.

- 1. The government should change the approach to Poverty Alleviation Programmes:** Government should stop presuming they know what will benefit the poor better than the poor themselves. The fact is the poor usually have quite a good perception of their own needs and goals and of what is required to satisfy and make progress towards them. No development can happen without the participation of the poor people.
- 2. Nigerians should educate themselves:** By reading and educating themselves, Nigerians can strengthen their understanding of anti-poverty aspects of workers rights, immigration rights, women rights, reproductive justice, environmental justice and economic and human rights movements. This will help to fight poverty in this country.
- 3. Join Campaigns against poverty:** There are a number of local and national campaign organizations Nigerians can join to help combat poverty. Rallies can be organized to create awareness.
- 4. The World Bank and the International Monetary Fund:** The World Bank and the International Monetary Fund are primary holders of developing countries debt, attaching structural adjustment conditionalities in return for loans which generally include the elimination of state subsidies and the privatization of state services. Some of these conditionalities should be seriously relaxed or removed to enable borrowing States good breathing space.
- 5. Illicit Capital Flight/Corruption:** Illicit capital flight from the developing world like Nigeria, is estimated at ten times the size of aid it receives from donor countries, and twice the debt service it pays. It is estimated that about 60% of illicit capital flight from Africa is from transfer mispricing where a subsidiary in a developing nation sells to another subsidiary or shell company in a tax haven at an artificially low price to pay less tax. A solution to this should include cooperate “country – to – country reporting” where corporation disclosed activities in each country and thereby prohibit the use of tax havens where no effective economic activity occurs.
- 6. Social Security Payments:** It is high time Nigeria start to pay social security for her citizens who have no source of income. A basic income (or negative income tax) is a system of social security that periodically provides each citizens, rich or poor, with a sum of money that is sufficient to live on.
- 7. Micro Loans:** Micro loans is where small amounts of money are loaned to farmers or villages, mostly women who can then obtain physical capital to increase their economic rewards as some state governments are currently embarking upon.

## CONCLUSION

Lack and want are two characteristics of poverty particularly in developing countries. In spite of the attempts by government to eradicate or at least alleviate the problem of poverty, it persists all the same time. Developing countries like Nigeria must imitate developing countries that have tried to solve or reduce greatly their poverty problems by incorporating sustainable development into their strategies. There are forces – economic, political, environmental that if not checked and put in proper place could seriously undermine and derail any poverty alleviation programme in place.

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