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*POVERTY ALLEVIATION IN NIGERIA: WHICH WAY NIGERIA? (2008)*

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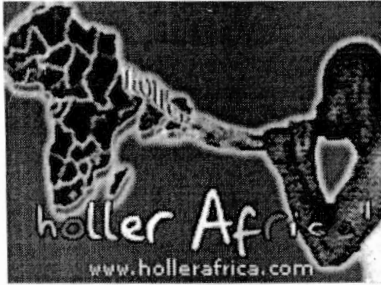
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GBEREVBIE, DANIEL E., MOSES, M. DURUJI AND B. R. OGUNDEJI

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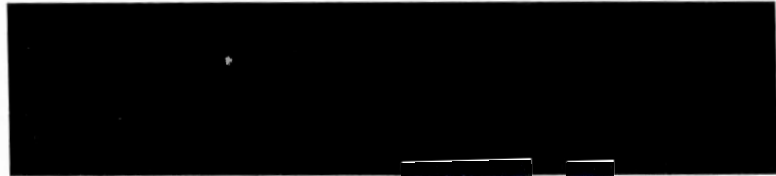
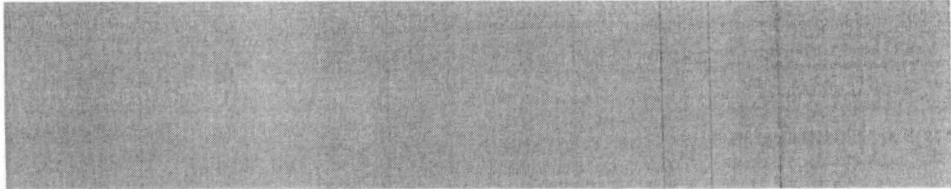
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**Poverty Alleviation in Nigeria: Which Way Nigeria?**

By: **Daniel Esemé Idowu Gberevble, Moses M. Duruji & Bankole Ogundeji**

**ABSTRACT**

Poverty is an enemy of man, it humiliates and dehumanises its victim. The paper examines poverty alleviation policies and programmes of government and came to the conclusion that these policies failed to alleviate, instead elevated poverty in the country. The reasons for these include corruption in government and neglect of the target group – the poor, who were never considered during the formulation of these policies. The paper suggests that government should intensify the war against corruption and carry along the target group – the poor, in formulation of its programmes by making ‘pro-poor’ policies its focus as a basis for poverty alleviation.

**Introduction**

Poverty has been a serious challenge to governments in Nigeria. Its effect, which includes lack and deprivation in the basic necessities of life, is worrisome. Poverty humiliates and dehumanises its victim. As Ukpong (1996) rightly noted:

...poverty has earned recognition in the extent of its ravaging society and the affairs of humanity at the international, national and local levels...the need exists now for urgent actions towards its eradication and control...indeed, poverty is a snare. It is dehumanising...It must be eradicated... (cited in Obadan, 1996).

In a bid to overcome poverty, governments initiated different policies and programmes between 1986 and 2004 to alleviate it. These programmes include: Directorate of Food, Roads and Rural Infrastructure (DFFRI), Better Life Programme (BLP), Directorate of Employment (NDE); People’ Bank of Nigeria (PBN); Community Bank (CB); Family Support Programme (FSP); Family Economic Advancement Programme (FEAP); Poverty Eradication Programme (PEP); National Poverty Eradication Programme (NAPEP); and National Economic Empowerment Development Strategy (NEEDS) whose aim were to ameliorate the suffering of the people by providing them employment opportunities and access to credit facilities to enable them establish their own businesses.

Scholars and administrators alike have argued that Nigerians have no reason to be poor because of the abundance of human and natural resources including oil and gas available in the country. For instance, Nigeria realized the sum \$300 billion from crude oil between 1970 and 1990. In addition, the government

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...which way Nigeria? In addition, the government earned the total sum of ₦= 998.4 billion from crude oil in 2003, yet nothing meaningful to show in terms of development (Ikelegbe, 2004). The objectives of this paper is to identify why poverty persist and suggest possible solutions to overcome it in the country.

The paper is divided into five parts: part one contains the introduction; part two looked at why poverty persist in Nigeria; part three focused on government policies and poverty alleviation; part four discussed government policies and poverty elevation; and part five contains the way forward and conclusion.

## II. Why Poverty Persist in Nigeria

The following are some of the factors why poverty persists in the country:

1. **Poor macro-economic and monetary policies** – These have contributed to high poverty rate. The Nigerian naira that used to exchange for 1.20 Naira to one British Pound in 1986, now exchanges for 240 Naira. The outcome has made it almost impossible for small and medium enterprises (SMEs) to thrive, which would have contributed to the reduction of poverty through job creation.
2. **Globalisation** – This means trade liberalization. Nations are supposed to trade freely amongst themselves for the mutual benefits of their people. As for Nigeria, there are only two major goods that could be marketed – crude oil and agricultural produce. The latter is totally neglected with the discovery of the former in a commercial quantity. The gains of globalisation as currently being enjoyed by developed nations seem to be eluding Nigeria because of her inability to export manufactured goods abroad like other developed nations.
3. **Good Governance** - Nigeria is yet to experience good governance, this has deprived her people the dividends of democracy. Policies of government are still being formulated without due consideration to the welfare of citizens, the outcome of which is further poverty.
4. **Corruption** – This is a serious problem in the country. Money that accrued to governments at all levels are stolen and kept in private bank accounts at home and abroad by public officials. No meaningful investment, which would have generated employment for the people could take place in an environment plagued with corrupt practices.
5. **Low Productive Capacity** - Productivity capacity is low in the country. Industries that would have provided job employment for the people are either folding-up or producing at very low capacity; as a result unemployment is bound to increase.

## III. Government Policies and Poverty Alleviation

Faced with the problem of poverty in the country by successive governments in the past, the federal government under the present democratic dispensation put in place policies and programmes to ameliorate the suffering of the people. These policies are initiated at home and received support from abroad including the World Bank. For instance, in a bid to reduce poverty, the World Bank has assisted the country in various projects. Since 1961 that Nigeria joined the World Bank, the country has received assistance on 120 projects worth \$1.87 billion (World Bank, 2006). These projects include:

1. **The Micro - Small and Medium Enterprises (MSMEs)** - This is a US\$ 32 million project which aims to increase the performance and employment levels of MSMEs in selected non-oil industry sub-sectors in three targeted states of the country. The purpose of this scheme is to diversify the Nigerian economy from relying solely on crude oil as her source of foreign exchange earner.
2. **The Second National Fadama Development Project** - This is a US\$ 100 million project with objective to sustainable increase in incomes of Fadama users – those who depend directly or indirectly on Fadama resources (farmers, pastoralists, fishers, hunters, gatherers, and service providers). The purpose of this project is to provide meaningful means of livelihood to nomadic cattle rearers in the northern part, hunters and fishermen in the southern part of Nigeria with a view to enhancing their living standard.



3. **Local Empowerment and Environmental Management Project (LEEMP)** - This is a US\$ 70 million operation, which seeks to strengthen the institutional framework at all three levels of government (federal, state and local governments) to support an environmentally sustainable, and socially inclusive development, and to prod state beneficiaries' participation in the planning, co-financing, and implementing of multi-sectoral micro-projects (Ibid).

#### IV. Government Policies and Poverty Elevation

The following policies of government have elevated poverty in the country than its reduction:

**1. Deregulation Policy of the Petroleum Sector (Down-Stream)** - Deregulation of the down-stream petroleum sector of the oil industry is one of those policies of government that has contributed to the elevation of poverty in the country. Going by the way the policy was formulated and implemented; it meant incessant price increases of petroleum products. For instance, between 1999 and 2005, petroleum products prices have increased 10 times, from initial pump price of 20 naira in 1999 to 65 naira per litre in 2005. These incessant increases of the price of petroleum products have led to high cost of transportation, food and essential services, which has increased more than 500% within a space of two years to the detriment of the common man on the street. We are to note that while cost of living is rising, wages and salaries remain the same as low as less than \$50 as average salaries per month paid to public servant at both the state and federal levels.

High prices of petroleum products means that ordinary artisans, welders, vehicle battery chargers, fitter and wood machinists, fabricators, grinders of pepper, maize, and millets, shoemakers, hairdressers, hair-barbers, spray-painters etc by the roadside that are self-employed and rely on electricity power have to pay heavily to do their businesses. This is because electricity power supply in the country is at its lowest level in recent years and those who do business with electricity power settle for the use of portable electricity power generator, which requires petroleum products to operate. For instance, electricity power stalled capacity in Nigeria of 4,548.5 Megawatts (Mw) in 1998 rose to 6,130Mw in 2004. It however declined to 2,687.1Mw in 2005 (CBN, 2005; and CBN online, 2006).

**2. Reforms at the Federal Public Service** - Another policy of government that has elevated poverty in the country is that of reforms currently going on at the federal public service. In a bid for government to reposition the public service for better performance, initiated a reform aimed at solving the problem of over-staffing. In this regard, the federal government pencilled down 33,000 federal public servants to be discharged from the service.

Ordinarily this policy is good if these people to be discharged from the federal service are given further training at providing them with means of livelihood outside the civil service job. Experiences have shown that those who served the government in the public service never get paid their gratuity and pension until two years, and some times more after they retired from public service. It was the fear of the above and worsening poverty situation in the country that made the former Nigeria Labour Congress (NLC) Secretary-General, John Odah to argue that: "The impact of the forceful discharge of 33,000 federal public servants on family welfare will be predictably negative while it worsen the poverty profile of the country, which is already alarming by government admission" (IRINnews online, 2007).

#### V. The Way Forward and Conclusion

In order to overcome the problem of poverty in the country, the war against corruption should be intensified. One way to achieve it is through the amendment of the laws that established the various anti-corruption agencies - Independent Corrupt Practices Commission (ICPC) and Economic and Financial Crime Commission (EFCC), to free them from the control of executive interference. In addition, the policies of government should reflect the needs and

aspirations of the people at all times.

Furthermore, government is to put in place what Igbuzor (2005) called 'promotion of pro-poor' policies. Pro-poor policies are policies that focus on the welfare of the poor. Policies that would favour job creation like – the establishment of small and medium scale enterprises (SMEs) should therefore be the focus of government. This is because SMEs have been found to be not just job creators but creators of wealth in the society (Ogogo, 2005).

The paper examined poverty alleviation policies and programmes of governments and observed that they failed to achieve the goal of poverty reduction because of government's inability to involve the target group – the poor, in their formulation. The paper is of the view that if policies of government are not properly put in place in its quest for poverty reduction could lead to poverty elevation. Therefore, as government continues to take bold steps at ameliorating the suffering of the people through the establishment of 'pro-poor' policies in the area of emergence and growth of SMEs, and job creation, no doubt government's goal of poverty alleviation would become a reality.

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