

**A HISTORICAL ANALYSIS OF NATIONAL ECONOMIC EMPOWERMENT
AND DEVELOPMENT STRATEGY (NEEDS) AND HER CONTRIBUTION
TO POVERTY ALLEVIATION IN NIGERIA**

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CERTIFICATION

This is to certify that this project work was carried out by **Araoye Ayomide Adesola** with matriculation number **18032213007** in the Department of History, School of Arts and Social Science, Tai Solarin College of Education, Omu-Ijebu Ogun State.

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DEDICATION

I dedicate this work to the GREAT AND MIGHTY GOD for His grace, peace and mercy over me throughout my stay in the campus. To my precious parents Mr. and Mrs. Araoye I will forever be grateful.

ACKNOWLEDGEMENT

To every beginning there is an end, and better is the end of a thing than the beginning therefore. All glory, honour and adoration to the Great God, Ancient of days YAHWEH, who has given opportunity of studying in TASCE, he has made the journey of three years end in success without physical, financial, social, academically or mental injury, to you be all the praise my father (God).

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ABSTRACT

This research examined the historical analysis of National economic empowerment and development strategy (NEEDS) and her contribution to poverty alleviation in Nigeria. Due to the continued exacerbation of macroeconomic and socio-political crises in the economy starting from the late 1970s, Nigeria has experimented with varying degrees of reform packages aimed at resolving these crises. However, these reform programmes instead of ameliorating these crises seemed to have deepened it and thus threw the economy on the throes of acute indebtedness and dependence. In 2003, the civilian government in Nigeria initiated yet a new reform package proclaimed as homegrown strategies to rectify the lingering structural rigidities and bottlenecks in the economy. This reform is based on National Economic Empowerment and Development Strategy (NEEDS) – revised version of Poverty Reduction Strategy Papers (PRSP) of the IMF and World Bank. Why has poverty rate continued to increase after many years of the implementation of NEEDS? This study argues that NEEDS policy document is not adequate enough as a reform programme for Nigeria, instead of ameliorating it rather worsen poverty situation in Nigeria. It is the position of the study that NEEDS is an offshoot of SAP and essentially, shares its objective and strategies for achieving macroeconomic stability and economic growth. It therefore argues that the road to economic El Dorado and development in Nigeria is still faced with monstrous hurdles. We employed the theory of post-colonial state as our analytical framework to provide a conceptual foundation for the study. Our method of data collection and analysis are qualitative and qualitative-descriptive methods respectively.

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CHAPTER ONE

INTRODUCTION

National Economic Empowerment Development strategy (NEEDS) is described as a Nigeria's plan for prosperity, popularly Christened a "Home grown programme" by the former president of Nigeria Chief Aremu Olusegun Obasanjo, it is a four years medium term plan for the period of 2003 to 2007.¹ NEEDS is a Federal Government plan, which also expects the state and local governments to have their counterpart plan i.e State Economic Empowerment and Development Strategy (SEEDS) and the Local Government Empowerment & Development Strategy (LEED) respectively. Since according to Nwachuku development planning must be controlled and directed toward the desired goals.² It is imperative for the federal government to include not only all levels of government but also moving in the same direction but with all and sundry namely: the private sector, the non-governmental organizations (NGOs) and the general public in cooperative activities in pursuit of developmental goals,.

However, like the previous development planning especially from the first attempt in 1946 and in the opinion of scholars like Rodney Obikeze and Obi,³ NEEDS as a plan contains all the envisaged policies and programmes of the federal government. It is not only a macro-economic plan document, but also a comprehensive vision, goals and principles of a "New Nigeria" through re-enacting core Nigerian values like respect for the elders, honesty, accountability, hard work, industry, discipline, self confidence and moral courage. As established in the NEEDS document, "NEED" significantly wants to eradicate poverty and promote self-reliance, entrepreneurship innovation, and rewards hard work. As rightly observed by the National Planning Commission and Central Bank of Nigeria⁴.

Thus, development plans is not understood in terms of economic development alone and so to scholars like Todaro and Rodney it is multi dimensional.

Objectives of the Study

Evaluating the present Government policy via its achievement of ‘NEEDs’ core objective seem to portrait the government no different from the .previous ones in ways and manner of pursuing and realizing the ideals of her development plan. However, this research work is designed to understand the imperative path to be followed by the federal government at achieving desired goals, and dissert the way it does things.

Osagie, however laments on this approach to economic analysis when he writes that:-

“Ideological confusion and mystification encouraged by naïve ideologies have successfully diverted attention from real issues to peripheral and esoteric click-ridden polemics along narrowly focused dogmatic lines. This attitude to analysis of economic phenomena in Nigeria tends to produce simplistic solutions to problem which give the impression that either economist are unrealistic in their analysis.” Thus, the objective of this research work is to awaken the government of its weaknesses, because it is evident that the government has not achieved much of the professed objectives of NEEDs which are: employment generation, poverty reduction, wealth creation and value reorientation, in any significant measure in the medium term, if any thing, the impact has not been evident on the general well being of Nigerian.

The Significance of the Study

This research work envisages to afford helpful background information to other researchers that would desire to source further in this sphere of study. However, this research is an incentive that provides an insight to academic and moral achievement of the reader to join the government in the nation building task, according to “jhingan” “one cannot expect economy and efficiency in administration unless the people posses high ethical and moral values.

The importance also serves as an encouragement to the government to put more effort in promoting private enterprise, infrastructure, agriculture, industry and other sectors for the purpose of Nigerian security, international relation and economic development, since it is a prospect that you cannot isolate economy like Nigeria and be successful, thus Edegbe in the Nation Newspaper asserted that Nigeria is a market that cannot be ignored with her size, population and culture. Therefore, more effort is needed by the government.

The Scope and Limitation of the Study

This research will tackle the shortcomings of NEEDs from completely realizing its core goals and the efforts on Nigerians, since the welfare of the population is the ultimate evidence of development. This explains why Rodney sees development as a many sided process but defines it in relation to the individual. As he states, “at the level of individual it implies increased skills and capacity, greater freedom, creativity, responsibility and material well being.

For the purpose of this research, it will cut-across those vital aspects of NEEDs policies, programs and implantation and make it profoundly improve on its key

objectives of poverty eradication, wealth creation, employment generation and value re-orientation.

The principal problems faced by the researcher include the following, recognition of the branches, broadness of this field as well as shortage of necessary materials, time constraint and financial predicament. Thus, it is also part of the task of NEEDs to provide a standard educational system to resolve the aforementioned limitations.

Research Methodology

Due to the nature of this research, data would be collected through secondary sources with descriptive method. The mono-source nature of this research is as a result of some visible constraints that may form part of the factors in sourcing for primary data such as accessibility i.e NEEDs as a recent historical frame work has not being subject to archival installation, oral interview & questionnaire, but it embraces the scrutiny of all the available published journals, periodicals, Newspapers, magazines, and text books etc which are relevant records on NEEDs.

Literature Review

In reviewing the relevant literature, books, write ups and articles would be examined.

One of such work is “NEEDs Challenges and Leeway” by Oche,¹⁰ he asserts that as an agenda for reform and a blue print for economic growth the NEEDs policy look towards ultimately reducing poverty and unemployment, and establishing gradual but steady progress towards the generation of wealth on a country wide basis. He further state that it has some of its intermediates goals, the redefinition of

the government's role in the national economy: the creation of an enabling environment for the private sector: improving the delivery of basic social services: investing the country's greatest asset, its people, and ultimately laying a strong foundation for the future development of Nigeria human capital. The teleology NEEDS revolves around changing the prevailing value system in the society towards one of entrepreneurship, efficiency and selfless service. Another work is "Nigeria's Current Economic Reforms" by Egbon¹¹ in relation to this research he states that, the timing of reform can surely be influenced decisively by political leadership. Effective communication can translate the vague sense that something is wrong into a broad perception for the need of change. However, existing evidence shows that reform governments do not stand a very good chance of being re-elected, given that the benefits of reform just do not come through quickly enough to fit in to the electorate cycle.

Moreover, deep reforms are typically not recovered. He cites for example, in Chile, the democratically elected Social Democratic Government that follows the Pinochet autocracy opted to preserve much of the Chicago reforms that had been imposed by the previous non democratic regime. There also exist evidences that when government researches the point in a reform process where the prospects for re-election become dim, one more or less loses by continuing with the reform (e.g Gerhard Schroeder) Hamburg debate),¹² France, where electoral setback seems to have driven the reform agenda more deeply underground. There is therefore a definite role for suicide in politics.

The Central Bank of Nigeria CBN¹³ Annual report and statement of accounts states as follows: the policy thrust of NEEDS focused on Empowerment, Wealth Creation, employment generation, and poverty reduction as well as value re-orientation, under NEEDS a substantial progress was made in the implementation

of structural reform, including a comprehensive banking sector consolidation programme, growing the non-oil sector, liberalization of Nigeria's import tariffs regime transaction, introduction of a Whole sale Dutch Auction System (WDAS) for foreign exchange, fight against corruption, and in structuring and privatizing state owned enterprises, in order to improve the environment for private – sector led growth and increase investor's confidence.

The economic and development planning by Jhingan listed, among his twelve point that are relevant to a successful development planning, firstly, he asserts that it is vital to have a planning commission with adequate organizational structure and qualified expert in various relevant field like economists, statisticians, engineers etc, dealing with various aspects of the economy. Apart from this is the availability of statistical data which also curtails setting up of a central statistical organization with a network of statistical bureau for collecting statistical data and information.¹⁴

Another point he asserts is having an education base that guarantees high ethical and moral standards,¹⁵ also ensuring economy in administration “particularly in the expansion of ministries and state development all this aforementioned aimed at developmental purpose of a state.

No doubt, this research essay, believes that NEEDs despite its unaccomplishment and failure has contributed considerably to the Nigeria development planning.

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CHAPTER TWO

THE NATIONAL ECONOMIC EMPOWERMENT AND DEVELOPMENT STRATEGY (NEEDS)

The National Economic Empowerment and Development Strategy is a federal government poverty reduction strategy. It builds on the earlier two-year efforts at producing the interim poverty reduction strategy (PRSP), and the wide consultative participatory process associated with it. It is a medium term strategy, which derives from the country's long term goals of poverty reduction, wealth creation, employment generation and value re-orientation. NEEDS is a nationally co-ordinated framework of action in collaboration with state and local governments (with their State Economic Empowerment and Development Strategy (SEEDS), as well as other stakeholders to consolidate on the earlier achievements of the democratic dispensation as well as building a solid formation for the attainment of Nigeria's long term vision of becoming the largest and strongest Africa economy and a key player in the world economy¹. NEEDS is essentially a federal government programme. The president and his cabinet fully endorse the programme. Participation is also required of the civil society groups, labour unions, non governmental organizations and the general public. This ensures a full participatory approach to the NEEDS design. NEEDS builds on the progress made during the transitional phase of the new democratic dispensation. The fundamental values upon which National Economic Empowerment and Development Strategy (NEEDS) rests upon are²:

Respect for elders, honesty, accountability, co-operation, industry, discipline, self-confidence and moral courage. More specifically, the strategy hopes to lay a solid foundation for a national rediscovery and strong values on the following principles.

□ Enterprise, competition, and efficiency at all levels

- Equity and care for the weak and vulnerable
- Moral rectitude, respect for traditional values, and pride in Nigeria's culture.
- A value system for public service that results in efficient and effective service delivery to the citizen.
- Discipline at all levels of leadership.

Empowering People

Meeting the needs of our people and nation is the primary aim of the plan for prosperity. NEEDS insists that every Nigeria has the right to adequate water and sanitation, nutrition, clothing, shelter, basic education, and health care, as well as physical security and the means of making a living. NEEDS proposes a contract between the Nigerian people and their government in the form of a social charter, or bargain. This charter recognizes the people's rights to government services that provide basic needs for life³. In return, the people agree to work hard and honestly to make NEEDS a success. In formalizing the contract between the people and the government, NEEDS empowers the people to challenge the government if it does not keep its side of the bargain. NEEDS recognizes that poverty has many strands and must therefore be tackled from several different directions at once. It recognizes that the government must work not only to improve incomes but to tackle the many other social and political factors that contribute to poverty. These are very difficult to separate and are therefore often thought of as a bundle of factors that result in social exclusion. A poorly educated farmer is less likely to know how to keep his family healthy and less able to find alternative employment⁴. As a result, he is more vulnerable to external shocks, such as drought or falling

market prices, NEEDS empowers the poor by tackling social exclusion head on, paying particular attention to generating jobs to improve incomes, housing, health care, education, political power, and physical security. To improve the lives of the Nigerian people, NEEDS includes plans for creating jobs, creating affordable housing, improving health care services, strengthening the skill base, protecting the vulnerable, and promoting peace and security⁵.

Value Re-Orientation

NEEDS envisages the re-orientation of values in government and society. This goals of NEEDS seek to change the perception of people to government and is directed at involving Nigerians in the art of governance. In effect, NEEDS seeks to the key message that it is not business as usual; the privatization programme is designed to shrink the domain of the state and hence the pie of distributable rents which have been the haven of public sector corruption and inefficiency. The act of privatization will release a few thousands of appointed board members of government parastatals to go into productive engagements. Public sector reforms would also aim to emphasize professionalism, selfless service, and efficiency. The anti corruption measures fight against advance free fraudsters, the strive towards greater transparency in public and private sector financial transactions will help ensure accountability. NEEDS intend to mobilize the people to re-emphasize the virtues of honesty, hard work, selfless service, moral rectitude, and patriotism. The National Orientation Agency (NOA) and their state counterpart will be strengthened to actively lead the campaign. Encouragement will also be given to civil society organizations, community based religious and socio-cultural-traditional organizations etc to provide leadership in the campaign for a new value system⁶.

Poverty Reduction

Poverty reduction is the most difficult challenge facing Nigeria and its people and the greatest obstacle to pursuit of sustainable socioeconomic growth. The poverty rate in Nigeria increased from 27 percent in 1980 to 66 percent in 1996, by 1999 it was estimated that more than 70 percent of Nigerians lived in poverty. Life expectancy is a mere 54 years, and infant mortality (77 per 1000) and maternal mortality (704 per 100,000 live births) are among the highest in the world. Other social indicators are also⁷:

- Only about 10 percent of the population had access to essential drugs.
- There were fewer than 30 physicians per 100,000 people.
- More than 5 million adults were estimated to be living with HIV/AIDS.
- Among children under five, almost 30 percent were underweight.
- Only 17 percent of children were fully immunized-down from 30 percent in 1990- and almost 40 percent had never been vaccinated.
- Only about half the population had access to safe drinking water (40 percent in rural areas, 80 percent in urban areas).
- Some 29 percent of the total population lived at risk from annual floods.
- More than 90 percent of the rural population depended on forests for livelihood and domestic energy sources.

Quantitatively, poverty in Nigeria has many manifestations and dimensions, including joblessness, over-indebtedness, economic dependence, lack of freedom, inability to provide the basic needs of life for self and family, lack of access to land and credit, and inability to save own assets. Poor people tend to live in dirty localities that put significant pressure on the physical environment, contributing

to environmental degradation. The poor, especially farmers, perceive their economic circumstances to be fraught with uncertainty, affected by events over which they have no control, such as primary commodity prices, the volume of rainfall, pest attacks, fire outbreaks, changes in soil conditions, and social conflicts. Lack of food is the most critical dimension of poverty, reflected in the popular saying that —when hunger is excised from poverty, the poverty is light⁸.

Employment Generation

The rate of urbanization in Nigeria-about 5.3 percent a year – is one of the fastest in the world. Urban unemployment is estimated at about 10.8 percent. If manufacturing and services sectors do not grow sufficiently to absorb the surge of labour to urban areas and if rural areas are not transformed to stem the growth in migration to urban area, the rate urban unemployment could become unmanageable. The implications for poverty – and crime, conflict, and the maintenance of democracy-are grave⁹. NEEDS recognizes the urgency of the unemployment situation, but it understands that there will be a lag in the expected job-creation effects of the reform programme. It also recognizes the need for specific steps to facilitate individual empowerment, particularly among young people and other vulnerable groups, through the creation of new jobs. The private sector is expected to generate most of the new jobs in Nigeria. The role of the government will be to:

- Create an enabling environment by adopting specific sectoral programmes that permit the private sector to prosper.
- Empower people by providing for the acquisition of relevant skills to prepare them for the world of work.
- Promote integrated rural development, in collaboration with the states.

Reforming Government And Institutions

The goal is to restructure, right-size, reprofessionalize and strengthen government and public institutions to deliver effective services to the people. It aims to eliminate waste and inefficiency, and free up resources for investment in infrastructure and social services by the government. A key aspect of the institutional reforms is to fight corruption, ensure greater transparency, and promote rule of law and strict enforcement of contracts. An explicit service delivery programme to re-orientate government agencies towards effective delivery of services to the people is to be introduced by the government. In summary, the goal is to make government and public institutions serve the people, to make the government play a developmental role rather than being a haven for corruption and rent-seeking. Part of the reforms at this level is to ensure a predictable and sustainable macro-economic framework especially through a sustainable fiscal policy framework¹⁰.

Growing The Private Sector

NEEDS is a development strategy which rests on the private sector as the engine of growth, for wealth creation, employment generation and poverty reduction. The government will be enabler, the facilitator, and the regulator. The private sector will be the executor, the direct investor and manager of businesses. The key elements of this strategy include the renewed privation, de-regulation and liberalization programme (to shrink the domain of the public sector and buy up the private sector), infrastructure development especially electricity and transport, explicit sectoral strategies for agriculture, industry small and medium scale enterprises, services especially tourism, art and culture and information communication technology, oil and gas, solid minerals. Other elements of this agenda are the mobilization of long-term capital for investment, appropriate regulatory framework, a coherent and consistent trade policy and regional/global

integration regime, and specific innovations and interventions to encourage the development of some sector. For instance, in order to enhance rapid industrial growth and efficient exploitation of the resources, government shall encourage strong linkage between science and technology parks, industry and research and development institutions¹¹. In addition, there will be deliberate efforts made to promote technology acquisition from within as well as across national boundaries. In collaboration with the stakes, a key strategy is to promote the emergence and the flourishing of industrial clusters. In a global economy characterize by increasing agglomeration of industries, promotion of clusters to ensure economies of scale is an importance element of the strategy. The small and medium enterprises (SMES) are critical special attention under NEEDS. In addition, NEEDS seeks to promote the emergence of medium and large commercial farms, plantations and industrial conglomerates that would harness the economies of scale and effectively compete in today's global market.

Tackling Corruption And Promoting Transparency And Accountability

A strong and effective anti-corruption policy is a priority of the government, which hopes to create a transparent and accountable Nigeria in which the incidence of corruption is low. NEEDS envisions a prosperous country that is not only developed economically but infused with strong moral and ethical values. Without these values it would be difficult, if not impossible, to achieve the desired level of growth and development¹². Moreover, even if Nigeria were able to break out of the vicious cycle of poverty and underdevelopment, it would be a developed society without moral character. Some of the values on which attention must be focused include the following:

- Integrity and good citizenship at the individual and corporate level
- Discipline and a strong work ethic

- Excellence, competitiveness, creativity, and innovation in service delivery
- Perseverance and longer term thinking as opposed to short-term expediency
- Enterprise, thrift and savings, and curbing of waste
- Thirst for knowledge, information, and know-how
- Commitment to the welfare of vulnerable groups
- Pride in the spirit of Nigeria.

Reducing Or Eliminating Wasteful Spending

The federal government share of the federation account has decreased from about 60 percent to 46 percent, but the change does not yet reflect the devolution of responsibilities to state and local governments. The rationalization envisaged in this strategy will involve clear delineation of roles among the federal, state, and local governments in line with the changes in the revenue allocation formula. The federal government will withdraw from programmes and projects best left to state and local governments, not only to avoid duplication but also to enhance efficiency in implementing and monitoring programmes and projects.

Selling Assets

Substantial revenue is expected to be generated by privatization of refineries and steel mills, the sale of shares in the automotive industries, the unbundling of the National Electric Power Authority, and the expected initial public offering of shares of Nigerian Telecommunications, Ltd. Proceeds of these sales can be used to finance infrastructure development under NEEDS. The law setting up the National council on privatisation stipulates that all proceeds from privatisation be

placed in the privatisation proceeds accounts which is automatically transferable into the consolidated revenue fund. The privatisation programme is expected to attract private capital to increase working capital, replace equipment, and rehabilitate plants. With the monetisation of fringe benefits, the government will dispose some of its assets, especially buildings and cars. Proceeds from these sales will augment the budget.

THE CONCEPT OF POVERTY

Poverty is regarded by economists as a serious malaise harmful to economic growth and development. Poor and poverty are historical in nature and their concern appears to be as old as human history. Generally, the terms are used as if their meanings are clear, but this is not so¹³. Poverty exist in all countries and in all societies and has various aspects viz., lack of income, productive resources, hunger and malnutrition, illiteracy, homelessness and inadequate housing, unsafe environment, social discrimination and exclusion. The meaning of poverty has been changed over time and varies not only from society to society but it also varies within the same society at different points of time¹⁴.

Poverty is one of the most important and pressing problems facing Economy today. It is a socio-economic problem that goes beyond the boundaries of economic arena and covers other aspects such as the inability to participate in social and political life. Poverty, however, is multidimensional in nature. Apart from the income approach to poverty, there are other ways to conceptualise poverty, *i.e.*, deprivation in other areas such as literacy, schooling, life expectancy, child mortality, malnutrition, safe water and sanitation¹⁵.

According to Ray, poverty is defined as people with very low incomes. Besides, poverty should be measured by examining or calculating how much it costs to buy the basic necessities of life, a minimally adequate diet, the

minimum housing unit and so forth. A country that is perceived to be poor has failed to cater for her citizenry, lacks amenities and lives in fear. “Poverty is the lack of capability to function effectively in society¹⁶.

However, in a country where poverty is rampant, numerous poverty alleviation programmes should be launched and it is a government responsibility to look at the problem from the grass-roots level and devise undisputable strategies. The effect of poverty leads to a lack of educational resources in poor schools and sometimes could hinder learning. Without providing good facilities, teaching materials, textbooks and classroom resources, it becomes hard to facilitate good learning and quality teaching.

Educationally speaking, the only way to reduce poverty is to make considerable investments in education. This investment provides many benefits such as skills enhancement and productivity among poor households. Moreover, poverty is a constraint to educational achievement both at the macro and micro levels. Hence, poor countries generally have lower levels of enrolment while at the micro level; children of poor households receive less education¹⁷.

It is believed that the young people who are suffering from poverty are restricted from getting enrolled or are deprived access to education and they are more likely to achieve poorer educational outcomes compared to young people from rich families or those with rich relatives. Furthermore, the situation of the young people deprived of receiving enrolment or being retained in education and those achieving low educational outcomes are the same and they are likely to experience poverty¹⁸.

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CHAPTER THREE: CONTEXTUAL ANALYSIS OF NEEDS

The Ideology Behind Needs

The national economic empowerment and development strategy is a federal government poverty reduction strategy. It builds on the earlier two –year efforts at producing the interim poverty reduction strategy (PRSP), and the wide Consultative participatory process associated with it. It is a medium term strategy (2003-2007), which derives from the country’s long term goals of poverty reduction, wealth creation, employment generation and value re-orientation. NEEDS is a nationally coordinated framework of action in collaboration with state and local governments (with their state and local Economic Empowerment and Development strategy as SEEDS and LEEDS respectively), as well as other stakeholders to consolidate on the earlier achievements of the democratic dispensation as well as building a solid formation for the attainment of Nigeria’s long term vision of becoming the largest and strongest Africa economy and a key player in the world economy¹. The fundamental values upon which National Economic Empowerment and Development Strategy (NEEDS) rest upon are: respect for elders, honesty, accountability, co-operation, industry, discipline, self-confidence and moral courage. More specifically, the strategy hopes to lay a solid foundation for a national rediscovery and strong values on the following principles:

- Enterprise, competition, and efficiency at all levels
- Equity and care for the weak and vulnerable.
- Moral rectitude, respect for traditional values, and pride in Nigeria’s Culture.

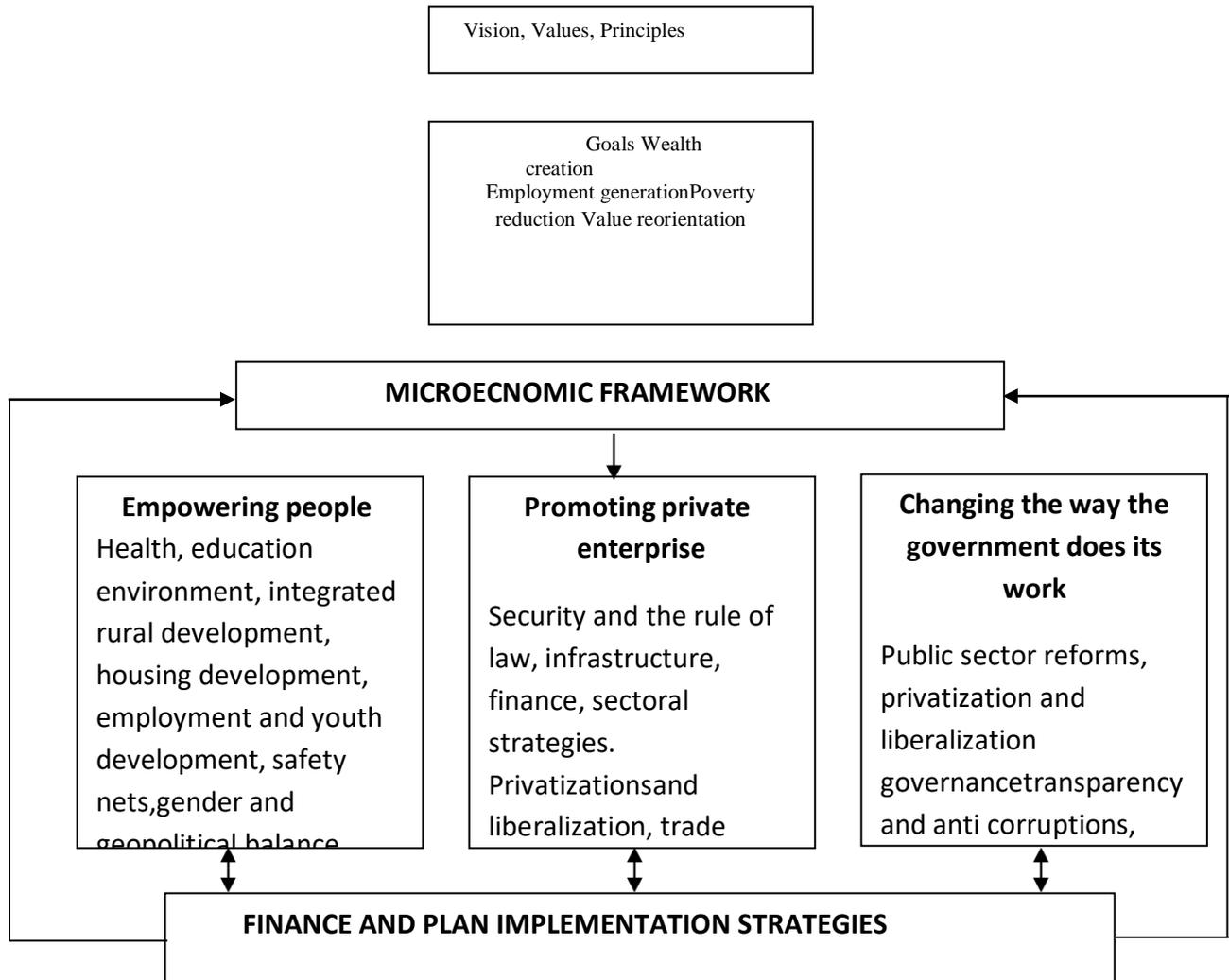
- A value system for public service that results in efficient and effective service delivery to the citizen.
- Discipline at all levels of leadership.

It is essentially imperative to explicate the ideology that is behind the reforms articulated in the NEEDS document. The primary question should be does ideology matter? Yes, I think it does since determining the ideology behind the economic actors driving the reform and the interest they promote. It enables us also to develop effective political and communicational strategies to protect and promote the interests of underrepresented interest groups³. In articulating the four key strategies of NEEDS as a reform policy, the document defines NEEDS under the rubric of —growing the private sector as a development strategy anchored on the private sector as the engine of growth for wealth creation, employment generation and poverty reduction. The government is the enabler, the facilitator, and the regulator. The private sector is the executor, the director, investor and manager of business. Under the rubric of —implementing a social charter the document describes NEEDS as focusing on people. It is about their welfare, their health, education, employment, poverty reduction, empowerment, security and participation (NEEDS Document, 2005). The genius of NEEDS and ironically its failure is the confusion of ideological biases. By combining a policy thrust on private sector with a focus on people, their welfare and empowerment and the strengthening and reform of the public sector, NEEDS seems to provide for everyone and nothing significant for some.

An assessment of the policy thrust of NEEDS as a policy document will conclude that it balances a concern for market-oriented private sector led economic development with a people oriented social charter. But, a critical reading of the

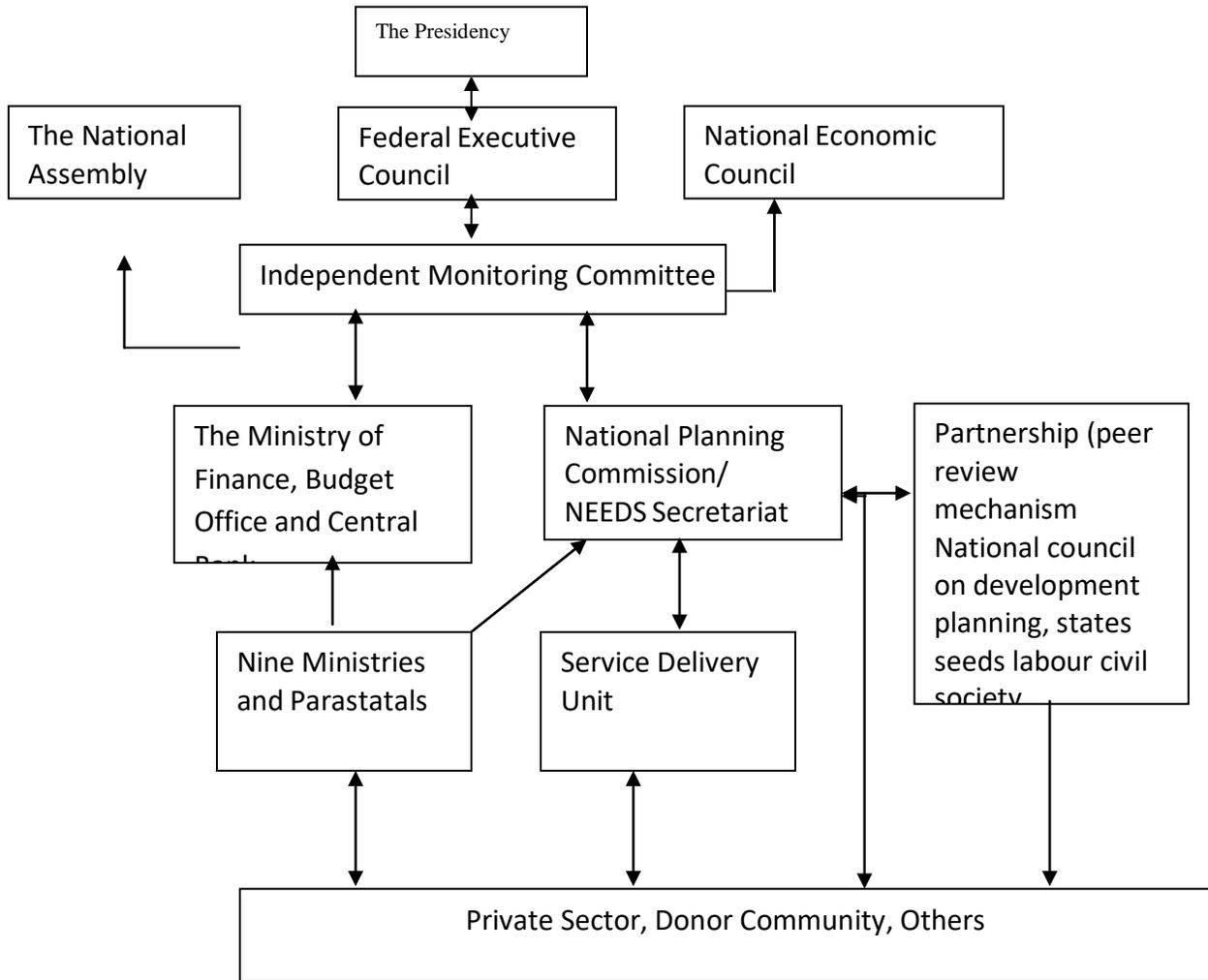
entire document shows that it still keep faith with the broad framework of neo-liberal market-oriented reform which the world Bank and the International Monetary fund strongly endorse. The ideology that comes out from a critical reading of the document is neoliberalism, which can be described as —based on an unwavering belief in free markets⁴. The promotion of competitive market, capitalism, private ownership, free trade, export led growth, strict controls on balance of payments and deficits, and drastic reduction in government social spending. The NEEDS Document was aimed at correcting some of the micro and macroeconomic contradictions that had bedeviled the country. However, contrary to the precepts outlined in the NEEDS document, the NEEDS package worsened the poverty situation in the country, increased unemployment rate, and worsened the economic disequilibria it had hitherto, aimed at resolving. The NEEDS Document was structured into the following components:

NEEDS AT A GLANCE



Source: Extract from NEEDS Document 2021

TABLE 2: INSTITUTIONAL FRAMEWORK FOR THE IMPLEMENTATION OF NEEDS



Source: Extract from NEEDS Documents 2021

Private Sector-Driven Economy

National Economic Empowerment and Development Strategy (NEEDS) anchors the development of the economy on the private sector. It reduces government to the role of a regulator and an enabler. There is nothing unusual about giving the private sector the prominent role in economic development. Since the collapse of third world economies by reason of crisis in the world of oil prices, the failure of import substitution programme and the rise of balance of trade deficits, there is a strong global disfavour for government dominant role in economic activities⁴. This

roll-back the state tendency has taken the form of privatization and deregulation. There is now a growing argument on the merit of rolling back the state. Issues are joined on the interpretation of the history of economic development and the role of the state especially in some of the western capitalist states. The importance of the state both in capitalist accumulation and equitable distribution to create an articulated economy is been emphasized⁵. The state is needed for capital accumulation, savings and public expenditures that is needed to grow the economy. The state is also needed to maintain the right mix of industrial sector. As Robert Wade (2004) of London school of economics put it with regard to Taiwan economic miracle, —the developmental state has to be judged not only in its role of influencing the allocation of resources between different sectors and different function (infrastructure, small enterprise), but also in its role of mobilizing resources within the public⁶. Surely, the developmental state is necessary but even as the Nigerian government has followed the tract of withdrawing from mainstream activities, yet, it cold still firm ups its regulatory role. There are many ways to create a market and there are many forms which privatization and liberalization of the economy can take. Evidence even when the state intends a greater role for the private sector the state must be able and willing to make enormous public investment in social services apart from investment in infrastructure if real and sustained economic growth is to be possible⁷.

Quoting intensively the views of renowned development economists, Paul streeten (in Amadi 2004), on the political economy of fighting poverty; Financing a service must be distinguished from its provision and its production. Social services may be wholly privately, or wholly publicly, produced, provided and financed. But these services may also be financed by the state and provided privately or they may be provided by the state, but through user charge privately financed. The real problem

with NEEDS is that there is no clear framework for the provision of these essential public goods⁸. Again, the policy of private sector driven economy negates the provision of these goods and services for the poor. Nothing in the framework gives hope that government is fully aware of its duty towards vulnerable groups- the poor, aged, disabled etc in terms of protecting and expanding their access to basic social and infrastructural services. The case of telecommunication illustrates this fact. Although the telephone density has drastically improved, quality and cost of phone calls remain big problems. Nigeria has the highest number of drop-calls and pays the highest tariff for cell-phone calls⁹. The National Communication Commission (NCC) has proved incapable of monitoring the running cost of cell-phone companies as to determine fair changes. MTN the leading phone company in Nigeria made over N26 billion in six months. Revenue from Nigeria constitutes about two-third of its enormous revenue in Africa. So far, the regulatory practice has not protected customer interest and has not ensured equity and quality service.

There is no doubt that the economy needs bureaucracy in order to lead to meaningful growth. Any meaningful economic reform policy must reform government involvement in economic activities in order to deal with corruption, but, a private sector-driven economy is not necessarily the answer. Evidence across the globe shows that public companies can be more efficient and competitive than private companies. The French electricity company pushed prices down below these in America because of its innovation. The less postal service shows how a public company can effectively compete with private companies in quality services. As much as government should move out of those areas where the private sector can do better and focus on creating enabling environment for articulated and integrated economic development, this shift should not amount to handing the private sector the captain's bond to manage the economy. The balance of evidence

and analysis of the economic miracle in East Asian countries prove definitely that the state must always wear the captain's band. Whether we opt for hard or soft state, the Nigerian state must retain the capacity to choose —winners‖ and allocate resources preferentially according to an overall plan of development that answers to national priority¹⁰. And in our situation such a priority is drastic reduction of general poverty and class, gender, and region-specific poverty.

It is ironic that NEEDS in articulating its mission latched on the directive principles of state policy in the constitution, but these exhortatory statements rather require a developmental state. The constitution among others require the control of the national economy in such a manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity¹¹.

The Leadership Envisioned By Needs

NEEDS envisages a new vision of development for Nigeria. It is sourced from the Kuru Declaration 2001, To build a truly, great African democratic country, politically united, integrated and stable, economically prosperous, socially organized, with equal opportunity for all, and responsibility from all, to become the catalyst of African renaissance and making adequate, all embracing contributions, sub-regionally, regionally and globally¹². This new vision requires, the government to model enterprise, competition and efficiency at all level, equity and care for the weak and vulnerable, entrench a value system for the public service and fight corruption. Although the document (National Economic Empowerment and Development strategy) comes short of linking economic development to political leadership, it seems to strongly suggest it by relating the vision to the Kuru declaration. There is no doubt about the correlation between leadership and

economic performance. But this relationship is not axiomatic. Leadership interacts with other variables to make for economic development. But if we conceive leadership in the broad category that includes the creation and sustenance of institutions, then the role of good leadership in economic performance becomes critical.

As Gyimah-Boadi and Van de Walle (1996) argue in their study of leadership in Africa; All the factors identified as keys to the success of economic reform in the recent literature are, in fact, dependent on effective political leadership. These include the government's level of understanding of economic issues, its commitment to reform, the insulation of key technocrats, and its ability to build coalitions on behalf of reform. Whether we subscribe to the interest group theory of policy reform or the great man theory, the importance of the ability of leaders to mobilize public support to the reform project is critically important. This ability may take a democratic or authoritarian model. But the key ingredients remain competence, integrity and dedicated leadership. The major problem with political leadership in Nigeria is the death of credibility and legitimacy among political leaders. President Obasanjo came to power in a context where the Nigerian people were enthusiastic of new beginnings after being worsted by Abacha dictatorship. But, his credibility was diminished by latter events like half hearted commitment to fight corruption. The high point of his diminished leadership was the electoral bill fraud and the massively rigged 2003 election. The sort of reform contemplated by NEEDS require a transparent and charismatic leadership that can mobilize Nigerians towards, efficiency and minimize antagonism to the paradigm. Another major blemish on the Obasanjo presidency is the failure to communicate passionately and engage different sectors of the society. Under Obasanjo, labour and other civil society groups have mobilized for strike actions against reform

policies. It is true that reforms are usually contentious because of conflicting interest of winners and losers. But such contention can be managed by a style of leadership that effectively neutralizes opposition. Obasanjo's autocratic disposition is ineffective because it is not sufficiently underlined by a transparent patriotism and commitment to the Nigerian dream a commitment that is contagious.

The president has coupled a credible and well educated reform team, although a team that is sold to the neo-classical approach to economic change as highlighted by John Williamson (1994): that reform should be led by a coherent economic team. The question now is whether the president satisfies the criterion of a visionary leader. Williams defines a —visionary leader as an executive with a strong commitment, a vision of where he wants to take his country and is prepared to take risk. But more important in my view is the integrity which the leader models. Part of the hindrance to mobilizing human resources for development is cynicism. There is a widespread loss of faith on political leadership. Because of the grip corruption holds on the nation's psyche, the leader who can effectively mobilize for economic transformation must be one who consistently and transparently eschews the personal rent-seeking that is now ubiquitous. He has to recognize that the example set by a corrupt chief executive permeates all branches and layers of government, from top-to bottom in the executive, legislature and judiciary, and undermines growth by engendering capricious interference with private activity¹³. The president went to power on a strong sentiment of patriotism and commitment to anti-corruption. But has own down on his credibility banks with certain opportunistic behaviours, especially the electoral bill fraud that presented him as a leader who was prepared to sacrifice national interest for personal political advantage. Many Nigerians no longer believe that the president meant well. If he had meant to engender a new value orientation and entrench efficiency and accountability across sectors of national life, then he needs to have began to consistently and transparently model credibility¹⁴.

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CHAPTER FOUR: NEEDS AND POVERTY REDUCTION IN NIGERIA

Needs Poverty Alleviation and Social Welfare

NEEDS declares affirmatively that —the resulting challenge of development is not only the need to reform the economy for enhanced economic growth, but also how to empower the citizenry as a means of revitalizing the weakened social pillar. This calls for the human rights approach to development planning which places human beings at the center of development effort. There are two ways to consider poverty alleviation and social welfare within the program. First, we have to assess the content of the program to know how much poverty alleviation is a central part of the reform. Second, we can also examine what alternative plans we set up in order to deal with the, adversities following privatization. The document articulates the NEEDS program as focused on meeting the challenges of the UN millennium Development Goals, which prescribes that poverty be reduced to halve by the year 2015. The government itself has acknowledged that about 70 percent of Nigerians live below poverty level, that is, spends less than one dollar a day. The document contains revealing data on poverty and deprivation in Nigeria.

Samples: 50% of Nigerians have no access to good drinking water; only about 15% of children in Nigeria are immunized; only about 10% Nigerians has access to essential drugs¹. Dealing with poverty in such a society requires a well articulated and ambitious program that increases both the income of ordinary Nigerians and their access to social goods. The document does not contain any such plans. Instead, it impliedly stipulates for the dwindling of the incomes of poor households and consumption will further drag economic growth. The document states as a matter of fact that NEEDS is about the people: it is about their welfare, their health, education, employment, poverty-reduction, empowerment,

employment, poverty-reduction, empowerment, security and participation. This is the over arching ultimate goals of NEEDS. What are we to make of this statement in view of the absence of poverty reduction programs or approaches in the proposal. We can give the architect of the program the benefit of the doubt that they truly consider, poverty as a real threat to economic growth and its drastic reduction a big boost to development. But why fail to provide a programmatic process of reducing poverty? It seems that the architects had in mind the notion of poverty reduction that depends on the overall growth of the economy.

The logic therefore, is that once we grow the economy in a sustainable manner, poverty will be reduced and human welfare enhanced. This is the pro-growth theory. And the logic is that the private sector will drive the growth process and also the trickling down of social welfare. On the issue of housing (many Nigerians are no house-owners and are not secured tenants), —under NEEDS, reforms are ongoing to promote the emergency of a vibrant mortgage and housing development system that is led by private sector. The dependence on the private sector to provide the housing needs of Nigerians is not realistic in view of the failure of market in this respect. Housing for the poor is not what the private sector will have enough profit incentive to invest. Therefore, there will be an incomplete market for housing. It is in recognition that private market will not provide sufficient housing for the poor, that the government of the United States established the federal mortgage Association, known as the Framy Mac, to provide funds for home mortgage³.

Experience with federal Housing Authority in Nigeria shows that controlling for corruption and abuse of power, government investment in housing remains the realistic way for the working poor to meet their housing needs. This investment does not need to take the form of direct government provisioning. Government

may simply offer financial assistance. So that workers can obtain housing at the private markets or subsidize the private market for the poor workers. The problem with NEEDS private sector led development is not necessarily the preference for the private and public goods as much as the removal of governments direct investment either in producing or purchasing these goods. In the face of market failures, incomplete markets and externalities, government engagement with the economy may take many different forms: government may produce directly, government may purchase products for the people, or government may pay its citizens to purchase in the deregulated market. Even government in advanced capitalist states spend much, not only on infrastructure, but on pay-outs to citizens in order to enable them thrive in the private market. In the US for example, government intervene in private production through policy instruments like subsidies and taxes, transfer payments like cash and in-kind benefits, tax returns, social insurance, food stamp, and Medicaid⁴. The NEEDS Document fails to address government direct investment in social good provisioning either through public or private market. Looking beyond the document to government practices, the impression is sustained that government does not intend to focus on poverty alleviation even as it divests from the commanding heights of the economy. Since coming to power in 1999, The Obasanjo government has increased the prices of petroleum more than three times. These increases have been justified on the ground that the liberalization of the downstream oil sector (a prime policy thrust of NEEDS) leads to price volatility. The government has failed to perceive the domino effect of such price swing on the disposal income of most Nigerians and how it leads to dwindling welfare. As part of its social charter, NEEDS promises to focus on eradication of poverty, universal basic primary education, and also increase funding for research in tertiary education. In furtherance of this policy thrust the government has proposed a universal basic education Bill to criminalize

parental failure or refusal to send their wards to school. So far government investment in education over the years has remained insignificant.

The details of the policy thrust of NEEDS as regards poverty reduction and social welfare is not as important as the framework in which the reform intends to grow the economy, as well as fight poverty. The analysis suggests that the premise of focusing on the private sector and the private market may be insufficient in the context of absolute material poverty in Nigeria. This is not about whether government should remain in direct production, but, it is about the degree of engagement of the government with questions of deprivation and disempowerment⁵. NEEDS claims to focus on human rights approach to development, but fails to articulate a framework that can make that happen. At the least minimum, a human rights approach to development, would require an overt policy engagement with equity in production and distribution, and must emphasize far reaching land reform progressive tax systems, new credits systems to the banks on the poor, a major expansion of basic social services to reach all the people in economic and political spheres and the equalization of their access to opportunities, and the establishment of temporary social nets for these who may be by-passed by the markets or public policy actions⁶. The focus on human welfare, equitable distribution and investment in provision of social goods is so minimal or not at all to qualify for a human rights based developments. The reform may spur growth but does not look promising with regards to poverty reduction and economic and social empowerment of the poor.

Needs and Human Development Index

According to Okolie in 2006 the most realistic measure of sustainable development is the Human Development Index (HDI). Following this method, the United Nations Development Programme (UNDP) believes that it is not economic growth, but rather people and their capabilities that should be the ultimate criteria for assessing the development of a country. Based on this, it will be clearer that NEEDS has not made a significant impact on Nigeria's infrastructures and standard of living of the majority and therefore status of poverty remains at an alarming rate.

In spite of the reform structures and institutions established by the government to ensure economic efficiency, transparency and proper management, there is enough evidence that the reform did not achieve those noble objectives. The corruption is on the increase and could not allow any meaningful impact on the economy. Evidence showed that US \$16 Billion was stolen between 2004 and 2007 on electricity. In a similar fashion from 1999 to 2010 the Economic and Financial Crime Commission (EFCC) puts the economic and financial crimes at an approximate sum of N1.2trillion. In the Corruption Perception Index (CPI) 2009 report by Transparency International (TI) a global anti-corruption watchdog, Nigeria received 2.5 out of a possible 10 marks, emerged 27th, out of the surveyed 47 nations in sub-saharan Africa, and 33rd out of the 53 countries in Africa. From 2001 to 2005 Nigeria ranked second to last in CPI ranking with 1.0.

Poverty Profile and the Failure of Needs

Using economic data and statistics, NEEDS reform program was not free of criticisms from different stakeholders of the Nigeria's economy. Available evidences have indicated some shortcomings and failure of NEEDS. Instead of

ameliorating poverty, NEEDS had aggravated it and had failed to improve the basic infrastructures that have direct link to poverty reduction. Nigeria remains a poor country with an annual per capital income of \$300. 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 percent per annum since 2000 (AFRODAD, 2006). Nigeria is among the 20 countries in the world with the widest gap between the rich and the poor. The total income earned by the poorest 20 percent is 4.4 percent while the total income earned by the richest 20 percent of the population is 55.7 percent.

In terms of Human Development Index (HDI) Nigeria is ranked 158th of the 159 countries surveyed in 2009 (CIA World Fact Book, 2010). Using selected World development indicators, the life expectancy at birth in 2010 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 the figure of 3.7 percent between the same periods in Brazil, another emerging economy. Worse still, the mortality rate for children under five is given as 191 per 1000 births in 2009, and this is unacceptably high compared to the figure of 69 per 1000 births in South Africa, 108 per 1000 births in Togo and 120 per 1000 births in Ghana (World Bank, 2010).

The United Nations Development Programme (UNDP) using its Human Poverty Index (HPI) showed an increase in poverty from 34.0 percent to 38.8 percent during the period 2007-2010. The HPI ranges from 0 (for no deprivation) to 100 (for extreme deprivation). Recently, Nigeria ranks 114th with HPI-1 measures severe deprivation in health, education and standard of living. Similarly, in a research about how far the globe was doing on poverty and hunger reduction that included 81 countries of the world, it was found that Nigeria was seriously behind

when measured against a new poverty indicators they called Poverty-Hunger Index. Specifically, they found that Nigeria had 0.156 values on matching towards achieving the Millennium Development Goals (MDGs) which interprets to mean low. More important revelation about the poverty situation in Nigeria in their research was the negative values of -0.392 and -0.355 on poverty and poverty gap composites respectively. The negative values on the two composites of the poverty and hunger index (PHI) were indicators of reversing trends in the Nigeria's performance towards reducing poverty and poverty gap that formed part of PHI. In the 81 countries included in the robust poverty study, Nigeria was ranked 73rd in terms of poverty and hunger index. The reform measures have left much to be desired on the Nigeria's local manufacturing sector. Harsh business environment has restrained the performance of local manufacturers in Nigeria. The sector confronts with myriad of constraints including acute power shortage, multiple taxations, insecurity of life and property, high interest rate, poor infrastructure, inefficient port administration, among others leading to more than 45 percent decline of industrial capacity underutilization and closure of more than 60 percent of industrial companies⁴. The privatization process of Nigeria's reform regime was marked by lack of transparency and institutional capacity, weak private sector, poor management and absence of popularly acceptable regulatory framework. The sales of public assets were mostly without competitive bidding and were largely sold off to the political class, politically well-connected individuals and family members of political elites⁷. Relative to lack of transparency and institutional capacity, Nigeria's Senate investigations had revealed the corrupt involvement of the top two political power holders of Nigerian State in the privatization process. The sum of \$145m was found to be diverted as loans to the friends of former Nigerian Vice President from the Petroleum Technology Development Fund (PTDF). Similarly, the investigations have indicted the former Nigerian President

of diverting funds from same PTDF for purchase of public assets to the tune of \$27m.

Specifically, privatization process in Nigeria was manipulated to generate new opportunities for rent-seeking and corrupt business practices, in a manner that undermines rather than enhances economic efficiency (Daily independent editorial, 16/08/2010). In spite of the reform structures and institutions established by the government to ensure economic efficiency, transparency and proper management, there is enough evidence that the forms did not achieve those noble objectives⁶. Critics and analysts have claimed the corruption is on the increase and could not allow any meaningful reform such as NEEDS to make impact on the economy.

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CHAPTER FIVE

SUMMARY AND CONCLUSION

Summary

In this research, a historical analysis of national economic empowerment and development strategy (needs) and her contribution to poverty alleviation in Nigeria was examined. Without doubt, we can see that attempts were made by each program to identify its target group. These attempts notwithstanding, there is overlap of target and intervention strategies, lack of continuity of programs and some programs were abandoned before reaching their maturity. Moreover, considering the current poverty incidence in the country, one can conclude that poverty alleviation programs in Nigeria have not achieved much. This is perhaps due to the problems identified above which are hindering the effective implementation of the programs.

Conclusion

An analysis of National Economic Empowerment and Development Strategy (NEEDS) with its key target of poverty reduction in Nigeria, shows a disjunction between policy pronouncement and achievement. So far the reforms have not radically steered the economy towards economic growth. All the interventions of the government in the economy-privatization, deregulation of the downstream sector of the oil industry have only benefited the developed economies and rent-seeking elites within and outside the corridors of power. The proposition raised in the curse of the work was that NEEDS, seem not to be adequate enough as a poverty reduction programme for Nigeria as it worsen poverty incidence instead of ameliorating them. This confirmed the fact that poverty appeared to be increasing after the implementation of NEEDS because it is another World Bank programme

in Nigeria. First, it was argued that NEEDS articulate neo-liberal ideology which is based on free markets price ownership, free trade, export led growth, drastic reduction in government social spending among others. This form of ideology, it was contested do not augur well in Nigeria since it left wealth on few hands while the masses continued to reel under the heavy yoke of abject poverty. Another reason is that the architects of the programme are in one way or the other affiliated with the World Bank.

It was contested that private sector driven economy might not be in the best interest of the economy. We maintained that Nigerian state must retain the capacity to allocate resources preferentially according to an overall plan of development that answers to national priority. Also argued was the lack of political will on the part of government to carry out the goals which NEEDS target since the government focuses on lopsided implementation of annual budgets. In conclusion, NEEDS can be likened to a new wine in an old wineskin or the proverbial resurrection of the phoenix from its ashes.

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