THE DETERMINANTS AND MEASUREMENTS OF POVERTY IN NIGERIAN ECONOMY

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BEIGN A FINAL YEAR PROJECT SUBMITTED TO DEPARTMENT OF ECONOMICS, FACULTY OF MANAGEMENT AND SOCIAL SCIENCES, FEDERAL UNIVERSITY GUSAU, ZAMFARA STATE, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELORS OF SCIENCE (B.Sc.) ECONOMICS.

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APPROVAL PAGE

This is to certify that the research work was undertaken by OYELAKIN HAMZAT MUBARAK and thoroughly supervised and approved as having fulfilled the partial requirement by the Department of Economics, Faculty of Management and Social Sciences, Federal University Gusau, Zamfara State, for the award of B.Sc. Economics.

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DEDICATION

This research work is solely dedicated to God Almighty, my beloved and caring parents; Mr. and Mrs. Maaruf Hamzat whose sacrifice and benevolence had made my education a success and possible.

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ABSTRACT

This study takes a critical evaluation at the measurement and determinants of poverty in the Nigerian economy. Poverty concerns individual's inability to cater adequately for the basic needs of food, clothing and shelter. It reflects inability to meet social and economic obligations; lack of gainful employment, skills, assets and self-esteem. It is anchored on limited access to social and economic infrastructures such as education, health, potable water and sanitation, thus limiting the chance of advance welfare to utmost level of capability. Despite sustained rates of economic growth in Nigeria, statistics on incomes and social indicators show poverty to be widespread, severe and almost increasing. Although government poverty alleviation programmes feature in many communities, but their effectiveness in addressing poverty is constrained by patterns of political patronage. This has led to inequality in the distribution of facilities and services, leaving the inaccessible or socially and politically marginal communities unserved. While the alleviation of poverty still remains a major objective of development policy in Nigeria, the debate continues as to most effective way to achieve this objective.

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CHAPTER ONE

1.1 INTRODUCTION

Poverty is one of the intractable problems facing mankind today. In 1995, an estimated 1.3 billion people out of the estimated 5.8 billion people in the world were living in the shackles of extreme poverty, living on less than one dollar a day (Human Development Report, 1998)

Poverty is a plague-affecting people all over the world and it is a condition that denies individuals the right to exercise their full potentials. There is no universally accepted definition of poverty, but poverty can be defined as having insufficient income to meet the basic human needs of life. If the real national income of a country is small that country will be poor, and a higher standard of living for its people can be achieved only by an increase in the total volume of production. Poverty has often been defined as a situation of low income or low consumption.

Essentially, it is not difficult to recognize the poor. The poor are those who are unable to obtain adequate income, find a stable job, own properties or maintain healthy living condition. They also lack an adequate level of education, cannot satisfy their basic health needs and their minimum basic needs of food, clothing and shelter. Poverty amidst plenty is a striking feature of the Nigerian scene. Nigeria is the richest in the continent yet millions of her people are poor. According to the Human Development Report (1998), Nigeria is one of the 25th poorest countries in the world and more than one third of her populace is not expected to survive beyond the age of 40. This is not the Nigerian dream. It is the Nigerian paradox. Poverty is a more serious problem in our society than in societies with much less income and wealth. Poverty amidst poverty is easier to understand and even condone but in a land of abundance, it is difficult to comprehend why some people are inadequately fed, clothed and sheltered. Poverty is a reality that needs to be studied, understood, appreciated and then eradicated.

However, attempt made to alleviate poverty in Nigeria has been fruitless. A true welfare package which should be aimed at sustaining and augmenting the living standard of the poor has not been formally implemented in Nigeria. The most recent poverty programme is the Poverty Alleviation Programme (PAP) introduced in 1999 by the Obasanjo administration which has only helped in elevating poverty in the country.

The proportion of poverty is often determined by the poverty line, usually based on the level of income or consumption expenditure by households, although poverty is felt and observed especially by the poor themselves. Poverty can be identified in two ways: Absolute and Relative Poverty. If the physical human subsistence that is nutrition, clothing and housing is not guaranteed, it can be referred to as Absolute Poverty and Relative poverty refers to a person or household whose provision with goods is lower than that of other persons or households.

Absolute and Relative poverty can also be seen from two perspective microeconomics and macroeconomics. In micro economics terms, poverty refers to a situation in which individual persons or households are not able to satisfy their basic needs. From a macroeconomics perspective, poverty exists when the average inhabitants of a country live below the minimum subsistence level. Thus, while the macroeconomics concept specifies the country, micro economics perspective is concerned with households or individuals.

Governments concern for the fate of the poor in developing countries has heightened in recent years but the economies of these countries were constrained with a rather hostile external and internal economic and environmental hardship. Some of these entanglement encountered are a recurring external debt-servicing burdens, disequilibrium in terms of trade, high and widespread unemployment, high rate of inflation, capital flight, low capacity utilization and high population growth. To that extent, sharp criticisms emanated from the various corners of the country about the inability of the government to design and implement strategies for meeting the basic human needs of the society so as to ensure a just and egalitarian society. Apparently, the plights of the poor and the need to rearticulate development programmes have dominated discussions of contemporary schemes. However, Nigeria is yet to formulate a rehabilitative welfare package directed towards alleviating poverty problems despite the attention and seriousness it deserves. A large proportion of Nigerians in the rural area still lack access to the basic social services. This is unconnected with the nature of the strategies, which are broad based and not targeted at any particular group. Various development plans designed to cushion the social welfare of the people has not been implemented to the latter. Better still, the expenditure structures of the government really give credence and confirm her unflinching commitment to the people's welfare. Yet, mass poverty has remained the most prevalent socio-economic problem in Nigeria society.

Finally, the indicators of poverty in Nigeria will remain alarming. Poverty alleviation in Nigeria requires among other strategies, the access of the poor to productive assets, the raising of their returns on the assets, increasing their access to education and health services, improving their employment opportunities and supplementing their resources with income or resource transfer.

1.2 STATEMENT OF RESEARCH PROBLEM

Poverty in Nigeria has continued to growth worse and wide spread. Despite the institutionalization of several poverty alleviation programmes, which are not universal, many have performed below expectation due to insincerity of purpose on the part of the government, bureaucracy and inability to distinguish between economic development planning and social development planning.

Firstly, the degree of inequality in the Nigerian economy and its effects on the overall performance of the economy need to be highlighted. This shows fully the extent of poverty and reflects how easily the rich are getting richer while the poor are getting poorer thus widening the inequality gap.

Secondly, the effectiveness of government programmes towards poverty alleviation needs to be examined. This helps reflects how concerned the government is in the area of eradicating poverty and how fully the policies adopted are implemented to ensure a measurable size of poverty eradication in the overall economy through employment of efficient work force and encouraging them through a good wage system.

Thirdly, the problem of the determination of the magnitude of poverty in the Nigerian economy and how it is been affected by total savings, private consumption expenditures and inflation rate. This problem exposes the ugly situation of the Nigerian economy in terms of poverty and its overall effects on local consumption of Nigerians, their savings due to reduced income in form of wages and investing power of Nigerians since the little earned goes to consumption.

Therefore, the relevant problem which the study seeks to find solution to is the degree of inequality in the Nigerian economy, ineffective government programmes towards poverty alleviation and determination of the magnitude of poverty in the Nigerian economy.

1.3 THE AIMS AND OBJECTIVES OF THE STUDY

The general objective of this research is to highlight how economic analysis can contribute to our understanding of the nature and causes of poverty among various socio-economic groups in Nigeria. Specific objectives of the research include the following. To:

i. Highlight the degree of inequality in the Nigeria society and its implication on the overall economy.

ii. Examine the relative effectiveness of government programmes towards poverty alleviation.

iii. Determine how total savings, private consumption expenditures and inflation rate affect the magnitude of poverty in the Nigerian economy.

1.4 STATEMENT OF RESEARCH HYPOTHESIS

The following hypotheses were determined for testing:

i. H_O: That the degree of inequality in the Nigerian economy does not have an implication on the overall performance of the economy.

H_A: That the degree of inequality in the Nigerian economy will have an implication on the overall performance of the economy.

ii. H_O: That the government programmes are not effective in the alleviation of poverty in the Nigerian society.

H_A: That the government programmes are effective in the alleviation of poverty in the Nigerian society.

iii. H_O: That total savings, private consumption expenditures and inflation rate will not affect the magnitude of poverty in the Nigerian economy.

H_A: That total savings, private consumption expenditures and inflation rate will affect the magnitude of poverty in the Nigerian economy.

1.5 THE SIGNIFICANCE OF THE STUDY

i. The significance of this research work is to determine the various causes of poverty so as to enable Nigerians move away from their poor status to that of a more satisfactory state,

ii. To see how the improved status of the people can be of benefits to the economic activities of the business firms,

iii. To assist the government informulating and implementing programmes that would eventually eradicate poverty in the society,

iv. To assist student or researcher in this field.

1.6 SCOPE AND LIMITATION OF THE STUDY

The study covers the period 20 years spanning between 1987– 2007. The area of major concern is the causes of poverty, its magnitude and effect on the Nigerian economy.

Just like any other study of this nature in a depressed, under-developed or developing economy, the study met some setbacks as expected of an exercise of this nature.

Notable among these setbacks was that of inadequate information or materials like books, journals and periodicals to consult for knowledge development.

Another hindrance was that of finance which restricted the coverage of the work at hand. The last constraint was that of time which was shared among several activities.

1.7 DEFINITION OF TERMS/CONCEPTS

Poverty: On the surface, defining poverty would appear to be a simple matter. However, there are many perceptions to it. Among economist, poverty has often been defined as a situation of low income or low consumption. The classic definitions are as follows:

Human Poverty: This is the lack of essential capabilities such as being literate or adequately nourished.

Income Poverty: The lack of minimum adequate income for expenditure and maintain healthy living conditions

Extreme Poverty: Indigence or destination usually specified as the inability to satisfy minimum food needs.

Overall Poverty: This is the inability of an individual to satisfy essential non-food as well as food needs

Relative Poverty: This is also called secondary poverty. It occurs as households overtime fall short of the resource to maintain their living standard. It changes across countries or overtime.

Absolute Poverty: This is also known as primary poverty. It is a situation where households cannot meet the basic physiological survival needs (food, clothing and shelter). It is defined by a fixed standard.

Poverty Line: It is that income level below which a minimum nutritionally adequate diet plus essential non-food requirements are unaffordable. It is a measure that separates the poor from the non-poor.

Human Development Index (HDI): This measures the average achievement of a country in basic human capabilities whether they live a long and healthy life, educated and knowledgeable and enjoy a decent standard of living. The three key components of HDI are standard of living, knowledge and longevity. The attractiveness of the HDI, based on these three quantifiable components, is that it is simple, complex and objective rather than subjective.

Integrated Poverty Index (IPI): IPI combines the population below the poverty line with the income gap ratio (the percentage income gap between the country and the country with maximum GNP per capita among countries under study), the distribution of income among the poor and the annual rate of growth of the GNP per capita.

Basic Need Index (BNI): BNI uses education and health data to indicate social development.

Gender Development Index (GDI): The GDI measures the magnitude of the disparity. Firstly, by expressing each of the three components of the HDI in terms of the female value as a percentage of the male value and secondly, by multiplying the overall HDI by the simple average female-male ratio to obtain the gender-disparity adjusted HDI.

Vicious Circle of Poverty: It is conceived as a vicious circle of compounding circumstances that leave the poor with few, if any, choices. Individuals constrained within this circle experience little improvement from year. The common feature of poor people whether male or female or whether found in developing or developed countries is that they are constrained within the vicious circle of poverty.

1.8 THE PLAN OF THE STUDY

This research work is divided into five (5) chapters.

Chapter one contains the background to the study, statement of research problems, aims and objectives, hypothesis testing, significance of the study, scope and limitation, literature review and definition of terms.

Chapter two undertakes the review of relevant literature on poverty.

Chapter three considers research methodology

Chapter four focuses on data analysis and interpretation of results.

Chapter five contains the summary of findings, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 CONCEPT AND NATURE OF POVERTY

A concise and universally accepted definition of poverty is elusive largely because it affects many aspects of the human conditions, including physical, moral and psychological. Different criteria have, therefore, been used to conceptualize poverty.

Most analyses follow the conventional view of poverty as a result of insufficient income for securing basic goods and services. Others view poverty, in part, as a function of education, health, life expectancy, child mortality etc. Blackwood and Lynch (1994), identify the poor, using the criteria of the levels of consumption and expenditure.

Further, Sen (1983), relates poverty to entitlements which are taken to be the various bundles of goods and services over which one has command, taking into cognizance the means by which such goods are acquired (for example, Money and Coupons etc) and the availability of the needed goods. Yet, other experts see poverty in very broad terms, such as being unable to meet "basic needs" – (physical; (food, health care, education, shelter etc. and non–physical; participation, identity, etc) requirements for a meaningful life (World Bank, 1996).

Poverty may arise from changes in average income or changes in the distribution of income. Let us for instance, assume a relationship between the poverty line (L) below which an individual is poor and the average incomes of the population (Y). The poverty index will decrease (increase) as L (Y) increases (decreases). Since higher average incomes are above the poverty line, other things being equal there will be less poverty.

Among the "other things" that are equal is the distribution of income. Compare for instance, two countries with identical mean incomes (and poverty line), but with one having a wider area of distribution of incomes (that is one with greater income inequality); poverty will generally be greater in the country with higher inequality, since there will be relatively more people with incomes lower than the poverty line (L). Thus, the distribution of income has an important influence on poverty.

Social science literature is replete with attempts by economists and social scientists to conceptualize the phenomenon of poverty. Broadly, poverty can be conceptualized in four ways; these are lack of access to basic needs; a result of lack of or impaired access to productive resources; outcome of inefficient use of common resources; and result of "exclusive mechanisms". Poverty as lack of access to basic needs is essentially economic or consumption oriented. It explains poverty in material terms and specifically employs consumption-based categories to explain the extent and depth of poverty, and establish who is and who is not poor. Thus, the poor are conceived as those individuals or households in a particular society, incapable of purchasing a specified basket of basic goods and services. Basic goods are nutrition, shelter, water and healthcare, access to productive resources including education, working skills and tools and political and civil rights to participate in decisions concerning socio-economic conditions (Streeten and Burki, 1978). The first three are the basic needs necessary for survival. Impaired access to productive resources (agricultural land, physical capital and financial assets) leads to absolute low income, unemployment, undernourishment etc. Inadequate endowment of human capital is also a major cause of poverty. Generally, impaired access to resources shifts the focus on poverty and it curtails the capability of individual to convert available productive resources to a higher quality of life (Sen, 1977) and (Adeyeye, 1987).

Poverty can also be the outcome of inefficient use of common resources. This may result from weak policy environment, inadequate infrastructure, weak access to technology, credit etc. Also, it can be due to certain groups using certain mechanisms in the system to exclude "problem groups" from participating in economic development, including the democratic process. In Sub-Sahara Africa (SSA), the agricultural sector was exploited through direct and indirect taxation throughout the colonial and post-colonial decades leading to poor growth performance of the sector, heightened rural-urban migration and employment crisis. In urban SSA, Silver (1994) suggests three paradigms of exclusion: the individual's specialization that cannot be accommodated in the factor market (specialization paradigms); the various interest groups that establish control over the input of available resources, for example, on goods and labour markets and simultaneously foster solidarity within the respective interest groups (monopoly paradigms); and the individual which has a troubled relationship with the community (solidarity paradigm).

Poverty can be structural (chronic) or transient. The former is defined as persistent or permanent socio-economic deprivations and is linked to a host of factors such as limited productive resources, lack of skills for gainful employment, endemic socio-political and cultural factors and gender. The latter, on the other hand, is defined as transitory and is linked to natural and man- made disasters. Transient poverty is more reversible but can become structural if it persists. It is generally agreed that in conceptualizing poverty, low income or low consumption is its symptom. This has been used for the construction of poverty lines.

Various theories have been advanced in order to put in proper perspective the mechanics of poverty. The orthodox Western views of poverty, reflected in the "Vicious circle" hypothesis stating that a poor person is poor because he is poor, and may remain poor, unless the person's income level increases significantly enough to pull the person in question out of the poverty trap. To the classical school of thought, such improvement can only be real and sustained, if and only if, the population growth is checked and the "limits of growth" are eliminated. Further, the early classical theorists in the attempt to illuminate on the concept of poverty based their analytical framework on the laws of diminishing returns which was believed to be universal in content although this was later upgraded at the time of Alfred Marshall and his contemporaries when the law of increasing returns in industry was more clearly articulated.

Understanding the nature of poverty perhaps received a boost following Marxian theoretical formulation largely based on the principle of exploitation of labour. Marxian theoretical formulations presents the economy as ultimately polarized into a few rich capitalists and the masses made up of the poor miserable workers. Technological progress, it was argued, would be labour saving, resulting in displacement of workers to join the reserved army of the unemployed, whose presence depresses the wage level.

Joseph Bocke developed a model of dualistic economies which was later popularized by Arthur Lewis. In accordance with this model, the national economy was divided with two parallel institutional production sectors, namely, the traditional sector and the modern sector. The latter is dominated by foreign trade, technology investment and foreign management and is characterized by the beneficial values of discipline, hard work and productive creativity. On the other hand, in the traditional sector, the static low- level equilibrium conditions advanced by the vicious circle of poverty theory are said to hold. According to this school of thought, the subsistence life style and a cultural value that are antitheses to economic growth and modernization dominate. Local ineptitude and the people's apparent lack of response to normal monetary incentives to hard work therefore provide explanation for poverty. This intuitively implies that the poor person is the cause of his/her poverty.

Understanding the nature of poverty became upgraded with the modern theoretical approach that considers the income dimension as the core of most poverty related problems. Poverty may arise from changes in average income, or changes in the distributed income. Equitably distributed income increases the chance of the poor to have access to basic services (food consumption, housing etc), indeed, it is now generally agreed that although there is close positive relationship between per capita income (PCI) and the measures of well-being, it is not so much the level of PCI which determines capabilities but how it is distributed. The argument for growth as a precondition for poverty reduction is because it increases, mean incomes and the narrowing of income distribution. Again, a major lesson that can be drawn from the conceptualization of poverty above is that any attempt to design pragmatic approach to poverty alleviation has to adopt mixture of strategies since poverty is multifaceted in scope and dimension.

Following Deng (1995), we can therefore categorize the following as poor especially in the Nigerian context

a. Those households or individuals below the poverty level and whose incomes are insufficient to provide for their basic needs.

b. Households or individuals lacking access to basic service, political contacts and other forms of support, including the urban squatters and "street" children.

c. People in isolated rural areas who lack essential infrastructures

d. Female-headed households (especially with pregnant women and mother's who are breastfeeding) and infants whose nutritional needs are not being met adequately.

e. Persons who have lost their jobs and those who are unable to find employment (such as school leavers and tertiary education graduates) as a result of economic reforms introduced under Structural Adjustment Programmes (SAPs) and those who are in danger of becoming the new poor.

f. Ethnic minorities, who are marginalized, deprived and persecuted economically, socially, culturally and politically.

2.2 THE INCIDENCE OF POVERTY IN NIGERIA

In a recent survey (1996) carried out by the Federal Office of Statistics (FOS) and published by the World Bank under the auspices of the National Planning Commission (NPC), titled **'Poverty and Welfare in Nigeria 1997'**. Nigeria's festering poverty profile was described as "widespread and severe". In a comparative analysis of welfare the Report ranked Nigeria below Kenya, Ghana and Zambia and expressed concern over the dwindling purchasing power of the people and the increasing income inequality in Nigeria which have made life unbearable for the citizenry despite improved inflation rate".

Available statistics at the national level shows that poverty level in Nigeria has been extremely high, with about two thirds of the people below the poverty line in 1996. This situation might have been worse but for the damping effect the period 1985 to 1992 had on poverty, when the rising trend of the earlier period was reversed, before the upward movement resumed again. Specifically, poverty level went up 50% between 1980 and 1985, going from 28.1% to 46% between 1985 and 1992, there was a drop of about 4 percent points to 42.7%. However, by 1996, the level jumped up to 65.6%, an increase of more than 50% of the 1992 figures. Comparatively, the level skyrocketed to 71.6% in 2000.

In absolute figures however, the population in poverty continued to rise over the 16-year period. Despite the drop in poverty level in 1992, high population growth resulted in an increase of about 5 million in the population in poverty over the period 1985-1992 the estimated number of the poor therefore rose from 18 million in 1980 to 35 million in 1985, to 39 million in 1992 and to 67 million in 1996.

The movement in the per capital household expenditure (PHE) over the period determined this pattern of poverty. After normalizing for inflation the figures revealed that PHE for 1996 was not only lower than for other years, but was less than half of 1980 (PHE). The figures (in 1996 prices) were N2400 for 1980, N1270 for 1985, N1780 for 1992 and N1050 for 1996.

Over the 16-years period, poverty on sectoral disaggregation was at a higher level in the rural than in the urban. But the gap in the levels fluctuated, indicating that the two sectors had different experiences in the period. The gap was 11 percentage points in 1980, 13 percentage points in 1985, 8 percentage point in 1992 and 11 percentage point in 1996.

Urban poverty moved from 17.2% in 1980 to 37.8% in 1985 but remained at the same level in 1992. By 1996 it had risen sharply to 58.2%. Whereas, rural poverty rose rapidly between 1980 and 1985, the figures being 28.3% in 1980 and 51.4% in 1985. There was a decrease of about 5 percentage points between 1985 and 1992 but there was a big jump from the 46% in 1992 to 69.3% in 1996 while it recorded astronomical figure of 75.4% in 2000.

Household size had the most dramatic effect on poverty levels. The larger the household size, the greater the chances of that household being in poverty. Single-person households were virtually all out of poverty in 1980, the percentage of poor being at 0.2%. On the other hand, four fifths of households containing 20 or more persons live in poverty at the same time. This pattern of increase in poverty level as household size increase was maintained in the four survey years, although there was a scalar movement in the poverty levels of all size classes over the years. Thus, by 1996, poverty level for one-person households was 12% while for households with 20 or more the figure was 92%.

Over the 16-year period 1980 to 1996, female-headed households were slightly better off, poverty wise, than their male counterparts. In 1980 the poverty levels were 26.9% and 29.2% respectively, a gap of 2 percentage points in 1992. However, the gap widened again to 8 percentage points in 1996. By 2000, the proportion heightened to 63.4%.

The analysis showed that the major factor leading to this result is the fact that the average size of female-headed households is generally smaller than that of their male counterparts. Consequently, the per capital consumption (which is the basis of poverty computation) in female-headed household is higher than that of male headed households. However, the comparison here is in respect of the gender of heads of household and not the gender of all persons in general.

Although, there was a broad pattern of lower poverty level for higher level of education of the head, however, the discrimination was not very sharp. In 1996, the poverty levels ranged from 72.6% for heads with no schooling or primary school uncompleted to 49.2% for heads with post-secondary education. But as it was for gender, so it is here. The comparison is in respect of the education level of the head of household and not that of all persons. Relatively, the figure ranged from 60.1% to 80.1% in 2000.

Poverty level rose with the age of the head of the household, reaching a peak in the age group 55-64 years and thereafter declined. In 1996, the peak was in the age group 45-54 years.

Indeed, in terms of quality of life, deterioration in income, unemployment and poor social infrastructures, the poor have become poorer between 1985 and 1997. The CBN survey on poverty assessment while complementing the earlier work by the World Bank shows that the decline in poverty observed between 1985 and 1992 has been reversed in 1997. Although, skill acquisition is a prerequisite for gainful employment, high incidence of poverty among educated Nigerians reflect problems of unemployment and low wage levels. Even among those in regular or self-employment, those living below poverty line account for about 30.0 and 25.0 percent, respectively. Another significant development is the redistribution of poverty occupational categories. In spite of the fact that poverty is more prevalent in the rural areas, the proportion of farmers in the population of those who live below poverty line has declined progressively from 86.6 percent in 1985 to 67.4, 33.3 and 22.6 percent in 1992, 1997 and 2000, respectively. But the civil service, corporate establishment and trading (or informal) sector which accounted for about 11.1 and 22.3 percent of the poor in 1985 and 1992, respectively, now harbour about 52.5 percent and 60.1 in 1997 and 2000 respectively. This reflects the impact of falling real wages and inaccessibility to social services on the living standard of the people.

Figure 1:POVERTY INCIDENCE IN NIGERIA 1980-2000

	1980	1985	1992	1996	2000
National	**28.1**	**46.3**	**42.7**	**65.6**	**71.6**
Sector					
Urban	17.2	37.8	37.5	58.2	67.1
Rural	28.3	51.4	46.0	69.3	75.4
Sex of Head					
M – Headed	29.2	47.3	45.1	66.4	72.1
F – Headed	26.9	38.6	39.9	58.5	63.4
Size of House Hold					
1 person	0.2	0.7	2.9	13.1	15.1
2-4 persons	8.8	19.3	19.5	51.5	61.3
5-9 persons	30.0	50.5	45.4	74.8	82.5
10-20 persons	51.0	71.3	66.1	88.5	90.4
20 plus	80.9	74.9	93.3	93.6	94.2
Education of Head					
No education	30.2	51.3	46.4	72.6	80.1
Primary	21.3	40.6	43.3	54.4	69.3
Secondary	7.6	27.2	30.3	52.0	70.3
Post Secondary	24.3	24.2	25.8	49.2	60.1
Age of Head					
15-24	16.2	25.3	28.7	37.4	46.5
25-34	17.8	33.4	28.5	52.7	61.2
35-44	26.7	46.	42.1	64.6	69.3
45-54	27.1	55.7	48.2	69.9	74.8
55-64	39.7	55.7	48.2	69.9	74.8

65 plus	28.8	49.1	49.5	68.0	70.5

Source: Poverty Profile of Nigeria, FOS, 2001.

Figure 2:DISTRIBUTION OF POVERTY BY OCCUPATIONAL CATEGORY OF HOUSEHOLD HEADS 1985-2000

Occupational category	Percentage of the respondents			
	1985/1	**1992/2**	**1997**	**2000**
Farming	86.6	67.4	33.3	22.6
Trading and Artisans	4.0	10.2	19.2	23.1
Public services	3.7	10.7	29.0	30.2
Corporate Units	3.4	5.4	4.3	4.6
Student/Apprentice	0.1	3.9	6.4	8.1
Others	2.2	2.4	7.8	11.4
Total	**100.0**	**100.0**	**100.0**	**100.0**

Sources: 1/ Nigeria: Poverty in the Midst of Plenty; A World Bank Poverty Assessment Report.

2/ CBN survey on Poverty Assessment in Nigeria, 2001

2.3 THE EFFECTS OF POVERTY

The effects of poverty on Nigerians are multidimensional. That is to say, it has negative influences amongst others on the socio-cultural, economic, political, moral, health, security and educational lives of the people. Using the multi-dimensional schematic framework of underdevelopment, the effects of desolate poverty manifest in: low per capital income, low consumption level, poor health services, high death rate, high birth rate, vulnerability to dependence on foreign economy, limited freedom to choose between variables that satisfy human wants, poor educational and other social services with its attendant consequences of lack of shelter, homelessness, hunger both f the body and mind, malnutrition (which could lead to kwashiorkor), target for diseases and sickness, short life expectancy, mental retardation, social outcast and political alienation, to mention but a few.

This situation, which is a self-reinforcing phenomenon, tends to perpetuate undesirable consequences, which lead to abject poverty and underdevelopment of the nation.

2.4 A REVIEW OF POVERTY ALLEVIATION MEASURES ADOPTED IN NIGERIA

Nigeria gains her independent on October 1, 1960 from the British government. With political independence, various successive governments had taken different strategies aimed at alleviating poverty and thereby making Nigerians to be self-reliant economically.

The following strategies amongst others have been undertaken by successive Nigerian governments; (i) at independence, government first attempt was the farm settlement centre. This attempt was to develop the food-sub sector for both the cash crop and the food crop. Few years later, the programme was short lived as it was described a failure by the Gowon Administration that came in 1967 (ii) the General Gowon Administration later introduced the Agricultural development Project (ADP) in 1973. The ADP was then jointly financed by the World Bank and the Federal and State Governments. The programme was then aimed at promoting Integrated Rural development, (iii) the Olusegun Obasanjo Administration in 1976 introduced the defunct Operation Feed the Nation (OFN).

The major aim of the OFN programme was to raise the awareness of Nigerians towards self-sufficiency in food production. With all the money pumped into OFN, the programme did not produce the expected appreciable positive result at increasing food production. Others include: again, the Obasanjo government promulgated a decree to ensure that land-tenure system was abolished, that all land belongs to the government. The policy was aimed at ensuring that people were not hindered in their attempt to farm. It was believed that with more food production, there would be better standard of living for the citizenry. During the second republic (1979-1983), former president Shehu Shagari introduced the "Green Revolution". Though Nigerian forest had been green before the green revolution, the programme again could not go far as there was no zeal and commitment by the operators of the programme.

In the second republic, the government introduced "Austerity Measures". It was a policy aimed at ensuring that people spend wisely. The austerity measure came in as a result of the extravagance spending of the civilian government of the second republic both at state and at the federal levels. The Babangida regime in 1986 introduced "the Structural Adjustment Programme (SAP). It was a programme, which was aimed at making Nigerian reliance industrially. Though SAP in principle was a good programme, but the then government of the country was not committed to its faithful implementation. Another major step aimed at alleviating poverty in Nigeria is the National Directorate of Employment (NDE) by the Babangida Administration. The NDE's sole aim then was to reduce unemployment with greater emphasis on self-reliance and entrepreneurship. The programme was very laudable but it was not faithfully implemented.

The Directorate of Foods, Roads and Rural Infrastructure (DFRRI) was another laudable programme by the Babangida government (1985 – 1993) which was aimed at alleviating poverty. The main aim of DFRRI was to open-up rural areas, construct federal roads and bridges, water supply etc. Again, the officials in charge of DFRRI became corrupt and the programme lost focus. The Peoples Bank was neither laudable programme of the Administration, which was aimed at giving small loans to small and medium scale enterprises. As laudable as the programme was, it suffered same fate of the "Nigerian Factor" of corruption.

The Better Life for Rural Women was initiated by the wife of former president Babangida. The programme was aimed at raising the standard of living of rural women. Though the programme was good, it was hijacked by urban elite women. Nigerian then believed that the faces they were seeing on Better Life Programme were not that of rural women but that of urban elite and affluent women. It must be noted that government created the Family Economic Advancement Programme (FEPA) in 1997, which was meant to be giving lions to Nigerians. Again, officials in charge of this programme turned it to a family project with Nepotism, being the order of the day. The Obasanjo Administration set up Nigerian Economic Policy in 1999 – 2003. The programme was to enable Nigerians to be better placed towards articulating ways of using its subsequent annual budget to realize the developmental goals stated in their policy statement. The Olusegun Obasanjo since inception in 1999 put up a number of measures aimed at alleviating the suffering of Nigerian masses. Such policies include:

The adoption of measures to stimulate production and broaden the supply base of the Nigerian economy; the government has also reformed the tariff policies on a number of times with the aim of promoting industrial diversification and economic sustenance. The deregulation of the nation's economy, which was aimed at returning many government businesses to private hands in order to promote efficiency. It is believed that with efficiency, there will be better and more production of goods and services which will improve the living standard of the people. The recent debt reduction or cancellation crusade is another bold step aimed at alleviating poverty. With debt reduction, managing the funds which had hitherto been used to service debts could now be judiciously spent internally to improve the living standard of Nigerians.

2.5 REASONS FOR FAILURE OF THE POVERTY ALLEVIATION PROGRAMMES

Issues concerning poverty and employment are essentially those concerning the core of economic development. Thus to probe the failure of Poverty Alleviation Programmes is to addresses the larger question concerning Nigeria's development laggardness. Time and space will not allow this extensive probe and therefore efforts will be limited to what we consider the key direct and indirect causes of the failure of poverty crises policy interventions. The long list of the factors may include the following:

i. Flawed Economic Policy Regimes

Since the mid-sixties, the country has seen series of flawed economic policies which drove the poverty and employment programmes. For instance, the policy of import-substitution which drove the industrial system in the 60's and 70's encouraged import-dependency by not encouraging increase in local contents in terms of employment of nationals and local raw materials. With the oil price boom which started in the mid 70s, the economy became increasingly monoculture depending on petroleum oil exports for over 90 percent of its revenue. Several attempts to diversify the economic base since 1986 have remained unsuccessful because these attempts lack indigenous roots in terms of optimal deployment of local manpower and resources

At the macro-economic level, fiscal deficit had been on the increase from the 70's (rising from 2.8 percent of the GDP in 1979 to 10 percent in 1995, for instance). This generated sustained high inflation with fast depreciation in exchange rate. CBN's reaction has been frequent mop-ups of excess liquidity. This has been seen as a palliative that has failed to address the fundamental problem of medium to long term credit availability to the real sector of the economy. Macro policies have paid more attention to inflation targeting at the expense of other pressing macro issues like employment and poverty. Since the ultimate objective is price stability and economic growth, failure to factor in employment has deprived the strategy of the contributions of the supply side of the economy which would emphasize productivity. Besides, the extant macro frame ignores the meso and micro structural conditions in the economy. For a structurally impaired economy like Nigeria, as other African countries, Poverty Alleviation Programmes based on structurally neutral macro policy were bound to fail because of the weak foundation. After over two decades of reliance on employment – neutral macro-policy strategy without substantial progress, it is past time a fundamental rethink and review concerning the type of macro-economic conditions and policies that can deliver on personal crises in Nigeria, as indeed other African countries.

ii. Poor Growth Record

Economic growth is widely believed to be the necessary, even if insufficient condition for delivering poverty reduction and productive employment. This critical necessary condition (growth) has registered a laggard performance especially over the last fifteen years. After emerging from a negative growth regime in the 80s, the economy registered an average growth of 3 percent per annum just marginally above the 2.8 percent population growth rate. Technically the Nigerian economy can be said to be flat on a long recession span for a good part of the 80s and 90s. One of the robust indicators pointing to this is the low average capacity utilization rate (35 percent) in manufacturing characterizing the 90s, after a recovery averaging 20 percent in the 80s. An annual growth rate of 7 percent is the rate widely believed to have the sting that can cut African poverty by half by the year 2015. But since Nigerian poverty challenge is more than the continental average and since its economy's spare capacity is high, the growth rate needed to sting its poverty should be in the region of 10 percent.

iii. Collapse of Investment and Crisis of Financial Intermediation

A sustained investment of 25-35 percent of the GDP is generally known to have powered the "economic miracle" of the famed Asian Tigers. It therefore provides a benchmark investment rate for any country wanting to accelerate its growth rate and address the poverty crises challenge. Nigeria in the 70s had episodically recorded an investment rate of 31 percent especially during the early oil boom years. Since then, investment ratio had declined from 15 percent in the 80s to about 5 percent in the 90s. This is far from the level of investment that can trigger adequate economic growth rate for job creation and poverty reduction. The collapsing investment explains robustly why increase in poverty has been unabating. The question why investment has declined drastically can partly be answered by the prolonged failure of financial intermediation in Nigeria. This refers to the failure of financial institutions and bank to translate savings into investment or by granting credit to the investors. A sharp fall in aggregate bank credit to the economy has been well documented by the Central Bank of Nigeria. The paradox that banks declare high profits while investments in the real sector of the economy remain stunted constitutes a barrier to efforts in implementing policies and programmes for poverty reduction and employment generation in the economy.

iv. Problems of the Informal Economy

We had noted that the informal economy in Africa in general and Nigeria in particular is growing at a fast pace – given the higher rate at which people lose their jobs (from both the public and private sectors) and the apparent inability of the economy to generate alternative employment (given its laggard and jobless growth rate). The growth of the informal sector is additionally boosted by the primary labour force growth rate which is approximated at 2.6 percent. The informal sector provides haven for informal micro, small and medium enterprises with employment of one to five persons. It is a world where formal documentation and transparency are not encouraged or expected and/or taxes paid. Although attempts have been made to study the sector, it still remains a 'black-box'. It is however known to have given employment to about 90 percent of Nigerians; while holding 90 percent of cash (Naira) in circulation. The challenge is to transform informality into formality in order to unleash the potentials that this sub sector has for African economies. Most of the actors in the sector are creative entrepreneurs who have been trapped by its stifling environment.

v. Infrastructural Failure

The failure of infrastructural facilities in Nigeria is now legendary. Epileptic power cuts, bad and inaccessible roads, poor communications network, etc, are well known to have become economic deadweight undermining both individual and national productivity. The inefficiency in infrastructural services has imposed high transactions cost on the nation's economic progress as well as undermined its global competitiveness. The country has failed to attract substantial domestic and foreign investments because of its bad reputation in infrastructure.

vi. Mismanagement of the Human Capital

Nigeria is widely reported as being blessed with abundant human and material resources. This is true as an assertion of its potential, but less so as a statement of reality on the ground. The reasons for this include the facts (i) that the country has not optimally utilized the so-called abundant human resources to exploit the material resources for its developmental ends; (ii) that the country still faces a mismatch of talent shortages vis a vis surpluses in many areas; and (iii) that international brain drain has taken a heavy toll of the stock of human capital expensively created over the last four decades, leaving a huge gap in various professional areas where young people should be trained and intellectually equipped for succession. Without getting the right mix of human and material resources it would be virtually impossible to grow the economy, hence deal with the challenges of employment and poverty.

vii. Societal Indiscipline and Good Governance Deficit

Close to two decades of non-democratic governance has upturned societal values and discipline in public governance. This has also extended to corporate governance in the private sector. The collective impact of this indiscipline is seen in the failure to observe basic due processes in governance, the proliferation of rent-seeking activities, abandoned and uncompleted projects, poor service delivery, lack of accountability and transparency in public affairs etc. These unseen forces have powerfully undermined all the best intentions of the budgets, national institutions and ultimately poverty crises initiatives. They constitute the so-called "Nigerian factor" which has been quite pernicious in undermining the Poverty Alleviation Programmes initiatives.

viii. External Constraints and Failure to Adopt International best Practice

Although the various causes of poverty and unemployment can be fundamentally traced to domestic roots, the workings of external forces against well intentioned efforts need to be noted. Such include barriers in external trade, terms of trade shocks, deterioration in export prices of Nigeria's traditional exports; heavy external debt burden, tariff and non-tariff barriers to foreign trade, etc. These are linked with the country's refusal or inability to learn the development lessons (of failure or success) which are now globally available. Such learning would enable us adapt and benchmark ourselves against best practices. The successful lessons of growth with productive employment from East Asian Tigers has, for instance, not been learnt and adapted for Nigeria in particular and Africa generally.

ix. Inherent Structural Defects of Poverty Alleviation Programmes

With respect to the failings of the various Poverty Alleviation Programmes enumerated above, some common trends can be highlighted.

- **Inadequate Targeting**: Some of the programmes were not correctly targeted at the intended beneficiaries; and these stood a chance of being captured by the elites. There is anecdotal evidence that the Better Life Programme for Rural Women was captured by the elite urban women who were always shown on the TV programmes.

- **Inadequate Coordination**: Although several Poverty Alleviation Programmes emerged in Nigeria almost simultaneously, there was no umbrella organization created to coordinate their functions. This lapse led to unnecessary competition as well as duplication of efforts and resources. NDE, FEAP and PBN competed for instance, in credit-delivery rather than work cooperatively.

- **Inadequate or Lack or Executive Capacity**: Many Poverty Alleviation Programmes lacked the required financial and technical capacity to design, implement, monitor and evaluate their programmes. In 1989 for instance DFRRI had to employ non-staff officers to carry out the inspection of phase 1 of its programme.

- **Top-Down Approach**: The standard approach was for government to design projects and programmes 'for the people' without any or with minimal consultation with the beneficiaries. The 'blue print' reflects what the bureaucrats think are the problems of the people on whose behalf the intervention is designed. Expectedly most of such projects failed because the people's 'voice' is not heard, and they are excluded in terms of participation and ownership. Most Poverty Alleviation Programmes have therefore been deliberately undermined through vandalisation, sabotage and a sense of alienation.

2.6.1 STRUCTURAL COMPOSITION

The first attempt to measure poverty was made more than a century ago (Booth, 1889; Rowntree, 1901). These attempts were at the household level and much still is. Basically, poverty measurement is usually undertaken to:

i. Determine a yardstick for measuring standard of living.

ii. Choose a cut-off poverty line, which separates the poor from the non-poor (indication of how many people are poor).

iii. Take account of the distribution of standard of living among the poor.

iv. Comparison of poverty over time, among individuals, group or nations.

v. Guide policy on poverty alleviation.

Measurement of poverty is complex and varied, hence any discussion of poverty measure must commence with the simple living standard measure and poverty line determination.

LIVING STANDARD: This is generally measured using current consumer spending or income. A measure of current consumer spending is generally preferred to income as a measure of current living standards for two reasons. First, current consumption is often taken to be a better indicator than current income because instantaneous utility depends directly on consumption, not on income per se. Second, current consumption may also be a good indicator of Long-term average well-being, as it will reveal information about incomes at other dates, in the past and future. This is because incomes (including those of the poor) often vary over time in fairly predictable ways-particularly in agrarian economies such as Nigeria. Alderman and Paxson (1992), Deaton (1992). Further, income as a measure of living standards is often questioned on the ground of incorrect rendition by the respondents. On balance, consumption expenditure is preferred to income as a measure of living standard.

POVERTY LINE: A poverty line can be defined as the monetary cost to a given person, at a given place and time, of a reference level of welfare. People who do not attain that level of welfare are deemed poor; and those who do are not. A distinction is sometimes made between "absolute poverty line" and "relative poverty line", hereby the former has fixed "real value" over time and space, while a relative poverty line rises with average expenditure. Arguably, for the purposes of informing anti-poverty policies, a poverty line should always be absolute in the space of welfare. Such a poverty line guarantees that the poverty comparisons made are consistent in the sense that two individuals with the same level of welfare are treated the same way.

i. **Objective Poverty Line**: Objective poverty line approaches can be interpreted as attempts to anchor the reference utility level to attain basic capabilities, of which the most commonly identified relate to the adequacy of consumption for living a healthy and active life, including participating fully in the society. Sen (1985, 1987). Two methods of measuring objective poverty line are food energy intake and cost of basic needs.

- **The food-energy intake method**: A popular practical method of setting poverty line involves finding the consumption expenditure or income level at which food energy intake is just sufficient to meet pre-determined food energy requirements. Setting food energy requirements can be a difficult step. For instance, requirements vary across individuals and over time for a given individual. Food energy intake will naturally vary at a given expenditure level, y. Recognizing this fact, the method typically calculates an expected value of intake. Let k denote food-energy intake, which is a random variable.

The requirement level is k which is taken to be fixed (this can be readily relaxed). As long as the expected value of food-energy intake conditional on total consumption expenditure, E (k/y), is strictly increasing in y over an interval which includes k then there will exist a poverty line z such that E (k/z) = k.

Once food-energy requirements are set, the FEI method is computationally simple. A common practice is to calculate the mean income or expenditure of a subsample of households whose estimated calorie intake are approximately equal to the stipulated requirements. More sophisticated versions of the method use regressions of the empirical relationship between food energy intake and consumption expenditure. These can be readily used (numerically or explicitly) to calculate the FEI poverty line.

- **The cost-of-basic-needs method**: This method stipulates a consumption bundle adequate for basic consumption needs, and then estimates its cost for each of the subgroups being compared in the poverty profile; this is the approach of Rowntree in his seminal study of poverty in York in 1899, and it has been followed since in innumerable studies for both developed and developing countries.

One can interpret this method in two quite distinct ways. It can be interpreted as the "cost-of-utility", By the second interpretation, the definition of "basic needs" is deemed to be a socially determined normative minimum for avoiding poverty, and the cost-of-basic- needs is then closely analogous to the idea of statutory minimum wage rate. Poverty is then measured by comparing actual expenditures to the CBN. There are food and non-food components of CBN with different computation.

The food component of the poverty line is almost universally anchored on nutritional requirements for good health. To compute the food component of CBN, a simple method is to set a bundle of goods in each region (say). One difficulty with the core basic needs method is the determination of the minimum requirement for the non- food needs. There are no agreed standards of needs for non-food items". This is because these non-food needs are determined by environmental conditions, as well as institutional structures, technology and customary modes of life. In order to compute non-food items the monetary value can be attached to most of the non- food items. But in using this method, it is necessary that the costs of the non- food needs included should not be lower than the prevailing cost for such items, even when the minimum standards are not met.

ii. **Subjective Poverty Lines**: Subjective poverty line debate has opened another issue on poverty conceptualization and measurement. Psychologists, sociologists and others have argued that the circumstances of the individual relative to others in some reference group influence perceptions of well-being at any given level of individual command over commodities. By this view, "the dividing line… between necessities and luxuries turns out to be not objective and immutable, but socially determined and ever changing" (Scitovsky, 1978). Some have taken this view so far as to abandon any attempt to rigorously qualify "poverty". Poverty analysis has therefore, become polarized between the "objective-quantitative" schools and "subjective-qualitative" schools, with rather little effort at cross-fertilization. Subjective poverty lines have been based on answers to the "minimum income question" (MIQ), such as the following: "What income level do you personally consider to be absolutely minimal? That is to say that with less you could not make ends meet". One might define as poor everyone whose actual income is less than the amount they give as an answer to this question.

While the MIQ has been applied in a number of Organisation for Economic Cooperation and Development (OECD) countries, there have been few attempts to apply it in a developing country. There are a number of potential pitfalls. Income is not a well-defined concept in most developing countries, particularly (but not only) in rural areas. It is not at all clear whether or not one could get sensible answers to the MIQ. The qualitative idea of the "adequacy" of consumption is a more promising one in a developing country setting.

2.6.2 MEASURES OF POVERTY

Generally, the measures of poverty can be classified into two, namely absolute poverty and relative poverty.

1. Absolute poverty can be measured as follows.

i. **Head Count Ratio**: Poverty can be expressed in a single index: The simplest and most common measure is the Head Count ratio (H), which is the ratio of the number of poor to total population. The poverty head count (H) can be expressed as:

$H = q/N$where:

q = the number of the poor and N = total sample population.

This gives the proportion of the population with income below the poverty line. The head count ratio has been criticized for its focus only on the number of the poor and being insensitive to the severity of poverty and to changes below the poverty line. That is, it treats all the poor equally, whereas not all the poor are equally poor.

ii. **The poverty gap/income shortfall ratio**: The poverty gap ratio or the income gap ratio is the difference between the poverty line and mean income of the poor, expressed as a ratio of the poverty line (World Bank, 1993). The average income shortfall (I) measure the amount of money it would take to raise the income of the average poor person up to the poverty line. That is, it provides a statement on the level of income transfer to the 'poor'. If ya is the average income of the poor and z is the poverty line, then one measure of the depth of poverty, the income gap ratio is: taking the product of H and I will incorporate both the number of the poor and the depth of their poverty.

The poverty gap ratio can be expressed as:

$$I = \frac{Z - ya}{Z}$$

Where:

Z = poverty line.

Ya = average income of the mean income of the poor.

iii. **Composite poverty measures**:

The Sen Index: This index is attributed to Sen (1976). It incorporates the headcount index, the income gap, and the Gini coefficient. Sen Poverty index (s) is:

$$S = H\,[I + (1 - I)\,Gp]$$

Where

I = the average income shortfall as a percentage of the poverty line

yl = income of the ith poor household

z = poverty line income

qz = number of households with incomes below z

H = q/n; headcount ratio

N = total number of households

Gp = Gini coefficient among the poor: $0 \leq Gp \leq 1$.

S is an increasing function of the headcount index and an increasing function of the income shortfall. Given that the Gp ranges from zero to one, S is also an increasing function of Gp:

$$\frac{dS}{dH} > 0, \qquad \frac{dS}{dI} > 0, \qquad \frac{dS}{dGP} > 0$$

The Sen Index has a major drawback. It is more responsive to improvements in the headcount than it is to reduction in the income gap or to improvements in the distribution of income among the poor. This index indicates that the efficient way to reduce poverty is to help the least needy first and the most needy last.

iv. **The physical quality of life index (PQLI)**: The PQLI is attributed to Morris (1979). It measures how well societies satisfy certain specific 'life-serving social characteristics' or 'achieved well-being' (Doessel and Gounder, 1994). Thus its focus is on social development.

The PQL is based on three indicators: infant mortality, life expectancy and basic literacy. Computationally, PQL is given by:

PQL = f (IM, e, lit)

Where:

IM = infant mortality

e = life expectancy

Lit = literacy

The indices formed from these three indicators are summed up and the average gives the PQLI (physical quality of life index).

PQLI = (IMI +el + IitI)

Where

IMI = infant mortality index

el = life expectancy index

Lit = Literacy index

v. **The human development index (HDI)**: The HDI is the most recent composite index devised by the United Nations Development Programme (UNDP, 1990). This index focuses on human development. It incorporates income and non-income factors. Three factors- longevity, knowledge and income are the variables of the index. Longevity is measured by life expectancy at birth (e0), knowledge is measured in terms of literacy.

The third variable is per capita income. Generally, therefore, UNDP's human development HD is specified as:

$HD = f(e0, lit, Y)$

Where

$e0$ = life expectancy at birth

lit = literacy rate

Y = per capita income

These three indicators-life expectancy ($X1$), literacy ($X2$), and the logarithm of real GDP per capita ($X3$) are specified at the national level as components of the index.

By looking across a range of countries, the maximum and minimum value for each indicator is established. A 'deprivation' index for the ith indicator and the jth country is then defined as:

Where: $0 < 1ij < 1$

The UNDP (1990) defined the deprivation index for country j as a simple average of the three deprivation indices for the country and the human development index (HDI) one minus this average.

2. **Relative Poverty Measures**: Relative poverty measures define the segment of the population that is poor in relation to the set income of the general population. Such a poverty line is set at one-half of the mean income, or at the 40th percentile of the distribution. There are two main kinds of relative measures. Average income, this is the average income of the poorest 40 percent of the population and/or the average income of the poorest 10 or 20

percent of the population. The second is the number or population of people whose incomes are less than or equal to predetermined percentage of the mean income say 50% or less of the mean income.

2.6.3 DETERMINANTS OF POVERTY

There is no one cause or determinant of poverty. On the contrary, combination of several complex factors contributes to poverty. They include low or negative economic growth, inappropriate macroeconomic policies, deficiencies in the labour market resulting in limited job growth, low productivity and low wages in the informal sector and a lag in human resource development. Other factors which have contributed to a decline in living standards and are structural causes or determinants of poverty include increase in crime and violence, environmental degradation, retrenchment of workers, a fall in the real value of safety nets and changes in family structures. These are examined below:

i. **Low Economic Growth Performance**: Growth of the economy is a must for poverty reduction. In developing countries such as Nigeria growth that is employment generating and with export base is desirable in order to achieve growth that is poverty reducing with equity. Although the economic performance of countries in the World has generally been highly volatile since the early 1980s, on the whole, growth rates have been low or negative, with overall declines in several countries. This is due in part to external shocks such as adverse changes in several countries terms of trade, changes in global demand for exports and changes in global interest rates on developing countries external debt. All these are probably responsible for the increase in poverty level in various countries of the world. Extensive evidence links the importance of economic growth to poverty reduction (see World Bank

1990). For example, in Indonesia and Thailand poverty was reduced by between 30 and 40 percent during a twenty-year period in which annual growth rates were approximately 3 percent (investments in the social sectors also contributed).

Accordingly, of a sample of countries, those that reduced poverty the least (for example, India and Sri Lanka) had growth rates of less than 1 percent. Growth can reduce poverty through rising employment, increased labour productivity and higher real wages it generates.

ii **Macroeconomic shocks and policy failure**:- This has been a major cause of poverty in several countries of the world. As many economies in the world faced macroeconomic disequilibrium, mostly in the balance of payments due to expansive aggregate demand policies, terms-of-trade shocks, and natural disasters, it become necessary to undertake major policy reforms. In the process such economies became vulnerable to poverty.

Macro-economic shocks and policy failure account for poverty largely because they constrain the poor from using their greatest asset "labour". Also, monetary policies that adversely affect cost and access to credit by the poor, fiscal policy which results in retrenchment, lay-off and factor Substitution; exchange rate policy which raises the domestic cost of production in an import dependent production system will affect the poor negatively. However, an exchange rate policy which boosts exports particularly those in which the poor are predominantly engaged (for example agriculture) will help reduce poverty. The urban poor, as a result of policy failure, are vulnerable to job losses resulting from job-cut-backs in the public sectors or from the decline of industries adversely affected by shifts in relative prices. They also lose from the removal of food subsidies and other welfare packages. Further, devaluation produces both negative and positive effects on equity and poverty incidence. On the negative side higher production costs of import, especially in import dependent economy usually result in declining capacity utilization rate in manufacturing and lay –off and retrenchment in the private sector all worsening poverty.

iii Labour Markets Deficiencies: The poor's most abundant resource is their labour, a virile labour market is important to reducing poverty and income inequality. In most countries of the world the majority of poor households participate in the labour market in one way or another, and thus poverty is a problem of low wages (in the informal sector), low labour returns to rural self-employment activities, underemployment, and in some cases, protracted unemployment. These problems are affected in different ways by deficiencies in labour market. The majority of the labour force work as paid employees in the private informal sector, followed by employees in the public sector. When there are deficiencies in labour market, the poor are affected by limited job growth and absorption capacity in the formal sector. Also, relatively high labour costs in the formal sector that lead to over expansion of a low-productivity informal sector, thus putting downward pressure on wages in the informal sector (where many of the poor work), and limited opportunities for unskilled youth to acquire job training and skills can perpetuate a cycle of poverty.

iv. Migration: Migration rates do reduce poverty especially when the majority of individuals who migrate are skilled workers. On the other hand, individuals who emigrate vacate jobs in labour markets. Thus, migration drains on skills. It reduces the pace of economic growth and thus slows the process of overall job creation and affects the long-run development potential in a country.

Unemployment and underemployment: Employment is a key determinant of poverty. Gainful employment is important for individual to earn income and escape from "income" poverty. While generally in countries of the world the non poor suffer from transitional or involuntary unemployment, the poor are faced with problems of structural unemployment due to lack of skills or extremely low educational levels, medical problems, geographical isolation (which affects some of the rural poor in general and the urban poor due to marginalisation of persons living in high- crime neighbourhood) and in some countries, discrimination based on race or other attributes. Further, underemployment occurs largely in the informal sectors and results in low incomes for an important segment of the labour force, particularly in rural areas. Unemployment is due to more low economic growth than to the direct effects of imperfections in the labour market, although regulations affecting the formal sector are likely to induce more underemployment in the informal sector. In poorer, rural areas, this mainly takes the form of seasonal unemployment and in urban areas those who have given up searching for work. High unemployment particularly affects youths, women urban dwellers, and those "queuing" for good jobs in the formal sector.

vi. **Human Resource Development**: This is key for human capital development and capability to escape from poverty. Continued investment in human capital with improvements in efficiency is necessary to sustain reduction in poverty changes in the labour market. Investment in people can boost the living standards of households by expanding opportunities, raising productivity, attracting capital investment, and increasing earning power: In addition, providing additional educational opportunities for adolescents may prevent some youths from becoming involved with gangs, drugs and violence, given the evidence linking the perpetrators of crime with school dropouts.

vii Health/Diseases: Good health is basic to human welfare and a fundamental objective of social and economic development. Poor health shackles human capital, reduces returns to learning, impedes entrepreneurial activities and holds back growth and economic development. Diseases cause poverty and vice versa. In most countries of the World major diseases causing poverty are Malaria, HIV/AIDS and other infections/diseases. In Nigeria for instance, AIDS prevalence is about 5.4% with an infected adult population of 2.6 million. This will constrain availability and participation of this segment of the population in the labour market to earn income.

viii Debt burden: In several developing countries of the world, debt burden is assuming increasing importance as a cause of poverty. In such countries servicing of the debt has encroached on the volume of resources needed for socio-economic development. The productive sector such as agriculture, manufacturing etc are equally constrained leading to low productivity, low capacity utilization, under employment and low purchasing power thereby subjecting the masses of the people to abject poverty. In Nigeria, at the end of December 2000 external debt stood at US$28.5 (about 80% of GDP). Amount required to service this debt annually is enough to hamper government expenditure for the provision of social and physical infrastructure for the poor.

ix Governance: The persistence and pervasiveness of poverty in several countries has been linked to the lack of popular participation in governance and decision- marking as well as weak institutional base. This has led among other things to poor accountability, transparency in resource allocation, weak programme implementation and monitoring.

Ultimately, development programmes are rendered ineffective poverty reduction initiatives are therefore ineffective and resources wasted.

x. Environmental Degradation: Environmental degradation is a cause of accentuated poverty. At the same time, poverty itself can be a cause of environmental degradation. This reverse causality stems from the fact that for poor people in poor countries such as Nigeria, a number of environmental resources are complementary in production and consumption to other goods and services while a number of environmental resources supplement income most especially in time of acute economic stress (Falconer and Arnold, 1989, Falconer 1990). This can be a source of cumulative causations, where poverty, high fertility rates and environmental degradation feed upon one another. In fact, an erosion of the environmental resource base can make certain categories of people destitute even when the economy on the average grows (Dasgupta, 1993)

In several countries of the world inaccessibility of the poor to credit and resource inputs leave them with no choice order than to employ natural resources such as forests, woodlands and rivers in order to survive. Quite often, their continuous exploitation of these resources have led to stress/depletion and environmental degradation thereby making poor both agents and victims of unsatisfactory ecological practices. In most rural areas, developing countries fallow duration has declined to four to five years and in several instances as low as two years. Short fallow period is usually not adequate for regeneration of vegetation and the restoration of host nutrients; soil and water quality are therefore quickly depleted. Among the poor; frequent cutting of forest trees with low replanting rate has resulted in scarcity of fuel wood. Immediate effect of this is that poor households turn to alternative fuels such as crop residues, coconut husks, rice hulls or elephant grass. The smoke from these inferior fuels according to Cece Laki (1985), is often more poisonous than that of fuel wood, while emissions from all biomass fuels are known to be dangerous sources of air pollution in the house. Also, scarcity of fuel woods forces women to make what is available burn slowly. WHO (1984), reckons that under slow burning conditions wood fuels are capable of producing pollution concentrates higher than fossil fuels and subject the households to more smoke pollutants.

The incessant cutting down of trees for firewood and charcoal have hindered prospect for increased yield and hasten the prospect of the creeping desert while profligate use of the country's resources by industries and industrial pollution from improper waste disposal has further exacerbated the plight of the poor. Other consequences of over exploitation of environment due to poverty are depletion of fish in the local rivers and streams.

xi. **Crime and Violence**: A steady increase in crime and violence has degraded the quality of life to a varying extent in many counties of the world. Although individuals of all socioeconomic groups are affected, the urban poor are particularly vulnerable to these social problems. There are instances of shootings, gang killings; etc crime and violence have serious economic costs. For instance, an increasing proportion of public resources, which are already limited, are required to strengthen police enforcement, support the growing prison population, finance the demands place on the judicial system, and provide health care for persons injured by violence. Other costs include the expensive security systems and guards now required by businesses and homes, the loss in potential revenues from foreign investor and tourists who have sought other destination as a result of the threat of crime, and the migration of the urban middle class. Because of the heterogeneous nature of the poor, it is difficult to link poverty, crimes and violence directly. However the adverse social consequence of crime has been closely associated with poverty e.g loss of lives at productive age and quantum loss of properties.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 METHODOLOGY

The research work will examine the measurements and determinants of poverty in the Nigerian economy.

The analysis will be carried out through the use of Gross Domestic Product (GDP) as basis for the measurement of poverty in the Nigerian economy. Hence multiple regression technique will be used to examine the impact of the magnitude of poverty on the overall performance of the Nigerian economy.

This model describes how a dependent variable is related to two or more explanatory variables. The least square estimation method is the best linear unbiased estimate.

3.1 METHOD OF DATA COLLECTION

The researcher made use of secondary type of data which were extractions from newspapers, textbooks, journals, magazines and search machines.

3.2 METHODS OF ESTIMATION OF ANALYSIS

In this research work, the method of estimation is based on the use of multiple regression technique using the regressed and regressor. The multiple regression model offers explanation on the relationship between an explained variable and two or more explanatory variable.

The relationship between Y and variables $X_1, X_2, X_3 ... X_n$ is in econometric form. It can be expressed mathematically as

$$Y = F(X_1, X_2, X_3 \ldots X_n)$$

If we want to change it to linear form, it then becomes

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \ldots b_nX_n$$

The coefficient b_0 represents the intercept of the function while coefficients $b_1, b_2, b_3 \ldots b_n$ denotes the marginal effect of $X_1, X_2 X_3 \ldots X_n$ respectively on Y.

Economic theory does not allow for random elements which might affect the relationship between the dependent and independent variables. But in econometric model, the fluctuation in random element is taken of.

A random variable "U" known as error term is introduced into the model. This is because other important variables are omitted in the model. With the modification and introduction of error term (U), we have a functional form model of the form:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 \ldots B_nX_n + U$$

Least Square technique will be use to estimate the structural parameters: b0, b1, b2, b3…bn. This is because Least Square technique is the best linear unbiased estimate and the result will be unbiased. An estimator is preferred to others because it has least square property. The Least square estimator has been chosen because it is an estimator that generates a set of parameter estimates with the smallest error of the regression.

There are some assumptions of ordinary least square which must hold or else the above assertion will not hold. Therefore the following must be assumed for "U" for the estimation technique to hold. The assumptions of OLS are based on the distribution of stochastic error term.

i. Error term (U) is random and normally distributed.

ii. The error term has zero expected value.

iii. The error term has a constant variable

iv. The error term in one period is uncorrelated with the error term in another period.

v. The explanatory variables assume fixed values, so that they are uncorrelated with the error term.

In this research work we shall make use of key economic variables such as Gross domestic Product, total savings, private consumption expenditures and rate of inflation.

The econometric analysis of estimate will be carried out using statistical test for significance. These statistical tests include: the t-ratio, coefficient of multiple determination, F-statistic and Durbin-Watson test (DW).

The coefficient of determination (R^2) examines the explanatory power of the independent variable. The F-statistic will also be used to determine the significance of the parameter of the estimates. The Durbin-Watson test is used to determine the incidence of autocorrelation or not.

3.3 SPECIFICATION OF THE MODEL

$Y = F(X_1, X_2, X_3)$ under the hypothesis that:

H_O: $B_0 = B_1 = B_2 = B_3 = 0$

H_A: $B_0 \neq B_1 \neq B_2 \neq B_3 = 0$

And where:

Y = Gross Domestic Product;

X_1 = Total Savings;

X_2 = Private Consumption Expenditure;

X_3 = Rate of inflation.

From the above the null hypothesis (H_O) states that values of the estimated parameters are not significantly different from zero while the alternative hypothesis (H_A) states that the values of the estimated parameters are significantly not equal to zero, which is our theoretical expectation.

3.3.1 ECONOMETRIC MODEL SPECIFICATION

Thus in line with the econometrics, the study will use multiple regression analysis to investigate that:

$GDP=b_0+b_1X_1+b_2X_2+b_3X_3+U$.

This will be regressed following a stepwise direction in the following ways:

MODEL 1

$GDP = b_0 + b_1 X_1 + U$ where;

GDP = Gross Domestic Product

b_0 = Intercept of the line

b_1 = Coefficient of X_1

U = Error term

The model is used to examine the impact of total savings (as a basis for the degree of income inequality) on the overall performance of the economy.

HYPOTHESIS OF THE MODEL

H_0: The degree of income inequality in the Nigerian economy does not have effect on the overall performance of the economy.

H_1: The degree of income inequality in the Nigerian economy will have effect on the overall performance of the economy.

MODEL 2

$$GDP = b_0 + b_1X_1 + b_2X_2 + U \text{ where}$$

b_2 = Coefficient of X_2

The model is used to examine the impact of total savings and consumption expenditures as a basis for measuring the relative effectiveness of government programmes towards poverty alleviation.

HYPOTHESIS OF THE MODEL

H_0: The government programmes are not effective in the alleviation of poverty in the Nigerian society.

H_1: The government programmes are effective in the alleviation of poverty in the Nigerian society.

MODEL 3

$$GDP = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + U \text{ where}$$

b_3 = coefficient of X_3

The model is used to examine the effect of total savings, consumption expenditures and inflation rate on the magnitude of poverty in the economy.

HYPOTHESIS OF THE MODEL

H_0: Total savings, inflation rate and private consumption expenditures will not affect the magnitude of poverty in the economy.

H_1: Total savings, inflation rate and private consumption expenditures will affect the magnitude of poverty in the economy

3.3.2 A PRIORI EXPECTATION

i. The sign of b_1 is expected to be positive since a positive relationship exists between savings level and the value of Gross Domestic Product.

ii. The sign of b_2 is also expected to be positive since a direct relationship exists between private consumption expenditures and Gross Domestic Product.

iii. Similarly, the sign of b_3 is expected to be positive since a direct relationship exists between rate of inflation and gross domestic product.

3.3.3 SPECIFICATION BIAS

The models used in this research have been specified in line with basic economic theory. But economic theory does not allow for random element which might cause some problems and inconsistencies in our result and interpretation. This is because there are some important variables that should have been included in the models. Hence the inclusion of error term "U" in the model which helps to modify the models is necessary because:

i. Omission of relevant variables as a result of measurement error and inherent human randomness may be taken care of by error term "U"

ii. Inconsistency in the aggregate data and poor collection of data in developing countries.

iii. Poor banking habit of the people and rudimentary nature of the banking system

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND INTERPRETATION OF RESULTS

4.1 SPECIFICATION OF DATA

The data analyzed varied from 1987- 2007 which covers a period of twenty one years. The data for 2008 were not available as at the time of compiling them, otherwise it would have been included.

YEAR	GROSS DOMESTIC PRODUCT AT CURRENT MARKET PRICES (Y) ₦ million	TOTAL SAVINGS (X_1) ₦ million	PRIVATE CONSUMPTION EXPENDITURES (X_2) ₦ million	RATE OF INFLATION (%) (X_3)
1987	203,037.1	18,676.3	79,628.3	10.2
1988	275,198.2	23,249.0	113,013.3	38.3
1989	403,762.9	23,801.3	136,569.7	40.9
1990	497,351.3	29,651.2	169,309.2	7.5
1991	574,282.1	37,738.2	218,692.8	13.0
1992	909,754.2	55,116.8	396,156.5	44.5
1993	1,132,181.2	85,027.9	529,623.6	57.2
1994	1,457,129.7	108,460.5	686,989.8	57.0
1995	2,991,941.7	108,490.3	1,517,235.9	72.8
1996	4,135,813.6	134,503.2	2,331306.8	29.3
1997	4,300,209.0	177,648.7	2,401,595.9	8.5
1998	4,101,028.3	200,065.1	2,712,511.3	10.0
1999	4,779,966.0	277,667.5	2,089,505.3	6.6
2000	6,850,228.8	385,190.9	2,331,878.2	6.9
2001	7,055,331.0	488,045.4	4,225,976.9	18.9
2002	7,984,385.3	592,094.0	5,805,085.9	12.9
2003	10,136,364.0	655,739.7	4,979,560.0	14.0
2004	11,673,602.2	797,517.2	5,372,560.0	15.0
2005	3,643,059.7	1,078,330.1	3,613,115.6	17.9
2006	4,636,148.7	1,604,174.5	4,335,625.3	8.2

2007	22,586,710	2,500,159.9	5,095,795.7	5.4

Source: National Bureau of Statistics (NBS) and Central Bank of Nigeria (CBN)

NOTE: Figures for Private Consumption Expenditures from 2005-2007 were derived using the 4-point Moving Averages.

4.2 EMPIRICAL RESULTS AND INTERPRETATION OF THE REGRESSION RESULTS

In the previous section the models to be used were stated and discussed in details. In this section the model is analysed in details. In presenting the estimated equations, the figures in parenthesis represent t-ratios.

MODEL 1

$GDP = B_O + B_1X_1 + U$

$GDP = 1689812.0 + 6.912X_1$

$R^2 = 0.672$, Adjusted $R^2 = 0.655$, $F = 39.004$

DW=1.396 (2.020)(6.245) N= 21

MODEL 2

$GDP = B_O + B_1X_1 + B_2X_2 + U$

$GDP = 208639.46 + 4.360X_1 + 1.120X_2$

$R^2 = 0.761$, Adjusted $R^2 = 0.735$, $F = 28.692$

DW= 1.893 (0.224)(3.151)(2.587) N=21

MODEL 3

$GDP = B_O + B_1X_1 + B_2X_2 + B_3U$

$GDP = 263183.14 + 4.352\ X_1 + 1.114\ X_2\ -1605.091X_3$

$R^2 = 0.761$ Adjusted $R^2 = 0.719$ $F = 18.069$

$DW = 1.894$ $(0.172)(3.034)(2.412)(-0.046)$ $N=21$

INTERPRETATION AND ANALYSIS OF RESULTS

MODEL 1

This model aims at examining the impact of total savings (as a basis for the degree of income inequality) on the overall performance of the economy. From the result R^2 is 0.672 which shows that total savings will affect the overall performance of the economy to the tune of 67% within the period being studied. The adjusted R^2 also shows a positive relationship of 65% while F-statistic is 39.004 and DW is 1.396 which falls within the acceptance region and shows no presence of autocorrelation. Therefore the hypothesis that the degree of income inequality in the Nigeria economy will affect the overall performance of the economy is accepted.

MODEL 2

Model 2 examines the effectiveness of government poverty alleviation programmes using total savings and private consumption expenditures as a yardstick. The two variables combined together gave R^2 of 76% which implies a 9% increase as compared to model 1.This means that total savings and private consumption expenditures combined will affect the level of poverty to the tune of 76%. However adjusted R^2 increases to 74% while F-statistic is

28.692 and DW is 1.893 showing no autocorrelation. The decrease in the value of F-statistic means that there might be some hidden parameters unknown to the researcher but one fact stands out that there exists a positive relationship between total savings and private consumption expenditures and the level of poverty in the economy. Thus the hypothesis that the government programmes are not effective in the alleviation of poverty in the Nigerian economy is accepted.

MODEL 3

This model is aimed at examining the effect of total savings, private consumption expenditures and inflation rate on the magnitude of poverty in the economy. R^2 is 0.761 which shows that the three variables combined will affect the poverty level to the tune of 76%. Both values for the adjusted R^2 and F-statistic decrease to 0.719 and 18.069respectively in contrast to their values in model 2. The adjusted R^2 of shows a positive relationship among the variables while the DW means that there is no autocorrelation. Therefore the hypothesis that total savings, private consumption expenditures and inflation rate will have effect on the magnitude of poverty in the economy is accepted.

Figure 3: EMPIRICAL RESULTS AT A GLANCE

MODELS	R^2	ADJUSTED R^2	F-STATISTIC	DW	T	T Sig
1	0.672	0.655	39.004	1.396	2.020,6.245	0.058,0.000
2	0.761	0.735	28.692	1.893	0.224,3.151,2.587	0.825,0.006,0.019
3	0.761	0.719	18.069	1.894	0.172,3.034,2.412, -0.046	0.866,0.007,0.027,0.964

Figure 4: INTERPRETATION OF APRIORI RESULTS

VARIABLES	SLOPE	A PRIORI	RESULTS	CONFORMITY
B_1	4.352	+	+	√
B_2	1.114	+	+	√
B_3	-1605.091	+	-	X

KEY

√	= Conformity
X	= Non-conformity

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

This research work has examined the measurement and determinants of poverty in the Nigerian economy. It has also analysed the consequences of poverty on the overall performance of the economy.

Poverty incidence is significantly greater and the depth of poverty deeper in rural areas. About 63% of people living in the rural areas are poor, compared with 42% in urban areas. The primary livelihood of the rural populace is agriculture (85%); the majority of the farmers are uneducated, and they use few inputs to support their farming. For many in Nigeria, life has been stagnant for decades.

Poverty in Nigeria seems to have worsened over the 1990s, and then reduced in the early part of this century. However, population growth rates have meant a steady increase in the number of poor from 39 million in 1992 to 69 million in 2004. Specifically, the following were observed during the course of this work:

i. There is no one cause of poverty but combinations of several complex factors contribute to poverty. They include low or negative economic growth, inappropriate macroeconomic policies, deficiencies in the labour market resulting in limited job growth, low productivity and low wages in the informal sector and a lag in human resource development. Other factors which have contributed to a decline in living standards and are determinants of poverty include increase in crime and violence, environmental degradation, retrenchment of worker, a fall in the real value of safety nets and changes in family structure.

ii. Although various approaches have been tried to fight poverty, not much has been achieved as evidenced by the rising trends of poverty throughout the country.

iii. For poverty reduction, economic growth is a necessity but not a sufficient condition. Hence, for growth to be an effective strategy, it has to be accompanied by a deliberate provision of enabling infrastructural environment that can sustain economic development.

iv. For Nigeria to deal effectively with her poverty problems, it is crucial that sustainable long term solutions are devised to salvage the current trend. Fighting poverty is a daunting challenge that requires a multifaceted approach in line with the multi-dimensional nature of poverty.

v. The degree of income inequality in the Nigerian economy will have an effect on the overall performance of the economy. Despite the institutionalisation of several poverty alleviation programmes, many have performed below expectation due to insincerity of purpose on the part of government, bureaucracy and inability to distinguish between economic development planning and social development planning.

5.2 CONCLUSION

In conclusion, I wish to categorically state that until Nigeria do away with plastic policy options and cosmetic implementation and face the reality of poverty, any programme billed to address the issue (of poverty) will remain a myth of a utopian philosophy. And this will consequently, affect adversely the degree of development and growth in the country.

The adoption of people-oriented and pro-poor social policies, investment in rural areas and in agriculture, increase investment in information technology and health care, provision of non-interruptible electricity for cottage industries, good roads for distribution of goods and services, investment in human capital and skills training (and retraining) for jobs that are available are ways to assist in poverty alleviation. The leaders of Nigeria should develop a compelling vision that would create a sense of purpose in citizenry, teach the children the values of hard work, creativity and pride in our country and encourage and reward honesty. This will enable individuals to change their behaviours and actions that are inimical to the nation's prosperity.

Finally, no poverty alleviation programme in any country would be successful without controlling corruption and government waste, showing transparency, accountability and effective leadership. These, without a doubt, are among the myriad of issues facing Nigeria today.

5.3 RECOMMENDATIONS

The multidimensional nature of poverty demandsmultifarious policy options. Therefore, the recommendationswould be discussed in order of general and sectoral views.

5.3.1 GENERAL RECOMMENDATIONS

These include:

i. The necessity to minimize the effects of years of mismanagement, mounting foreign debt and low credibility rating with foreign investors;

ii. Restructure the economy away from excessive import dependence through aggressive export orientation and innovative diversification of its export base beyond mineral resources; complemented by antidumping laws and countervailing duties aimed at protecting domestic industries in which Nigeria has comparative advantage;

The need to integrate into the increasing economic globalization with improved infrastructure and friendly macroeconomic policy environment;

iii. Ensure good economic management, which should embrace appropriate exchange rate policies and a further opening up of the economy through privatisation;

iv. Rehabilitate and provide infrastructural facilities;

v. Strengthen the existing poverty alleviation institutions especially Family Economic Advancement Programme(FEAP) for effective performance rather than establishing new ones;

vi. Ensure political stability through democratic system which should provide good governance characterized by transparency and accountability;

vii. Ensure macroeconomic stability and growth with development which is the first practical means of reaching the poor since without growth there can be no expansion which will create employment and increase income for distribution;

viii. Institute policies which are directly focused on the poor such as: evolving schemes that would increase their productivity and wages through for instance increased supply of critically needed inputs and lay increased emphasis on making basic socio-economic infrastructure (education and health services, roads, potable water, and electricity) availability to the poor.

5.3.2 SECTORAL RECOMMENDATIONS

On sectoral basis, the following policy options are required:

ix. Concerning agricultural sector, there is need for promotion of pilot projects in community based or local government areas which should involve the development of an integrated agro allied industry and overcome the consequences of years of mismanagement, notably, rising incidence of poverty, mounting foreign debt and low credibility rating with foreign investors and creditors.

x. The need for Nigeria to develop her manufacturing potential cannot be over emphasized. Nigeria's manufactured products (light household items, tyres, processed food, shoes, detergents, etc) have made deep in road into African continent in spite of capacity underutilization that characterizes the industrial sector.

xi. With respect to service sector, there is need for Nigeria to integrate into the worldwide information technology especially the internet where inter-related services functions are performed.

xii. There is need to upgrade social welfare services especially for the aged and disabled as these categories of citizens are more vulnerable of poverty.

xiii. Concrete policies on external debts and other imbalances should be pursued to ameliorate the external constraints to economic development efforts.

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