

AfriHeritage Policy Brief

Addressing Poverty Challenges in Nigeria



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Summary

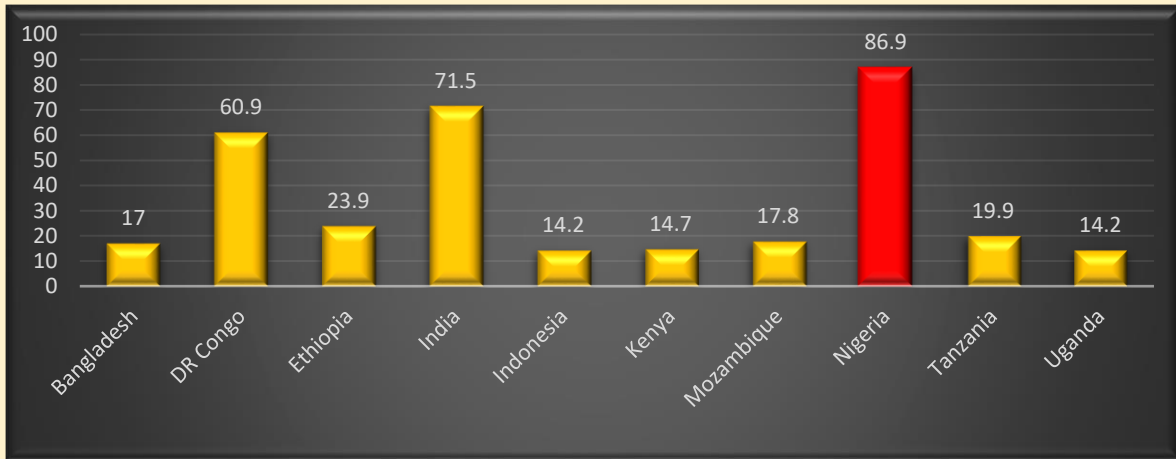
Despite the various poverty alleviation programmes adopted by various governments in Nigeria, over 93 million Nigerians still live in poverty, with at least three million sliding into extreme poverty between November 2018 and February 2019 (Olayinka, 2019). This is a clear indication of the ineffectiveness of these policies and programmes, which is attributable to corruption, high level of inequality in income distribution, low literacy rate and poor skill set, political instability, and poor leadership. It is therefore clear that for there to be an effective poverty alleviation programme in the country, there is a need for corruption to be adequately tackled on all facades; invest largely in quality education by increasing budgetary allocation to education and reviewing the curricula to capture the required skill set. The political system should be restructured to ensure effective and stable governance that cares for the poor. These will increase the population of middle-class in Nigerian, increase demand for locally made goods and services which will in turn, boost local productivity, and ultimately increase employment.

Poverty Profile in Nigeria

Figure 1 presents a graphical view of poverty in Nigeria relative to other countries. The table shows that Nigeria has the highest rate of extreme poverty in the

world, with 86.9 million Nigerians living in extreme poverty in 2018. In India, about 72 million people are extremely poor, and the Democratic Republic of Congo has about 61 million of her citizens living in poverty.

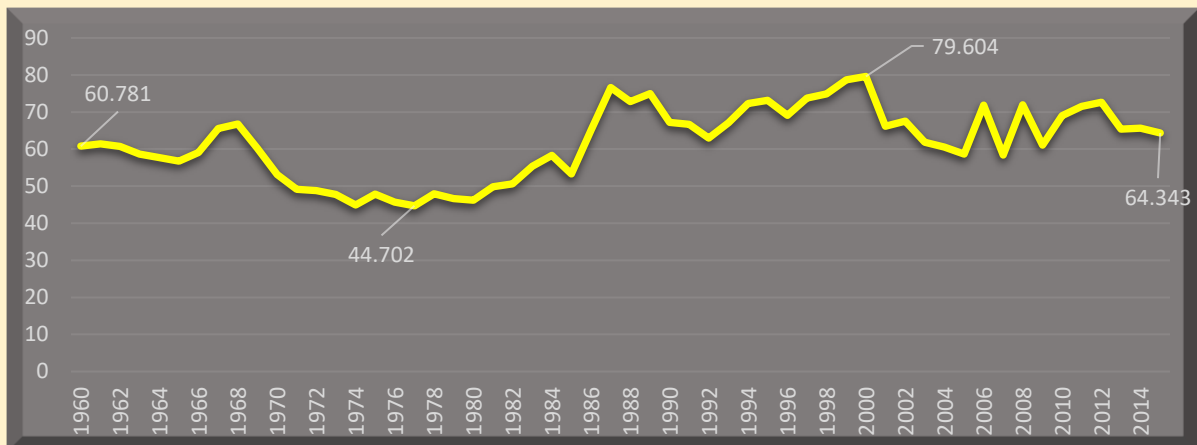
Figure 1: Top 10 Countries of People Living in Extreme Poverty (2018)



Source: World Poverty Clock (2019).

Within Nigeria, data from the Global Consumption and Income Project (GCIP, 2019) shows that the rate of poverty overtime has been significantly high, as seen in figure 2. In 1960, when the country gained independence, the poverty head-

count ratio stood at 61% of the total population, averaging 60% between 1960 to 1970. From 1971 to 1980, the poverty headcount ratio dropped to an average of about 47% **Figure 2: Poverty Headcount Ratio at \$1.25 per day (2005 PPP) (% of Population), 1960-2015**



Source: GCIP (2019).

Based on GCIP data, poverty headcount peaked at 79.6% in the year 2000 and recorded its lowest level in 1997 with a headcount ration of 44.7%. On average, between 1960 to 2015, poverty headcount in Nigeria was 61.8% of the population. This considerable high level of poverty in Nigeria calls for policy attention in addressing the menace due to the negative spill over effects it is having on the Nigerian society. In recent times, based on the poverty line of \$1.90 per

day, 46.5% of Nigerians are extremely poor, with the World Poverty Clock naming Nigeria, ‘the poverty capital of the world’. According to the World Poverty Clock (2019), extreme poverty in Nigeria is increasing by almost six persons per minute.

Problems Associated with Poverty in Nigeria

- One of the major consequences of poverty in Nigeria is mortality and in particular, infant and maternal mortality. This is due to lack of funds required for basic care for infants as well as the inability to provide quality healthcare service for pregnant women. Lanre-Abass (2008), Ngoma and Mayimbo (2017) points to the fact that high rate of maternal and child mortality is as a result of poverty, where women and children cannot access healthcare services. Data from the World Development Indicators of the World Bank (2019) has shown that average maternal mortality rate between 1990 and 2015 stood at 1057.8 per 100,000 live births while infant mortality rate between 1964 and 2017 averaged 122 per 1,000 live birth. These statistics are pointers to the fact that Nigeria has not been able to meet up with the target of the sustainable development goals of the United Nations such as reducing under 5 mortality to as low as 25 per 1,000 live births and maternal mortality of 70 per 100,000 live births.
- Poverty is also a major factor that is significantly affecting education in Nigeria. Report from the United Nations International Children Emergency Fund shows that about 10.5 million of the country's children aged 5-14 years are not in school. In Northern Nigeria, the picture is more severe, with only 53% net attendance. Invariably, poverty has been observed to be a major factor leading to a low rate of school enrolment in Nigeria.
- Also, poverty may increase the likelihood of criminal activities. Adekoya and Abdul-Razak (2016) observe a long-run relationship between crime and poverty in Nigeria. When people don't have enough income to meet the basic necessities of life, there is always high probability that

they will seek alternative means of survival, which in most cases is crime.

Root Causes of Poverty in Nigeria

- Lack of education is one of the significant causes of poverty in Nigeria. The National Commission for Mass Literacy, Adult and Non-formal Education revealed that more than 38% of Nigerians are illiterates. The inability to function in society due to the absence of knowledge and skill set leads to poverty. Empirical studies such as Adekoya (2018) and Ewubare and Mark (2018) have revealed the implications of human resource underdevelopment to poverty in Nigeria.
- Corruption is also a major cause of poverty in Nigeria. According to Transparency International, Nigeria is ranked the 144th least corrupt nation in the world, out of 180 countries. This portrays the high level of corruption in the country. Corruption undermines the rule of law and threatens socio-economic development. It as well increases poverty by retarding investment and employment opportunities. It reduces revenue from tax as well as the effectiveness of government intervention programs. According to Ajisafe (2016), corruption diverts government spending away from socially valuable goods such as education and health.
- The unstable political environment can also be observed to be a root cause of poverty in Nigeria. Political instability hurts economic growth, which precipitates poverty. A clear example is the Northern Nigeria crises where the war against Boko Haram has destroyed the economy of North-east Nigeria,

destroying the livelihood of citizens leading to poverty. Also, the rampaging Fulani-Herdsman menace has destroyed farmlands, leaving people of mostly

North-central Nigeria without a livelihood, a situation that has resulted in poverty.

Measures of Reducing Poverty in Nigeria

There are various measures to reduce the level of poverty. However, each of these measures require a holistic approach.

1. **Increase in literacy rate and skill development:** One of the major steps in reducing poverty in Nigeria is through education. Quality education can provide a lasting solution to poverty in Nigeria. Omoniyi (2013) reveals that quality education improves economic efficiency by expanding labour force value and efficiency, and subsequently moving people out of poverty. According to UNICEF, one in every five out-of-school children in the world is in Nigeria, with the situation looking more severe in Northern Nigeria. This invariably creates the poverty problem due to lack of human capital development. In 2015, adult literacy rate was about 40% of the total population.
2. **Fight against corruption:** Unlike education which reduces poverty in the long- run, fight against corruption leads to an immediate reduction in level of poverty. Hence, there is need for a total fight against corruption, and effective monitoring of public finances. Similarly, the lack of punishment for corrupt public office holders has continuously resulted in the diversion of funds meant for development projects, which trickles down to poor infrastructural

development and social welfare, resulting to poverty.

3. **Economic Diversification:** Another major cause of poverty in Nigeria is the fragility of the economy due to overdependency on oil revenue. There is thus, an urgent need for the diversification of economic activities to create opportunities for Nigerians and ensure stability of the economy. Diversifying the Nigerian economy and improving value addition in the agriculture sector can aid the reduction of poverty. Abu et al. (2016) points to the fact that the majority of agricultural produce in Nigeria is sold raw leading to lower returns to farmers. The Food and Agricultural Organisation, (2018) also revealed that over 50% of farm produce in Nigeria is rural-based and below commercial value.
4. **Income redistribution:** Finally, we emphasise the importance of redistribution of income. This simply means, reduction in wages and allowances for high-income earners (particularly, the political class), and increase in wages and allowances for low- and middle-income earners. This will boost overall productivity through an increase in demand, thereby increasing employment and reducing poverty.

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