



RURAL POVERTY AMONG WOMEN IN NIGERIA: A CASE STUDY OF  
ABUJA SATELLITE COMMUNITIES OF NIGERIA

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## **DEDICATION**

I dedicate this work to the glory of God for His mercies and strength to go through this program, to my husband Tokubie for all the untiring support and my angels: Tano and Tomeno

## **CERTIFICATION**

Evelyn Omarioghae Alaye-Ogan, a post graduate Student of St. Clements University, Turk & Caicos Islands, British West Indies has satisfactorily completed the requirements for the degree of Doctor of Philosophy in Development Economics.

This Research work has been read and approved as meeting the requirements for the award of Doctor of Philosophy (PHD) degree in Development Economics.

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God bless you all abundantly.

## **ABSTRACT**

This study assessed rural poverty among women in Nigeria, taking Abuja Satellite Communities as case study. First of all, the study examined the issues of rural poverty in midst of plenty in Nigeria, attributing it to corruption, lack of good governance, inability of successive governments to continue good policies on poverty alleviation, poor infrastructure, mismanagement of public funds, and instability of the governments. The study also examined the efforts made by different governments during the various tenors of governance to alleviate rural poverty. In the course of the study, related literature on poverty and poverty reduction efforts (strategies and programmes) were intensively and extensively reviewed and relevant information and ideas obtained for the research. A total of 189 respondents made up of women from the six Area Councils of Abuja Satellite communities of Abaji, Abuja Municipal, Bwari, Gwagwalada, Kuje and Kwali were administered with questionnaires, and their responses collated and analyzed. The Survey, Interview, and Questionnaire methods were used to collect data that was analyzed using tables. The findings of the research clearly showed that rural women in Nigerian are more prone to poverty than their male counterparts, and a vast majority of these women have become the sole Bread winners in their families! The study also showed that poverty is a multi-dimensional in nature so any effective strategy to tackle it must be multi-dimensional to be effective; successive governments have always tried to implement programs that were targeted at alleviating/reducing poverty especially at the rural areas of Nigeria, and reasons for non-effectiveness of poverty alleviation programs were discussed extensively. The study concluded by suggesting that for any meaningful reduction in rural poverty amongst women in Nigeria, the rural women must be helped through adequate government policies that address education, access to financial facilities, ability to own farmlands or petty trading businesses in order to make it easier for the women to be successful; thus ensuring economic self-sustenance, economic growth and development. Based on the above findings and conclusions,

recommendations, including the following were made towards effective poverty reduction efforts in Nigeria: government, its agencies and other stakeholders should develop a multidimensional approach towards poverty alleviating strategies and implement them along that line for them to be effective, and efforts should be made to effectively target the poor in all considerations and at all levels of articulation.

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## Glossary of Terms and Acronyms

Terms and acronyms used in this research have been defined to give the Reader a better understanding.

The following terms have been defined in the context in which they are used in this research

**NEEDS** = National Economic Empowerment and Development Strategy

**FEEDS** = FCT Economic Empowerment and Development Strategy

**SAP** = Structural Adjustment Programme

**GDP** = Gross Domestic Product

**FOS** = Federal Office of Statistics, Nigeria

**FCT** = Federal Capital Territory, Abuja Nigeria

**FCDA** = Federal Capital Development Authority

**SSA** = Sub-Saharan Africa

**WDR** = World Development Report

**NAPEP** = National Poverty Eradication Program

**FSP** = Family Support Program

**FEAP** = Family Economic Advance Program

**YES** = Youth Empowerment program

**PHC** = Primary Health Care

**CAPPA** = Community Action Program for Poverty Alleviation

**NERFUND** = National Economic Reconstruction Fund

**NDE** = National Directorate of Employment

**NALDA** = National Agricultural Land Development Authority

**NPC** = National Population Commission

**NEPAD** = New Partnership for Africa's Development (i.e. NEPAD is a comprehensive, integrated framework for the socio-economic development of Africa. It provides the framework for public-private partnership between and among Africans in the first instance and then with the rest of the world).

**ADP** = Agricultural Development Program

**NAI** = New African Initiative

**HSIC** = Heads of State Implementation Committee

**RIDS** = Rural Infrastructure Development Scheme

**SOWSS** = Social Welfare Service Scheme

**MDG** = United Nations Millennium Development Goal

**WID** = Women in Development

**WIN** = Women in Nigeria

**ICDP** = Integrated Community Development Program

**INGO** = International non-governmental organization

**INSEC** = Informal Sector Service Centre

**ISDP** = Integrated Social Development Programme

**ODI** = Overseas Development Institute (UK)

**OECD** = Organization for Economic Co-operation and Development

**Information Technology**: Information Technology

**Internet** = The world's largest Network

**NGO** = Non governmental Organization

**UN** = United Nations

**UNDP** = United Nations Development Programme

**ADB** = African Development Bank

**IFC** = International Finance Corporation

**UNIDO** = United Nations Industrial Development Organization

**ILO** = International Labour Organization

**USAID** = United States Agency for International Development

**DFID** = Department for International Development

**WDR** = World Development Report

**WIDER** = World Institute for Development Economics Research

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1 BACKGROUND TO THE STUDY**

It is now widely recognized that poverty is a worldwide problem that affects over one billion people in the world. There is a general consensus among social scientists who are concerned with the issue of poverty that of the estimated 6 billion people on earth, some 1.3 billion make less than 370 American dollars a year – that is about one American dollar a day or about ₦140.00 a day at 2006 values of the Nigerian Naira.

Most of the poor live in the developing world i.e. in Africa, Asia and Latin America. In Africa the World Bank Report (2000) estimated that over 200 million people are wallowing in abject poverty. On the average, 45 to 50 per cent of Sub – Saharan Africans live below the international poverty line of one American dollar a day (World Bank 2000). In West Africa, where it is reported that almost all the countries, including Nigeria are classified as either low income economies by the World Bank or low human development countries by the UNDP, human poverty affects over 50 per cent of the population.

In the 1960s and 1970s, Nigeria enjoyed a steady economic growth and relative stability. The economy and per capita income grew steadily and few people were below the poverty line. This is because the agricultural, industrial and public sectors absorbed most of the labor force. From the late 1970s to early 1980s the economy experienced severe economic difficulties resulting from Oil price shocks, world economic recession, deteriorating terms of trade, debt overhang and macro economic imbalance.

The Central Bank of Nigeria Poverty Assessment Report (2002) reveals that by 1960, 15 percent of the populations were living in one form of poverty. By 1980 the number of those living in poverty had risen to 28 per cent.



A report by the World Bank (2002) shows that about 66 per cent of the Nigerian population was living below the poverty line of 370 American dollars a year in 1985 prices. This number declined to 54 percent by 1992. The World Bank report also noted that poverty increased between 1992 and 1995 due mainly to adverse policy changes. Recent evidence from the Federal Office of Statistics (FOS) supports the fact that poverty is on the increase. According to the National Consumer Survey of 1999, nearly 70 per cent of Nigerians were living in poverty: about 43 per cent in Urban and over 50 per cent in rural areas lived in poverty.

Poverty means different things to different people. Some see poverty as “working for more than 18 hours per day and not earning enough to feed a household of four – the man, his wife and two children”. Others regard poverty “as the inability of a person to perform obligatory functions to the household in feeding, housing, education, clothing’s and so on”. The reality is that, many in Nigeria never escape one form of poverty or other.

To underscore the international concern for this problem the United Nations declared 1996 “International Year for the Eradication of Poverty”. October 17<sup>th</sup> each year has also been set aside as “International Day for the Eradication of poverty” world wide. The decade 1997 – 2006 has also been declared “United Nations Decade for Eradication of Poverty”. In Nigeria, both the government and civil societies have become increasingly aware of the poverty problem. Several development efforts which could alleviate poverty were made by the Nigerian governments.

## **1.2 STATEMENT OF THE PROBLEM**

The issue of poverty in Nigeria is a paradox. It is a case of poverty in the midst of plenty. As the most populous country in Sub – Saharan Africa, the issue of poverty in Nigeria is of concern, not only in itself but also as a challenge for poverty reduction mandate in the whole of the African continent. Despite Nigeria’s natural and human resources potentials, the socio – economic and political situations have been fluctuating for more than two decades with adverse consequences for the welfare of its population.

Agriculture which was the mainstay of the Nigerian economy in 1960s, providing the bulk of the revenue to the government and the nation’s foreign exchange earnings, suffered severe neglect since the 1970s during the so-called Oil boom. Thereafter, the Nigerian economy entered into a period of

crisis. The cause of the crisis is rooted in the failure to address the structural weakness in the economy, especially the failure to diversify the economy and reduce dependence on Oil exports and on imports and to establish an efficient productive base in agriculture and industry. (Hussein, 1987) opines that Oil export accounted for 95 percent of the total exports. The crisis in the economy deteriorated to the point whereby in 1984, the per capita income of an average Nigerians was not higher than what it was a decade earlier. The crisis culminated into the introduction of a Structural Adjustment Programme (SAP) in 1986.

Economic indicators show that macro economic performance during the period 1980 – 1996 had been fluctuating with the GDP growth rate moving from negative in pre 1985 and increasing until 1990 before declining again until 1994. The official unemployment figures which are generally believed to be underestimated indicated that urban unemployment and overall national unemployment has been rising since 1994. The exchange rates depreciated vis-à-vis the US dollar moving from \$1 = N0.8 in 1980 to \$1 = N21 in early 1990 to \$1 = N82 in 1996 and \$1 = N142 in 2005. All these together with the weak performance of the agricultural and industrial sectors over the last two decades have had a detrimental effect on evolution of welfare and poverty in Nigeria.

On the social sectors, indicators showed similar fluctuations. Experiences in health, education, nutrition and sanitation as revealed in the **World Bank World Development Report (2000/1)** indicated a marked deterioration. The same report further revealed that the literacy rates which were on the increase since 1980s had started declining since 1994 *with female literacy being lower than males*. The report also indicated that primary school enrollments rates for boys and girls have started to decline from 1995. Life expectancy which was at 54 in 1990 had declined to 50 in 1996. The **2005 Human Development Report** just released revealed a further drop in life expectancy to 43.4 in 2003.

The Human Development Report prepared by UNDP provides a set of common indices for measuring progress in human development across countries through three basic social indicators. The first relates to a long and healthy life as proxied by life expectancy at birth. The second is about knowledge and is measured by adult literacy rate plus the combined gross enrolment ratio for primary, secondary and tertiary institutions. The third social indicator relates to standard of living and is measured by the Gross Domestic Product (GDP) per capita using the purchasing power parity of the United States of

American Dollar. The combined measure of these indices is ranked across 177 countries to determine the position of each country on human advancement and quality of living. Among the 177 countries ranked, Nigeria occupied the 158<sup>th</sup> position in 2004.

Nigeria presents a paradox of poverty in the midst of plenty. With the enormous naturally endowed agricultural products, oil, gas, solid minerals, etcetera; the generality of its people especially in the rural areas wallow in poverty.

In terms of nutrition, Nigeria according to the **WDR (2000/1)** has not experienced substantial improvement in terms of stunting, wasting and underweight. The daily per capita Calories supply as a proportional requirement declined from 90 percent to 85 percent in 1996. In terms of water, the **WDR (2000/1)** indicated that only 39 percent in rural and 80 percent in urban areas have access to safe water, even then a large number of them have to travel long distances to access safe water. The report also indicated that only 13 percent of the total population has proper personal sewage and toilet facilities and that about 25 percent have no access to toilets at all. These social indicators clearly highlight the deplorable situation in the country.

There is currently, considerable agreement and consensus, among policy makers, development workers both local and international and the general populace on the magnitude and profile of poverty in Nigeria today. Updated data from the **Federal Office of Statistics (FOS), Poverty profile (2006)** indicates that about 70 percent of Nigerians currently live below the poverty line of N150 per day. The data also shows that those in the core poverty bracket in urban areas had risen from 25.2 percent in 1990 to 43 percent in 2005, while those in the core poverty bracket in the rural areas also rose from 31.6 percent 1990 to over 50 percent in 2005.

A critical analysis of this statistics illuminates a potential danger and threat to the country. What this statistics translate in real terms of the proportion and population of Nigerians presently living and experiencing one form of poverty is as follows:

With a national population estimate of 121.0million by World Bank 2003 projection:

- (i) By 1996, 79.8 million Nigerians were living in one form of poverty.

- (ii) 8.7 million Nigerians are now experiencing one form of poverty.
- (iii) By 1999 those in the core poverty bracket in the urban areas were 30.4 million Nigerians.
- (iv) By 1999 those in the core poverty bracket in the rural areas were over 55 million Nigerians. A figure that is almost half the population of the country.

The above magnitude, severity, depth and the ever rising profile of the incidence of poverty in Nigeria and the challenges it poses to an effective and practical poverty reduction mandate constitute one of the research problem of this study.

Poverty implies that access to regular feeding is limited and this comes with it potentialities for all forms of resentments. Quite often, such resentment could be violent and destabilizing. Makinwa (1987) noted that such a situation poses a serious threat to peaceful co-existence. It is in recognition of this implication which informed the Federal Government to embark on measures aimed at stemming the tide of deepening impoverishment of a large proportion of the population through various poverty reduction programmes.

### **1.3 RATIONALE FOR THE STUDY**

“Human Poverty is more than income poverty – it is the denial of choices and opportunities for living a tolerable life” (United Nations, 2006).

Poverty amid plenty is the world’s greatest challenge. Poor people live without fundamental freedoms of action and choice that the better off take for granted (Sen., 1999). They often lack adequate food and shelter, education and health, deprivations that keep them from leading the kind of life that every one values. They also face extreme vulnerability to ill health, economic dislocation, and natural disasters. And they are often exposed to ill treatment by institutions of the state and society and are powerless to influence key decisions affecting their lives.

These are all dimensions of poverty (World Bank, 2004). Indeed, of the world’s 6 billion people, 2.8 billion live on less than \$2 a day, and 1.2 billion live on less than \$1 a day. In rich countries less than 1 child in 100 does not reach its fifth birthday, while in the poorest countries as many as a fifth of children do not. And while in rich countries fewer than 5 percent of all children under five are malnourished, in poor countries as many as 50

percent are. The great majority of Africa lives on barely \$0.65 a day and this number is growing relentlessly. Moreover, a severe lack of capabilities (education, health, nutrition) among Africa's poor threatens to make poverty "dynastic," with the descendants of the poor also remaining poor.

Nigeria is the largest populated country in Africa, that means the threatening poverty 'dynasty' in Africa has more severe effects on Nigerians, since we have more people living in Nigeria than in any other Country in Africa. The rural poor account for 80 percent of African poverty, but urban poverty is substantial and appears to be growing (World Bank, 1997, World Bank 2001, Collier and Gunning, 1999). Africa is not only poor; it also suffers from vast inequality in incomes, in assets, in control over public resources, and in access to essential services, as well as pervasive insecurity. These dimensions of poverty and deprivation are worsening in many parts of the region while in some areas there are indications of deterioration in the general health of the population, particularly among the poor and children. Not surprisingly, the elimination of deep poverty has emerged as the overriding objective of development in Africa.

#### **1.4 SIGNIFICANCE OF THE STUDY**

Rural poverty has been the bane of most Nigeria rural Communities. There are lots of challenges facing these Communities; from lack of basic amenities to utter neglect by most successive government agencies in charge of rural developments. Recently, a new trend is emerging in Nigeria: the level of poverty in urban areas is rising with each passing day. It is now common knowledge in Nigeria that big cities like Lagos, Port Harcourt, and Kano, to mention but a few; have amazing increase in people living in abject poverty. The 'new' federal capital territory of Abuja is not left out, in fact it has increased communities that are in very poor living conditions. Why would a 'planned city' like Abuja get immersed in poverty issues so soon? In all of these poverty issues, women's number is more than that of men. Women receive the brunt of poverty challenges anywhere poverty is prevalent.

This assessment study is significant in that it will evaluate the causes of rural poverty among women in Abuja Satellite Communities. The study will look at the causes of rural poverty amongst women in Abuja satellite Communities, what these women do to earn their living, conditions contributing to poverty and increase in poverty amongst women in Nigeria. What strategies are being adopted by the Federal Capital Development Authority (FCDA) Abuja and other government and non-government authorities doing to tackle this poverty issue. This is because the various strategies adopted to tackle

rural poverty alleviation in the past did not appear to yield much positive outcome. It is therefore expected that at the end of the study, the assessment report will be a valuable document that will help interested Stakeholders and government agencies in Nigeria to re appraise its strategies as well as guide future policy makers towards a more practical and effective approach to rural poverty reduction efforts.

The study is also significant in that it will stimulate further research into the concept of rural poverty reduction and how Abuja could be re-positioned or repackaged to meet the needs of the target women population that reside in Abuja.

The result of the study would also serve as a source of information or reference materials for national and international agencies and those who would want Abuja, and Nigeria at large to move out of her present poverty situation.

## **1.5 RESEARCH QUESTIONS**

In line with the research problem identified above, the following research questions were drawn up to guide the study.

- (i) Are the strategies put in place by the federal capital Development Authority in Abuja adequate and appropriate in addressing the challenges of eradicating rural poverty in Abuja Satellite Communities?
- (ii) Have other interested Stakeholders provided the appropriate infrastructural facilities that can alleviate absolute rural poverty amongst women in Abuja Satellite Communities?
- (iii) What impact has these infrastructural provisions on the life of the rural women living in Abuja?
- (iv) Is adequate funding a constraint to these women in Abuja?

Answers to these questions and other findings from field data will go along way in assessing the impact of poverty amongst women in Abuja and the effectiveness of the responsible authorities' strategies on eradicating rural poverty in Abuja. This will enable the study draw up conclusions, and make recommendations as a way forward on how women in Abuja satellite Communities can be re-positioned to be more efficient in reducing rural poverty in Abuja satellite Communities.

## 1.6 STATEMENT OF HYPOTHESES

In line with the research problem identified above, the following research hypotheses are drawn up to guide the study.

- Ho: More than half of women living in Abuja Satellite Communities are living in rural poverty
- H1: Less than half of women living in Abuja Satellite Communities are living in rural poverty
- Ho: Adequate funding for business and farmwork is a constraint to women living in Abuja satellite Communities
- H1: Adequate funding for business and farmwork is not a constraint to women living in Abuja satellite Communities
- Ho: Strategies put in place by the federal capital Development Authority are not adequate to help most women living in Abuja satellite Communities reduce poverty
- H1: Strategies put in place by the federal capital Development Authority are adequate to help most women living in Abuja satellite Communities reduce poverty
- Ho: More access to finance by women in Abuja will greatly help to reduce rural poverty amongst women in Abuja satellite Communities
- H1: More access to finance by women in Abuja will not really help to reduce rural poverty amongst women in Abuja satellite Communities

Answers to the Questionnaires to be administered in the field will go a long way in assessing the impact of rural poverty in Abuja Satellite Communities and the efforts of government's measures in eradicating this rural poverty and the adequacy of funding for poverty reduction programmes in Abuja, the federal Capital territory of Nigeria. This will enable the study draw up conclusions, proposals and make recommendations as a way forward on how the federal capital Development Authority (FCDA) can be re-positioned to be more effective in addressing rural poverty among women in Abuja, and avenues of adequate funding for rural women's activities as they work out earning their livings on a day to day basis.

## 1.7 A BRIEF HISTORY OF ABUJA, NIGERIA

Abuja, city and capital of the Federal Republic of Nigeria lies in the central part of Nigeria. The Abuja FCT is approximately 480km northeast of Lagos – the former capital until 1991. The new capital was developed and built on the Chukuku hills during the 1980's. Design is accredited to the department of Architecture, Ahmadu Bello University in Zaria, Nigeria. The site choice was made based on certain factors: central location, easy accessibility, salubrious climate, low population density and the availability of land for future expansion. It is also the first planned city to be built in Nigeria. The city was planned with a projected population of around

25,000 in the early stages of occupation as early as February 1979 when the Abuja Master plan was approved for implementation and is divided into zones. ABUJA, virgin land turned Nigeria's Federal Capital and symbol of unity, wields much more in infrastructure and commercial investments than meets the eye. Created in 1976 by the Federal Military Government of the late General Murtala Mohammed via decree No. 6 of the same year; the city has unequivocally revolved as Nigeria's second best inspirational realization after independence from colonialism.

Prior to its creation, Nigeria was administered from LAGOS as its capital, which was constitutionally recognized and empowered to function as a state. This was due to the fact that the main seaport, industrial and commercial activities were all centered in Lagos. This resulted into perennial cases of traffic jams, intolerable congestion, inadequate infrastructural and social amenities as well as lack of land for further expansion. These put together rendered the city ineffective as seat of Government. The search for a new capital for Nigeria began in earnest on 9th August, 1975, when the Federal Military Government set up the Justice Akinola Aguda panel to examine the dual role of Lagos as both Federal and State Capital and advise on the desirability or otherwise of Lagos retaining that role. The Aguda Panel was mandated to, among other things, recommend which of the two governments, Federal or State, should move to a new location in the circumstance of finding Lagos not suitable for its dual role.

The choice of Abuja by the panel was determined by factors such as: centrality of location, easy accessibility from all parts of the country, healthy climate conditions, low population density, availability of land for future expansion, physical planning convenience and ethnic accord.

The FCT has a total of 800,000 hectares of land, out of which some 274,000 hectares has been designated for agricultural production activities and a further 270,000 hectares reserved for forestry. The land resources in the FCT can support production of most kinds of crop as well as livestock and fishery products consumed in the Territory.

Apart from some of the natural endowments of Abuja, cultural artifacts of the original Gbagyi inhabitants, as well as human-made structures, those who come to Abuja have a variety of activities at their disposal to make their stay worthwhile. These include wildlife, mountaineering, boating, pottery and contemporary art works and other exquisite landmarks, which all dot the Federal Capital Territory. The federal Capital City plays host to the cream of the Nigerian society, international development workers, diplomats, top corporate executives, and



government functionaries coupled with the vigorous reform agenda of the present administration to provide security, all combine to make Abuja a potential captive market for investment in real estate, recreational parks and mining.

More than 70 percent of the land is rural. The FCT is subdivided into six Area Councils, Abaji, Abuja Municipal, Bwari, Gwagwalada, Kuje and Kwali. The urban areas are in the Federal Capital City (FCC) namely, Garki, Maitama, Wuse, Asokoro, Gwarinpa and Gudu districts. Other urban areas are the local government or Area Council headquarters. Notable satellite towns include Kubwa, Nyanya, Karu, Karshi, Karmo, Lugbe and Idu. Others are Gwagwa, Jiwa and Jikwoyi in the Municipal Area Council. Some remote villages, Kuchigoro and Aleyita, near the city, in Abuja Municipal Area Council, are beginning to grow.

Abuja was envisioned as the political capital and geographical heartland of Nigeria. It is equidistant from all parts of the country. Abuja is a symbol of Nigeria's unity and a reaffirmation of her enduring vision of dynamism and prosperous development.

### **1.8 Limitations of the Study**

The focus of this study is the rural poor women who constitute the bulk of the population in Nigeria's Abuja satellite Communities. Specifically, the scope of the study is limited to an assessment and challenges of the activities of these women in making a living, only in relation to poverty in Nigeria. For this reason, the results will specifically show the extent and effects of rural poverty on the women living in Abuja Satellite Communities only as it relates to Nigeria.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW AND THEORITICAL FRAMEWORK**

#### **2.1 WHAT IS POVERTY?**

A review of the massive literature on poverty shows that there is no standard concept or definition of poverty because of its multidimensional nature as well as its dynamic properties. In the words of Aboyade (1995), "Poverty is like an elephant, it is more easily recognized than defined". Tella (1997), Anyanwu (1997) pointed out that any study of poverty must begin with a definition of poverty in order to provide a focus by which one can determine the limits of understanding.

Most economists define poverty as a situation of low income or low consumption (Obadan, 1997) while some adopt a broader definition such as being unable to meet basic material needs, encompassing food, water, clothing, shelter, education, health as well as basic non – material needs including participation, identity, dignity among others (Ali, and Thorbecke, 1998; Romer, 2005). Specifically, the pioneers in this field of inquiry defined poverty as a situation where the income of families was insufficient to obtain the minimum necessities for the maintenance of physical efficiency (Ravallion, 1994). This definition has been refined and extended such that it forms the background for the basic needs approach to the study of poverty. It is in this context that the concept of absolute poverty emerged.

What really then is poverty? Measuring poverty is not so simple. Poverty is not just an economic condition, it is a human condition. Poverty is a plague afflicting people all over the world; it is considered one of the symptoms or manifestation of underdevelopment. Poverty is a vicious circle which keeps the poor in a state of destitution. Poverty affects many aspects of human conditions; hence there has been no universal consensus on the definition. Good health and longevity; adequate education; access to land, credit, or other productive resources; supportive families and communities; justice; freedom from discrimination, abuse and violence, are all elements often missing from the lives of the poor.

Greenwald and Associates defined poverty as "a condition in which income is insufficient to meet subsistence needs". Beck (1994) defined poverty also as "a situation when the resources of individuals or families are inadequate to provide a socially acceptable standard of living". Poverty, apart from being the lack of daily

necessities – of adequate food, water, shelter, or clothing; is the absence of the capabilities and opportunities to change those conditions

Sometimes attention is drawn to the relative nature of poverty and a clear distinction is drawn between the poor and non – poor. According to the World Bank Development Report (1990), poverty is defined as “inability of certain persons to attain a minimum standard of living”. Decluwe, et al (1999) defined poverty as “ lack of command over basic consumption needs such as food, clothing and or shelter”, such lack of resources to meet the basic needs he claimed incapacitates the individual in protecting himself against social, economic and political deprivations. Ahmad, and Hussien (1985), Abdulai, and CroleRees (2001), variously defined poverty as “lack of basic necessities of life”.

These definitions recognize three types of poverty namely, absolute poverty, relative poverty and material poverty. By absolute poverty is meant the inability to provide for physical subsistence to the extent of being incapable of protecting human dignity. It implies limited access to food, clothing and shelter, portable water health services, basic education, public transportation and employment. People in absolute poverty earn meager incomes which result in zero marginal propensity to save and a short life span. Relative poverty is defined with respect to living standards that prevail in a particular society and this changes overtime. Material poverty depicts lack of ownership of physical assets such as land and animal.

## **2.2 WHO IS THE POOR?**

How do we identify the poor? The definition of poverty proffered by ), Abdulai, and CroleRees (2001), is identification of the poor made easy, because it encompasses the major characteristics, both economic and social, found in the poor.

A poor man, according to ), Abdulai, and CroleRees is any person who is not able to cater adequately for his or her basic needs of food, clothing and shelter. A poor person is also any one who is unable to meet his or her social and economic obligations, lacks gainful employment, skills, assets and self – esteem, and has limited access to social and economic infrastructures such as education, health, portable water and sanitation and as a result has limited chance of advancing his or her welfare to the limit of his or her capabilities.

## 2.3 The Poor In Nigeria

Bourguignon, and Fields (1990) categorized the following as poor within the Nigerian context;

- (i) Households or individuals below the poverty line and whose incomes are insufficient to provide for their basic needs;
- (ii) Households or individuals lacking access to basic services, political contracts and other forms of support.
- (iii) People in isolated rural areas who lack essential infrastructures;
- (iv) Female – headed households whose nutritional needs are not being met adequately
- (v) Persons who have lost their jobs and those who are unable to find employment.
- (vi) Ethnic minorities who are marginalized, deprived and persecuted economically, socially, culturally and politically.

## 2.4 What does it mean to be Poor?

Poverty means different things to different people. It has too many sides which cannot be captured in one single swoop. It is multi-dimensional. But only the poor knows what it is to be poor. Therefore from the **Voices of the Poor**, a study carried out by the World Bank among sixty thousand poor people across sixty countries including Nigeria, the poor people said that poverty means to them lack of basic necessities of life, hunger and deprivation of essentials of life, inability to realize one's capabilities—to acquire knowledge, good health, skill, freedom, etc. It also means lack of voice in what concerns and affects you as an individual or group; powerlessness against overbearing, inefficient and corrupt state apparatus, It means vulnerability to sickness, unemployment, policy changes, war, civil unrests, crop failure, irregular and unstable pay and pension benefits, violence, insecurity of life and property and global weather change.

Poverty to them means lack of income and assets and returns to such assets, namely:

1. Physical assets---Roads, industries, hospitals, i.e. access to infrastructure.
2. Natural assets such as land
3. Human assets such as capacity for basic labor, skills and good health
4. Financial assets, such as savings and access to credits
5. Social assets such as political influence over resources and networks of contacts and reciprocal obligations that can be invoked in time of need.

In sum, poverty has two main dimensions, namely **income** and **non-income** dimensions which include lack of education and health, voicelessness, vulnerability or exposure to risks without social safety nets like formal or informal insurance, access to credits and so on and *security*.

## 2.5 CONCEPTUAL FRAMEWORK OF POVERTY

Effort directed at enhancing economic well being of rural people by increasing their income level will reduce rural poverty and stimulate economic growth. Poverty reduction either in the rural or urban centers involves efforts at improving the quality of human capital of the nation. This will ensure equality in the income distribution and resources in the society.

The conceptual base of this study is located in the Human Capital Theory made popular by Ravallion, and Martin (1994). Human Capital Theory is a welfare economic theory that holds that investments in health, education and skills of citizens is more productive than investment in machines, bridges and tractors.

Ravallion, and Martin (1994) asserted that human capital theory not only account for the shape of income distribution, but also the unexplained variation in earnings among individuals, regions and subgroups in the society. Ravallion, and Martin (1994) observed that most low – income countries invest very little in Human Capital or the health, education and skills of their citizens. He argued that increase in human capital reduces the level of poverty.

Available data on human capital has shown that low level investment in human capital affects the number of people that have access to safe water in the society. While only 28 per cent in the low – income countries that are poverty ridden have access to safe water; in the middle income it is 60 percent, and in industrialized countries 99 per cent of the population have access to safe water (WDR, 2005).

The poor in the society tend to have low skills and lower stock of human capital. These realities are as a result of less and sub – standard education as well as low – job training. The children of the poor often receive less or no educational training and the resultant effect is what is known as generational poverty or chronic poverty.

Schendel (1986) observed that poverty is to a great extent, a matter of income distribution. This means that the income distribution which is as a result of one's education, skills, training and deprivation would determine the level of poverty of the individual.

The Human Capital Approach suggests that education and training could be used as a vehicle to alter the inequality in the income distribution in the society by raising the relative position in the income distribution of people and also narrowing their income differentials. Human Capital therefore, can be considered a panacea for real and sustainable national development that effectively reduce poverty in any society.

A society that has a high quality Human Capital would be able to take full advantage of any government provisions at the rural areas for its benefits. The primary objective of poverty reduction programs in all over the World is to eradicate absolute poverty in both the rural and urban areas, and this may not be achieved due to the persistence of poor quality human capital in some of the areas.

It is one thing to introduce poverty alleviation programme in the rural areas, but it is another thing for it to make an impact on the life of the people it is intended for. A well developed Human Capital would enhance the proper execution and implementation of the strategies of national poverty reduction programs among the populace and would compliment other roles in achieving desired results. Government programmes at the grass root level would only succeed if there is availability of high quality human capital especially in the rural areas.

## **2.6 HISTORICAL PERSPECTIVES ON THE EVOLUTION OF POVERTY CONCEPTUALIZATION.**

Thoughts on appropriate conceptualization and accurate characterization of determinants of poverty has a long history. From analytical perspective, thinking about poverty can be traced back at least to the codification of the poor laws in medieval England, through to the pioneering empirical studies at the turn of the century, by Beck in London and Shorrocks, and Subramanian in York. Shorrocks, and Subramanian's study published in 1994, was the first to develop a poverty standard for individual families, based on estimates of nutritional and other requirements. In the 1960s, the main focus of poverty debate was on the level of income, reflected in macro – economic indicators like Gross National Product per capita. This was associated with emphasis on growth, as exemplified in the work of the Pearson Commission, "Partners in Development" (1969). In the

1970s the issue of poverty became prominent with the publication "Redistribution with Growth" by World Bank in 1973.

Debate on poverty conceptualization was further upgraded by two factors. First was the emphasis at this time on relative deprivation, inspired by the work in the United Kingdom keuning, et al (1998) keuning in particular helped redefine poverty, not just as a failure to meet minimum nutrition or subsistence levels, but rather as a failure to keep up with the standards prevalent in a given society. The second factor was the broadening of the concept of income poverty to include a wider set of "basic needs" including those provided socially. Following International Labor Organization's pioneering work in mid 1970s, poverty came to be defined as not just lack of income, but also as a lack of access to health, education and other services.

Conceptualization of poverty gathered fresh momentum in the 1980s. The principal innovations were five, namely:-

- (i) The incorporation of non – monetary aspects, particularly as a result of Robert Chamber's work on powerlessness and isolation (1984).
- (ii) A new interest in vulnerability and security emerged (Lipton, 1985). This was associated with a more better understanding of seasonality and the impact of shocks. This focus led to new works on coping strategies.
- (iii) The concept of poverty was broadened to include a wider construct of livelihood (Ravallion, 1987).
- (iv) The innovative theoretical work Amartya Sen (1977) which introduced the notion of food entitlement, or access. He emphasized that income was only valuable in so far as it increased the 'capabilities' of the individual and thereby permitted 'functionings' in society.
- (v) The 1980s was characterized by a rapid increase in the study of gender. The debate moved from a focus on women (Women in Development) to wider gender relations (Gender and Development). Policies to empower women and redress gender poverty gap were given enhanced attention.

The 1990s saw further development of the poverty concept. The idea of well – being came to act as a metaphor for absence of poverty, with concomitant emphasis on how poor people themselves view their situation i.e. "The voice of the poor". Inspired by Sen's work, UNDP developed the idea of human development

which entails, “the denial of opportunities and choice .... to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self – esteem and respect of others.....”(UNDP, 1995).

According to World Bank report (1996) there are observed fault lines in poverty analysis and conceptual debate. They are:-

**(i) Individual or household measures:**

Early measurement of poverty for instance the report, was at the household level, and much still is. Other analysis disaggregates to the individual level, so as to capture intra – household factors and different types and causes of deprivation affecting men, women, children, old people and so on.

**(ii) Poverty Conceptualized as private consumption:**

In this view poverty can only be defined in terms of private income or consumption.

**(iii) Monetary or Non – Monetary components of poverty:**

On the basis of this thought money measures of poverty are often used because they are either regarded as sufficient on their own or seen as an adequate proxy for poverty. He argued that there are clear fault lines between definitions of poverty which are restricted to income or consumption and those which incorporate such factors as autonomy, self – esteem or participation. He posited further that in Maslow's hierarchy of needs, these were seen as higher needs, which would become more important as basic needs for food, shelter, housing and safety were met.

**(iv) Poverty as timeline:**

On the basis of this many surveys and poverty assessments report the incidence of poverty at a point in time. Adeyeye (2001) observed that, there is a long history of thinking about poverty in terms of life cycle experience. Adeyeye (2001) argued that there has been increasing attention to understanding movement in and out of poverty, what Jenkins (1990) calls bottom – end.

**(v) Poverty perception as actual or potential:**

By this some analysis conclude that the poor are those who are highly sensitive to shocks, or not resilient. In this group are what he termed vulnerable, whom he identified as small – scale pastoralists exposed to the risk of drought, the elderly, among others.



**(vi) Stock or Flow measures of poverty:**

In this regard, Adeyeye (2001) observed that the definition of poverty as income focuses on the flow of material goods and services. The alternative he argued is to examine the stock of resources a household controls. Resources such as land, jewelry and cash or in terms of social capital like social contacts, network, reciprocal relationships and community membership.

**(vii) Input or Output measures of poverty:**

Sen (1977) postulated that poverty measured as a shortfall in income essentially captures an input to an individual's capability and functioning rather than a direct measure of well – being. Adeyeye (2001) pointed out that as a result of the above postulation by Sen, scholars writing, about poverty have often assumed wrongly, that there is an automatic link between income and participation, or functioning in the life of a community.

**(viii) Absolute or Relative poverty**

The World Bank currently uses a figure of one United States of America dollar per day, in 1985 purchasing power for absolute poverty. Adeyeye argued that the alternative has been to define poverty as a relative deprivation, for example as half mean income, or as exclusion from participation in society. Based on this premises the European Union has decided that “the poor shall be taken to mean persons, families and group of persons whose resources are so limited as to exclude them from minimum acceptable way of life”.

**(xi) Objective or Subjective perceptions of poverty:**

In this regard, Adeyeye (2001) noted that the use of participation methods has greatly encouraged an epistemology of poverty, which he argued relies on local understanding and perceptions. He cited the example of exposure to domestic violence seen as important in one community, while dependency on traditional structure is viewed as important in another.

The above illustrated fault lines and questions only go to confirm that there are no right answers or acceptable general definition of the concept of poverty, current thinking however allows some simplification. First, poverty needs to be understood first as a problem at the individual rather than the

household level. Second is the use of income or food as measure of poverty. Thirdly is the settled consensus that people move in and out of poverty and the seasonal, cyclical conceptualization and measurement. Beyond these areas of agreement, there are different views on whether assets, including social claims should be counted in a poverty matrix, on the importance of vulnerability, and on the relative prioritization of monetary and non – monetary variables.

What is becoming clear in contemporary literature on poverty is that the most radical proponents of a participatory approach would deny the validity of standardized or objective measures of poverty, whether based on income or wealth. On the basis of the above, one can conclude that conceptualizing poverty is problematic, even though the exercise is necessary for proper identification of the poor and their effective targeting in a more pragmatic approach to poverty alleviation.

## **2.7 CONCEPTUALIZATION OF POVERTY**

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 earlier classical theorists in the attempt to illuminate on the concept of poverty based their analytical framework on the law of diminishing returns which was believed to be universal in content although this was later upgraded at the time of Alfred Marshal and his contemporaries when the law of increasing returns in industry was more clearly articulated. Marxian theoretical formulation on the nature of poverty was largely based on the principle of exploitation of labour.

This formulation 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. Fields, (1989) developed a model of dualistic economy which was later popularized later by other writers. According to this model, the national economy was divided with two parallel institutional production sectors, namely, the traditional sector and the modern sector.

The modern sector 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 implies that the poor person is the cause of his or her poverty.

Broadly, poverty can be conceptualized in four ways:

- (i) Poverty as lack of access to basic needs or goods.

This conceptualization 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. They referred basic goods to include nutrition, shelter/housing, water, healthcare, access to productive resources including education, working skills and tools and political and civil rights to participate in decisions concerning socio – economic conditions (Kanbur, 1987)

- (ii) Poverty as lack of or outcome of impaired access to Productive Resources.

Lack or impaired access to productive resources like agricultural land, physical capital and financial assets, lead to absolute low income, unemployment, undernourishment among others. 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 the individual to convert available productive resources to a higher quality of life (Sen, 1977) and Adeyeye (1987).

- (iii) Poverty as the outcome of inefficiency of common resources.

This may result from weak policy environment, inadequate infrastructure, and weak access to technology and credit. It can also be due to certain groups using certain mechanism in the system to exclude “problem groups” from participating in economic development, including the democratic process. This is very common in developing countries like Nigeria.

- (iv) Poverty as a result of “exclusive mechanism”.

In sub – Saharan Africa, 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 sub – Saharan Africa, Nissanke, (2000) suggests three paradigms of exclusion:

- (a) The individual's specialization that cannot be accommodated in the factor market (specialization paradigm)
- (b) The various interests groups that establish control over inputs of available resources for example, on goods, labour, markets (Brands/Touts) and simultaneously foster solidarity within the respective interest groups (monopoly paradigm)
- (c) The individual who has a troubled relationship with the community (solidarity paradigm).

Poverty can be structural (chronic) or transient. Chronic poverty 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. Transient

poverty on the other hand is defined as transitory or temporary poverty and is linked to natural and man-made disasters. Transient poverty is more reversible, but can become chronic if it persists.

A major lesson that can be drawn from the conceptualization of poverty above is that any attempt to design pragmatic approach to poverty reduction has to adopt a mixture of strategies since poverty is multifaceted in scope and dimension.

## 2.8 CONCEPTS OF POVERTY

In analyzing poverty, some concepts have emerged.

- (i) **Poverty line**, which is defined as the minimum income level below which nutritionally adequate diet plus essential non – food requirements are not affordable.
- (ii) **Poverty incidence** is the fraction of the population that falls below the poverty line.
- (iii) **Poverty depth** is the extents to which the incomes of the poor lie below the poverty line
- (iv) **Severity of poverty** is a descriptive measure. It describes the distribution of those below the poverty line and helps determine the types of intervention required to move them out of poverty.

Poverty is manifested in exposure to risks, corruption, street life, living in squalor, high infant mortality, acute malnutrition, short life expectancy and human degradation. In Nigeria, it has been established that poverty incidence is on the increase and also the fact that the incidence of poverty is higher in the rural areas than in the urban centers. (FOS, World Bank, 1998).

## 2.9 THE CONCEPT OF ABSOLUTE POVERTY

The free encyclopedia, *Wikipedia* defined absolute poverty as a situation where the income of a person or a household is insufficient to secure the minimum basic human needs required for physiological survival.

Elements of these basic human needs include food, water, clothing and shelter. These are also the elements of the lowest level of Maslow's hierarchy of needs (Maslow, 1970). These needs according to Maslow must be satisfied in order to survive and if there is an acute deficiency he argued the individual will react by directing most of his or her energies towards obtaining the minimum requirement for physical survival. In the event of a failure to secure this minimum, Maslow pointed out, that it will lead to impaired physical efficiency and eventual death. This is the sense in which the World Bank report (1991) base its notion of absolute poverty and it forms the basis for the specification of poverty line.

This concept of poverty as propounded by Ravallion attracted considerable criticisms. Prominent among these is the difficulty in determining the minimum requirements of these basic needs for survival. The concept, Ajakaiye (1999) observed ignored the influence of socio – cultural and environmental factors. He argued that, humans are known to have incredible capacity to adapt and survive under extreme conditions, like in deserts as well as Iceland. Adeyeye (2000) also observed that this concept of poverty as propounded by Ravallion is limiting, in the sense that it cannot form the basis for interpersonal, inter – temporal, international and even spatial comparisons. Despite the criticisms, the notion of absolute poverty however remains relevant, especially in areas prone to famine and other natural and man – made disasters. The concept of absolute poverty is also relevant in that it is the type of poverty that policy makers and international development agencies are striving to eliminate.

## **2.10 THE CONCEPT OF RELATIVE POVERTY**

The concept of relative poverty emerged in order to correct the weaknesses observed in the notion of absolute poverty. Beck (1994) defined relative poverty as a situation where individuals or families are in command of resources which over time, fall seriously short of the resources commanded by the average persons or families in the community in which they live. The strength of this concept of poverty is that it is quite dynamic in that as the average standards of the relevant community increases, the relative poverty line will increase as well. It also eliminates the problem of limited comparisons, especially interpersonal and international comparisons. It also justifies consideration of poverty in advanced industrial society where the resources commanded by the relative poor persons in these countries may be larger than that commanded by the richest persons in many developing countries. This concept, Ajakaiye (2002) noted makes it possible to extend the scope of material needs beyond those of the lowest level of human needs because persons or households in a given

community may be large enough to secure higher order material needs. Prominent among such higher order material needs, he pointed out, are health care, education, taking a vacation and other social amenities.

A major weakness of this concept of poverty, Adeyeye (2002) opined is the apparent lack of a scientific basis for determining how far below the average family's resources should fall in order to become relatively poor. In other words, precisely when does a family's resource fall seriously below the average? The difficulty in responding to this question implies that subjectivity is involved and the severity of poverty in relative terms depends on the investigator. One can therefore infer that the concept of relative poverty is operationized from an arbitrary paradigm.

A fundamental problem with these concepts of poverty relates to their almost exclusive focus on economic resources. Nguyen (2004) gave a succinct concept of poverty. According to them, poverty refers to a condition involving those severe deprivation and adverse occurrences that are associated with inadequate economic resources. Economic resources in context, they broadly defined as encompassing rights to own property, access to productive employment and access to other factors of production such as land, labour, capital and infrastructural facilities.

Aboyade (1975) pointed out that the structure of economic and social relations which generate poverty as a by-product of the normal function of the socio-economic and political system are touched by the concept. He argued further that the failure of the policies and programmes intended to eradicate absolute poverty in Africa was not unconnected with this conceptual neglect. He wondered why instead of finding ways of conceptualizing poverty in a more robust and comprehensive way, economists continue to carry out sophisticated statistical analysis to establish correlation between income and consumption indices of poverty on one hand and those of other economic attributes of the poor on the other.

## **2.11 OPERATIONALIZING THE CONCEPT OF POVERTY**

The poverty analysis of any country requires firstly establishing a poverty line which would then be used in conjunction with other welfare indicators. Generally, there is no objective definition of poverty and no objective way of measuring how many people are in poverty. The number differ greatly according to different plausible

definitions (Hoag et al,2006). The early measures of poverty suffer from their insensitivity to how poor the poor are and the effect of a possible redistribution of income among the poor. To mitigate against the first problem, Hoag et al,2006, has suggested the use of the product of the headcount ratio and the income – gap ratio.

The problem of insensitivity to inequality was addressed by Sen's index (1976) Sen's measure relies on three parameters:-

- (i) Headcount ratio;
- (ii) Income – gap ratio and
- (iii) Gini co – efficient of the distribution of incomes among the poor. The works of Takayama (1979), Blackorby and Donaldism (1980), Kakwani(1980), Thorn (1983), Foster – Greer Thorbecke (1984), Ray (1986) and Atkinson (1987) all derive from Sen's efforts. There are presently a number of indexes aimed to reflect specific elements of poverty related to a specific area. We have the:-

- Human poverty index (UNDP)
- Headcount index;
- Poverty gap index;
- Food security index;
- Basic needs index;
- Integrated poverty index;

There are nevertheless, three broad recognizable concepts of poverty which form the basis of methods of determining **poverty line**.

#### **Method based on Absolute Measures of Poverty.**

Absolute measures of poverty assume that poverty exists when individuals or households are not able to acquire a specific level of consumption. The absolute poverty line is fixed in terms of food basket used. The food basket approach calculates the cost of acquiring a given basket of food stuffs, which will provide adequate calories for the individuals or households.

#### **Methods based on Relative measures of poverty.**

Relative measures of poverty attempt to overcome some of the methodological weakness of the absolute measures by selecting a poverty line relative to the standard of living. Relative measures of poverty have the added advantage of corresponding to the resources available within the society to



address poverty and also allows the poor to judge themselves with the standard of living of others in the society.

### **Methods based on Subjective measures of poverty.**

This method requires the individuals to define what they consider to be a decent or minimally adequate standard of living.

### **POVERTY LINE**

Poverty lines can be set in relative absolute or subjective terms. According to Moustier (2005), poverty lines are the swing point for poverty analysis. They pointed out that it is the poverty line, that separate the poor from the non – poor. Those whose income/expenditure fall below the line are poor, those above are non – poor.

### **POVERTY INDICES**

The P alpha measure is customarily used in analyzing poverty. The measures relate to different dimensions of the incidence of poverty. P0, P1 and P2 are used for head count (incidence), depth and severity of poverty respectively. The three measures are based on a single formula, but each index puts different weights on the degree to which a household or individual falls below the poverty line. The mathematical formulation for poverty measurements as derived from Foster, Greer and Thorbecke (1984) is

$$P_{\alpha} = \frac{1}{N} \sum_{i=1}^N \left( \frac{q}{z} \right)^{z-y} \alpha$$

- Where
- Z = Poverty line
  - q = The number of individuals in the reference population.
  - N = The total number of individuals in the household in which individuals i live.
  - Yi = The expenditure/income of the household in which

individuals i lives

$\alpha$  = Foster – Greer – Thorbecke (FGT) index and takes on the values of 0, 1 and 2.

Generally, the indices are interpreted as:

- P0 = Headcount: Counts the numbers of people with expenditure/income below the poverty line.
- P1 = Depth of poverty – The percentage of Expenditure/income required to bring each individual below the poverty line up to the poverty line.
- P2 = Severity of poverty – It indicate severity of poverty by giving larger weight to the extremely core poor. This is done by squaring the gap between their expenditures/income and the poverty line in order to increase its weight in the overall poverty measure.
- $Y_i$  = The expenditure/income of the household on which individuals live

## 2.12 POVERTY MEASUREMENT

How do we measure poverty without losing sight of its various dimensions? Measurement is complex and varied. There are however, three broad ways by which poverty can be measured:-

### (i) **Absolute poverty measurements.**

Absolute poverty can be measured in five different ways. They are:

- (a) **The headcount ratios** which is the simplest and most common measure in which poverty can be expressed in a single index.  $H = \frac{q}{N}$

Where q is the number of the poor and N is total sample population. This measure 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.

**(b) The poverty gap/income shortfall:**

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)

**(c) The Sen index**

This index is attributed to Sen (1976). It incorporates the headcount index, the income gap and the Gini coefficient. This index indicates that the efficient way to reduce poverty is to help the least needy first and the most needy last.

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.

**(d) 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. It focuses on social development. The PQLI is based on three indicators:

- (i) Infant mortality
- (ii) Life expectancy
- (iii) Basic literacy.

**(e) The human development index (HDI)**

The HDI is the most recent composite poverty measurement index devised by the United Nations Development Programme (UNDP, 2004). This index focuses on human development. It incorporates income and non – income factors. Three factors;

- (i) Longevity measured by life expectancy at birth;
- (ii) Knowledge measured in terms of literacy and
- (iii) Per capita income as the variable of the index.

**(ii) Relative Poverty Measurement**

Relative Poverty Measures define the segment of the population that is poor in relation to the set income of the general population. There are two main kinds of relative measures:-

- (i) **Average Income** – 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.
- (ii) The number or population of people whose income are less than or equal to pre determines percentages of the mean income say 50 % or less of the mean income.

**(iii) Subjective Poverty Measurements**

This is a fairly new development in the area of measurement of poverty. It is based on the premise that the opinions of persons with respect to their own situation should invariably be the determinant in defining poverty. Some of the exponents of this poverty measurement based their methods on income Evaluation Questions while others based theirs on questions about the necessities which a household should possess. Others such as Nguyen et al (1997) base their subjective measurement on the monetary amount which individuals consider to be necessary in order to make ends meet for their households. Applying various statistical methods each of these measurement techniques can be used to determine the extent and or severity of poverty.

**Why Poverty measurement is undertaken:**

- ❖ Determines a yardstick for measuring standard of living
- ❖ Chooses a cut – off poverty line, which separates the poor from the non – poor.
- ❖ Takes account of the distribution of standard of living among the poor.
- ❖ Comparison of poverty overtime, among individuals, groups or nations.
- ❖ Guides policies on poverty alleviation (Ajakaiye and Adeyeye, 2001)

**In concrete terms, the World Bank (1993) gave the followings as reasons for measuring poverty:**

- (i) To gauge the magnitude of a country's poverty problem. How much of the population is poor? Where are they located? How poor are they – in – terms of incomes and social indicators? Is the problem serious enough to warrant more intensive investigation and more explicit policy and programme response?

- (ii) To provide a statistical basis for analyzing the nature and characteristic of poverty and the systematic monitoring of trends in its incidence. Is poverty increasing or decreasing? How is it related to particular policy intervention or to the nature and rate of economic growth?
- (iii) To influence the design of policies and programmes, whether they are deliberately in place to address poverty problems or they have signified consequences for the poor if unintended. How do country policies and programmes affect the poor? How can information about the socio – economic characteristics of the poor be used to improve the design and the implementation of such measures?

### 2.13 WOMEN IN POVERTY

All over the world, women are at the center of poverty. Women specifically find it more difficult, if not impossible, to have access to loans from financial institutions, in which their male counterparts can easily get the same help. As Mayra Buvinie(1998) noted, this accounts for a disturbing global trend: **the feminization of poverty**. When the yardstick used to measure the degree of people's poverty is their level of well-being, women are traditionally found to be more impoverished than men. This situation is worse in developing countries like Nigeria.

The feminization of poverty should be considered a legitimate foreign policy concern! Because women are increasingly economic actors and heads of households as well as mothers, their poverty slows down global economic growth. In a world of blurring borders, women's poverty creates enclaves of want in the midst of wealth and puts rising pressures on the developed world, whether by fuelling costly humanitarian crises or by unleashing- for the first time- waves of females who migrate without spouses to seek work in richer countries

### 2.14 THE CYCLE OF POVERTY

Poverty is such that those born into poverty are likely to remain poor. There is a life cycle of social problems, beginning with inadequate parental care, followed by a disadvantaged childhood and troubled youth and evolving into a constellation of dysfunctional behaviors, including adolescent motherhood and single parenthood, alcoholism and substance abuse, and violence. To cite one troubling example, adolescent girls in extreme poverty, particularly in urban marginalized and rural areas, become pregnant earlier and more frequently than their better-off counterparts. Thus the poverty cycle continues.

Social problems like these are costly, undermine and slow down economic growth. At the same time, these factors point to the types of programs needed to break the transmission of poverty from one generation to the next.

## **2.15 CAUSES OF *DEEPENING* POVERTY IN AFRICA**

The causes of increasing poverty have been analyzed extensively by the World Bank, IFAD, and by other organizations. Within Africa itself, a growing number of African researchers have come forward with an increasing body of research diagnosing the nature, magnitude and causes of poverty in the region. A particularly useful reference is the recently published book: *Can Africa Claim the 21st Century?* At the centre of the causes of African poverty are underperforming economies.

There has been a secular decline in Africa's GDP per capita, and today it is lower than it was in 1960. The causes of this economic underperformance are many and varied. The levels of investments have been low and declining.

Efficiency of capital, as measured by incremental capital output ratios, (ICORs) has been low. The low efficiency rates of capital, in turn, have been caused by poor infrastructure, inappropriate policies, weak institutions and poor governance. Inappropriate policies, in particular, have had a major impact on poor economic performance. For many years after independence, the majority of African countries pursued import, substituting industrial policies, which impacted negatively on domestic terms of trade for agriculture. Furthermore, agriculture was subjected to direct taxation in the form of export taxes, commodity , etc. This was in contrast to practices in the industrial countries where the reverse is the case, and agriculture enjoys an annual subsidy of \$300 billion - equivalent to total Africa's GDP.

Finally, there was public underinvestment in agriculture. In most of the African countries, public expenditures on agriculture, both capital and recurrent, amount to less than 10 per cent of total government budget. This is a low rate of investment considering that for the majority of countries, agriculture accounts for more than one third of GDP.

Globally, the international environment was not conducive. As primary commodity exporters, African countries experienced secular and substantial decline in their terms of trade. Foreign direct investment is negligible. Official development assistance (ODA) which reached its peak in the late eighties and early nineties, has been declining.

## **2.16 HOW RURAL POVERTY IS CREATED.**

Ravallion (1999) were of the view that to understand poverty creation in rural areas in developing countries and its effects on different groups, one should look at the assets that the poor in these countries own or to which they have access, and their links to the economy. He observed that the economic conditions faced by the rural poor are affected by a variety of assets held at the household community and supra - communities levels.

The Poor's physical assets they noted include natural capital which could be private and community property rights in land, pastures, forest and water, machines and tools and structures, stocks of domestic animals and food. Their financial capital includes jewellery, savings and access to micro credit. Their human assets are the labour pools, comprising workers of varying ages, genders, skills and health. Their infrastructure assets are publicly and privately provided transport and communications, access to school and health centers, storage, potable water and sanitation. Their institutional assets include their legally protected rights and freedoms and the extent of their participation in decision making in households and communities, as well as at the supra – community level.

Physical and human assets they claimed are largely regulated through formal and informal networks among individuals and communities. Most rural people in the developing countries, they stressed particularly women and those in landless households are greatly handicapped by their dearth of assets and the low and volatile returns on them.

Marker (2002) and Wallace (2002) noted that the differences among the rural poor in the developing countries are more clearly reflected in their links to the economy, which determine how they use their assets and participate in production. They observed that all of the rural poor in these countries are engaged in the production of both tradable and non tradable goods and services. Artisan and unskilled workers provide many

non tradable services and some tradable products that small cultivators also produce. Only cultivator they observed have access to small parcels of land through ownership or tenancy (sharecropping). They are also the only groups of the poor people who own or rent physical capital. Artisans and small scale farmers they claimed have only limited amounts of physical capital.

Marker (2002) noted that all groups of the rural poor in the developing countries are vulnerable to serious risk owing to changes in weather, health, markets, investments and public policy. The resulting fluctuations in the prices and quantities of their assets and what they produce, Ravallion (1999) postulated either deepens their poverty or give them opportunities to escape from it. Economic crises and natural disaster, Marker (2002) stressed can bring about sharp increases in poverty and make it more difficult for the poor in the developing world to escape it.

Numerous characteristics of a country's economy and society as well as some external influences, create and perpetuate rural poverty in developing countries (Marker (2002)). The causative factors of rural poverty in developing countries according to them are :-

- \* Political instability and civil strife;
- \* Systemic discrimination on the basis of gender, race, ethnicity, religion or caste
- \* Defined property rights or unfair enforcement of rights to agricultural land and other natural resources.
- \* High concentration of land ownership and asymmetrical tenancy arrangements;
- \* Corrupt politicians and rent seeking public bureaucracies;
- \* Economic policies that discriminate against or exclude the rural poor from the development process and accentuate the effects of other poverty – creating processes;
- \* Large and rapidly growing families with high dependency ratios;
- \* Market imperfections owing to the high concentration of land and other assets and distorted public policies;
- \* External shocks stemming from natural causes and changes in the international



## **2.17 Geographic and Economic Situation of the Poor in Nigeria**

Nigeria as we have seen, has a surface area of 923,768 square kilometers with a population of over 100 million people. Nigeria now is made up of 36 states and a Federal Capital Territory, Abuja.

Since independence in 1960, Nigeria has passed through difficult political periods and constant political struggles and frequent forceful change of government by the various military dictators. There was however peaceful handing over of power by the military to a democratically elected President in 1999.

Until the discovery of oil in Nigeria, agriculture was the most important sector of the economy, accounting for more than two-thirds of colonial Nigeria's export earning. Following independence and the development of the petroleum industry, agricultural development declined. When the oil boom in the early 1970s brought mixed blessings, the government suddenly had a huge cash flow to invest in infrastructure development and to greatly improve social services. Real wages increased in non-agricultural (mainly urban) sectors. Average per capita income rose sharply. The oil boom devastated agriculture, which fell from 60% of GDP in the 1960s to 31% by the early 1980s. Production declined because of inexpensive imports. Heavy demand for construction labor encouraged migration of farm workers to towns and cities.

Nigeria, which had been a major agricultural net exporter and largely self-sufficient in food, quickly became a net importer of agricultural commodities. After 1982 when oil prices began to fall, the welfare system in Nigeria fell apart and poverty increased sharply, between 1980 and 1984. The falling oil revenues drastically reduced the Nigerian government's capacity to spend. At that time, however, the government saw this as only a temporary phenomena and continued borrowing externally with expectation of a return of high oil prices. The result was big and growing foreign debts and deepened economic crises. Due to these prompted economic changes, the Structural Adjustment Program (SAP) was introduced including devaluation of exchange rate.

Increasing government deficits from 1992 led to high inflation and it was estimated that 40% of Nigerians were living in poverty. The Poor have been in a very strangulating day-to-day living, and this situation gets worsened with each successive governments, especially through the years of military dictatorship. In several countries of the world, Nigeria inclusive, Falconer (1990) pointed out that inaccessibility of the poor to credit and resource inputs leave them with no choice other than to employ natural resources such as forests, woodlands and rivers in order to survive.

In most rural areas in Nigeria, Adeyeye (2001) pointed out that fallow duration has declined from five to four years and in several instances as low as two years. Short fallow period is usually not adequate for regeneration and restoration of lost nutrients, soil and water quality. Frequent cutting of forest trees with low replanting rate has resulted in scarcity of fuel wood. Other consequences of over exploitation of environment due to poverty are depletion of fish in the local rivers and streams, especially due to Oil exploration and inappropriate handling of waste.

## **2.18 DEVELOPMENT STAGES OF THE NIGERIAN ECONOMY**

At the start of the 1960s, the basis of the Nigerian economy was a well-diversified agricultural sector that supported 75 percent of the population, provided 68 percent of GDP and 78 percent of exports and supplied the people with 94 percent of their food. Again, per capita income was estimated at US \$90 per capita and GDP growth was rapid at an annual rate nearly 5 percent (World Bank, 1996). However, a new development pattern gradually emerged (over the years) as agriculture began to stagnate due to the growing burden of taxation. Later, rapidly growing industries began to exert considerable influence on the economy, including demands for special protection from imports. This led to a shift in the pattern of industrialization, from the processing of agricultural products for export, towards simple import substitution; as well as the emergence of petroleum extraction as a leading growth sector.

However, in the mid-1960s growing regional tensions and the identification of the political parties with rent seeking, ethnic interests and patronage created a climate of unrest and political uncertainty that was compounded by the stagnating GDP growth. The ensuing civil war caused major losses of production. Again, there was a sharp decline in foreign exchange earnings and government revenues attributable to the loss of all on-shore production of oil while foreign exchange was rationed during the war years with a series of increasingly stringent direct and indirect controls. In the early 1970s, the budget buoyed by the growing oil revenues, quickly returned to a surplus position. The speed of the recovery was entirely due to the oil expansion and rapid growth of government spending. Again, extensive state controls and interventions in economic activities were intensified (rather than relaxed) with the introduction of programs for price controls (Price Control Decree of 1970/71) and for indigenization, Nigerian Enterprise Promotion Decree (NEPD) decree of 1972, which limited the sectors open to, and equity stakes of, foreign investors.

Stringent import and credit controls were put into place with the hope of boosting manufacturing. Although, the most significant event affecting the economy during these periods was the management of the oil boom and bust. Essentially, the positive oil shocks of 1973 and 1979 increased the terms of trade more than four times between 1972 – 80. Later, the collapse of world oil prices and the sharp decline in petroleum output brought to the forefront the precarious nature of the country's economic and financial position. The overall fiscal deficit rose from ½ percent of GDP in 1980 to 9½ percent in 1981, and the external current account balance shifted from a surplus of 4½ percent to a deficit of 7½ percent in the same period. The severe weakening of the external position was reflected in a reduction of international reserves. Stepped up foreign borrowing by federal and state governments and public enterprises increased external debt, while the growing scarcity of foreign exchange affected output in the import intensive manufacturing sector with capacity utilization falling. The steady appreciation of the real effective exchange rate also depressed agricultural output, which remained at levels below those achieved in the 1970s. As a result, annual GDP growth decelerated sharply and turned negative in 1981. Thus, the sharp worsening of economic conditions prompted the then Shagari government to introduce significant budget cuts and measures to improve the external position (that was the 1982 Austerity measures).

These measures resulted in some easing of inflationary pressures, but real GDP contracted in 1982-83, owing to the sharp decline in oil production, the scarcity of imported inputs, and a worsening drought. Although the external current account position improved in 1983 reflecting the severe compression of imports, the government's financial position deteriorated as fiscal oil revenue dropped further and transfers to state and local governments and loans to Parastatals expanded. The monetization of the government's fiscal deficit resulted in a strong growth of broad money and accelerated inflation. The observed worsening economic and financial conditions and alleged widespread corruption led to a military coup at the end of 1983.

The new regime (under General Buhari) reinforced the austerity measures while additional exchange and trade restrictions were announced in 1984. The fiscal and monetary measures announced were aimed drastically at reducing domestic demand pressures. The government also implemented expenditure cuts and substantial tax increases. The expenditure cuts were particularly successful in the short run and they reduce the overall federal government fiscal deficit to a significant percentage in 1985. As a consequence, the government's recourse to bank credit was virtually eliminated and inflationary pressures were significantly reduced.

However, the government's austerity measures did meet with some setback. The emphasis on short run stabilization measures reflected the government's belief that Nigeria's economic and financial problems were transient and would eventually disappear with a recovery in oil export prices. In the event, oil prices did not recover, and it became clear that the stabilization policies had failed to address the underlying economic problems. Thus, crippling import shortages and growing social and political discontent set the stage for another military coup (under General Babangida) who assumed power in October, 1988.

After considerable popular debate, the Babangida Government adopted in June 1986 a comprehensive structural adjustment program (SAP) that signaled a radical departure from previous adjustment efforts. It emphasized reliance on market forces and deregulation. The objectives of the SAP were to restructure and diversify the productive base of the economy so as to reduce dependency on the oil sector and imports; achieve fiscal and balance of payments viability over the medium term; and promote non-inflationary economic growth. The key policies designed to achieve these objectives were the tightening of financial policies; the adoption of a market determined exchange rate; the Liberalization of the external trade and payments system; the elimination of price controls and commodity boards; the decontrol of interest rates; the rationalization and restructuring of public expenditure; the rationalization of the tariff structure and the overall lowering of tariffs; and the privatization; or commercialization of most federal public enterprises.

During this period, some of Nigeria's earlier anti-export bias in manufacturing disappeared with policy reforms, and producers switched from imported to local inputs. Particularly in agro-processing and textile manufacturing, there was greater use of locally produced materials. The assembly-based manufacturing, which had depended on imported inputs and been shielded from competition and market signals, contracted. But the industry as a whole grew by 3.5 percent per year (1986-1990); similarly, production of traditional food crops and cash crops increased and agricultural output grew at 4.7 percent per year on average. However, the gradual loss of macroeconomic control after 1990 eroded many of the positive changes that took place in the preceding years and have begun impacting negatively real economic indicators. Although significant progress was made in the liberalization of the economy, specifically through reform of the exchange and the trade system and the freeing of prices, macroeconomic policy implementation remained erratic and failed to bring inflation under control.

The spark was set off once again by the short-lived oil price increase of 1990-91, but the deterioration in macroeconomic management can be mostly attributed to the rapid expansion of extra budgetary spending. This problem was compounded by inappropriate priorities. These large outlays were financed primarily by diversion of oil receipts into off-budget accounts and the borrowings from the CBN external debt service obligation were not fully met. Substantial new external arrears accumulated despite the successful debt reduction operation negotiated with the London club in 1992.

In 1993/94 the pressure on the external balance was exacerbated by the downturn in world oil prices. Instead of tackling the cause of the mounting economic crisis by sharply reducing spending, the government attempted to suppress its symptoms in 1994 by centralizing all foreign exchange transactions, outlawing the autonomous foreign exchange market, fixing the official exchange rate at an increasingly overvalued level, setting up committees to ration foreign exchange to the private sector, and capping interest rates significantly below prevailing inflation levels. As a result, non-oil export volumes fell sharply. However, a 12 percent drop in imports that reflected foreign exchange shortages largely offset the impact of the decline in export revenue on the current account deficit. The 1994 financing gap net of the preceding stock of arrears was covered entirely by a large accumulation of external payment arrears.

The rapidly worsening economic conditions in 1994 led to significant policy corrections in the 1995 budget of "guided deregulation". Included among these were a tight fiscal and monetary stance; a free market for foreign exchange for all except some government transactions and new legislation to liberalize the environment for foreign direct and portfolio investors. As a result of these corrections, inflation slowed down but the strongest evidence was the stability experienced by the market exchange rate throughout 1995 and the first half of 1996.

Notably, aggregate domestic output grew by 3.3 percent and inflation rate declined to 29.3% in 1996. For the third consecutive year, macroeconomic stability was sustained in Nigeria in 1997; resulting in further improvement in overall economic performance specifically, aggregate domestic output growth recorded a modest improvement over the previous year, while the inflation rate decelerated persistently throughout the year, reaching a single digit level in December. Although the current account surplus was lower, the overall balance of payments position showed a modest surplus compared with a deficit in the previous year. Significant success was achieved in stemming the growth of domestic liquidity that impacted favorably on the

exchange rate and price stability while satisfactory progress was made towards distress resolution in the financial sector (CBN, 1997).

The economic policy measures adopted in 1998 were designed primarily to consolidate and build on the gains of maintaining macroeconomic stability in the previous years. The dominant strategy for achieving these objectives remained the use of market-based instruments of monetary policy and addressing the problems of unemployment and poverty from the supply side. Macroeconomic stability was threatened, as the collapse of crude oil prices in the international market weakened commitment to fiscal prudence, resulting in substantial increase in the budget deficit. Moreover output growth slowed further and the pressures on the external sector intensified. Specifically, the balance of payment position resulted in an overall deficit of N220,667.6 million (US \$2,873.0 million). This development was due to the decline in oil export earnings and increased demand for imports. Consequently, the current account position swung to a deficit of N330,109.0 million (US\$4,297.8million). The intense pressures on the external sector also resulted in depletion of external reserves to the level of US\$7,100.0 million or 9.2 months of imports (CBN, 1998).

The performance of the Nigerian Economy in 1999 was mixed. Inflationary pressures seized, especially during the second half of the year, while growth in real output was sluggish. However, the government fiscal operations resulted in a substantial deficit amounting to N285,104.7 million or 8.4 percent of GDP and the pressure on the external sector intensified with deterioration in the overall balance of payments position. However, the exchange rate of the Naira depreciated in all segments of the foreign exchange market. Prior to the introduction of Inter-Bank Foreign Exchange Market (IFEM), the average exchange rate at the AFEM (Autonomous Foreign Exchange Market) was N91.8 = US\$1.00 for the period of January to October 1999. However, at the IFEM which commenced operations on October, the exchange rate depreciated to N97.42 = US \$1.00, and in December 1999, averaging N96.12 = US\$1.00 during the period.

The performance of the economy improved generally in 2000. At 3.8 percent, real GDP growth was higher than target and inflation was kept at a single digit of 6.9 percent while the pressure on the balance of payments abated. Here, the fiscal operations of the Federal Government resulted in an overall fiscal deficit of N103,777.3 million, representing 2.9 percent of GDP. This lower deficit was attributed to the increased revenue particularly from the oil sector and the restraint on expenditure. The fiscal deficit was financed entirely from domestic sources (such as the banking system).

The performance of the real sector improved in 2001, with the real gross domestic product growing by 3.9 percent. The major sources of growth were agriculture, manufacturing merchandise, transportation, finance and insurance and government services. However, inflationary pressures accelerated as a result of the liquidity surfeit fuelled by expansionary fiscal operations and the lingering structural bottlenecks that increased costs of doing business in the economy while the unemployment level remained high. During this period, Nigeria's external sector experienced renewed pressure resulting in a lower overall balance of payments surplus of N29.2 billion. The deficit in the capital and financial account narrowed during the year.

The lingering problems included the excessive dependence on imports, a huge external debt profile, the debt service burden as well as the low level of foreign direct investment. As from 2002, the feud between the national Assembly and the presidency over budget issues left deep scars on the economy. Government accounts for well over 65 percent of total spending in the economy and therefore sets the pace of business activities as well. With the poor implementation of budget in the last four years, planning and business projections by the various economic units in the country were better left to the vagaries of guesswork. And at the macro-economic level, government projections did not fare better either.

After months of brainstorming, an economic document entitled "Framework for Nigeria's Economic Growth and Development (2003-2007)" was rolled out. It was aimed basically at enhancing the frontiers of economic growth as well as poverty reduction in the medium term. The agricultural sector was targeted to grow at an annual growth rate of eight percent while total economic activity was expected to grow at seven percent. To realize these objectives, some factors were identified as possible causes of the nation's poor economic goals. They include lack of due process for the award of government jobs, corruption, lack of proper monitoring of budget implementation, conflict within civil society and lack of accountability. And agencies were created to handle and address these factors.

Indeed, Nigeria is going through a difficult political and economic transition after several years of military rule. The newly elected Federal government faces an array of complicated issues that must be overcome for Nigeria to be successful in its continued transition to a democratic political system and a vibrant market economy.

These include pervasive poverty and widespread unemployment; deterioration of government institutions and inadequate capacity at all levels of government to deliver critical services effectively; sporadic violence between ethnic groups; a legacy of widespread corruption; little growth in the non-oil private economy and limited self empowerment among local communities. Yet, Nigeria remains a society rich in cultural, linguistic, religious, ethnic and political diversity. Each of the constituent parts of Nigerian society feel aggrieved, in one way or another. The average Nigerian today struggles hard to make ends meet, sees himself/herself as being poorer than he/she was a decade ago, and finds it hard to be hopeful that things will get better soon.

## **2.19 POVERTY CRISIS IN NIGERIA**

In Nigeria, the problem of poverty has for a fairly long time been a cause for concern to the government. Initial attention was focused on rural development and town and country planning as practical means of dealing with the problem. Thus, the 2nd to the 4th National development plan documents contain both direct and indirect allusions to, as well as objectives of policies and programmes aimed at minimizing the causes of poverty. In order to shave off the causes of urban poverty and other ills, the development plans called for the provision of master plans for future expansion and better physical layouts with facilities utilities including adequate water supply, housing, sewage, electricity and efficient transport and communications network including the establishment of the necessary institutions to ensure their maintenance. Failure to adequately implement these programmes can be seen as the precursor to most of the present causes of poverty in Nigeria. Information from the Federal Office of statistics showed that the incidence of poverty increased sharply both between 1980 and between 1992 and 1996.

However, there was a decrease in poverty level between 1985 and 1992. The figures were 27.2 percent, 46.3 percent, 42.7 percent and 65.6 percent for 1980, 1985, 1992 and 1996 respectively. The 27.2 percent for 1980 translated to 17.7 million persons in 1985. Despite the drop in poverty level in 1992, the proportion in poverty was about five million higher than the 1985 figure. And by 1996, the population in poverty had increased sharply to 67.1 million.

## **2.20 Poverty Incidence in Nigeria**

Between 1970 and 2000, the poverty rate measured as the share of the population subsisting on less than \$1 per day, increased from close to 36% to just under 70%. This translates to an increase in the number of Poor from about 19 million in 1970 to a staggering 90 million in 2000. According to Xavier and Subramanian (2003),



- Over a 35 year period, Nigeria's cumulative revenues from oil (after deducting the Payments to foreign oil companies) have amounted to about US\$350 billion at 1995 prices. In 1965, when oil revenues per capita were about US\$33, per capita GDP was US\$245. In 2000, when oil revenues were US\$325 per capita, per capita GDP remained at the 1965 level. In other words, all the oil revenues –US\$350 billion in total --did not seem to add to the standard of living at all. Worse, however, it could actually have contributed to a decline in the standard of living.

The **income distribution** also deteriorated sharply. The overall picture is that more and more people have been pushed into poverty at one end of the scale and a few towards extreme wealth on the other side. The level of national income inequality as measured by *Lorenz curve or Gini Coefficient* showed that in 1990, the level of national income inequality between the rich and the poor was 27.3%, 50.6% between 1996-97 and 56% in 2002. In terms of the ratio of distribution of the national income between the top and the bottom, the lowest ten per cent of Nigerians controlled 1.6 per cent of the national income between 1996 and 1997 while the highest or top ten per cent controlled 40.8% which increased to 46.0% in 2002. The rich continues to gain on the poor. The gap continues to widen. In other words, there is increasing poverty in the country and the rich is getting richer while the poor is getting poorer.

In terms of **rural-urban income disparities**, there is an ugly trend, that is, not only that there is increasing poverty in the two sectors but also a widening gap between the two. The **squared poverty gap** measures the spread and depth of poverty. In Nigeria it shows that poverty is not only widespread but deep in both sectors with increasing number of "urban poor." This contrasts with a country like Ghana and Uganda where poverty and inequality are declining in both sectors—from 31.9% in 1987 to 27.4 % in 1996 in Ghana and from 55.6% in 1992 to 44.4% in 1997 in Uganda (OECD, 2000).

As regards the **savings culture** in Nigeria, the *Gross National Savings Ratio* in the country fell from 29.3 per cent in 1977 to 8.7 per cent in 1998, well below the average for developing nations (World Development Report, 2000/2001). This is largely due to the high inflation environment of Nigeria since the formulation of the accumulated sum would always be lower than the effective present value in such environment.

As earlier mentioned, only a few Nigerians benefit from the oil revenue. Yet the oil cannot be removed from Nigeria as it is part of the landscape and nature's gift to Nigeria in spite of the existing pathologies earlier

mentioned— rapacious rent seeking (the voracity effect), increasing corruption and so on which are man-made. Every Nigerian ought to benefit maximally from this God-given gift. But the more a society is unequal the more people are excluded from participation in the mainstream growth activities as in Nigeria today. Besides, the level of existing poverty in an economy and the kind of policy put in place determines the relative ease or difficulty with which you can successfully attack poverty.

### **2.21 Pattern of Government Expenditure and Poverty in Nigeria**

Nigeria has not invested her oil revenue in pursuit of technological change in agriculture, in improving agricultural inputs and processes. Rather than bemoaning the demise of agriculture in Nigeria, we would now have been celebrating success of the tiger on the Niger like some of the Asian Countries.. That Nigeria lost this golden opportunity to diversify its economy was not unconnected with the widespread corruption, lack of transparency, accountability and inefficiency of the bureaucracy attending the use of oil money. By 1985, the economy had worsened.

The IMF/World Bank induced structural adjustment programme (SAP) to put Nigeria on the path of sustainable growth through various inward looking measures including export promotion and realistic exchange rate, was introduced in 1986. The pains of SAP were more than the gains for Nigerians. Although SAP led to increase in Nigeria's export trade and promoted production of local raw materials for industries, among others, it made walking corpses of many Nigerians especially the Poor. Public and private sector retrenchment, termination etc of personnel characterized the economy leading to job losses, hunger and starvation for many families. More Nigerians were sunk deeper into poverty. Hence the programme was greeted with stiff resistance from the citizens.

### **2.22 Nigeria's government Response to Poverty Issues**

How did the government respond? It introduced a number of compensatory measures and supply side mechanisms to cushion the effects of the SAP on the citizens. The measures were popularly known as **poverty alleviation measures**. Such measures included Better Life for rural women intended to empower women, the establishment of Peoples' Banks and Community Banks to facilitate access to credits and differential petrol pricing system, among others.

Before the introduction of SAP in 1986, previous governments came up with different measures intended to better the lot of Nigerians. Such measures ranged from agricultural projects to provide gainful employment, food for the populace and raw materials for industries to health, housing, and educational programmes. The overall objective in the case of agriculture was to ensure food sufficiency for the country.

Programmes in this sector included The Green Revolution, NALDA, Seed Multiplication Programme, etc. In the area of health, the major programmes included Basic Health Programme, including the Oral Rehydration Therapy (ORT), Polio Vaccine and lately HIV/AIDS Treatment and Prevention Programmes. We are familiar with the 6-3-3-4 educational system and the Universal Basic Education programme of the present administration. So also is the National Poverty Eradication Programme (NAPEP) introduced by the present administration (that came into power in 1999) to attack poverty through skill acquisition and job creation, among others. It is reported that within four years of its existence, NAPEP has gulped the sum of N1.02 trillion for the alleviation of poverty in the country (Business Vanguard, September 2, 2003, p17). Again the Federal Government, the various state governments and the Local Governments also have their sectoral programmes contained in their various plans and budgets intended to alleviate poverty. Towards this end, the FG, State governments and the Local Government Areas have collectively received from the Federation Account a total sum of N1001.911 trillion in year 2000, N1431.919 trillion in 2001, and N1388.826 trillion in 2002

The failure at attaining realistic exchange rate for the Naira and the attendant volatility of oil prices (instability) introduced into the economy through the infection from the "Dutch Disease", is well known and requires little mention. Suffices to say that the rate of devaluation of the Naira against other currencies has been massive. As an import dependent country, Nigeria is groaning under cost-push inflation. Today a \$1 is equal to N135 Naira in the parallel market and about N130 in the official market. This contrasts with the situation in the past when the exchange rate was \$1 to N5 before 1986. Round tripping, money laundering etc pollute and stunt the growth of the market institutions as corruption in other sectors of the economy. There is evidence in existing literature that the presence of natural resources (like oil and other minerals) in a country up to 26% of GDP creates a greater chance of *civil conflict* than in a country where such ratio of natural resource to GDP is less. Of course, social conflict is a manifestation of institutional collapse. In Nigeria, oil revenue provides 80 per cent of total revenue of government.

The perennial conflict between oil prospecting companies and the local communities in the oil –rich Niger Delta and the call for resource control by southern governors of oil producing states are expressions of frustration and disappointment with the way the oil money is spent. It is also a manifestation of institutional collapse! These are issues that cannot be swept under the carpet unless at the detriment of long term growth and development of the country.

From the foregoing analysis, it appears that Nigeria's poverty has been largely caused by wasted oil revenue resources and poor institutional quality which could not help service delivery due to the pathologies intrinsic to owning a natural resource like oil which yield cheap money. As earlier mentioned, only a few Nigerians benefit from the oil revenue. Every Nigerian ought to benefit maximally from this God-given gift.

In Nigeria the existing level of poverty is very high and very little political will to prosecute policies. Therefore it will take more than unusual effort to succeed at its reduction and its eventual eradication. Since previous strategies have failed Nigeria, it means that she needs now an innovative policy response to mitigate or offset the impact of natural resources, indeed oil on our institutional quality to ensure that every citizen benefits from the vast oil revenue.

### **2.23 Reducing Poverty in Nigeria: A Radical Approach**

The dignity of men and women in Nigeria is more at stake today than any other period in the history of the nation. Widespread poverty is ravaging and destroying the psyche, the physical existence, the health, business, freedom, security, political participation, education, not the least the democratic governance we are currently forging in the country. Most Nigerians and members of the international community are greatly worried over the rate at which the dignity of people in Nigeria has been and is being ravaged and whittled by widespread poverty in midst of plenty. Indeed seventy out of every one hundred and twenty Nigerians are poor according to a recent report of the UNDP.

By extrapolation, more than half of Nigerians are poor! Not only that, in 1970, the top 2% of Nigerians earned the same amount of income as bottom 17% but in 2002, the top 2% earned the same income as the bottom 55%. This shows that today there is yawning inequality among individual Nigerians, households and communities. It shows that the wealth of the nation mainly derived from oil revenue is concentrated in a few hands to the exclusion of the majority. It shows that the rich is getting richer while the poor is getting poorer.

Yet between 1967 and 2002, a period of 35 years, Nigeria earned a total of \$350 billion of oil revenue after deduction for foreign oil companies (Xavier and Subramanian, 2003). In October 2003 alone, the country earned N261,311.4 billion from the sale of 69.13 million barrels of oil, the highest production figure recorded since 1998 (Vanguard, November 19, 2003). Looking at it there is nothing much Nigeria can show for such colossal receipt of oil revenue in terms of quality of life of her citizens.

The World Bank has since come to the conclusion that Nigeria is not a poor country but that the people are poor. Experts are also saying that Nigeria is too rich to be poor and too poor to be rich. What does this mean to Nigeria as a nation in search of better quality of life of its people? Is oil natural resource a curse or a blessing? What efforts has Nigeria made in the past and present to turn oil revenues to blessing for Nigerians? How successful has been such initiatives?. Is there any alternative route to the present poverty reduction initiatives?

Here I reecho and affirm my endorsement of the proposal of Professor Xavier Sala-i-Martin and Arvind Subramanian in their IMF Working Paper titled *Addressing the Natural Resource Curse: An Illustration from Nigeria (2003)*. In this paper, Xavier and Subramanian prescribed for Nigeria a change from the status quo where the oil wealth benefits only the privileged few, to that where the oil revenue should be distributed directly to Nigerians as the true and legitimate owners of the natural resource. This, according to them, would remove the oil wealth from the hands of wasteful, corrupt and rent-seeking government officials who have in the past produced very little for the country. The removal of oil revenue from government hands would replicate or simulate a situation in which the government has no easy access to natural resource revenue. How? Change our mentality and attitude first to regard Nigeria notionally as "non oil country." In this way, the fear of who will administer the oil revenue with increased transparency and accountability which has proved impossible in the past, is allayed.

Instead of the oil revenues going to the Federal Government, States and the Local Governments, they will be distributed equally to every Nigerian adult—18 years and above. Xavier and Subramanian calculate that under their proposal to share revenues equally among the population, each household would get about \$140 which would amount to \$425 in purchasing power parity (PPP) terms, roughly \$760 per adult. With the full exploitation of natural gas, this would rise to \$750 per household in purchasing power parity terms or \$1330 per adult. If debt relief were to be granted to Nigeria as they propose, income to households would still be

higher, amounting to an additional \$100 per capita in PPP terms. Even with this option, there could be anarchy if distributing oil money direct to Nigerians as an option is explored. With over 250 different ethnic groups, what formula will be best for distribution?

Xavier and Subramanian pointed out that government "would have to raise them by taxing the Nigerian citizens and companies as other governments typically do" They believe that it would be much more difficult to mismanage or appropriate tax income resources than rents. Besides oil revenues are regarded by the authorities as manna from heaven which will continue to flow "regardless of what the public sector delivers". The greater the magnitude of the manna, the higher the level of mismanagement, corruption, waste, etcetera it evokes. The era of cheap money for government to appropriate and squander will be gone with the acceptance of Xavier et al proposal. Government would now have to rely on "normal fiscal principles to determine appropriate levels of taxation and expenditure. This would create the right incentives for governance," they argued.

Xavier et al argue that so long as oil revenue, a cheap source of income from natural endowment constitutes a substantial part of total government revenue, "the government may have little incentives to provide services efficiently because the discipline exerted by the need to tax the public is largely absent." Xavier and Subramanian noted that although some might argue that the "the point of distributing the money and getting it back would essentially constitute an administrative waste," they believe that "this waste would be justified by the radically altered incentives for governance" Other fiscal issues that Xavier et al proposal would rub on include one natural question of compensation with greater revenue for those areas or households who suffer environmental degradation because of oil exploitation. So also the need to discuss "**fiscal federalism**" within the context of direct distribution of oil revenues to individuals or households rather than to governments.

This will enhance the separation of tax bases as well as stabilize revenues for the lower tiers of government. The current situation of vertical imbalances whereby state governments and local governments precept on oil revenues from the federal government to the tune of 60-80% of their recurrent revenues is argued as "a key factor in predisposing the Nigerian intergovernmental arrangement to instability and inefficiency." This has a very negative effect on poverty reduction operations in the Country. In 2002 fiscal year, Kano state, for example, was only able to generate N7.35 billion or 17.9% internal revenue but received N18.5 billion from the statutory allocation.

Thus virtually all the states are statutory-allocation-led rather than tax or rate-led. As a matter of fact, in most of the states of the federation, including local governments, there is always a lull in activities before the arrival of oil fund allocation from the Federal government every month. In some cases, activities are paralyzed until allocation comes from the federation account. When the allocation finally arrives, it is immediately swooped upon and gulped up in a matter of days and another round of waiting continues.

Comparing the status quo, it is believed that although there would still be the necessity to determine what goods the federal government should provide, how they should be financed and so on; they are convinced that their proposal would be an improvement on the status quo. A status quo “which is focused on sharing the rents rather than on conducting discussions within the context of a normal fiscal framework. In addition they believe *that their proposal could create additional pressures to improve tax administration and collection in Nigeria.*

*The administrative problems*, according to Xavier et al are very real and should be addressed squarely. To minimize the huge administrative costs of implementing the proposal, they suggested transfers to citizens on *a six-monthly or annual basis*. They proposed that such payments should be based on actual data made “public by the government and the oil companies as to how much revenues were paid by the companies to the government.” This is a very utopian method if it has to be implemented. How do you stop people from registering in more than one location? The government does not have a way of tracking the actual number of the populace. They also suggested *citizenship or residence* as a condition to be fulfilled before one can receive such payments and pointed to the National identity registration by the Nigerian government as a right step in this direction. This national ID card exercise has not been completed to date. Some did not register and even the ones that did are yet to get the ID card promised by the government. Hitherto it has not been possible for Nigerians to know exactly the amount of oil revenue that accrue to government. Lack of accountability and transparency tend to hold sway.

On the question of *debt relief*, Xavier et al observed the enormous pressures from within Nigeria and the international community. Creditors are wary to provide such relief because of the fear that “any savings from relief may well be misused as other public resources have been in the past.” Well, Nigeria has the debt relief

now and Creditors are watching to see if Nigeria will keep to her promise of judiciously utilizing the funds from the debt relief to engage in programs that would help alleviate poverty in Nigeria.

On the *political economy* of the proposal, Xavier et al pointed out that vested interests in the oil revenue, those who are benefiting from the oil revenue and squandering them will certainly oppose the proposal and ensure that it does not see the light of day. They observed that in spite of such opposition, every Nigerian is “resonate” about corruption and waste as the bane of the Nigerian society and a cog in the wheel of progress. It is the reason why poverty levels are getting higher by the day. That if laws are passed to make oil revenue a justifiable right of every Nigerian, any leader opposing such individual right was taking a big risk.

With regard to the *macro-economic consequences* of the proposal, Xavier et al said that the shocks from the oil volatility, i.e. windfalls and price losses can be managed better by the private sector than government, citing the case of Ajaokuta Steel Mill that has not produced one tonne of commercial steel since its establishment many years ago as an example of wasteful expenditure arising from oil windfall. That under their proposal, oil windfall and losses will become gains and losses in private hands that they can manage more efficiently than government. This will have a positive effect on creating jobs/incomes that will help reduce poverty especially at the rural levels.

## **2.24 The roots of Nigeria’s Poverty and Inequality**

**Oil** has been identified as the root cause of Nigeria’s Poverty and Inequality. How? The oil price booms of the 1970s caused major structural shifts in the Nigerian economy, especially in the area of *income distribution*, more than anywhere else. It is not oil *per se* that is the cause but the pathologies generated by it. Such pathologies include corruption, rent seeking, plunder, weak governance, inefficiency, insensitivity and lack of transparency and accountability.

These have polluted state institutions and weakened their performance capability, resulting in the long term decline of the Nigerian economy. It is perhaps instructive to note that it is a problem intrinsic to countries having certain natural resources such as oil or minerals if the institutions are not kept under control. These pathologies occasioned by the presence of oil in Nigeria tend to have constituted a drag on long run growth. Indeed, Nigeria’s poverty and yawning inequality can be traced largely to human mismanagement of oil



resource incomes. Although oil is a king in Nigeria, “it does not rule benevolently”. It is deeply rooted in the very heart of politics and the special interests of a few powerful people in the country.

## **2.25 THE CAUSATIVE FACTORS OF POVERTY IN NIGERIA.**

Broadly, most theories on causes of poverty are grouped into two, Case and Generic. The case theory views causes of poverty from the micro level. The generic theory concentrates at the macro level. At the micro level, lack of education or skills, ill – health, old age, handicaps, race discrimination and so on are seen as factors that cause poverty to individuals. At the macro level, high rate of unemployment, in the economy as whole can bring about poverty.

Aboyade (1975) came up with two conceptual causes of poverty namely:-

- ❖ The factors which make the number of individual in the consuming unit (individuals or family/household) large relative to the amount of productive services the unit is able to supply, and
- ❖ Those which make the value of the productive services the household can supply low relative to the households need.

Under the first category of factors, Johnson mentioned excessive family size in relation to income as an example; while in the second category, he listed factors including chronic obsolescence of acquired human skill, mental or physical incapacity and discrimination in terms of age, color, race or sex.

The Nigeria Federal Office of Statistics (FOS, 1996) opined that poverty is a serious phenomenon in Nigeria. The basic causes identified relate to the problem of access and endowment, which include among others:

- Inadequate access to employment opportunities by the poor due to the lull in economic activities;
- Inadequate access to assets such as land and capital;
- Lack of developmental effort in the poor regions in preference to urban and high potential areas;
- Inadequate access to markets for the goods and services of the poor in remote area owing to poor road networks.
- Inadequate access to education, health, sanitation and water services.

- Constant destruction of the natural resource endowments as a result of desperate survival strategies of the poor.
- Non participation of the poor in the design of development programmes that are thought to be beneficial to them.

Ajakaiye and Adeyeye (2001) observed that there is no one cause or determinant of poverty. They observed a combination of several complex factors contributing to poverty in Nigeria.

These they indicated include:

- *Low or negative economic growth;*
- *Inappropriate macro economic 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 resources development;*
- *Increase in crime and violence*
- *Environmental degradation*
- *Retrenchment of workers*
- *A fall in the real value of safety nets*
- *Changes in family structures (Ajakaiye and Adeyeye, 2001)*

From the foregoing, the causative factors of poverty may be summarized as follows:-

## **2.26 Proportion and Population of Poverty in Nigeria.**

The various causes of poverty highlighted above are prevalent in Nigeria. In 2006 a survey carried out by the Federal Office of Statistics (FOS) and published by the World Bank under the auspices of National Planning Commission (NPC), titled "Poverty and Welfare in Nigeria"(2006), Nigeria's 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.

Over the years, a number of studies have been undertaken to determine the proportion and population of poverty in Nigeria. An International Labor Organization (ILO,1982) study, puts the percentage of the poor in Nigeria in 1979 at 44 per cent. UNICEF estimated a poverty rate of 50 percent in 1992, while the World Bank

(1996) estimated the incidence of poverty to be 34.1 per cent. The wide variations in the measure of the incidence of poverty is due to the different poverty lines adopted by the different studies.

The macro – economic and social sector trends in Nigeria from 1980 to date, clearly show the deterioration of welfare. It is therefore not surprising that the level of poverty has worsened in Nigeria since 1980 as confirmed by numerous poverty assessment studies conducted from that date, except for a slight improvement in 1992.

When it was re-measured at the national level by the Federal Office of Statistics (FOS) in 2000, the proportion and population of Nigeria in poverty stood at 27.2 per cent. A second measurement in 2005 in collaboration with the World Bank which analyzed and published the survey report revealed that the poverty level in Nigeria has risen to 46.3 per cent. By 1996 when a more elaborate assessment was conducted, the poverty level in the country had jumped by almost 23 percentage points to 59.6 per cent. With a World Bank national population estimate of 102.3 million in 1996, there were at least 67.1 million poor people in Nigeria in 1996 compared to 18.3 million in 1980. Current estimates are far higher as indicated by the World Bank Report on poverty (WDR, 2000/1) which reported a marked deterioration of the poverty situation in Nigeria.

**Table 2.1: Percentages Distribution of Population in Poverty in Nigeria (1996 – 2006)**

Year	Non – Poor	Moderately poor	Core poor	Poverty Level	Population in Poverty
1996	71.9	21.8	6.3	28.1	18.3m
1999	53.7	34.2	12.1	46.3	34.7m
2003	57.3	28.9	13.9	42.8	39.2m
2006	43.4	52.3	38.3	69.6	73.1m

**Source: National Consumer Survey 1996,1999,2003,2006**

The World Bank 2006 poverty assessment report, using the Federal Office's of Statistics (FOS, 2006), National Consumer Survey of 2006; also highlighted that during the sixteen years period, 1990 – 2006, the proportion of the core poor went up about 5 times, moving from 6.3 per cent in 1990 to 29.3 per cent in 2006. This translates to a population of 30 million people were in the core poor bracket in 2006, compared to 4 million in 1990. The report also added that despite the decline in moderate poverty between 1995 – 2002, the extreme poverty increased.

The moderate poor, according to the survey report had a marginal increase, moving from 21.8 per cent in 1999 to 36.3 per cent in 2006. The report revealed that the poverty level for this group went down by about 6 percentage points in the period 1995 – 2002, but moved up by 8 percentage points in the subsequent period 2002 to 2006. The fact that extreme poverty increased more than moderate poverty as confirmed by these survey reports is an indication of the intensity and severity of poverty in Nigeria today.

### 2.26.1 Urban And Rural Poverty In Nigeria

Analysis of the various poverty assessment surveys conducted in Nigeria by FOS from 1999 – 2006 indicated that urban poverty in Nigeria rose sharply between 2003 and 2006 going from 17.6 per cent in 1990 to 37.8 per cent in 1995. In the following seven – year period, the assessment report revealed an arrest of upward trend as the level period saw a resumption of the upward trend, moving to 58.2 in 2006

Rural poverty in Nigeria the report indicated, followed the same pattern, rising sharply in the first and third periods (see Table 2). In the second period, the report revealed a greater reduction in poverty in the rural areas than in urban. By 2006, the poverty level in the rural areas had gone down by 5 percentage points below the 2005 level. This gain as shown by the poverty level in the rural areas in the third period was lost, as the level of poverty in the rural areas had moved up almost 24 percentage points to stand at 69.8 percent. From these figures, rural poverty in Nigeria according to the various assessment surveys moved 31 percentage points, from 29.3 per cent in 1990 to 69.8 per cent in 2006. This pattern indicates that the economy reform measures of the late 1999, had a favorable effect on the rural dwellers.

**Table 2.2 : Poverty Headcount (in percentage) by Sector – Urban/Rural**

Year	Urban			Rural		
	Non – Poor	Moderately poor	Core poor	Non – Poor	Moderately Poor	Core Poor
1996	82.4	14.5	3.1	70.7	22.7	6.6
1999	62.2	30.3	7.5	48.6	36.6	14.8
2003	62.5	26.8	10.7	54.0	30.2	15.8
2006	41.8	33.0	25.2	30.7	38.2	31.6

**Source: National Consumer Survey 1996,1999,2003,2006**

### 2.26.2 Poverty by State in Nigeria

According to the FOS (2006) 'Poverty Profile for Nigeria 1996 – 2005' in 2006, of the 19 states that made up the Federation then, no state in Nigeria reported more than 50 percent of their population in poverty. By 1999, the report revealed that eight of the states reported more than half of the population in poverty. By 2203, the number of states that reported such levels reduced to three. In 2005 the report showed all but one state had moved to this group. This shows that today poverty has become very pervasive in Nigeria.

**Table 2.3: Poverty by State 2006**

State of residence	Poverty incidence		Gap index		Poverty Severity	
	Incidence %	Distribution of incidence	Depth	Distribution of Depth	Severity	Distribution of Severity
Abia	58.6	2.7	27.1	2.3	0.155	2.4
Adamawa	67.4	1.8	29.7	1.6	0.162	1.6
Akwa Ibom	72.3	1.8	30.3	1.7	0.165	1.7
Anambra	41.8	1.4	16.3	1.0	0.069	0.7
Bauchi	83.5	3.3	38.6	3.9	0.216	3.9
Benue	64.2	3.1	26.8	2.9	0.143	2.8
Borno	52.4	1.5	19.9	1.2	0.090	1.0
Cross River	61.5	1.3	26.0	1.2	0.137	1.1
Delta	59.3	2.3	28.4	2.2	0.157	2.1
Edo	53.3	2.0	26.4	2.0	0.126	1.7
Enugu	56.8	3.1	23.5	3.0	0.117	2.7
Imo	53.4	2.1	24.2	1.7	0.125	1.6
Jigawa	82.5	6.3	30.3	6.8	0.149	6.0
Kaduna	56.0	0.9	19.6	0.7	0.093	0.6
Kano	57.8	5.1	26.1	4.7	0.139	4.5
Katsina	71.8	4.9	28.2	5.0	0.143	4.5
Kebbi	82.6	10.5	36.9	11.1	0.213	11.5
Kogi	87.3	2.3	46.7	2.7	0.295	3.0
Kwara	67.5	2.4	34.3	2.5	0.194	2.6

Lagos	53.0	2.2	16.8	1.2	0.115	1.4
Niger	52.1	1.0	21.3	0.8	0.106	0.7
Ogun	69.9	2.2	35.6	2.3	0.220	2.5
Ondo	71.6	3.4	36.6	3.9	0.210	4.0
Osun	66.7	8.5	30.8	8.7	0.167	8.4
Oyo	49.0	4.5	23.8	3.9	0.124	3.7
Plateau	65.9	2.8	32.0	3.0	0.168	2.8
Rivers	43.0	0.9	27.0	0.7	0.153	0.8
Sokoto	83.9	12.2	44.5	13.8	0.280	15.7
Taraba	63.0	1.5	32.4	1.3	0.212	1.5
Yobe	86.8	1.5	37.9	1.7	0.224	1.8
FCT	53.0	0.4	33.5	0.4	0.205	0.5
<b>All Nigeria</b>	<b>65.6</b>	<b>100.0</b>	<b>31.0</b>	<b>100.0</b>	<b>0.172</b>	<b>100.0</b>

**Source: National Consumer Survey 1997 - 2006**

Table 3 above shows poverty by state using the 36 states structure. In terms of the population in poverty, Sokoto and Bauchi have the highest incidence of poverty with close to 80 per cent of their population in poverty. Kogi state followed closely with 78 per cent. The state with the lowest poverty incidence is Anambra. The bottom ten states in ranking are: Jigawa, Bauchi, Sokoto, Kebbi, Yobe, Kogi, Kano, Katsina, Adamawa and Taraba.

### **2.62.3 Poverty And Gender Of Household Heads In Nigeria.**

The FOS poverty study also shows that female headed households had a much smaller household size than the males; as well as a smaller household expenditure than male – headed households did. Consequently, the study observed that female – headed households had higher per capita expenditure than male – headed households; and hence were less likely to be in poverty than male headed households. This observation was consistent in all the four surveys of FOS. This is an avenue the Nigerian government can use to reduce poverty. What are the female-headed households doing that is contributing to increased poverty consistently?

**Table 2.4: Poverty Headcount (in %) by Gender of Head of Household.**

Year	Male – headed			Female headed		
	Non-Poor	Moderately Poor	Core Poor	Non-Poor	Moderately Poor	Core Poor
1996	70.8	19.5	9.7	73.1	21.2	5.8
2000	52.7	35.1	12.2	61.4	27.7	10.9
2003	56.9	29.6	13.5	60.1	23.0	16.9
2006	33.6	36.7	29.8	41.5	33.5	25.0

**Source: National Consumer Survey 1996, 2000, 2003, 2006**

Table 4 above presents poverty indicators by gender of heads of households. Analysis of the table shows certain clear patterns regarding gender of heads and poverty in Nigeria:

Female headed households make up 10.6 per cent of the poor and have higher per capita expenditure than male headed households. Poverty incidence in male headed households in 1999 was 66.4 percent.

In 1996, the incidence of poverty in male headed households was 47.3 per cent.

There is almost a 20 percentage point increase in the incidence of poverty in male – headed households from 2003 – 2006.

In the female – headed households, the incidence of poverty is shown as 58.5 per cent for 1999, up from 38.6 per cent in 2006. This is an increase of 5.2 per cent, average at about 0.5 per cent points annually.

In 2000/2003, female headed households contributed 10.6 percent to national poverty, compared to 13.3 per cent in 2006.

It is worth noting from this table (4) that female poverty does not only constitute the poor in female – headed households, but also the large number of women in every male headed poor households. This makes women the largest number of poor, as female headed households seldom have males.

#### **2.62.4 Poverty And Education Of Household Heads In Nigeria.**

The FOS study reveals that poverty reduced with increasing education. Primary education or its equivalent was critical for poverty reduction since there was a high private and social rate of return to primary education in

Nigeria. Although the study indicated that poverty increased for all levels of education, the increase was greatest for those with no education and least for those who had post – secondary or higher level of education.

**Table 2.5: Poverty by education of Head of Household in Nigeria (2006).**

Education of Head	Poverty incidence		Gap index		Poverty Severity	
	Incidence	Distribution of incidence	Depth Distribution of Depth		Severity	Distribution of Severity
No education	72.6	68.9	0.323	63.3	0.182	65.2
Primary	54.5	16.4	0.287	9.6	0.156	7.9
Secondary	52.0	10.7	0.277	24.4	0.149	25.1
Post Secondary	49.2	4.0	0.279	2.8	0.143	1.9
<b>All Nigeria</b>	<b>65.6</b>	<b>100.0</b>	<b>0.310</b>	<b>100.0</b>	<b>0.171</b>	<b>100.0</b>

**Source: National Consumer Survey 2005/06**

Table 5 above shows the effect of education on poverty in Nigeria. The highest incidence of poverty shown by the table, is in households with heads that have no education. The figure shows that about 70 percent of households whose heads have no education live in poverty. The incidence is up from 50.9 per cent in 1985. A critical analysis of the information contained in table 5 above indicates that poverty has increased by more than 40 percent in households, whose head had no education, implying an average increase of about 3.5 per cent points per year, compared to 1.3 per cent points nationally. It is obvious that education of the poor is key to reducing poverty in Nigeria.

The table also shows that households with illiterate heads contribute to about 69 per cent of all poor in Nigeria. Households whose heads have only primary schooling, show an incidence of 47.6 per cent up from 42.3 percent in 2005. For this group, the average annual increase of about 0.5 per cent points is below the national average. These households contribute 16 per cent of all the poor in Nigeria. Households with heads having primary school level education or less contribute to about 85 per cent of all poor in Nigeria in 2005/06.

#### **2.26.5 Poverty By Occupation Of Head Of Household In Nigeria (2006).**

The FOS study also shows that persons working in the clerical service and Production/Transport Industries suffered the highest increase in the incidence of poverty in recent years. For households headed by persons in



clerical and service groups, poverty level moved up by 50 percentage points in the sixteen year period covered by the four surveys. The Production/Transport group had a corresponding change of 42 percentage points. Agriculture also recorded a high figure of 39 percentage points, but 20 of the 39 occurred between 2000 – 2005 periods.

**Table 2.6: Poverty by Occupation of Head of Household in Nigeria (1996).**

Occupation of Head	Poverty incidence		Gap index		Poverty Severity	
	Incidence Distribution of incidence		Depth Distribution of Depth		Severity Distribution of Severity	
Professional technical	51.8	2.8	0.341	0.7	0.204	0.5
Administration	33.5	0.0	0.338	0.0	0.143	0.0
Clerical and Related	60.1	4.4	0.337	3.9	0.192	4.0
Sales Workers	56.7	14.2	0.282	26.6	0.155	25.2
Service industry	71.4	1.3	0.346	4.2	0.184	6.2
Agriculture & forestry	71.0	67.6	0.308	24.6	0.171	25.8
Production and transp.	65.8	1.5	0.418	2.0	0.230	0.9
Manufact. & Process.	49.4	1.5	0.324	3.3	0.173	1.4
Others	61.2	3.9	0.355	32.9	0.200	35.0
Student and apparent.	52.4	2.9	0.285	1.9	0.156	1.1
<b>All Nigeria</b>	<b>65.6</b>	<b>100.0</b>	<b>0.310</b>	<b>100.0</b>	<b>0.172</b>	<b>100.0</b>

**Source: National Consumer Survey 1996/97**

Table 6, above shows poverty by occupation of the Heads of Household. The table shows that the incidence of poverty is about 62 percent in households whose heads are engaged in some form of agriculture. This shows a 14 per cent point increase from the incidence in 1995. The highest increase in poverty incidence from this table is in the service industry, where the incidence in 1996/97 stood at 54.5 percent which is more than 20 per cent point increase from 34.3 per cent in 1995.

## 2.27 RURAL POVERTY IN NIGERIA

About 80 per cent of Nigeria's population lives in the rural areas. According to World Bank (2002) the bulk of this rural population has a high level of illiteracy and under employment and is generally poor. Poverty as measured by low income tends to be at its worst in rural areas. The problems of malnutrition, lack of education, low life expectancy and substandard housing are also, as a rule, more severe in rural areas (WDR, 1999). This therefore means that the rural areas lack all it takes to make life comfortable and raise their standard of living.

World Bank (2002) noted that in Africa and Asia, about 80 to 90 per cent of the core poor are concentrated in rural areas. He observed that they are:-

- (i) Primarily engaged in agricultural and associated activities.
- (ii) They are more likely to be women and children than adult males, and
- (iii) They are often concentrated among minority ethnic groups and indigenous people.

World Bank (2002) identified two categories of rural poverty in Nigeria:-

- (i) Those who do not own enough farmland for subsistence farming, and
- (ii) Landless agricultural laborers and other non – agricultural groups who rely on employment opportunities in the rural areas.

They explained that, those with insufficient land, the unequal distribution of land is the principal cause of their poverty. For the landless agricultural laborers, they attribute the cause of their poverty to low agricultural wages and shortage of employment opportunities.

Education and skills acquisition in rural Nigeria are lacking as schools in these areas lack basic amenities. Okoisor (2007) pointed out that available statistics on the contemporary profile of rural poverty in Nigeria indicated that as high as 83 percent of the poor in the country are rural dwellers and also about 95 per cent of the core – poor, dwell in the rural areas. He further observed that this scenario is also clearly manifested by socio – economic and socio – demographic indicator, notably:-

- (i) Poor access to finance institutions and the services which they provide to stimulate productive activities;
- (ii) Inadequate and poor access to socio – economic infrastructure and basic social amenities like:

- All weather rural feeder roads;
  - Rural sanitation facilities;
  - Rural electricity;
  - All – season rural shelter;
  - Primary health care centre;
  - Functional and non – formal educational facilities;
  - High level of illiteracy and so on
- (iii) Inadequate income earning and employment opportunities due to insufficient resources;
- (iv) Environmental and natural degradation, for instance, desertification, soil erosion, declining soil fertility among others;
- (v) Poor access to adequate food and nutrition.

The above observation agrees with World Bank (2002) (1999) who noted that while urban water supply coverage in Nigeria is estimated at 58 per cent and urban sanitation coverage is estimated at 61 per cent, rural water supply on the other hand is only 30 per cent and also only about 30 per cent of the rural population have access to good sanitary disposal system. The implication of inadequate infrastructure, amenities and facilities such as water supply education, shelter, electricity, health centers, sanitation in the level of income of the rural and urban dwellers.

Also food is produced in the rural areas, yet the food and nutrition of rural dwellers is inadequate.

According to World Bank (2002) the rural poor in Nigeria depends largely on agriculture, fishing, hunting and forestry. He posited that to understand how poverty affects these individuals and households and to delineate the policy options for rural poverty reduction, one needs to know first who the rural poor are, because he claimed they are not a homogenous group.

Silver (2007) classified the rural poor in Nigeria into two broad groups, using the criterion of access to agricultural land:-

- (i) The first group he classified were the cultivators who have access to land as small land owners and tenants.
- (ii) The second group he identified are non – cultivators, who are landless, unskilled workers.

He observed that the cultivators form the bulk of the rural poor in Nigeria. He holds that they are directly engaged in producing and managing crops and livestock's. These households he further noted cannot sustain themselves on the small parcels of land they own or cultivate, so they augment their income by providing labour to others for both farm and non – farm activities inside and outside their villages. Some members of these households especially the Northern and North Central part of Nigeria he claimed migrate to town or cities on either a rotational or a long – term basis. Ugbonnaya (2007) observed that in rural Nigeria, both small landowners and tenants are under increasing pressure “to get out” of the agricultural sector altogether. Underlining this process which he called “depeasantization” he claimed are market forces and policies affecting the following:-

- rents
- prices
- credits
- inputs
- public investment in rural areas
- Social and physical infrastructure.

According to Famakinwa (2007) non – cultivators are the poorest among the rural poor in Nigeria. Their numbers he noted have been rising rapidly which he attributed to the natural increase in population and depeasantization.

These workers he explained depend on seasonal demand for labour in agriculture and in rural informal small – scale industries and services. The welfare of the group he observed is vulnerable to fluctuations in demand for labour, wage rates and food prices.

Rural women in Nigeria according to Sanyaolu (2007) tend to suffer far more than rural men. Their poverty and low status he noted is one of the most important reasons for chronic poverty among this group.

The report of the South commission (2005) suggested that the challenge before the societies in the South (Developing countries) is the removal of extreme poverty, which affects the great mass of the people, especially in the rural areas of many countries, Nigeria inclusive. This suggestion informed the present administration in Nigeria to launch poverty alleviation programmes to remove extreme poverty in the society.

## **2.28 Poverty and Women in Nigeria**

According to Participatory Poverty Assessment (PPA), half of the rural population was poor and 58% of the population was living below the poverty line in 1985. Ten million people or around 30% of all poor in 1985 were extremely poor.

In both urban and rural areas, a family spent around two-thirds of household expenditure on food alone, while the poorest households spent up to 90% of their income on food. Half of the urban and rural poor are women but certain categories of female-headed household are particularly vulnerable to poverty. Sixty two percent of women headed households had no primary education and they usually end up in low-income jobs. In Nigeria, there exist a few hundreds of ethno-groups, among which harmful traditional practices affecting women can be observed, these also have very negative effects on poverty levels among women.

## **2.29 Poverty, Women and Social Problems in Nigeria**

Both rural and urban poor are characterized as living in areas served by bad roads, hence lack access to productive inputs as well as output markets. They have small farms, use traditional inputs and grow mainly food crops for own consumption, but poor households face food insecurities before harvest time. Poor people have minimal linkage to influential people or to urban opportunities. They have limited access to savings and credit.

FOS survey (2005) reported that most of women headed households are either low-income small-scale farmers, fisherwomen or petty traders. Only a minimal number of them are engaged in professional pursuits. The poverty level of these households is high, sometimes leading to a dependence of the mothers on the children for additional income. These children faced with daily reality of hunger often end up in the street trading and begging. The young girls may even resort to prostitution. The chronic poor do not even have adequate shelter and clothing, even in extensive physical works. Children in poor households cannot afford school uniforms, fees or transport cost. Their children also do such jobs as firewood gathering and sale and load carrying in the markets.

Generally the poor households have many members with few jobs. Although women make up 50% of Nigerians, very few women occupy leadership and decision- making positions. Preparing Nigerian women for political and public life, CEDPA indicated that, there are countless barriers that hinder women's efforts. Women

have less access to crucial resources such as education, skills training, health, cash and credit. Religious and cultural traditions may also act as barriers and create constraints for women.

### **2.30 Rural Women and Food Security**

Rural women play a key role in household food security, which is a multisectoral issue. Therefore, it is important to use a "gender lens", when looking at the critical areas of concern, such as rural poverty, agricultural and rural economy, management of environmental and natural resources, and maintenance of biodiversity and genetic resources.

### **2.31 Feminization of Poverty and Agriculture**

According to the "Human Development Report 2005", the number of rural women living in poverty in the developing countries is estimated at 565 million, and in Africa alone: 130 million. The data further reveal that since the 1970s, the percentage of rural women below the poverty line has increased by 50 percent, whereas that of men: 30 percent. This is what we call "feminization of poverty".

Poverty and lack of opportunities have contributed to the unbalanced distribution of population between rural and urban areas. Rural out-migration, especially of men looking for employment and other income-earning opportunities, has contributed to the "feminization of agriculture". Wars and conflicts, breakdown of traditional family structures, rising mortality due to HIV/AIDS and the increasing number of refugees have further contributed to the feminization of poverty.

Ways and means to reduce the constraints of female-headed households and women farmers are therefore being sought. FAO has initiated and implemented various projects to support advisory services, technical training, legal reforms on property rights and ownership, access to land, water and tree tenure and so forth.

### **2.32 Poverty and Inequality in Nigeria**

There is a startling paradox in Nigeria: more than two-thirds of the Nigerian people are poor, despite living in a country with vast potential wealth. Although revenues from crude oil have been increasing over the past decades, the people have been falling deeper into poverty. In 1980 an estimated 27 percent of Nigerians lived in poverty. By 1990, 70 percent of the population had income of less than \$1 a day and the figure has risen since then.

Poverty levels vary across the country, with the highest proportion of poor people in the northwest and the lowest in the southeast. Why are so many of the people poor? Poverty is dynamic and has many dimensions. People may move in and out of poverty as a result of natural disasters or health problems, lack access to credit, or the lack of natural resources. Poor people are more likely to live in rural areas, be less educated, and have larger families than the rest of the population. Poverty has many causes, all of which reinforce one another.

One source of poverty is the lack of basic services, such as clean water, education, and health care. Another is lack of assets, such as land, tools, credit, and supportive networks of friends and family. A third is lack of income, including food, shelter, clothing, and empowerment (political power, confidence, dignity). Some of these factors directly affect poverty.

Others contribute indirectly, by producing inequality—by stifling the political power of certain sectors of the population, for example, or denying them their dignity or human rights. All of these factors are affected by the environment in which people live.

Discrimination on the grounds of gender, race, disability, age, or ill health increase vulnerability to poverty. So do natural or human-caused shocks—market collapses, conflicts, droughts, or floods. The many strands of poverty intertwine and has pulled people into a downward spiral. Because tackling one factor may not be enough to lift a family out of poverty, an effective poverty reduction strategy must attack poverty on all fronts at the same time.

### **2.33 Corruption and Poverty Alleviation In Nigeria**

Different governments of Nigeria, especially the military governments, have contributed to the acute rural poverty prevalent in the country today. The fact was that the military rule under Babangida inherited a steadily declining economy from his predecessor, Buhari, who ran out of new ideas on how to revamp the recalcitrant economy. The regime's counter - trading economic policy (exchange of oil for raw - materials, spare - parts, machinery and consumer goods) was worsening the economy, international debts were not being honoured and IMF conditionalities did not appeal to Buhari administration. Babangida implemented the conditionalities and the rest as they say is history.

Nigerians are quick to criticize Structural Adjustment Programmes (SAP) for the country's woes but the question is, did SAPs fail Nigeria or did Nigeria fail SAPs? Most of the governments like the Babangida one wasted more than 100 billion naira in phantom projects. Projects such as his wife's Better Life Programmes for the poor, DFRR, People's Bank of Nigeria, two democratic transition experiments, big time corruption in which members of the Babangida regime enriched themselves. So it goes without saying that according to the book, implementation of SAPs would do any country good.

The Peoples Bank was established with the hope that the measure would do well to ease the plight of the Nigerian poor. The optimism was premised on the knowledge that the idea had been tried and tested somewhere in the world and it worked and, guess what, the idea is still thriving now as you are reading this write-up. The country in question is Bangladesh and their own Peoples Bank is called Grameen Bank. In fact Nigeria got the idea of the Peoples Bank, as an effective way of alleviating poverty, from the Bangladesh's Grameen Bank. So one is forced to ask why is it that when something is working perfectly well in one country, when the idea is imported to Nigeria it stops working. The Nigerian problems lie in the lacklustre attitudes to execution of government projects. If Obasanjo can correct that ugly aspect of the Nigerian factor (lacklustre execution), the country's problem is half solved. A tall order, maybe, but the success of this country's movement forward or backward hinges on three things: ideas, implementations and executions.

Had Buhari been honest in his management of the Petroleum Trust Fund, PTF, the amount of money that was at his disposal, he would have alleviated Nigerian poverty ten fold. Obasanjo has earmarked N10 billion to fight poverty, but according to a newsmagazine report (Newswatch), Buhari had an average of N52 billion every year to spend on Nigeria. At the end of the PTF reign Nigerian poverty and underdevelopment level remained the same, if not worse, as prior to the establishment of the PTF. Nigerians were fooled by the two former Head of States, Buhari and Abacha. Dr Haroun Adamu's interim report says that N135 billion out of the N146 billion was squandered, possibly through over invoicing, over supplies, supplying expired materials, wrong project priorities, settling perceived trouble spots, like the army and the police, and blatant thievery.

Buhari's government looked like out to punish Nigerians for God - knows - what. As one commentator put it, "In a country where poverty has remained pervasive in spite of the oil wealth, such a huge amount could have provided succor to millions of Nigerians by way of the provision of basic



infrastructure. For decades after independence, Nigerians cannot even have potable water despite the huge sums of money sunk into boreholes. Save for some few roads lopsidedly selected by the PTF, the roads network in the country especially in the eastern parts, can only draw tears even from the man with the heart of stone. The educational sector has even suffered more degradation despite the intervention of the PTF under Buhari".

The whereabouts of the Babangida's Gulf - war windfall is still a mystery to Nigerians. "Earnings from the sale of crude oil during the Gulf war was put at \$12.4 billion but government eventually declared deficits of N21.7 billion and N35.31 billion in 1990 and 1991 respectively" Pius Okigbo - led panel set up in 1994 to look in to the matter "returned a verdict of a gross abuse of public trust and of payments that were surreptitiously and clandestinely done". A French paper put the overall worth of IBB at N450 billion. IBB's ministers, generals, contractors and indeed Abacha's ministers and generals are all untouchables. John Fashanu found \$6 billion debt buy back scam that was perpetrated by IBB.

When you see gloomy political and economic statistics from the World Bank or any other body on Nigeria, you know why and how Nigerian came to that sorry level. Statistics such as \$250 GDP per capita, life expectancy of about 50 with illiteracy rate of 45%, that between 1985 - 1986, 34.1% of Nigerians lived below poverty level. That figure had jumped to 56% in 2006. The same report also revealed that 26 million Nigerians were core poor in 1996 unlike 13 million in 1985, an indication of rising poverty level. The figure also show that 60% of rural dwellers and close to 48% of urban dwellers are in poverty. The report ranked Nigeria as the 12th poorest country in the world, ranks 146 out of 174 in the Human Development Index, has 112 per 1,000 (live births) infant mortality, 50% of the population has access to clean water. 40% of Nigerians have access to electricity.( Sunday Vanguard 30-1-00 ).

## **2.34 PAST EFFORTS AT ALLEVIATING POVERTY IN NIGERIA**

The thrust of current Nigerian Government policy against poverty is to enable the poor and more vulnerable sections of society to achieve sustainable livelihoods. The approach is to economically empower communities, families, and individuals through a sustained, well coordinated, and comprehensive programme of poverty alleviation. The first Obasanjo regime was widely known for Operation Feed the Nation Program. It focused on

re-directing all and sundry to go back to agriculture so there can be enough food for all, all in a bid to reduce the poverty that was becoming inherent in the late 1980s.

USAID is the largest donor working in Nigeria. USAID's assistance to Nigeria covers diverse areas ranging from healthcare, HIV-Aids (awareness and eradication) education, increase of food production, physical infrastructure improvements, democracy and governance, and legal assistance, amongst others. It employs most of existing aid schemes, such as grant aid (including non-project grants and grant assistance for grassroots projects), acceptance of trainees, dispatch of experts and study teams, providing equipment and undertaking development studies.

Cross-sector approaches in cooperation with NGOs are indispensable to tackling poverty issues including the integration of veterans and land mine victims into society. Since promoting these types of approaches can be accompanied with various constraints, there has been little cumulative experience in this field.

Although there is a trend towards effective and efficient cooperation by strengthening international partnerships to increase awareness, the experience of partnership formation has been limited so far due to differences in approaches, aid schemes, and procedures among the donors. This has affected the level of poverty reduction achieved by different poverty reduction programmes.

## **NGOs**

Since the early 1980s, when the relationship between Nigeria and western countries was broken and political and security conditions were unstable, NGOs have provided direct assistance focusing on humanitarian Support, played major roles such as local healthcare, education and water supplies, and good governance (e.g. election monitoring, reviewing various draft laws, corruption countermeasures, and monitoring of illegal logging), 'agriculture, child's right, commune administration and decentralization, commune elections, disability and rehabilitation, fishery, forestry reform, gender and development, good governance, health, HIV/AIDS, human rights, land mines, land reform, microfinance and weapons reduction, to mention but a few.

The importance of sustained growth is very important to poverty reduction in Nigeria. Equally important is the type of economic growth to be targeted. Growth that creates jobs is key to reducing poverty.

On-going Government activities related to poverty have been regularly featured in the National Rolling Plan beginning with the 1990-1992 Plan. They include programmes such as: economic programmes for the empowerment of women; Primary Health Care (PHC) programme, whose purpose is to bring health care, particularly preventive health care to the grass roots of the Nigerian Society; establishment of the Agricultural Development Programme (ADP) in all States of the Federation; establishment of the People's Bank, aimed at extending small credits to people in the informal sector of the economy with the aim of strengthening informal economic activities, cities, and towns and villages; establishment of the National Economic Recovery Fund (NERFUND) which provides easy access to credit by small and medium scale enterprises; establishment of the National Directorate of Employment (NDE), a self employment promotion programme which has largely promoted waste to wealth employment activities; education of itinerant communities such as the Fulani nomads, Ijaws, etc; establishment of the River Basin Development Authorities and provision of rural access roads; and establishment of the National Agricultural Land Development Authority (NALDA) aimed at promoting integrated rural development. Accordingly the Government's policy, the National Planning Commission (NPC) in collaboration with the United Nations Development Programme (UNDP) is articulating a Community Action Programme for Poverty Alleviation (CAPPA). The detailed strategies, activities, and targets of the CAPPA are still being worked out. In broad terms, however, it will among other things streamline on-going activities by Government and Non-Governmental Organizations (NGOs).

Wives of different Presidents and Heads of States in Nigeria have also tried to go into programs that can help reduce poverty. At the federal level, Mrs Maryam Babaginda , who was Nigeria's first lady from 1985 to 1993 started the Better Life for Rural Women project. This was aimed at helping rural women improve their living standards thereby reducing poverty at their levels in the rural areas. This would have been more effective if the approach had started differently. This pet project was somehow 'hi-jacked' by the 'urban' women themselves who saw the program as an avenue to do 'business and travel out of Nigeria' to attend programs, without involving the rural women who should have been in the fore-front of activities.

The next first Lady Mrs Mariam Abacha, also identified the acute poverty in most families in the Country, she too started the Family Support program (FSP), as an arm of the Family Economic Advance Program (FEAP). This was also a well conceived project to help empower the economic activities of families so as to reduce poverty, but as usual, the targeted poor were not really carried along, nor ever consulted; so they saw the project as 'government project' and not theirs.

### **Family Economic Advancement Programme (FEAP)**

The FEAP was a good programme. It was an investment promotion and poverty alleviation programme for stimulating appropriate economic activities to raise the productivity and economic power through the establishment of viable resource-based small scale industries that will process or add value to the abundant agricultural and mineral resources. The major objective of the programme is to improve the rate of economic growth and development through higher rate of growth of the GDP, capacity utilization of the manufacturing sector and employment generation. The projects covered farming requiring agricultural implements/miniature tractors/storage, facilities/preservation facilities and processing of locally available agricultural and mineral resources using appropriate machinery/equipment.

### **Functions of FEAP**

FEAP was to:

- Provide facility for the procurement of machinery/equipment to set-up and run cottage/small scale industries;
- Encourage the design and manufacture of appropriate plants, machinery and equipment;
- Create employment opportunities at ward levels and establishment of enterprises and pilot projects;
- Encourage producers of goods and services at wards levels to form co-operative societies;
- Utilize all available local resources for citizens benefit by improved production, preservation etc;
- Provide an enabling environment for private sector and UN Agencies participation in the Programme.

Besides, the Family Economic Advancement Programme (FEAP), the Ministry has designed and produced the following equipment/plants, among others, for nationwide demonstration and adaptation: groundnut processing technology consisting of a groundnut Sheller, a dehuller, and roaster; a hydraulic machine for the production of bricks from local materials; a tiles-production machine for producing roofing tiles from local fiber, cement, and sand; a lime kiln for the production of lime for leather processing and school chalk manufacture; soap making process for cottage/small scale production of both traditional and modern production of soap; mushroom production technology; fat liquor production, a developed process for fat liquor, an essential product required in the leather tanning industry; a pottery/ceramic machine, designed and fabricated for the production of pottery and ceramic wares from local clays; an essential oils distillation plant for the production of essential oils from local plants such as eucalyptus and lemon grass (essential oils are inputs in the food, confectionary, and pharmaceutical industries); and briquetting technology for sawdust and agricultural wastes suitable for production of alternate sources to fuel and wood.

## **2.35 AFRICA'S INTERNATIONAL EFFORTS AT ALLEVIATING POVERTY IN NIGERIA**

### **2.35.1 The Case of New Partnership for Africa's Development (NEPAD)**

NEPAD is a comprehensive, integrated strategic framework for the socio-economic development of Africa. The policy provides a framework for public-private partnership between and among Africans in the first instance and then with the rest of the world.

### **2.35.2 PRIMARY OBJECTIVE**

The objective is to meet the Millennium Development Goals of reducing poverty in Africa by 50% by 2015 and to transform our societies in order to place them both individually and collectively on a path of sustainable growth and development.

- NEPAD is the socio-economic development blueprint for the AU to implement its objectives.
- It is the mechanism for accelerating development and hence reduce poverty in the Continent
- implementation of the Abuja Treaty.

### **ORIGIN OF NEPAD**

- NEPAD is a merger of the Millennium Partnership for the African Recovery Programme and the Omega Plan. The merger was finalized on July 3 2001
- Out of this merger the New African Initiative (NAI) was born
- NAI was approved by the OAU Summit of Heads of State on 11 July 2001
- The plan was endorsed by the leaders of the G8 countries on 20 July 2001 in Genoa, Italy.
- The policy framework was finalized by the Heads of State Implementation Committee (HSIC) on 23 October 2001, and NEPAD was formed.

### **2.35.3 NEPAD IN NIGERIA**

- The first order of the day in Nigeria is to sensitize all strata of society to the goals and objectives of Nepad and work to bring the program to the grassroots.
- The objective remains to devise new partnerships between the government and the organized private sector and civil society to support NEPAD and help to promote opportunities in Nigeria and the rest of Africa. These, is hoped will help alleviate poverty by increasing the rate of development

#### **2.35.4 Doing Poverty Reduction Differently :The NEPAD Proposal**

The African leaders who put together the NEPAD proposal were well aware of the weaknesses of the HIPC process. For this reason, they called for an extension of the current HIPC initiative which, as they note, 'still requires debt service payments amounting to a significant proportion of the resource gap.'

Instead, the African leaders called for a two part approach. In the long run, they echoed the calls of NGOs in both North and South, for debt relief to be linked to costed poverty reduction outcomes. At Jubilee Research, it is believed that these 'costed poverty reduction outcomes' should be the internationally agreed Millennium Development Goals (MDGs) – a set of poverty reduction targets agreed by the United Nations General Assembly in September 2000.

However, the African statesmen who put together the NEPAD proposal recognized that developing full costing of these goals for all African countries would take time – and that debt relief needed to be granted immediately. For this reason, they proposed that in the short term, debt service payments should be limited to a certain proportion of fiscal revenues, with different thresholds for 'IDA only' countries – those that are able to borrow from the World Bank on the most concessional terms – and other countries.

The rationale for using fiscal revenues for granting debt relief - rather than the export criteria usually used under the HIPC initiative – is that it is fiscal revenues that really matter when determining debt sustainability (in other words, the ability to pay.) This is because, while export revenues provide governments with the hard currency from export earnings to repay debt, governments do not own all of the export revenue their country earns. It is government tax revenues that really determine how much a government can afford to pay.

Because the NEPAD proposal does not specify a given level of revenues, we look at two different options. One option, which closely matches a Bill which was introduced into the US Congress in April of this year, proposes that African countries should pay a maximum of 10% of their tax revenues in debt service each year – 5% if they are an IDA-only country. A weaker option, which is similar to that promoted by, amongst others, Oxfam and the Centre for Global Development in the US, uses thresholds of 10% and 20%.

## **2.36 OTHER INTERNATIONAL EFFORTS AT ALLEVIATING POVERTY IN NIGERIA**

Nigeria is full of different international donor Agencies that work in the different areas of the economic and political aspects of the Nigerian economy. They range from United States Agency for International Development, DFID, World Bank, JICA, Ford Foundation, GTZ (German Foundation), The United Nations Organization, Non-Governmental Organizations (both local and International), to mention but a few.

All the above donor Organizations became fully involved when the present democratic structures in Nigeria came into being again in 1999. Before then, they were almost non-existent since these donor- agencies mainly work with democratic governments and Nigeria was under military rule for years before 1999. Development work now range from agriculture, Markets for agric-based products, democracy and governance, education, primary health care, HIV/Aids awareness campaigns, counseling and treatment, policy reforms in government, capacity building, etc.

Each of the donors recognizes “alleviation of poverty” as the first priority agenda for Nigeria, and provides support to strengthen governance, reform the economic structure, enhance social development, establish social capital, build up human resources, and promote the private sector development, all in a bid to reduce poverty of the populace. These international agencies and Organizations have exercised overall leadership in development assistance to Nigeria through activities such as management of the macro-economy, public sector reforms, ensuring good governance and democratic institutions, fighting the endemic corruption ‘disease’ in Nigeria, and generating new markets for agriculture and other natural minerals in Nigeria .

All efforts are geared towards funding the different areas of development in Nigeria so as to uphold democratic structures and reduce the high poverty level of the large population of Nigeria. They have and are still working with the Nigerian government to implement the current NEEDS, which has been Nigeria’s plan for development to move out of poverty.

### **Alleviating Poverty in Nigeria**

The four basic principles for alleviating poverty are:

**1. Promoting opportunities:** fostering macro-economic stability, acceleration of economic growth, facilitating private sector development, improvement of infrastructure, strengthening the energy sector, enhancement of the sustainable development of agriculture, improvement of water resource management, advancement of rural development and decentralization, proper management of natural resources, improvement of living conditions in urban and rural districts, and promotion of land reform.

**2. Creating security:** establishment of small-scale financial services for the poor, coping with globalization, strengthening of the safety net, environmental conservation, and demining.

**3. Strengthening capabilities:** improvement of healthcare, securing safe water and sanitation, and enhancement of the quality of education.

**4. Protecting human rights:** establishment of good governance, the rule of law, and improvement of the conditions for NGO activities.

Also, the following can help alleviate poverty when well harnessed:

#### **Improve physical infrastructure**

Coordination of assistance from the international community

#### **Improvement of educational standards**

Raising the school enrollment rate and improving quality of education  
Expansion of secondary and higher education  
Training and retraining of education professionals

#### **Improvement of the working skills of adults**

Raising the literacy rate  
Improvement of agricultural and vocational skills  
Training of civil servants to upgrade their administrative capacity

#### **To Develop human resources**

Improvement of the conditions for industrial development  
Fostering urban small and medium-sized businesses  
Inducement of foreign direct investment

#### **To establish good-governance**

Improvement of the legislative and judicial system  
Land titling and clarification of de facto cultivation rights  
Promotion of administrative and fiscal reform and demobilization  
Strengthening of administrative capacity  
consists of five sub-objectives as follows:

(1) To establish good governance and to develop physical infrastructure



- (2) To develop human resources
- (3) To promote agriculture and rural development,
- (4) To expand the size of the economy and to create job opportunities
- (5) To conserve natural resources and environment, and to restore and preserve the cultural heritage.

### **Developing Human Resources : Key issues for foundation building**

Nigeria's long period of military rule destroyed the systems and facilities in health and education. The damage to and decline in the quality of human resources in these fields are obvious. Since peace has been restored, the rate of increase in the population has accelerated since the 1990s, and the need for education and job opportunities for young people has been growing substantially. The Nigerian government is making efforts to achieve these sub-objectives through the NPRD and SEDP with various assistance by the UN agencies and NGOs, USAID, DFID, amongst others. Japan, too, has been providing support in this field through maternal and child health care, school construction and training programs.

### **Promoting Agriculture and Rural Development (Reduction of Extreme Poverty)**

The sub-objective of the Nigeria poverty reduction programme is "to promote agriculture and rural development"; aims at "reducing extreme poverty" in rural area where 90% of the poor reside.

Rural development should be placed at the center of poverty reduction in international assistance. This assistance should be provided in a comprehensive way:

- i) to ensure annual household spending of rural inhabitants (through improvement of agricultural productivity and diversification),
- ii) to mitigate vulnerability of the people against natural disasters and diseases (promotion of agriculture related industries and the creation of non-farm job opportunities), and
- iii) to enable the government adapt the advancement of industrialization and market economy in Nigeria

### **Expanding the Size of the Economy and to Create Job Opportunities**

As presented in "Three Strategies for Poverty Reduction" it is essential to expand the whole size of the economy as well as to give direct support to the poor in Nigeria, whose population is increasing very rapidly.

Three priority development issues in the objective “ are: to expand the economy and job opportunities”: i) improve the conditions for industrial development, ii) fostering urban small and medium-sized businesses, and iii) inducement of foreign direct investment. growth and industrial development

### **Conserving Natural Resources to Restore and Preserve the Cultural Heritage**

The Nigerian government has addressed the conservation of natural resources in NEEDS, Nigeria's plan for poverty reduction and economic prosperity .To achieve this sub-objective, coordination is necessary between macro-assistance such as an environmental management plan, and micro-assistance such as improvement in livelihood of local people. The suitable combination of both approaches as well as strengthening ties with NGOs for the micro-assistance are required. Assistance should be given mainly to train those who will take charge of restoration and preservation activities.

### **Establishing Good Governance : Improvement of the Legislative and Judicial Systems**

Neither the necessary legal system nor the independence of the judiciary has been established in Nigeria. There is an absolute shortage of specialists practicing in the field of the rule of law. In the belief that the legal and the judicial systems are central to upholding democratization and human rights, care should be taken by the government and everyone to ensure this. Support for NGO activities should also be considered as part of the promotion of human rights and democratization.

### **Developing Human Resources: Improvement of Health Standards**

#### **(1) Expansion of PHC**

Primary Health Care (PHC) emphasizes the importance of maternal and child healthcare. In reality, Nigeria remains at a very low level in terms of infant mortality, maternal mortality, and basic reproductive health. PHC is also indispensable for the reduction of extreme poverty. Donor Agencies should support the improvements for health education, nutrition, safe water, hygiene, health workers, health centers, etc., by developing the institutional capacity, facilities and personnel to maintain them. Assistance should pay particular attention to coordination with rural development policies and the activities of NGOs.

#### **(2) Reinforcement of Counter measures against Diseases**

In Nigeria, there are many cases of malaria, parasitic diseases, tuberculosis and HIV/AIDS. The government

is directing its efforts at reinforcement of the healthcare system, the integration and improvement of programs at health centers, and the upgrading of medical technology. Undeveloped healthcare systems are closely related to poverty and the heavy burden of medical expenses can lead to the loss of land. Coordination and liaison with NGOs is needed again in this field. Donor Agencies should continue and reinforce their assistance for counter measures against tuberculosis and infectious diseases, and at the same time, should stress assistance for HIV/AIDS treatment in a new cooperative relationship system.

### **(3) Training and Retraining of Healthcare Professionals**

There has been a shortage of doctors, and even illiteracy among healthcare professionals in Nigeria due to professionals going abroad to work to get better jobs. The government is trying to reform medical schools and nursing schools, but this is still at the stage of trial and error. Donor Agencies should focus on the education and retraining of health nurses, midwives and district health officers who are at the frontline of PHC. Consideration must also be given to the improvement of medical education and medical technology schools, education for medical practitioners, and the education and retraining of local government workers.

### **Improving Education Standards**

The government should raise the School Enrollment Rate and the Improvement of Quality of Education (primary education)

Although the school enrollment rate has risen in Nigeria, regional disparities have become wider, especially between the North and South. The dropout and failure rates are high, and the disparity between the sexes is obvious.

### **Expansion of Secondary and Higher Education**

Nigeria urgently needs to train workers with special knowledge and skills in preparation for the market economy. But the enrollment rate for early secondary education is still very low (30% in 1998). As this is mainly because the number of schools is too small, the number of schools for secondary education must be increased though it requires large amount of educational budget. Japan has addressed the improvement of secondary education services through the Secondary Teacher Training Project in Science and Mathematics. In future, assistance should cope with the expansion of secondary and higher education both in terms of quantity and close the disparity between the sexes.

### **Training and Retraining of Education Professionals**

In Nigeria, there has been a drain of teachers and medical personnel amongst others, to other foreign Countries and this has led to a reduction in the quality of education. Since then, education has been expanded quantitatively employing unqualified teachers, but as a result, the quality of education has dropped significantly. Nigeria should emphasize the upgrading of professionals for elementary education in rural areas, while improving teacher-training centers for elementary school teachers and regional teacher training centers for junior high school teachers. Also, the retraining of personnel in the Ministry of Education and provincial education offices needs to be supported.

### **Improving the Working Skills of the Adults**

#### **(1) Raising the Literacy Rate**

Only one third of the Nigerian people can read and write. The other two thirds are semi-literate or illiterate. The level of semi-literacy and illiteracy is higher than in neighboring countries, and the disparity is wide between the sexes and in proportion to income. Improvement of literacy rate for women of the poorest groups in rural areas is a key for poverty reduction. Donor agencies should give support to basic education in reading, writing and arithmetic for adults at the commune level. It is also necessary to maintain the relationship with rural development efforts, while pursuing coordination and establishing liaison with NGOs.

#### **(2) Improving Agricultural and Vocational Skills**

To increase agricultural productivity, it is necessary not only to reinforce dissemination activities but also to build the capacity of rural farmers to absorb assistance. Vocational education other than in agriculture is also necessary for the younger generation, which is rapidly growing in number. In Nigeria, capacity of the agencies in charge of agricultural and vocational education (including the National Training Committee and the Ministries of Agriculture, Education, Social Welfare and Women) are very low. Nigeria should start its assistance with capacity building for these agencies, and should reinforce their agriculture extension services for rural development. International cooperation and coordination with NGOs must always be kept in mind.

#### **(3) Training of Civil Servants to Upgrade Administrative Capacity**

Administrative capacity must be strengthened as mentioned above. For this, human resource development for capacity building is necessary at the same time. The need for human resources varies between sectors and

the levels from local to central government. Government should provide a wide variety of training programs including local training within Nigeria. Special programs for Nigeria may be prepared in consideration of the fact that human resource capacity in Nigeria generally remains at a very low level.

#### **(4) Promoting Agriculture and Rural Development (tackling the reduction of extreme poverty)**

Rural Development: Since 90% of Nigeria's poor national population lives mainly in the rural areas, rural development is crucial for poverty reduction. The government emphasizes rural development in the Three Strategies for Poverty Reduction and other national Rolling plans. Rural development aims at increasing the welfare level of rural households (as a whole) through comprehensive policies. Cross-sectoral approaches must be adopted to address agricultural and industrial promotion, the development of physical infrastructure, protection of the rights of agricultural laborers and small farmers, protection of the natural environment and the reinforcement of local administration.

#### **Improving Agricultural Productivity and Diversification**

The productivity of Nigeria's traditional rain-fed agriculture is low. There is too much emphasis on rice cultivation, and the consequent lack of diversification forces them to import food. Through the Agricultural Reform Program, the Nigerian government is making efforts to improve rice productivity and to facilitate crop diversification, while promoting fruit cultivation, livestock raising, fishery and forestry. Donor agencies could provide technical support for irrigation systems, extension services, micro-credit services, and market infrastructure. It is also necessary to raise the market consciousness of small farmers and to organize systems such as agricultural cooperatives.

#### **Promoting Agriculture-related Industries**

Nigeria has practically no agriculture-related industries other than those catering to local consumption. Development of such industries is significant issue. Recognizing this as an important development agenda, the Nigerian government is trying to promote off-farm industries including marketing and distribution, and to facilitate the formation of cooperatives by small farmers. Nigerian government should support the promotion of resource oriented industries such as food processing, canneries, furniture and flooring production and construction. Nigeria's experience should also be fully utilized in system establishment and capacity building.

### **Creation of non-farm Job Opportunities**

People have few job opportunities other than cultivation, and rural households suffer considerable losses when natural disasters damage agriculture. In order to reduce such risks to provide jobs to rural youths and control the population flow to the cities, job opportunities must be created in rural areas. This is not an easy issue, and so Nigeria should give assistance to selected particular areas first. This assistance includes the institutional building that enables the most of local industrial promotion initiatives. The assistance should also promote industries that develop local potential such as tourism, and improve the infrastructure through the employment of local people.

### **Fostering Urban Small and Medium-sized Businesses**

In Nigeria, small and medium-sized businesses are not mature enough to support industrial promotion in terms of commerce, distribution, construction, production and services. Their expansion, especially in urban areas, is indispensable to the future economic growth of Nigeria. Donor agencies should start with an understanding of the current condition, and then help build the necessary policy framework.

### **Inducement of Foreign Direct Investment**

It is hardly possible to find any point in which the market, labor and infrastructure of Nigeria are superior to that of any neighboring country. With domestic industries still undeveloped, foreign direct investment is vital to the maintenance of employment and human resources development.

### **Management of Natural Resources**

In Nigeria, forest resources are decreasing, water pollution is damaging marine resources, and biological diversity is being threatened. The conservation of natural resource is an urgent issue. The government has emphasized the importance of this issue in all of its plans since FEPA came into existence, but these plans have not been carried out as expected. It is claimed that illegal logging has not been controlled at all. Nigeria should support the Ministry of Agriculture, Forestry and Fisheries and the Ministry of the Environment in their efforts to reinforce natural resources management capacity, mainly with regard to system and capacity building. Coordination and cooperation with multilateral donors and NGOs must be maintained.

### **Improvement of the Urban Living Environment**

Nigerian government should focus on the development of water works and sewerage treatment plant in urban areas. Priority should be considered in the order of firstly the capital, Abuja, and then other cities. The technology to be adopted must be suitably related to the characteristics of each city, should be operated and maintained within local technical capacity, and should not impose a heavy financial burden. Since local administrative capacity is generally low, assistance should be given at the same time to system and human resources development. All these apart from helping to sustain development can also create jobs/income for the populace, and hence help reduce poverty.

### **Formation of better partnerships between Nigeria and donors**

Toward efficient use of assistance, Nigerian government should attempt to form a good partnership with multilateral donors. However, in fact, affiliation can be observed between certain multilateral donors and particular departments of the Nigerian government. It also has been pointed out that the IPRSP was prepared with substantial support of multilateral donors and finalized without sufficient domestic discussion in Nigeria. This resulted from the donors' desire to facilitate procedures and lead the assistance operations, which in the end inhibits the establishment of Nigeria's ownership. The Nigerian government should actively involve in the discussions on desirable partnerships from the standpoint of respecting and strengthening ownership. This is why Nigeria NEEDS document is very vital at this time because it is Nigeria's plan for all round poverty alleviation in Nigeria.

### **Nigeria's Industrial Activities and the Contribution of UNIDO towards Sustainable Development**

In response to such multiple problems, however, there is an inherent danger in an unfocused, all-inclusive approach to sustainable development as a policy strategy. Attempts to cover every aspect of socio-economic activity can cause abnormal swelling in the prescription as in the patient. The danger of aggregating problems in this way is that it favors just the kind of top-heavy, sledgehammer solutions that most development analysts now admit have not worked

As Chukwujama has said, ***"Any grand designs to achieve sustainable development must be broken down into packages of a size and shape that ordinary people can not only comprehend but control themselves."***

In facing the enormous challenge of poverty reduction, the government realized that the current level of industrial experience suggests that much industrial learning and capacity building need to be done.

### **Economic Diversification**

As is well known, the Nigerian government is largely dependent on its oil sector which accounts for more than 80 percent of government revenue and over 95 percent of total exports. Agriculture is the strongest non-oil sector of the economy accounting for approximately one third of the country's GDP while the industrial sector contributes only 6 percent.

The government with the help of UNIDO held a number of workshops to help diversify the economy. The idea was to spread understanding of the merit of diversifying the economy by rebuilding and expanding the primary commodity exports to include processing of primary commodities for export and the growth of labor intensive manufactured exports.

UNIDO's capacity building project was conceived to support industrial growth and through it the economic growth of the country. In this regard, three types of projects can be recognized; environmental components in industrial projects such as supplying pollution control equipment or choosing low pollution technology in project design, environment related industrial projects in which the whole project is aimed at the environment related interactions of the industrial set up and industrial components in environmental projects in which the industrial components is part of a more general project to improve the environment.

### **Consensus Building**

The Federal Government with the help of UNIDO carried over a project entitled **Nigerian Competitive Future: Public –Private Partnership in Promoting Sustainable Industrial Development for Economic Growth and Poverty Alleviation**. The project involved running workshops at Enugu, Kano, Lagos, and Abuja to get target groups of policy makers to bridge the lacuna between private and public industry approaches to the country's industrial development. The seminars were most successful in helping to build partnerships for economic development and for a sustained public-private sector consultative process. These workshops were very valuable because of the pessimism expressed by majority of manufacturing firms about the effectiveness of government macro- economic and sector specific policies in reducing the degree of inflationary trend in the economy and correcting the poor performance of the sector over the years.



### **Normative and Legal Frameworks**

In establishing the National Waste Management Regulations in 1992, UNIDO assisted FEPA especially in having competent expertise in the process of determining permissible limits and in working out grace periods for companies to comply with the new regulations. Substantial help was also provided with regards to ODS phase out programme under the Montreal Protocol. UNIDO also assisted the Standards Organization of Nigeria (SON) with training, equipment supply and monitoring procedures.

Today many products produced and marketed bear the Nigerian Industrial Standard (NIS) mark issued by SON. The presence of the NIS mark on a product helps it to win consumer confidence since the image of the product is better enhanced for marketing advantage. The manufacturer's reputation also increases and there is the encouragement to continually maintain good quality control and production systems to retain the NIS certification mark. Related to this is the assurance of full protection of the consumer from exploitation and deception as well as a guarantee on the certified products (NISER 2000a).

### **2.37 COMBATING POVERTY AMONG WOMEN IN NIGERIA: FOCUS ON THE NATIONAL PLANNING COMMISSION**

**Decision-Making:** The responsible body for this area is the National Planning Commission (NPC). The thrust of current Nigerian Government policy against poverty is to enable the poor and more vulnerable sections of society to achieve sustainable livelihoods. The approach is to economically empower communities, families, and individuals through a sustained, well coordinated, and comprehensive programme of poverty alleviation.

**Programmes and Projects:** According to the Government's policy, the National Planning Commission (NPC) in collaboration with the United Nations Development Programme (UNDP) is articulating a Community Action Programme for Poverty Alleviation (CAPPA). The detailed strategies, activities, and targets of the CAPPA are still being worked out. There are also specific environmental improvement programmes that have been integrated with poverty alleviation programmes. Examples include:

- The Sokoto Desertification Control Programme, and integrated environmental protection programme jointly funded by the Federal Government of Nigeria (FGN) and the European Economic Community

(EEC);

- The Katsina Arid Zone Development Programme, and the North East Arid Zone Development Programme,

an integrated programme funded by FGN/EEC; and

- Upgrading and mechanization of traditional methods of processing Nigeria's food resources, a project promoted by the Federal Ministry of Science and Technology. Besides, the Family Economic Advancement Programme (FEAP).

The Ministry has designed and produced the following equipment/plants, among others, for nation-wide demonstration and adaptation: groundnut processing technology consisting of a groundnut sheller, a dehuller, and roaster; a hydraulic machine for the production of bricks from local materials; a tiles-production machine for producing roofing tiles from local fibre, cement, and sand; a lime kiln for the production of lime for leather processing and school chalk manufacture; soap making process for cottage/small scale production of both traditional and modern production of soap; mushroom production technology; fat liquor production, a developed process for fat liquor, an essential product required in the leather tanning industry; a pottery/ceramic machine, designed and fabricated for the production of pottery and ceramic wares from local clays; an essential oils distillation plant for the production of essential oils from local plants such as eucalyptus and lemon grass (essential oils are inputs in the food, confectionary, and pharmaceutical industries); and briquette technology for sawdust and agricultural wastes suitable for production of alternate sources to fuel and wood.

Furthermore, on-going Government activities related to poverty have been regularly featured in the National Rolling Plan beginning with the 1990-1992 Plan. They include programmes such as: economic programmes for the empowerment of women; Primary Health Care (PHC) programme, whose purpose is to bring health care, particularly preventive health care to the grass roots of the Nigerian Society; establishment of the Agricultural Development Programme (ADP) in all States of the Federation; establishment of the People's Bank, aimed at extending small credits to people in the informal sector of the economy with the aim of strengthening informal economic activities, cities, and towns and villages; establishment of the National Economic Recovery Fund (NERFUND) which provides easy access to credit by small and medium scale enterprises; establishment of the National Directorate of Employment (NDE), a self employment promotion programme which has largely promoted waste to wealth employment activities; education of itinerant

communities such as the Fulani nomads, and Ijaws; establishment of the River Basin Development Authorities and provision of rural access roads; and, establishment of the National Agricultural Land Development Authority (NALDA) aimed at promoting integrated rural development.

The government has learnt useful lessons from the past efforts in the conceptualization of the current programmes on poverty reduction. Thus, with the return of democratic governance in 1999, government by early 2001 put in place a comprehensive **National Poverty Eradication Programme (NAPEP)**. The programme consists of four schemes namely:

- (i) Youth Empowerment Scheme (YES);
- (ii) Rural Infrastructure Development Scheme (RIDS);
- (iii) Social Welfare Scheme (SOWESS); and
- (iv) Natural Resource Development and Conservation Schemes (NRDCS).

In order to ensure proper linkages and co-ordination with related sectoral programmes, an elaborate institutional framework for implementation, funding and overall management of NAPEP has been put in place.

There is an inextricable link between poverty and environmental degradation. Poverty can be the cause and/or the effect of environmental degradation. An appropriate poverty strategy should: a) provide all persons with the opportunity to earn a sustainable livelihood; b) implement policies and strategies that promote adequate and sustainable levels of funding, and focus on integrated human development policies, including income generation, increased local control of resources, local institution strengthening and capacity-building, and greater involvement of non-governmental organizations and local levels of government as delivery mechanisms; c) develop all poverty stricken areas through integrated strategies and programmes of sound and sustainable management of the environment, resource mobilization, poverty eradication and alleviation, employment and income generation; d) create a focus in National development plans and budgets on investment in human capital, with special policies and programmes directed at rural areas, the urban poor, women, and children; e) establish appropriate infrastructure and support system to facilitate the alleviation of poverty by implementing projects, programmes, enterprises, and life styles sustainable at the grass roots level.

**Financing:** In order to ensure proper linkages and co-ordination with related sectoral programmes, and elaborate institutional framework for implementation, funding and overall management of NAPEP has been put in place.

Funding for NAPEP comes from the Federal Government of Nigeria with possible assistance and support through bilateral and multilateral cooperation.

## **2.38 NIGERIA'S CURRENT EFFORTS AT POVERTY ALLEVIATION**

The present Government of President Olusegun Obasanjo since inception in May, 1999, has expressed deep concern about the rising incidence of poverty in Nigeria. In light of this, the Government has introduced a number of programme and measures aimed at making a dent on poverty. Among the early activities of the Government in this regard was the launching of the Universal Basic Education (UBE) Programme, the Poverty Alleviation Programme (PAP) and the constitution of the Ahmed Joda Panel in 1999 and the Ango Abdullahi Committee in 2000. These culminated in the introduction early in 2001 of the National Poverty Eradication Programme (NAPEP) and the establishment of the National Poverty Eradication Council (NAPEC).

The poverty reduction program being implemented by the Nigerian government in all arrears of the economy now is the National Economic Empowerment and Development Strategy (NEEDS), a comprehensive reform strategy geared to address the economic, social and political challenges facing Nigeria; and it is primarily being monitored by the National Planning Commission of Nigeria. The present Obasanjo administration has also packaged a programme called NEEDS (National Economic Empowerment and Development Strategies) aimed at combating poverty, corruption, and making governance transparent and accountable. This is yet to take effect. *The pertinent question now to ask is whether the financial and material expenditure on poverty alleviation through the various programmes match the social services received by the people or were simply wasted income resources.* Head or tail, there are indicators of progress and non progress established in the social sciences for the measurement of poverty performance.

### **2.38.1 National Economic Empowerment and Development Strategy (NEEDS)**

**NEEDS**—the National Economic Empowerment and Development Strategy—is the successor to Vision 2010, it is a poverty alleviation strategy, it is medium-term (2003-2007). It is Nigeria's plan for prosperity. Enough of

poverty and decaying economic development! It is the people's way of letting the government know what kind of Nigeria they wish to live in, now and in the future. It is the government's way of letting the people know how it plans to overcome the deep and pervasive obstacles to progress that the government and the people have identified. It is also a way of letting the international community know where Nigeria stands—in the region and in the world—and how it wishes to be supported.

NEEDS is about the Nigerian people. Their welfare, health, employment, education, political power, physical security, and empowerment are of paramount importance in realizing this vision of the future.

While we look forward to a better future under NEEDS, we are not unmindful of the long and difficult journey ahead. The economic and development agenda under NEEDS must of necessity be complemented by other reforms—especially in the electoral and political governance architecture that is consistent with deepening and sustaining democracy. The political class, legislature, and judiciary need to also think about and act on reforms so that we all can build a more sustainable future. Some state governments have already designed and are implementing their own State Economic Empowerment and Development Strategy (SEEDS). Other states need to complete their own SEEDS as necessary complements to NEEDS. As the saying goes, if you fail to plan, you plan to fail. Medium-term planning also needs to be mainstreamed at the local government levels, and more effective accountability and transparency need to be instituted at the lower levels of government. For sustainable poverty reduction in Nigeria, the states and local governments also need serious reforms

The States in Nigeria, and Abuja Federal Capital Territory not only endorsed the thrusts of NEEDS but are also committed to developing State Economic Empowerment and Development Strategies (SEEDS and FEEDS respectively). Abuja also agreed on a minimum set of priorities that it must reflect in its FEEDS, namely, agriculture, small and medium-size enterprises, rehabilitation and maintenance of infrastructure (especially roads), and public finance reforms and transparency.

The National Planning Commission is collaborating with donor agencies to provide technical assistance to the states/Abuja in developing their SEEDS/FEEDS as a necessary complement to NEEDS.

### **2.38.2 How Will NEEDS Change Things for Women in Nigeria?**

The success of NEEDS rests on three pillars: empowering our people, creating a legal and financial environment that enables us to make the most of our natural resources and flair for business, and reforming our laws and the way our government works. Remove or weaken any of these three pillars and NEEDS will topple, just like a three-legged stool will fall if any of its legs is removed. NEEDS recognizes that poverty has many strands and must therefore be tackled from several different directions at once. It recognizes that the government must work not only to improve incomes but to tackle the many other social and political factors that contribute to poverty. These are very difficult to separate and are therefore often thought of as a bundle of factors that result in social exclusion. A poorly educated farmer is less likely to know how to keep his family healthy and less able to find alternative employment. As a result, he is more vulnerable to external shocks, such as drought or falling market prices. NEEDS empowers the poor by tackling social exclusion head on, paying particular attention to generating jobs to improve incomes, housing, health care, education, political power, and physical security. To improve the lives of the Nigerian people, NEEDS includes plans for creating jobs, creating affordable housing, improving health care services, strengthening the skill base, protecting the vulnerable, and promoting peace and security.

**Creating jobs.** At 5.3 percent, the rate of urbanization in Nigeria is among the highest in the world. Since manufacturing is stagnant, there are few jobs for the growing urban population, and urban unemployment is currently estimated at 10.8 percent. The major focus of NEEDS is therefore economic empowerment. NEEDS policies will create about 7 million new jobs by 2007 by making it easier for private enterprises to thrive, by training people in skills relevant for the world of work, and by promoting integrated rural development in collaboration with the states (through their SEEDS programmes).

**Creating affordable housing.** Nigeria needs more houses that average Nigerians can afford. To address the problem, NEEDS will take several steps:

- Make it easier for developers to buy land on which to build affordable housing.
- Cut the cost of building houses by encouraging the use of local building materials.
- Train a new generation of architects in designing low-cost housing.
- Enable construction companies and local and state governments to assume responsibility for providing low-cost housing.

**Improving health care services.** NEEDS will fully review health care services in order to design a strong national health system that can deliver effective, good-quality, and affordable services to all Nigerians. The new policies will target priority diseases, such as malaria, tuberculosis, HIV/AIDS, and reproductive health-related illnesses. A stronger emphasis on health education will help make Nigerians more aware of their rights and obligations regarding health services as well as promote disease prevention. NEEDS will also prioritize the creation of a National Health Insurance Scheme and a Blood Transfusion Service. It will support the establishment of a strong manufacturing base for essential drugs and reagents. Antenatal, postnatal, and family planning services and outlets will receive targeted support in order to reduce maternal and infant mortality.

**Protecting the vulnerable.** In addition to these comprehensive measures, special attention must be paid to particularly vulnerable groups. NEEDS provides a safety net that will prevent people from becoming poor or poorer. Special programmes will protect the rural and urban poor, people living with HIV/AIDS, women, widows and widowers, and victims of ethnic violence, crime, unemployment, or loss of income.

### **Promoting Private Enterprise**

If the private sector is to become Nigeria's engine of growth, its motor needs to be primed. The government has to make certain fundamental changes to create an environment in which business will thrive. In the language of economists, it has to create a macroeconomic framework—a kind of overarching, national housekeeping budget—that will ensure that Nigeria makes the most of what it earns as a nation, that it spends only what it can afford, and that all levels of government use the same budget. NEEDS proposes that the government not spend more than it takes in, not pay for unbudgeted programmes or projects, not purchase goods or services that do not contribute to Nigeria's development. It also suggests increasing taxes to pay for basic services. Under NEEDS the government will try to stabilize the value of the naira and create a system to ensure that it has sufficient foreign exchange to buy the goods it needs from other countries.

## **2.39 FEEDS**

The FCT Economic Empowerment and Development Strategy (FEEDS) is an outline of the policy programmes that the FCT Administration intends to implement to accomplish its vision and mission of reducing poverty and bringing development to the FCT. After years of military rule, this is the first development plan that the administrators of FCT are presenting to the people. The document begins by introducing the FCT and presents

a current situation analysis. It also outlines the strategic policy areas and the initiatives that Government intends to pursue to advance the collective interest of the people in the FCT. The policies are well grounded in the Federal Government's NEEDS Initiative – wealth creation, employment generation, poverty reduction, and value re-orientation. FEEDS represents the FCTA's initiative for meeting the Millennium Development Goals (MDGs), which are:

- . Alleviation extreme poverty and hunger
- . Achieve universal primary education
- . Promote gender equality and empower women
- . Reduce child mortality
- . Improve Maternal Health
- . Combat HIV/AIDS, Malaria and other diseases
- . Ensure environmental sustainability
- . Develop a global partnership

#### **2.40 Poverty Alleviation Challenges Remain Daunting**

Significant improvements have been recorded in many areas since 1999, but the development challenges remain daunting. NEEDS aims to address many of these challenges, including the following:

- Per capita GDP in Nigeria was among the lowest in the world during the 1980s and 1990s, costing it decades of development. Annual per capita GDP remained stagnant in the 1990s, and it grew just 0.8 percent between 1999 and 2003—far lower than the 4.2 percent per capita growth needed to significantly reduce poverty. Compared with other African and Asian countries, especially Indonesia, which is comparable to Nigeria in most respects, economic development in Nigeria has been disappointing. With GDP of about \$45 billion in 2001 and per capita income of about \$300 a year, Nigeria has become one of the poorest countries in the world. As of 2000 it had earned about \$300 billion from oil exports since the mid-1970s, but its per capita income was 20 percent lower than in 1975. Meanwhile, the country has become so heavily indebted—external and domestic debt amount to about 70 percent of GDP— that it has serious difficulty servicing debt.

- In the more than 40 years since independence, Nigeria has never grown at 7 percent or more for more than three consecutive years. Because of perceptions of risks and the high costs of doing business, private agents keep the bulk of their assets abroad, and more than 2 million Nigerians (mostly highly educated) have



emigrated to Europe and the United States. Most foreign direct investment into the country goes into the oil and extractive sectors. Only since 1999 has foreign direct investment in the non oil sectors begun to rise significantly. Nigeria's economic structure remains highly undiversified. Oil exports account for 95 percent of total exports, while manufacturing accounts for less than 1 percent. Since the 1970s Nigeria has lost international market share even in its traditional (agricultural) exports.

- Macroeconomic policy has been highly circumscribed by inefficient, highly volatile, and unsustainable public sector spending and by unusually high volatility of major macroeconomic aggregates. Fiscal decentralization has proved a challenge to effective macroeconomic stabilization and efficient public finance management. There has been a lack of policy coherence between the states and the federal government and even among the various agencies of the federal government. The traditional instruments of economic management—the national plan and budgeting processes—have been rendered ineffective.

- Finances at all levels of government are in poor shape. Domestic debt increased more than 200 percent between 1999 and 2002 (to about \$9 billion). The external debt burden, which the government is barely able to service, represents about 50 percent of contractual service obligations. Government finance is also characterized by a pension crisis, arrears of salaries of civil servants, huge debts to government contractors and suppliers of goods and services, a boom and bust cycle of revenue and expenditure, misallocation and mismanagement of resources, and other problems. At the state government level, a major crisis is looming but goes largely unnoticed. Many states are accumulating debt at unsustainable levels, institutions are weak, and economic governance is poor.

- The very low productivity of the private sector and the lack of diversification of the economy are due mainly to the inhospitable business environment. The constraints to businesses include infrastructure deficiencies, poor security of lives and property, corruption and rent-seeking, low access to and the high cost of finance, weak institutions, poorly defined property rights and enforcement of contracts, and unstable macroeconomic policies, especially fiscal and trade policy. Although these conditions have begun to improve since 1999, significant obstacles need to be addressed.

- Nigeria's urbanization rate—about 5.3 percent a year—is one of the fastest in the world. With a stagnant secondary sector, urban unemployment—and its attendant problems of slums, crime, and sociopolitical

tensions—is high. In March 1999, 23.2 percent of the rural labour force and 12.4 percent of urban dwellers were without jobs. By March 2003 the rural unemployment rate had dropped to 12.3 percent and the urban rate to 7.4 percent, yielding a composite unemployment rate of 10.8 percent.

- Nigeria faces the challenge of meeting the Millennium Development Goals. Statistics from the 1996 survey indicate that poverty is deep and pervasive, with an estimated 70 percent of the population living in poverty. (Many analysts question the 1996 poverty statistics, especially the methodology used.)

The ongoing Living Standard Measurement Survey will give a more accurate picture of the actual level of poverty in Nigeria. Poverty in Nigeria varies widely by region, sector, and gender. Other social indicators are also under stress: income inequality in Nigeria is very high; unemployment is threatening social cohesion, security, and democracy; and the imminent HIV/AIDS epidemic is a potent time bomb waiting to explode, with potential dire consequences for productivity in the economy. Social exclusion and discrimination against women hamper their ability to fully contribute to the development of the economy.

- The educational system is dysfunctional, as graduates of many institutions cannot meet the needs of the country. Institutions are in decay, strikes and cultism are common, and corruption has become rampant. Youth militarism has now gone beyond the walls of schools to the heart of society.

- Despite efforts to promote a private sector–led, competitive market economy framework, Nigeria still faces the fundamental challenge of transition from statism and rent-seeking in an economy dominated by the public sector. The deep vested interests that profit from the system have proved resilient. They are strengthened by evidence of weak institutions. As a result, implementation failures in Nigeria are persistent.

## **2.41 The Potential for a New and Strong Beginning under NEEDS**

Nigeria has abundant human and material resources to initiate and sustain rapid and broad based growth and development. It can also take advantage of opportunities offered by globalization (including prospects for leapfrogging) and by the preferential and differential trade arrangements and concessions under the Economic Community of West African States (ECOWAS) Treaty; the African Growth and Opportunity Act; and the Cotonou Agreement trade pact and impending economic partnership agreement between the European Union and the African, Caribbean, and Pacific countries. If appropriate incentives are in place, the brain drain of Nigerians could be turned into a brain gain—through increased remittances, technology transfer, and even

return of capital flight (which could repatriate up to \$2–\$5 billion a year). In other words, there are ample opportunities to jump-start faster growth—if the right strategy can be crafted and implemented.

Several factors suggest that NEEDS is a strategy that is likely to succeed. First, the current administration's policy thrust is consistent with the provisions of NEEDS. The 2004 budget signals a fundamental change in strategy. The liberalization of the downstream oil sector has begun, with the full elimination of subsidies, and the refineries will soon be privatized. The conversion of public servants' perquisites into cash to reduce government expenditure and waste associated with maintaining these facilities is on course. Actions to fight corruption and increase transparency have been taken, and commitment to the Extractive Industries Transparency Initiative has been reinvigorated. The piloting of public service reforms has begun, the privatization programme is on course, infrastructure rehabilitation and maintenance are proceeding, and an emphasis on agriculture led to an unprecedented bumper harvest in 2003.

Furthermore, there is a broad national consensus around the reform agenda. Second, effective mechanisms are being instituted for coordinating state and federal government programmes and jointly monitoring performance. The statutory organs for such coordination and monitoring (such as the National Economic Council, the National Council on Development Planning, and the Joint Planning Board) are being strengthened. The impact of the federal programme will be increased as the states develop their own reform programmes (known as State Economic Empowerment and Development Strategies, or SEEDS) consistent with the broad thrusts of the federal reforms.

Third, the right people are in place to adopt and implement NEEDS. A critical mass of reform minded representatives are serving in the National Assembly, which is ready to enact the relevant legislations for effective implementation of NEEDS. The President has constituted a very strong economic team to drive the process of reforms. There is a strong team spirit in government, which is critical for implementing and sustaining the reform effort.

Fourth, NEEDS will become the basis for government budgets and the eventual formulation of a medium-term expenditure framework. Implementation is a key element for success. The President is leading efforts at implementation, chairing a weekly, 90-minute meeting of the economic management team designed to monitor and coordinate implementation among key agencies and ministries. The agenda is focused and selective, and

aspects of it will be implemented by the private sector, nongovernmental organizations (NGOs), and donor agencies.

**Pruning waste.** NEEDS will support new procurement procedures by strengthening the due process mechanism and developing a catalogue of commonly procured equipment, supplies, and services as a reference for ministries and agencies.

**Increasing revenue generation and supporting tax reforms.** The reforms also aim at strengthening the machinery for tax collection, tracking all government revenues paid into different bank accounts as well as recovering debts, misappropriated and looted funds, and payments for work not executed. State and local governments are expected to gear up their efforts to generate revenue rather than depend on statutory allocation from the federation account or borrowing on the capital market.

In the short to medium term, the strategy will address six issues:

- The structure of the tax system
- Revenue generation
- Efficiency of collection
- Tracking and response to comparative and international standards
- Investment promotion
- Coordination of tax administration

## **2.42 RURAL POVERTY IN ABUJA SATELLITE COMMUNITIES**

Literacy trend in the FCT indicate growth in the number of literate people in the area. According to the 1991 National Population Census, about 56.4% of the population aged 6 years and above were literate. Life expectancy in the FCT area is adjudged low with an average of 52 years for both male and female. Residents of FCT have access to health care services within 40 minutes walking distance on the average; these health care centers however offer varying levels of services. About 60% of FCT residents have access to clean water defined as borehole and pipe borne water. However, as we shall see in the body of the report, access to portable water supply through public pipes is low at about 35% mainly due to population explosion in the FCT.

### **2.42.1 Population and Cultural background of Abuja**

The initial vision for Abuja as the Federal Capital Territory (FCT) was for an optimal population of about 3 million people after completion of a five phase development plan. The estimated population of the city in 1998 was 3 million prior to the completion of the first phase of development. Today (2005) that figure has more than doubled to an estimated population of 6.7 million, with an annual growth rate of 13% with only two development phases completed. According to the 1991 census, women constituted 44.8% of the population, while the male population 55.2%. From the estimated 6.7 million population of the FCT, 50% are school age children.

Women and children are largely responsible for collecting firewood for making cultural artifacts as in traditional Gbagyi culture and as source of energy and income for the family. They also have the responsibility of finding, fetching and storing water. They dominate the pottery business, a traditional economic activity of the original inhabitants of the FCT.

Women are also custodians of culture. Songs and dance depicting rural life, virtues such as integrity, honesty and love are woven into the work and social life of the communities. Marriages, harvest and child naming ceremonies are social events, which bring to the fore women's community building role. In the FCT, Women are breaking new grounds as female construction workers and on occasions, bus drivers. Equally important is their participation in partisan politics where women have emerged as senators, local government chairpersons and councilors, and other leadership positions in various parties. These are areas, hitherto considered the exclusive preserve of men.

There is a good level of awareness among women as inferred from responses to issues of HIV/AIDS, child labor and politics. For instance, there is general consensus among women that advocacy against child hawking is important. Though children of both sexes participate in hawking, girls are more vulnerable because of the higher propensity of gender-based violence such as rape, harassment and other forms of abuse. They have argued for creation of girls' only schools and scholarship opportunities to ensure equal access to quality education.

### **2.42.2 Poverty Analysis of Abuja**

Poverty is a multi faceted phenomenon. It arises from the lack of access to income, social or physical security, absence of voice or protection of human rights and lack of access to justice. Though the common practice is to measure poverty as (living on less than \$ 1 a day); illiteracy, ill- health, disability, gender inequality and environmental degradation are also aspects of being poor. FEEDS recognizes the relationship among all these forms of poverty. A lack of voice for instance, could impede access to health services or credit facilities even where they are available. Absence of physical security may jeopardize food security, which may in turn have an adverse effect on the environment.

### **2.42.3 Women's Activities In Abuja**

Women's activities span political, social and economic spheres in the FCT. Women are engaged in formal employment in different professional categories: teachers, health workers, etc. Women dominate the informal sector spheres of food vending, trading and tailoring services. They are also active in these areas: Family businesses such as carpentry and printing, animal husbandry, crop farming from tilling, planting, harvesting and processing to marketing.

By far the poorest categories of people in the FCT are women, children, the aged and persons living with disabilities, because they are made more vulnerable by the absence of adequate services. The size of these categories in the FCT makes the issue of poverty very alarming. According to the 1991 census, women formed 44.8% of the population, with the male population put at 55.2% of the estimated 6.7 million population of the FCT, 50% of this figure are school age children. We recognize that in order to commit to poverty eradication, a cluster of ideas must be pursued simultaneously. These include investing in education and health with a clear perception of gender dynamics, increasing the productivity of small farmers, improving basic infrastructure, developing an industrial base, which recognizes entrepreneurial activities, promoting democratic governance and respect for human rights, and ensuring environmental sustainability).

**FEEDS** submits to a rights based approach to poverty reduction. The basis of which is the provision of adequate access to basic social amenities such as education, access to water, health and social security as non-negotiable prerequisites for a good life. These needs are recognized as claimable rights, which come with duties, responsibilities and an accountability dimension. In essence, the human rights approach to poverty reduction and development assumes that beneficiaries of poverty reduction are active citizens with the right to a voice in policy process; active citizens should be given every institutional opportunity to own the process of

their own development. Government on the other hand, has the right to enforce laws and protect public resources on behalf of the citizens. Each party thus has rights, obligations and responsibilities.

#### **2.42.4 Education in Abuja FCT**

Education is the key to the future because it is fundamental to the cultivation of quality human resource. Presently in Abuja, the continuous influx of people into the FCT has led to an overstretching of present educational facilities. City classrooms are overcrowded with an average of 163 children per class. However, some rural schools have less than 200 total enrolments. The condition of learning in many instances is less than conducive as classrooms are in dilapidated state, teaching aids such as textbooks and laboratory equipment are inadequate.

Basic facilities such as toilets and first aid clinics are inadequate or absent in some locations. In the opinion of Forum for African Women Educationists (FAWE) and some education practitioners, lack of these basic facilities, especially the lack of protective sanitary materials and separate toilet facilities were some of the biggest obstacles hindering performance of girls in schools.

Primary schools in the FCT perform poorly in the common assessment performance tests. At present, the educational pass rate in the FCT is 25%. In the Internal Common Entrance Examination, the average pass rate of pupils in FCT public schools was 13.02% using 300 out of a total score of 600 as pass mark. The poor performance necessitated a reduction of the cut off mark to as low as 120 points for admission into secondary schools in some area councils.

**2.42.5 Challenges and Constraints to Education in the FCT:** The preceding problems already cited are compounded by the problem of demotivated teachers. Thus, there should be a re-assessment of the need to rehabilitate and re-construct schools with better facilities and standards. Expanding the existing facilities would make it possible to reduce the current class size of approximately 70 to 120 students and bring it in line with target of 1 to 40 as stipulated by the National Policy on Education of Nigeria.

Other factors responsible for the low performance of pupils in examination include the following:

1. Unavailability of research work on the teaching and learning process to identify gaps for possible corrections.
2. Inadequate capacity building for teachers to improve on the skills acquired in their NCE and first degree education
3. High pupil /teacher ratio which results in low individual attention to pupils as a result of one teacher teaching too many pupils.
4. The overwhelming students' population makes it difficult to provide adequate libraries, effectively monitor and evaluate schools, and enrich the school experience by inclusion of co-curricular activities. The result of the foregoing has led to high records of illnesses and truancy on the parts of both students and teachers.
5. Teachers' poor conditions of service and the high rate of HIV/AIDS in the FCT.

From the available information, primary school enrolment in FCT public schools is less than optimal. In 2003/2004, enrolment was 300,739; 161,911 boys and 138,828 girls. This represents only 39% of the school age population. This situation is caused by a variety of reasons such as: the poor economic status of the rural communities and their inability to meet the cost of uniforms, books, feeding and other school charges for their wards; general apathy towards schooling as a result of the high number of youths who lack gainful employment after schooling; a high drop out rate due to child marriage, and economic activities like farming and hawking.

The FCT, like other parts of the country, has its health challenges. Data has shown that infant mortality rates have worsened between the 1990s and 2003. Statistics from the National Demographic and Health Survey (NDHS) survey data showed that in 1990, North Eastern and North Western Nigeria recorded 83 and 110 deaths respectively, out of every 1000.

By 2003, the figures had risen to 129 and 136 respectively. 2002 statistics put crude death rate at 14 out of every 1000 persons. Under 5 mortality rates are equally disturbing with Nigeria having the 15<sup>th</sup> highest child mortality rate out of 193 countries.

Life expectancy is low at an average of 52 years. Varying levels of health care services are available to the residents of the FCT, on the average, within 40 minutes walking distance. The picture is, however, different in the rural areas, where the health care centers are in a deplorable state. There is a dearth of drugs and medical



personnel and in some cases, gross dereliction of duty. The situation is rendered precarious by the absence of female health personnel. This is a vital determinant for maternal health service utilization, because due to reasons of culture, religion, privacy and empathy, women would feel more comfortable to confide issues of gynecology and obstetrics to female health workers.

FCT has 14 health care centers. The four in Garki, Wuse, Asokoro and Maitama are prototype district hospitals, designed to provide care for a small number of people in those districts. The remaining ten are satellite hospitals; out of which Kwali and Kubwa have been upgraded to general hospitals to provide more specialized care. The focus for health care delivery is allopathic medicine, although recognition is given to alternative medicine, in particular, traditional obstetric services, which are well entrenched in the rural area.

These services are dispensed by traditional birth attendants (TBAs). The ultimate goal of this is the integration of allopathic and alternative practices in order to provide a holistic health care delivery system. The FCT, in comparison with other states in the Federation, can boast of some of the best and most affordable public health care services.

#### **2.42.6 Other Constraints and Challenges In Abuja**

At the moment, while there is a high degree of access and mobility work in the cities, with phases 1 and 2 in advanced stages of construction, there are few developed satellite towns and communities comparable to FCT's expanding population. There is no structure that would provide creditable data for planning and execution of the various development programme outside the city. Rural communities have no access roads for mobility of produce and people. This has led to the creation of the Satellite Towns Development Agency (STDA).

STDA was created in 2003, by the El-Rufai's Administration. Its creation was borne out of the need to achieve even development between the FCC (federal Capital communities) and the rest of the FCT. This is good consideration, given the emerging impact on development and lack of suitable and adequate housing and amenities for lower income workers who service residents of the city, and have subsequently contributed to the emergence of sprawling slums in the FCC. The creation of STDA also became necessary as a result of the need to plan adequately for the resettlement of original inhabitants who by the FCT Act, are entitled to comprehensive resettlement and compensation.

### **2.42.7 Prospects of Abuja**

Provision of access roads to the various communities living in FCT would mean access to markets for agricultural goods and ability to commute to the city to seek opportunities. This would greatly reduce poverty among the rural communities and improve their standard of living. An effective public transport network would also provide a regular link to settlements and other important productive centers within the wider area of the FCT

More rural roads and transport network would stimulate development within the rural areas which could precipitate desired mobility of the people to achieve a balanced population distribution in the FCT, boost trade, agriculture, tourism and a greater level of human development and enlightenment. An integral part of the mobility plan is access to taxi services. The Administration through the Abuja Investment and Property Development Company (AIPDC) entered into dialogue with the London Taxis International and Peugeot Automobile Nigeria to negotiate commercial terms, and explore financing options for the purchase of the taxis. These taxis are now operational in the FCT since late 2005. AIPDC has also entered into discussions with HSBC Bank PLC to examine the possibility of FCT obtaining the support of the UK 's Export Credit Department to finance up to 85% of the potential contract with London Taxis. Local commercial banks are also expected to bring in funds as their equity contribution. These arrangements have led to reasonably better access to taxi services comparable to the best in the world, as at today.

### **2.43 PICTORIAL FEATURES OF RURAL POVERTY IN ABUJA SATELLITE COMMUNITIES**

Below are pictures of different locations in Abuja satellite communities showing rural women in their normal daily habitats. These presentations are descriptions of sample locations where women live in Abuja Satellite Communities.



A woman selling her wares by the roadside at Abuja Municipal area



Women selling in front of their Homes at Kuje, Abuja





Women in their Homes and shops at Kuje, Abuja



Women in make-shift shops at Kubwa, Abuja





Rural women at kubwa, Bwari after demolition of their shops by Abuja FCDA



Rural women & Children selling their wares at Kwali,  
Abuja





Women selling eggs in front of their Homes at Gwagwalada, Abuja



Satellite settlement at Jigo, Bwari area, Abuja

## **CHAPTER THREE**

### **3.0 METHODOLOGY AND SOURCES OF DATA**

#### **3.1 RESEARCH DESIGN AND SOURCE OF DATA**

Various methods of data collection have been used in this study but the main material for the study has been obtained through the use of questionnaire survey technique, refined observations and in-depth interviews. It is also necessary to state that my inside knowledge and vast experience in the national and international Development sectors has been beneficial to the study.

The literature review has established that considerable institutional support measures have been put in place by government to alleviate poverty, especially amongst women in Nigeria in the rural areas. However, the dynamics of these institutional support measures in terms of service delivery and beneficial utilization by rural women still remains a subject for serious concern in Nigeria.

To clarify this issue, pertinent questions need to be answered which include the following:

- What are the support measures put in place to assist women to help reduce poverty levels?
- Are the financial support measures effectively delivered to these women?
- What institutional agencies are responsible to deliver these poverty reduction measures?
- Do the rural poor women have access to the finance available?

A conceptual model was developed following the findings from the literature review.

#### **3.2 RESEARCH DESIGN**

In planning for the research study, the researcher was mindful of the need to have a well articulated research design. Such a research design is desirable for the objective of data collection that will be useful in addressing the research questions. It is therefore, a veritable guide for data generation, especially primary data. The research strategy adopted in this study is the survey technique. This strategy was chosen because of the nature of the research topic which demands the collection of significant amount of data from a meaningful

population size in an efficient manner. Because this method is well understood and perceived as authoritative by people in general, it was most appropriate for its adoption.

The research study has tried to find out what support measures were given to rural poor women in Abuja, and by whom, which made it a descriptive study in one hand. On the other hand, the study was causal in the sense that attempt was made to find out the causal relationships among variables such as government/private support measures and the end-users, in this case, the women in Abuja satellite communities. Two survey methods including questionnaires and interviews were used because the respondents have diverse backgrounds. Questionnaires were used to obtain information from the literate women within the area of study, women leaders in the community based organizations, officials of non-governmental organizations in Development, and interviews were used to get information from the illiterate women amongst the sample population.

The researcher chose questions that would help respondents give responses that will adequately help in testing the hypotheses for this study and help in analyzing data and drawing conclusions.

### **3.3 Improving Questionnaire Return Rates**

The following steps were taken to improve on return rates for distributed questionnaires:

- questionnaire length was made very limited to elicit ease of response.
- cover letters were used to dispatch the questionnaires. It is considered a logical vehicle for persuading individuals to respond.
- repeated visits and phone calls to the respondents though costly, assisted to ensure good response.

Invariably, the Total Design Method (TDM) as reported by Muo (2000) was applied. The TDM procedures suggest minimizing the burden on the respondent with questionnaires that meet the following objectives:

- Design surveys that are easy to read
- Offer clear response directions;
- Provide information about the survey in a cover letter of advance notification;
- Personalize all communication with the respondent, and
- Follow-up contacts through phone to encourage response



## **Response Rate**

The likelihood of having non-responses was taken into consideration in the research design. Saunders et al (1997) noted that non-response could be due to three interrelated problems such as refusal to respond, ineligibility to respond and non-contact. De Vaus (1991) suggested a strategy of excluding ineligible respondents by calculating the response rate as stated below.

Response rate = Total number of responses divided by 100

Total number in sample – (ineligible + unreachable)

Estimating the likely response rate from a sample to which a researcher will be sending a questionnaire or interview schedule has been found to be very difficult (Saunders et al, 1997). Response rate of approximately 30% has been reported to be reasonable for postal surveys (Owen and Jones, 1990).

For interviews, a response rate of approximately 50% has been reported (Kervin, 1992, Saunders et al 1997). Dillman (1978) recorded response rates of between 50% and 92% for questionnaire surveys and of between 73 and 99% for some telephone interviews.

## **3.4 RESEARCH INSTRUMENT**

The motivational factors and work attitude Questionnaire was used for collecting responses from the subject selected for the study. The questionnaire was developed by the researcher based on ideas obtained from the work of the questionnaire used for the study consisted of five component parts.

The first parts consisted of questions that make it possible for the introduction and sources of livelihood to be collected. This part of the questionnaire was intended to elicit information about the sex, location of residence, and source of livelihood of the respondents. This section has twelve questions.

The other part of the questionnaire that contained the dependent variables was sub-divided into four sections. The first section dealt with availability of finance to the Respondents. It contains twelve questions, which were designed to elicit responses from respondents on availability of funds for self upkeep to find out the extent to which this affects their level of poverty

The second section was made up of five questions all of which are on access to finance for the particular source of livelihood. The third section on problems involved in accessing finance is made up of four questions. The fourth section on financing process was made up of five questions, while the fifth section is made up of six questions. There were thirty nine questions in all.

### **3.5 VALIDATION OF THE RESEARCH INSTRUMENT**

#### **Content validity**

In order to ensure that the instrument measures exactly what it is intended to measure, a supervising expert in this area of study were used as the pre-test juror. His expertise was brought to bear the questions were relevant, clear and unambiguous. Furthermore, it was to ensure that the questions had covered all the dimensions of the variables included in the study. The expert approved the questionnaire used in the study after some modification.

### **3.6 RELIABILITY OF THE INSTRUMENT**

I adopted a method of checking the validity, reliability and consistency of my instrument and questions by including a few extra questions to those I deemed essential for my study. I used a technique of putting in two roughly equivalent or closely related questions but well separated in the questionnaire. With this, it was possible to measure the consistency of answers.

### **3.7 DATA COLLECTION**

Data were collected from both primary and secondary sources. Primary data was collected using semi-structured and in-depth interviews. Interviews were formalized and structured using standardized questions for the respondents as recommended by Abdullahi (2004). Semi-structured interviews were undertaken by taking note of responses to a list of questions on the subject matter.

In order to ensure that enough, adequate, and reliable information are obtained, the following instruments will be used in the collection of data:

- (a) Questionnaire

(b) Observation

(c) Personal Interview

### **3.8 SOURCE OF DATA**

Primary and Secondary data has been used in this study.

#### **3.8.1 PRIMARY DATA**

According to Asika (1991:21) this consists of responses collected from respondents using the instrument of structured questionnaire. This form of data is subjected to analysis using percentage frequency and tabular Presentation, as well as histograms as necessary.

Primary data were captured through the use of questionnaires structured as follows:

- a. Section A (Introduction: Sources of livelihood)
- b. Section B (Availability of finance for self up-keep)
- c. Section C (Access to finance)
- d. Section D (Problems of accessing finance)
- e. Section E (Financing process)

The questionnaires were pre-tested before embarking on full scale field work in order to finalize the design structure and ensure that the instrument can provide the desired data. The responses from the women within Abuja municipal where the questionnaires were pre-tested assisted significantly in modifying it before the field administration. The researcher made use of the officials of the women community based organizations (CBOs) at the FCT Development Authority. Also, personal interviews by the researcher assisted in generating data and information used for the study.

### **3.8.2 SECONDARY DATA**

As Muo (2000:17) this form of data is obtained through published and unpublished materials on the challenges of poverty reduction worldwide, including Nigeria. This source of data been helpful in getting deep insight into the subject of the challenge of poverty reduction in Nigeria.

The importance of consulting secondary sources of data and information was recognized in this study. Ejemibi (1990) noted the need for researchers to consider the possibility of re-analyzing an existing data in order to answer their research questions and meet their research objectives.

Muo (2007) recognized the importance of secondary data, especially where comparisons are made in order to answer research questions and address the research objectives. It is therefore imperative to address the research questions using a combination of secondary and primary data. The secondary data consulted include both quantitative and qualitative data. The sources of secondary data were ascertained through literature review informal discussions with experts, colleagues, seminars and conferences as well as published guides.

Data on the Internet were located using search tools. The World Wide Web was searched for information. The convenience of the Web and the extraordinary amount of information to be found on it are compelling reasons for using it as an information source (Cooper and Schindler, 2001). Search engines such as Yahoo (<http://www.yahoo.com>), Google (<http://www.google.com>) and MSN (<http://www.msn.com>) were used to access vast information on rural poverty especially amongst women that assisted in the study. Other sources of information used include personal or informal discussions with associates and friends in the Key sub-sectors relevant to the study as well as personal documents provided by them.

Abdullahi (2005) noted the need to meet the following criteria in using personal documents in a study of this nature.

- a. that the document must be a written one
- b. that the document must have been produced on the authors initiative or if not, in such a way that their introspective content has been determined entirely by the author, and
- c. that the document focused on the authors personal experiences.

The researcher was mindful of these criteria which exclude interview materials used in the study.



All sources of data, both primary and secondary sources were evaluated to ensure that they are relevant to the research objectives as well as assist the researcher to answer the research questions.

### **3.9 QUALITY OF RESEARCH DATA**

The issue of the credibility of research findings was seriously considered in the research design. Reducing the possibility of doubting the credibility of research findings informed why attention was paid to the issue of reliability and validity. Two critical questions the researcher tried to address in the cause of carrying out this study as noted by Asika, (2001) were;

- will the methods adopted yield the same result on different occasions?
- Will similar observations be made by different researchers on different occasions?

Silver (2007) identified four threats to reliability of research results to include subject error, subject bias, observer error and observer bias. The researcher was aware of the potential problems extraneous influences will have on respondents in offering valid and candid answers to questions asked during the field study. Consequently, elaborate steps were taken to ensure confidentiality and anonymity of respondents to questionnaires. Also, care was taken to ensure that the data derived from the study are valid and relevant to the research objectives.

Specifically, steps were taken to ensure that proper things were done as it relates to the following:

- *Identification of the research population:* Efforts were made to ensure that the choice of the population was logical to guarantee generalizations to be made across the whole population.
- *Data collection:* Concerted efforts were also made to ensure that the processes adopted to collect data yielded valid data.
- *Data interpretation:* Appropriate theoretical frameworks were chosen in data interpretation. Induction and deduction processes were employed to arrive at the conclusion on each of the hypotheses. This implies that conclusions were drawn from both existing facts and valid reasons given by respondents to questions asked.
- *Development of conclusions:* The researcher was conscious of the need to ensure that conclusions made should stand up to the closest scrutiny.

Asika (2001) observed that research design may be said to be valid if it enable the researcher elicit the correct responses from the sample subjects. In this study, the research design was considered valid based on the fact that the desired responses were gotten from sample population. Furthermore, the content validity was determined by ensuring that all the questions asked in the questionnaire fully addressed the research objectives and hypotheses.

### **3.10 PROCESSING OF DATA**

The data resulting from the study could be both quantitative and qualitative and as such, need processing and analysis. The essence is to put the data in contextual form to enable the researcher answer the research questions as well as address the research objectives. Consequently, quantitative analysis using simple tables, and percentage distributions, and chi square computations analysis were carried out in order to establish the relationships between the various variables. Abdullahi (2004) noted the need to ensure that in all cases where tables were used that the following steps were taken:

- that the tables have brief and clear descriptive title,
- that the units of measurement are clearly stated;
- that the sources of data used are clearly stated;
- that notes to explain abbreviations and legends are clearly stated;
- the size of the sample on which the values in the table are based is stated;
- that tables had clear column and row leadings;

The analysis carried out enabled the researcher establish the relationships between variables and trends in patterns of associations.

### **3.11 POPULATION OF THE STUDY**

Population consists of women who live/work in Abuja Satellite communities (both Nigerian and non-Nigerian nationals that work and reside in the federal Capital Territory, the seat of the federal Republic of Nigeria) and Leaders of the various women community organizations in Abuja. This makes the population finite. This population is scattered in Abuja Municipal, Abaji, Bwari, Gwagwalada, Kuje and Kwali area Councils

**Table 3.1 Distribution of the Sample Population**

<b>Area Councils</b>	<b>Sample Population</b>	<b>% of Questionnaires to be distributed</b>	<b>Number of Questionnaire to be distributed %</b>
Abaji	60	17	32
Abuja Municipal	100	27	51
Bwari	60	17	32
Gwagwalada	60	17	32
Kuje	40	11	21
Kwali	40	11	21
<b>Total</b>	<b>360</b>	<b>100</b>	<b>189</b>

Source: Field Survey 2007

### **3.12 SAMPLE SIZE DETERMINATION AND JUSTIFICATION**

As a result of the inability of the Researcher to reach the population of the Study, it has been necessary to use a sample population derived from the main population. Since this population is a finite one, it was convenient for the Researcher to use the famous Taro Yamane's formula for the determination of the sample size (Onwe, 1998:21) given below:

$$n = \frac{N}{1 + N(e)^2}$$

where n = Sample size (Population)

N = Total population

1 = statistical constant

e = margin of error at 5%

$$n = \frac{360}{1 + 360(0.05)^2}$$

$$n = \frac{360}{1 + 0.9}$$

n = 189.47, approx. **189 Women**

**Table 3.2 Administration of the Questionnaire**

Area Councils	Number of Women Sampled	%	Proportion of Questionnaire	Number Returned
Abaji	60	17	32	24
Abuja Municipal	100	27	51	40
Bwari	60	17	32	27
Gwagwalada	60	17	32	19

<b>Kuje</b>	<b>40</b>	<b>11</b>	<b>21</b>	<b>17</b>
<b>Kwali</b>	<b>40</b>	<b>11</b>	<b>21</b>	<b>15</b>
<b>Total</b>	<b>360</b>	<b>100</b>	<b>189</b>	<b>142</b>

Source: Field Survey 2007

### 3.13 STATEMENT OF HYPOTHESES

In line with the research problem identified above, the following research hypotheses will now be tested:

- Ho: More than half of women living in Abuja Satellite Communities are living in rural poverty
- H1: Less than half of women living in Abuja Satellite Communities are living in rural poverty
- Ho: Adequate funding for business and farmwork is a constraint to women living in Abuja satellite Communities
- H1: Adequate funding for business and farmwork is not a constraint to women living in Abuja satellite Communities
- Ho: Strategies put in place by the federal capital Development Authority are not adequate to help most women living in Abuja satellite Communities reduce poverty
- H1: Strategies put in place by the federal capital Development Authority are adequate to help most women living in Abuja satellite Communities reduce poverty
- Ho: More access to finance by women in Abuja will greatly help to reduce rural poverty amongst women in Abuja satellite Communities
- H1: More access to finance by women in Abuja will not really help to reduce rural poverty amongst women in Abuja satellite Communities

#### 3.13a TEST OF HYPOTHESES

The four Hypotheses will be tested. Answers to the Questionnaires administered in the field will go a long way in assessing the impact of rural poverty in Abuja Satellite Communities and the efforts of the federal capital development Authority (FCDA)'s measures in eradicating this rural poverty and the adequacy of funding for poverty reduction programmes in Abuja, the federal Capital territory of Nigeria. This will enable the study draw up conclusions, and make recommendations as a way forward on how the federal capital development Authority policies can be re-positioned to be more effective in addressing rural poverty among women in Abuja, and avenues of adequate funding for rural poverty reduction programmes

### **DECISION RULE**

*The Decision rule for the hypotheses is: Accept the Null hypothesis if the calculated value is greater than the table values. The degree of freedom is at 5%.*

### **3.14 LIMITATIONS OF THE METHODOLOGY**

The researcher recognized that the sampling from the target population might not be totally free from errors and as such, efforts were made to minimize such as earlier stated.

Finally, it is pertinent to reiterate the limitations to the study which is beyond the control of the researcher in the area of questionnaire administration and retrieval. Concerted efforts were made to ensure better response and retrieval of questionnaires from the respondents.

## CHAPTER FOUR

### 4.0 PRESENTATION OF DATA AND ANALYSIS

As the major aim of the research is to find out the extent of rural poverty among women in Nigeria, with Abuja Satellite Communities as case study, whether there is access/adequate finance for ameliorating the situation, we now turn to analyze data collected in order to answer the research questions.

#### 4.1 ANALYSIS OF RESEARCH RESPONSES

##### **Livelihood of respondents:**

This sets out to get information of the livelihood of the respondents. Women in Abuja satellite communities are basically adapting to the continual living conditions in Abuja these past few months.

**Table 4.1 Livelihood of Respondents**

Responses	Number of Responses	%
Farmwork	118	83
Petty trading	24	17
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field survey 2007**

From table 4.1, 83 percent of women in the area of study engage in Farmwork while the 17 percent of them engage in petty Trading. This shows that most satellite women in Abuja engage in Farmwork even in a new city like Abuja

##### **Length of Time in Framework**

This sets out to measure the length of time each respondent in farmwork has been in this type of earning a living. This is necessary because it seems a higher percentage of women in Abuja have had to change their

means of livelihood in recent times due the demolition exercises engaged in by the federal capital Development Authority in Abuja to bring the city back to its original design.

**Table 4.2 Length of Time in Farmwork**

Responses	Number of Responses	%
Under/or 1 year	90	80
1 to 2 years	21	15
Above 2 years	7	5
Total	118	100

Source: Field survey 2007

From Table 4.2 above, only a negligible percentage has been engaged in farmwork for more than a year. This also shows that farmwork is not yet a well-tested line of earning a living. It will take sometime before these women can learn 'on the job' some other inherent problems likely to occur as regards farming.

### **Length of Time in petty trading**

It was necessary to also know when each respondent started petty trading as a means of livelihood.

**Table 4.3 Length of Time in Petty Trading**

Responses	Number of Responses	%
Under/or 1 year	13	9
1 to 2 years	18	13
Above 2 years	111	78
Total	142	100

Source: Field survey 2007

From Table 4.3 above, only a negligible percentage are new in petty trading. This shows that of the few women in petty trading, the majority have been in petty trading and petty trading is a tested means of livelihood. It is also interesting that the findings show that most women in farming also engage in one form of petty trading or the other. Farmwork is done side by side with trading by some of the women.

### **Number of Farmlands Owned**

This seeks to establish the number of farmlands owned by respondents. This is necessary because it helped in showing clearly why above fifty percent of women in farmwork are living in abject poverty. Less than ten percent of respondents have more than one farmland.



**Table 4.4 Number of farmlands Owned**

Responses	Number of Responses	%
One farmland	133	94
Two farmlands	9	6
Above two farmlands	0	0
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.4, 94 percent of women in farmwork in the area of study have only one farmland. A negligible 6 percent own two farmlands and none own more than two.

#### **Number of shops Owned**

This seeks to establish the number of shops owned by respondents. This is necessary because it helped in showing helped in showing that livelihood of petty trading is still a 'new' form of earning a livelihood amongst the women. It is not yet a well tested area of livelihood for the respondents.

**Table 4.5 Number of Shops Owned**

Responses	Number of Responses	%
One Shop	126	89
Two Shops	16	11
Above two Shops	0	0
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.5, 89 percent of women in farmwork in the area of study have only one shop. 11 percent own two shops and none own more than two. It is interesting to note that 98 percent of women that owned more than one shop reside in the Abuja Municipal itself where the Elites and Politicians reside as well.

### ***Shops demolished by FCDA, Abuja***

This question easily brought out the extent of effect of the demolition exercise in Abuja on the rural women living in Abuja.

**Table 4.6 Shops demolished by the Abuja City government**

Responses	Number of Responses	%
One shop	131	92
Two shops	11	8
Above two shops	0	0
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.6, 92 percent of women engaged in petty trading had their shops demolished by the Abuja Federal Capital Development Authority (FCDA) in the demolition exercise that has been on for the past two years to bring Abuja back to its original structural design as Nigeria's capital. 11 percent has more than one shop demolished. All Respondents agree that the demolished shops were illegal structures, they said they have to use them for petty trading then because they do not have another choice of shops that were affordable to them. They needed to make do with the shops to 'keep body and soul together'.

### **Children/Wards in School**

The responses to this question established the level of responsibility saddled on these women even in their challenges of earning a living in Abuja

### **Children/Wards in school**

This question tested the respondents in establishing if they have children/wards in school at all, at any level of education in Nigeria.

**Table 4.7 Children/Wards in School**

Responses	Number of Responses	%
YES	100	100
NO	0	0
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.7, 100 percent of the women that responded agreed they have children/Wards in school, from junior to high school and the tertiary institutions.

They gave the reason that even when their own biological children are out of school in some cases, they still have to help out with children of their Siblings and members of the extended families. There was no single woman who does not have wards/children in school.

Number/Wards in School

This question brought out the ages of these children/wards in schools

**Table 4.8 Number of Children/Wards in School**

Responses	Number of Responses	%
1 - 2 children/wards	7	5
3 - 4 children/wards	57	40
5 - 7 children/Wards	72	51
Above 7 children/Wards	6	4
Total	142	100

**Source: Field survey 2007**

From Table 4.8 above, 5 percent of Abuja rural women have one to two children/wards in school, 40 percent have three to four, 51 percent have five to seven, and 4 percent have above seven children/wards in schools. It is obvious that poverty will take a long time to be reduced if something drastic is not done to

help these women financially. They all stated that they need to send the children/wards to school so they can have a better life than they have now but this also means not being able to feed well daily or get basic health treatment for themselves and their families.

**Table 4.9 Responsibility of Children/Wards School fees**

Responses	Number of Responses	%
Myself	76	54
Husband	40	28
Relations	20	14
Other	6	4
Total	142	100

Source: Field survey 2007

From table 4.9, Out of the 142 women, 54 percent said they are responsible for paying the school fees of their wards and children, 28 percent said their husbands are responsible, 14 percent said their relations are responsible, and 6 percent said some Philanthropists in the Community and their Churches are responsible for the payment.

It is disturbing that even with the economic levels of these rural women, they still have a lot of financial burden to carry in the area of school fees. It is surprising too that the percentage of women responsible for school fees is higher than the percentage of husbands (men) responsible for school fees. This shows that the original traditional belief that the men are responsible for all the financial issues of the family no longer holds in today's Nigeria, especially in Abuja Satellite Communities.

**Table 4.10 Why Rural Women are responsible for payment of school fees**

Responses	Number of Responses	%
Widowhood	19	13
Single parentage	42	30
Husbands incapability	61	43
Husbands Refusal to pay	20	14
Total	142	100

Source: Field Survey 2007

From table 4.10, 13 percent of Respondents said they are responsible because they are widows, 30 percent said they are single parents, 43 percent said their husbands are not capable (not earning enough), and 14 percent said their husbands refused to be responsible for the school fees. From all indications, the survey has revealed that there is a disturbing trend growing in the Communities: men are refusing to pay the school fees for education of their children/wards. The women generally agreed that some of the men do not make enough to be responsible for the school fees, but because of ego they will not admit and just declare they will not pay giving all sorts of flimsy excuses, from women's disobedience to children/wards' disobedience to them.

**Table 4. 11 Why some rural women are not responsible for school fees**

Reasons	Number of Responses	%
Married	31	22
Husband capable	100	70
Others Help	11	8
Total	142	100

**Source: Field Survey 2007**

From table 4.11, it is established that married women generally do not pay school fees when their husbands are legally married to them and are living together. However there is a correlation between financial capability of the husbands and the responsibility for school fees. All the husbands that pay school fees are legally married to the women and see school fees as their own primary responsibility.

**Table 4:12 Are your satellite Community people living well?**

	YES	NO	INDIFFERENT	TOTAL
<b>Literate</b>	18	70	2	90
<b>Illiterate</b>	6	38	8	52
<b>Total</b>	24	108	10	142

**Source: Field Survey, 2007**

More than half of these respondents know that people also living around them cannot be living well.

**Table 4.13 Operating a Bank Account**

Responses	Number of Responses	%
Yes	139	97
No	8	3
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.13, 97 percent of women interviewed do not operate bank accounts. Only 3 percent do and these few reside close to the Abuja commercial center.

**Table 4.14 Reasons for non-operation of Bank account**

Responses	Number of Responses	%
Don't have enough money	79	56
Don't know how to operate one	46	32
No help from Banks	10	7
No Banking facilities	7	5
Others	0	0
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.14, 56 percent of respondents said they do not have enough money to operate an account, 32 percent said they do not know how to operate an account, 7 percent said the Banks do not help because the Bank Officials do not bother with them.

The majority however said they do not have enough money as well as not knowing how to operate an account.

**Table 4.15 Enough funds for everyday living**

Responses	Number of Responses	%
Yes	0	0
No	142	100
Total	142	100

**Source: Field Survey 2007**

Table 4.15 shows that all Respondents agreed that they do not have enough money for themselves and their families.

Further discussions with the Respondents reveal that aside from not having enough money, the value of the Naira keeps depreciating so the little they have loses value daily thereby compounding the daily challenges of making a living.

**Table 4.16 Ability of Banks or any other Organization being able to help Farmwork/petty trading**

Responses	Literate	Illiterate	Total
Strongly Agree	8	6	14
Agree	7	11	18
Disagree	73	16	89
Indifferent	2	19	21
Total	90	52	142

**Source: Field survey 2007**

From Table 4.16 above, a total of 14 of Respondents strongly agree that the Banks can help them with their farmwork/Shop, while 89 disagreed.

Further discussions with this group reveal that there is high rate of fear that they have heard that the Banks do seize all the property of persons that they give loans to and for any reason such persons cannot meet up with the monthly interest/loan repayment. Some also say that the Banks do not have regards for people like them. It is believed that Banks can only be interested in you if you have money to bank with them.

Table 4.17 **Any Beneficiaries of Bank Finance for farmwork/petty Trading?**

Responses	Literate	Illiterate	Total
Strongly Agree	8	6	14
Agree	7	11	18
Disagree	73	16	89
Indifferent	2	19	21
Total	90	52	142

**Source: Field survey 2007**

From Table 4.17, all Respondents said they do not know of anyone that the Bank has helped with farmwork/petty trading, be it giving loans or helping to build agricultural expertise.

**Table 4.18 Are there CBOs that can help in the fight against rural poverty?**

Responses	Literate	Illiterate	Total
Strongly Agree	8	6	14
Agree	7	11	18
Disagree	73	16	89
Indifferent	2	19	21
Total	90	52	142

**Source: Field survey 2007**

From Table 4.18, 14 Respondents strongly agree that there are CBOs working in the area of fighting rural poverty, 18 agree, 89 disagreed while 21 were indifferent and could not be bothered. One to one interviews with this group reveal that they were not interested if there are CBOs as they feel they cannot help them anyway.

**Table 4: 19 Do you have enough access to information regarding poverty alleviation?**

Responses	Literate	Illiterate	Total
Strongly Agree	5	10	15
Agree	7	11	18
Disagree	31	57	88
Indifferent	2	19	21
Total	90	52	142

**Source: Field survey 2007**



Table 4.19 reveals that 15 Respondents strongly agree that they have enough access to information regarding poverty alleviation, 18 agree, 88 said they do not have access to any information on poverty alleviation and 21 were indifferent.

**Table 4.20** There is adequate access to the financial Institutions' funds set aside for the Public for alleviating poverty

Responses	Literate	Illiterate	Total
Strongly Agree	8	0	8
Agree	7	0	7
Disagree	23	77	100
Indifferent	8	19	27
Total	46	96	142

**Source: Field survey 2007**

Table 4.20 reveals that 8 Respondents strongly agree that they have enough access to information regarding poverty alleviation, and these eight are among the literate respondents, 7 agree, a whopping 100 disagreed and 27 were indifferent. It is obvious that above 50% of all respondents agree they do not have any access to the funds earmarked for poverty alleviation by the financial Institutions. It should be noted also that the only Respondents that agreed there is adequate access are the Literate ones. This also infers that access to information is closely linked to education status of these women.

**Table 4.21** Strategies put in place by the Abuja federal Capital Authority are adequate to help in the fight against poverty

Responses	Literate	Illiterate	Total
Strongly Agree	8	12	20
Agree	12	5	17
Disagree	61	24	85
Indifferent	9	11	20
Total	90	52	142

**Source: Field survey 2007**

Table 4.21 reveals that 20 Respondents strongly agree that they have enough access to information regarding poverty alleviation, and eight among these are the literate respondents, 17 also agreed, 85 disagreed and 27 were indifferent. It is obvious that above 50% of all respondents disagreed that the strategies put in place by the FCDA are adequate in helping to fight against poverty

**Table 4.22** Increased access to finance by women will help in reducing rural poverty amongst women?

Responses	Literate	Illiterate	Total
Strongly Agree	51	20	71
Agree	30	13	43
Disagree	5	10	15
Indifferent	4	9	13
Total	90	52	142

**Source: Field survey 2007**

Table 4.22 reveals that 71 Respondents strongly agree that increased access to finance by women will help in reducing poverty amongst women. 43 also agreed, 15 disagreed and 13 were indifferent.

**Table 4.23** In your opinion how much money does one need to start a shop/farmwork?

Responses	Number of Responses	%
Under/or 30,000	99	70
Above 30,000	43	30
Total	142	100

Table 4.23 reveals that 70 percent Respondents said 30,000 Nigeria Naira is enough to start a shop or farmwork, 30 percent however said above 30,000 Nigeria Naira is needed. It is obvious that majority of women (70%) in this study need very little funds to start their businesses and farmwork activities.

**Table 4.24 Minimum Amount necessary to start a Shop/farmwork**

Responses	Number of Responses	Amount	%
Farmwork	96	NGN 10,000 & below	68
Petty Trading	46	NGN 25,000 & below	32
Total	142		100

**Source: Field survey 2007**

From the Table above, 68 percent of Respondents said ten thousand Naira is enough to start farmwork and 32 percent said twenty five thousand is enough for them to start a small shop. This shows that the finance needed

for the rural women in Abuja to be economically empowered is very reasonable for the government and necessary Stakeholders to handle effectively.

**Table 4.25 Funding Petty Trading/Farmwork**

Responses	Number of Responses	%
Wholly self funding	123	87
Funding with Others	19	13
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field survey 2007**

From the table 4.25, 87 percent said they are responsible for funding their petty trading activities. A low percentage of 13 percent said they do get help from Relations and friends at some time between when they started operation and now. For this category of women, they look more satisfied and happy with their trading activities. They have more variety of wares for sale as well. This can be seen in the pictures on Appendices 1 to 6.

**Table 4.26 Sources of funding for farmwork/petty trading**

Responses	Number of Responses	%
Personal Savings	108	76
Family savings	23	16
Bank loan	0	0
Cooperative Society loan	6	4
Loan from Friends	3	2
Others	2	1
Total	142	100

**Source: Field survey 2007**

From Table 4.26, 76 percent of Respondents said they got funding from their own personal savings. 16 percent said the funding came from family sources, 4 percent said they got funding from the Cooperative Societies they belong to, 2 percent said they got funding through friends, and 1 percent said they got funding through Non-governmental Organizations. One finding that came out clear is that none of the Respondents got

any funding from the Banks. This shows that despite all the propaganda by the Banks that funds are set aside yearly for agriculture and small scale businesses, it is obvious the grassroots citizens are not benefiting from the federal government's laudable policies in this direction. A lot of awareness campaign need to be put in place to remove this problem, and there is need for government to put in place effective monitoring system to ensure the funds for small scale businesses and agriculture actually get the targeted areas. All hands must be on deck to regenerate the economic activities of the less privileged I the Nigerian society.

**Table 4.27 Recommended source of finance for new Starter**

<b>Responses</b>	<b>Number of Responses</b>	<b>%</b>
Personal Savings	98	69
Family savings	4	3
Bank loan	0	0
Cooperative Society loan	12	8
Loan from Friends	0	0
Others	28	20
Total	142	100

**Source: Field survey 2007**

From Table 4.27 above, 69 percent of Respondents said they recommend personal savings for new starters in farmwork or petty trading, 3 percent recommended family funding, 8 percent recommended Cooperative Societies, 20 percent recommended non-governmental Organizations and none recommended loans from Banks or Friends. Further discussions with the Respondents reveal that the women prefer their own savings because that way they have peace that no one will harass them for loan repayment should anything go wrong with harvest or if they cannot break even in their petty trading on time to start making loan repayments.

The Respondents that recommend family sources explained that for them, their family source is just like personal savings because they have understanding family members who desire to see them succeed and hence will not put unnecessary pressure on them for loan repayment. The Respondents recommending Cooperative society all agree that the Societies are very supportive and will even go out of their way to ensure that the farmwork succeeds and that petty trading has stabilized before they start asking for loan repaying. They recommend this because the loans are also interest free. The Respondents recommending NGOs do so because they have experienced that these NGOs give free loans (just like the Cooperative Societies) but in

addition train them on how to run the businesses better and also provide or direct them on how to get fertilizers for their farmwork, thereby increasing yearly yields.

None of the Respondents recommended loan from friends because they explained that experience has shown that friends usually get jealous when they see their progress and most times relationships are broken or become sour after a while!

None also recommended the Banks. Further discussions reveal that a lot of the women are not even aware that Banks give loans for farmwork or petty trading, they are convinced the Banks do not deal with 'people like us'! This shows that apart from being poor, these women have no confidence to source for Bank loans neither do they feel they are worthy of receiving such help from the government or banking system. This is a disturbing revelation: Nigeria's Abuja have the challenge of awareness campaigns and psychological re-orientation if these rural women have to be effectively included in the productive economic re-engineering of the gender grassroots sector of the economy.

#### **4.28** One can get financial help from Federal Capital Development Authority for farmwork/Shop

Responses	Literate	Illiterate	Total
Strongly Agree	10	25	35
Agree	30	10	40
Disagree	44	15	59
Indifferent	6	7	13
Total	90	52	142

**Source: Field survey 2007**

From Table 4:28 above, 35 women strongly agree the FCDA can help them access finance, 40 agreed, 59 disagreed and 13 were indifferent. Further interviews with these respondents show that it is more of the women not having trust in the FCDA to really help them even though they are aware there may be policies to that effect

**Table 4.29 Other Institutions that give money to Rural Women**

Responses	Number of Responses	%
Community Organizations	11	8
Women Organizations	44	31
Cooperative Society	24	17

Money Lenders	22	15
Federal government of Nigeria (under NEEDS)	8	6
Federal Capital Development Authority (Under FEEDS)	10	7
Local governments of Nigeria	11	8
Non Governmental Organizations	9	6
Don't know of any	3	2
Total	142	100

**Source: Field survey 2007**

From Table 4.22 above, 8 percent of Respondents said they know that Community Organizations give money to Rural women, 31 percent know Women Organizations give money, 17 percent know Cooperative Societies give money, 15 percent know identified money Lenders (Local persons who give out personal money as loan with interest) give money, 6 percent know the federal government of Nigeria can give loans to them, 7 percent know the FCDA can, 8 percent know the Local governments can, 6 percent know Non-governmental Organizations can, and 2 percent do not know any Institution that can give them money for farmwork/petty trading.

Again it is surprising that none of the Respondents mentioned the Banks. They all agree that they have not seen anyone amongst them that the Banks have ever given money to for farmwork or petty trading. Some are aware the Banks give money for farming and trading but they believe they are only for the Rich and not for persons like them. There is a serious problem when the rural poor do not believe in the Banking sector and they believe no help can come from them.

**Table 4.30 Major problems of financing farmwork/shop business**

Responses	Number of Responses	%
Size of financing Involved	40	28
Sourcing Finance	44	31
Lack of Information available	35	25
Availability of farmland	23	16
Total	142	100

**Source: Field survey 2007**

From Table 4.30, 28 percent of Respondents agree that the size of finance is the major problem of financing their shop or farmwork. They said if the amount involved is much, it is more difficult to get finance and vice versa. 31 percent agree sourcing finance is the major problem, they simply do not know where to go because there seems to be no finance available for them anywhere they go! 25 percent said the lack of information on what to do is the major problem and 16 percent said the major problem is availability of farmland. Further discussions reveal that this group are mainly Widows or single parents who have no spouse to ensure they get enough farmland to do their farmwork.

**Table 4.31 Recommended sources of finance**

Responses	Number of Responses	%
Banks	0	0
Cooperatives	45	32
Money Lenders	21	15
Micro finance	20	14
Other (NGOs)	56	39
Total	142	100

**Source: Field survey 2007**

From Table 4.31 above, no Respondent recommended the Banks as source of borrowing for farmwork or petty trading. 32 percent recommended Cooperatives, 15 percent recommended local Money lenders, 14 percent recommended micro finance while 39 percent recommended NGOs. It is a surprise that these rural women prefer sources of finance from NGOs rather than Banks. Further discussions reveal that the major issue against Banks is the non-interest of banks in their welfare, high rates of interest rates and the short term period of Bank loans in Nigeria.

**Table 4.32 Problem of Interest rate**

Responses	Number of Responses	%
Yes	142	100
No	0	0
Total	142	100

**Source: Field survey 2007**

From table 4.32, all the Respondents said interest rate is a big problem to them and tenor of loan repayment

Table 4.33 **Personal Character consideration in accessing finance**

Responses	Number of Responses	Number of Citations	%
Yes	142	142	$142/142 \times 100 = 100$
No	0	0	0
Never taken a bank loan		142	$142/142 \times 100 = 100$
Total	142	284	

**Source: Field survey 2007**

From Table 4.33, all the Respondents say personal character is a determinant of accessing finance, whether from family, friends, governments or NGOs. All Respondents said they have however never taken a bank loan before.

Those Respondents that have accessed finance in the past described the financing process. Their description vary depending on the source of finance, but they all agree the processes are sometimes cumbersome even the finance from NGOs.

Table 4.34 **Description of financing process**

Responses	Number of Responses	number of Citation	%
Financing process tedious	142	80	56
Financing process not tedious	0	62	44
<b>TOTAL</b>	<b>142</b>	<b>142</b>	<b>100</b>

**Source: Field survey 2007**

From table 4.34, it is established that the financing process is only complex depending on source of finance used. 56 percent agreed to this and 44 percent hold contrary view. It was explained by Interviewees that if you have your own savings or loans from family, you don't need to go through any complex requirements. You just collect the money and apply to the business or farmwork, but with other loans more is required.



Table 4.35 **Source of finance as a determinant of financing process**

Responses	Number of Responses	%
Yes	142	100
No	0	0
Total	142	100

**Source: Field survey 2007**

From Table 4.35 above, all Respondents agree that the financing process depends on the source of finance used.

Table 4.36 **Is the financing process difficult irrespective of the source of finance?**

Responses	Number of Responses	%
Yes	142	100
No	0	0
Total	142	100

**Source: Field survey 2007**

From Table 4.36 above, all Respondents agree that the financing process is difficult irrespective of the source of finance used.

Table 4.37 **Complexity of financing process**

Responses	Number of Responses	%
Yes	34	24
No	108	76
Total	142	100

**Source: Field survey 2007**

From Table 4.37, 24 percent of Respondents said the financing process is complex depending on the source of finance. They all agree getting money from friends, families or cooperatives is not complex. But they all agree getting money from Money lenders and NGOs is quite complex because you are made to fill 'so many forms' and you are required to bring Guarantors in case you default.

During personal interview by the researcher, it was discovered that this group that mentioned 'too much paper work' are the uneducated ones! The literate ones have no complaints whatsoever on requirements of filling a form or two in order to get the required finance for their farmwork or petty trading.

Table 4.38 **Problematic Sources of finance and process of finance compared**

Responses	Number of Responses	%
Financing more problematic	79	56
Source of finance more problematic	63	44
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From the above table 4.38, 56 percent of respondents agree that the source of the finance is more important; the decision is a very crucial one. 44 percent do not agree. The reasons given through personal interview with the researcher show that the group that does not agree state that deciding on the source is not as important as really physically having access to the finance. This they said is the real thing; that is obtaining funds for the business.

**Table 4.39 Financing advice for a Starter of Farmwork/shop**

Responses	Number of Citations	%
Physical labor should be hired	140	$140/142 \times 100 = 98$
Get enough money for initial months	125	$125/142 \times 100 = 88$
Go for only long term finance	140	$140/142 \times 100 = 98$
Patience	142	$142/142 \times 100 = 100$
Beware of 419 (dubious) Finance sources	18	$16/142 \times 100 = 13$
Be disciplined in spending	124	$124/142 \times 100 = 87$
<b>TOTAL</b>	<b>689</b>	<b>100</b>

**Source: Field Survey 2007**

From the table 4.39, it is seen that out of the total 142 questionnaires returned, 98 percent of Respondents agree that physical labor should be hired to help with initial farmwork or petty trading, and that only long term finance is advisable. This is because Respondents said it takes a while before farmwork is mature enough for harvest or for a shop to start making profit. 100 percent of Respondents agree that patience is a virtue that must be cultivated in framework or petty trading. 87 percent of returned questionnaire said the farmer or petty trader must be disciplined in spending as well. Only 13 percent said being beware of dubious sources of finance is really important.

Further personal interview with respondents reveal that they all agree dubious characters are not interested in people like them since they do not have enough money for the Dupes to be interested in and the length of time for farmwork is too long for any dubious person, even the profit from their petty trading is not enough to attract such dubious persons.

## 4.2 TESTING OF THE HYPOTHESES

The following questions in the Questionnaire will now be used to test the hypotheses for this study. Question 12 will be used to test hypothesis one

### *Hypothesis 1*

Ho: More than half of women living in Abuja Satellite Communities are living in rural poverty

H1: Less than half of women living in Abuja Satellite Communities are living in rural poverty

**Q12.** Are your Satellite Community's people living well?

Table 4.40

**ACTUAL FREQUENCIES**

	<b>YES</b>	<b>NO</b>	<b>INDIFFERENT</b>	<b>TOTAL</b>
<b>Literate</b>	18	70	2	90
<b>Illiterate</b>	6	38	8	52
<b>Total</b>	24	108	10	142

**Source: Field Survey, 2007**

Question 16 will be used to test hypothesis two.

### **Hypothesis 2**

Ho: Adequate funding for business and farmwork is a constraint to women living in Abuja satellite Communities

H1: Adequate funding for business and farmwork is not a constraint to women living in Abuja satellite Communities

Q16. The Banks or any other Organization can help with your farm/shop?

Table 4.41 **ACTUAL FREQUENCIES**

	<b>STRONGLY AGREE</b>	<b>AGREE</b>	<b>DISAGREE</b>	<b>INDIFFERENT</b>	<b>TOTAL</b>
<b>Literate</b>	8	7	73	2	90
<b>Illiterate</b>	6	11	16	19	52
<b>Total</b>	14	18	89	21	142

**Source: Field Survey, 2007**

Question 21 will be used to test hypothesis three.

### **Hypothesis 3**

Ho: Strategies put in place by the federal capital Development Authority are not adequate to help most women living in Abuja satellite Communities reduce poverty

H1: Strategies put in place by the federal capital Development Authority are adequate to help most women living in Abuja satellite Communities reduce poverty

Q21. The strategies put in place by the federal capital Development Authority are adequate to help in the fight against poverty.

Table 4.42 **ACTUAL FREQUENCIES**

	<b>STRONGLY AGREE</b>	<b>AGREE</b>	<b>DISAGREE</b>	<b>INDIFFERENT</b>	<b>TOTAL</b>

<b>Literate</b>	8	12	61	9	90
<b>Illiterate</b>	12	5	24	11	50
<b>Total</b>	20	17	85	20	142

**Source: Field Survey, 2007**

Question 22 will be used to test hypothesis four.

#### ***Hypothesis 4***

Ho: More access to finance by women in Abuja will greatly help to reduce rural poverty amongst women in Abuja satellite Communities

H1: More access to finance by women in Abuja will not really help to reduce rural poverty amongst women in Abuja satellite Communities

Q22. Increased access to finance by women help in reducing rural poverty amongst women?

Table 4.43

#### **ACTUAL FREQUENCIES**

	<b>STRONGLY AGREE</b>	<b>AGREE</b>	<b>DISAGREE</b>	<b>INDIFFERENT</b>	<b>TOTAL</b>
<b>Literate</b>	51	30	5	4	90
<b>Illiterate</b>	20	13	10	9	52
<b>Total</b>	71	43	15	13	142

**Source: Field Survey, 2007**

### **4.3 TEST OF HYPOTHESIS**

#### ***Hypothesis 1***

*Contingency table for Question 12*

Table 4.44

#### **EXPECTED FREQUENCIES**

	<b>YES</b>	<b>NO</b>	<b>INDIFFERENT</b>	<b>TOTAL</b>
<b>Literate</b>	18	70	2	90

<b>Illiterate</b>	6	38	8	52
<b>Total</b>	24	108	10	142

Thus, 
$$X^2 = \sum \frac{(O - E)^2}{E}$$

$X^2$  = chi square

O = observed frequency

E = expected frequency

<b>Observed frequency O</b>	<b>Expected frequency E</b>	<b>(O-E)</b>	<b>(O-E)</b>	<b><math>\frac{(O-E)^2}{E}</math></b>
18	15	3	9	0.6
6	9	-3	9	1
70	68	2	4	0.059
38	40	-2	4	0.1
2	7	-5	25	3.57
8	3	5	25	8.33
			<b><math>X^2</math></b>	<b>13.66</b>

It is now possible to find  $X^2$  value from the table:

= (rows -1) (columns -1)

= (2-1)(3-1) = 1x 2

= 2 degrees of freedom.

The value of the cut-off point of  $X^2$  for 2 degrees of freedom at the 5% level from  $X^2$  table is 5.991

As the calculated value of 13.66 is greater than the table value, we accept the Null hypothesis and reject the alternative hypothesis.

## Hypothesis 2

### Contingency table for Q16

Table 4.45 Expected Frequencies

	<b>STRONGLY AGREE</b>	<b>AGREE</b>	<b>DISAGREE</b>	<b>INDIFFERENT</b>	<b>TOTAL</b>
<b>Literate</b>	10	11	56	13	90
<b>Illiterate</b>	4	7	33	8	52
<b>Total</b>	14	18	89	21	142

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

<b>Observed frequency O</b>	<b>Expected frequency E</b>	<b>(O-E)</b>	<b>(O-E)</b>	<b><math>\frac{(O-E)^2}{E}</math></b>
8	10	-2	4	0.40
6	4	2	4	1
7	11	-4	16	1.45
11	7	4	16	2.28
73	56	17	289	5.16
16	33	-17	289	8.75
2	13	-11	121	9.30
19	8	11	121	15.12
			<b>X2</b>	<b>43.46</b>

To get X<sup>2</sup> value from chi square table

= (rows-1) (columns -1)

= (2-1) (4-1)

= 1x 3

= 3 degrees of freedom

The value of the cut-off point of  $\chi^2$  for 3 degrees of freedom at 5% level from chi square table is 7.815.

As the calculated value of 43.46 is greater than the table value, we accept the Null hypothesis and reject the alternative hypothesis.

### *Hypothesis 3*

#### **Contingency table for Q21**

**Table 4.46 Expected Frequencies**

	<b>STRONGLY AGREE</b>	<b>AGREE</b>	<b>DISAGREE</b>	<b>INDIFFERENT</b>	<b>TOTAL</b>
<b>Literate</b>	13	11	54	12	90
<b>Illiterate</b>	7	6	31	8	52
<b>Total</b>	20	17	85	20	142

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

<b>Observed frequency O</b>	<b>Expected frequency E</b>	<b>(O-E)</b>	<b>(O-E)</b>	<b><math>\frac{(O-E)^2}{E}</math></b>
8	13	-5	25	1.92
12	7	5	25	3.57
5	6	1	1	0.09
61	54	7	49	0.17
61	54	7	49	0.91
24	31	-7	49	1.58
9	12	-3	9	0.75
11	8	3	9	1.13
			<b><math>\chi^2</math></b>	<b>10.12</b>



To get  $X^2$  value from chi square table

$$= (\text{rows}-1) (\text{columns} -1)$$

$$= (2-1) (4-1)$$

$$= 1 \times 3$$

$$= 3 \text{ degrees of freedom}$$

The value of the cut-off point of  $X^2$  for 3 degrees of freedom at 5% level from chi square table is 7.815.

As the calculated value of 10.12 is greater than the table value, we accept the Null hypothesis and reject the alternative hypothesis.

## Hypothesis 4

### Contingency table for Q22

**Table 4.47 Expected Frequencies**

	<b>STRONGLY AGREE</b>	<b>AGREE</b>	<b>DISAGREE</b>	<b>INDIFFERENT</b>	<b>TOTAL</b>
<b>Literate</b>	45	27	10	8	90
<b>Illiterate</b>	26	16	5	5	52
<b>Total</b>	71	43	15	13	142

$$X^2 = \sum \frac{(O - E)^2}{E}$$

<b>Observed frequency O</b>	<b>Expected frequency E</b>	<b>(O-E)</b>	<b>(O-E)</b>	<b><math>\frac{(O-E)^2}{E}</math></b>
51	45	6	36	0.8
20	26	-6	36	1.30
30	27	3	9	.33
13	16	-3	9	0.33

5	10	5	25	2.5
10	8	4	25	5
4	8	-4	16	2
9	5	4	16	3.2
			<b>X<sup>2</sup></b>	<b>15.78</b>

To get X<sup>2</sup> value from chi square table

$$= (\text{rows}-1) (\text{columns} -1)$$

$$= (2-1) (4-1)$$

$$= 1 \times 3$$

$$= 3 \text{ degrees of freedom}$$

The value of the cut-off point of X<sup>2</sup> for 3 degrees of freedom at 5% level from chi square table is 7.815.

As the calculated value of 15.78 is greater than the table value, we accept the Null hypothesis and reject the alternative hypothesis.

## **CHAPTER FIVE**

### **5.0 ANALYSIS OF RESULTS**

From the above findings, it is clear that there is more poverty among women in Abuja than the level one usually thinks it is. It appears that most women in Abuja Satellite communities are wallowing in one form of poverty or the other. The staggering aspect is that there seems to be no solution at hand, the number is increasing by the day! With the demolition of illegal structures in all parts of Abuja, including the satellite towns, the women and children are the worst hit. The issue is compounded because even the 'homeless' residents of Abuja and its satellite towns usually refuse to leave and return back to the places they migrated from. They feel they have to persevere and be patient till their situations improve. More families now have women as bread-winners since the men are mostly jobless (most artisan shops have been demolished) or have been removed from where they manage to earn a living.

There is hardly any finance available for rural farm work or business in Nigeria, and Abuja Satellite Communities are not exempted. This is not wholly the fault of the financial Institutions. Experience has shown that when loans are given out, they end up not being paid or used for other purposes other than that which the loans were given for. Of course this is more proven with loans taken by men. Now Banks are wary giving money out for business especially agriculture and petty trading which are the mainstays of women in the Abuja satellite towns. Well, the Banks generalize this issue and are not really ready to give financial assistance to individuals in Abuja, much less women who in most cases are illiterate or semi-illiterate. The few financial institutions that have given financial assistance to women will readily tell you, that the women perform well by paying back the loans unlike their men counterparts. The only problem is that most of these women in Abuja satellite communities are not educated enough to access this assistance, or in some cases, they do not have enough information to help them access this assistance.

There is also a lot of misconception by these women and people generally seeking financial assistance from financial institutions and they will readily tell you they cannot cope with all the documentation, collateral and most terrible high interest rates from the institutions. Also, the payback period is an issue. Most financial institutions give loans repayable in not more than 12 months; this is too short a time for any petty business to take enough root to survive all the interest payments.

Abuja is presently going through a process of reorganization. The management of the federal capital territory has embarked on bringing the city back to the original design. This is good but the after effect is that a lot of residences (most of them not fit or legal to be where they were anyway) have been demolished. In any situation of unrest or dislocation, women and children are the worst hit; so in Abuja satellite communities, the women and children are worst hit by the exercise of bringing Abuja back to its original design. More so that in the Nigerian culture, it is the man that mainly decide where the family stays, not the woman. Even if the women have an option to go back to the towns they migrated from, they prefer to stay with their husbands in Abuja for fear that if they go, the men forget their responsibility for the upkeep of the family, and sometimes for fear that other women may likely 'acquire' their men once they leave Abuja and go back to their towns of origin. So it is a vicious circle of lack and deprivation galore!

The findings clearly show that the level of poverty among women in Abuja satellite communities is far higher than what one would think. Considering that Abuja is supposed to be a planned city, it is shocking that even being in the midst of the seat of government, the rural women are in even worse conditions than some of their counterparts in other parts of Nigeria!

Even the source of finance available to the Abuja satellite community women are far too limited. They are almost non-existent.

Moreover, a striking feature of Abuja satellite communities is that there are not enough farmlands for majority of the inhabitants to cultivate. This leads to little and very low agricultural production both for subsistence and otherwise. This peculiarity makes poverty in Abuja more pronounced among women than in some other cities in Nigeria. Another peculiarity is the displacement of families due to the demolition of houses by the territory's management. There has never been a city in Nigeria that has experienced demolition of illegal structures/houses like Abuja. It is in Abuja for the first time that a whole satellite town can be completely demolished even with personal properties of the affected persons. Again, this is not the fault of the Abuja city Authority. Enough notices of demolition were given but the affected persons have nowhere else to go to as alternative due to the poverty levels existing. It is just resignation to their fate. In fact, Abuja Nigeria is fast emerging as the city with the most displaced persons in Nigeria, outside the Civil war of Nigeria in the 1960s! The management of Abuja territory realizes the above, so it has put in place a comprehensive package called FEEDS to help ease the burden of rural and urban poverty in Abuja territory as a whole.

The "FCT Economic Empowerment and Development Strategy" (FEEDS) document, released by the government, is impressionable. FEEDS is an attempt at a comprehensive reform strategy, addressing economic and social, political and institutional issues at the same time and in a multi-faceted way. Of course, there are imbalances here and there. Some issues which would have been given a more deserved greater amount of attention have been dealt with rather quickly (e.g., compare the detailed description of aspects of public sector reform with the just nine-line long summary on "regulation" as a most crucial ingredient of a socially-responsible privatization policy). Such imbalances do not in the least, reflect differences as to the degree of progress the Abuja government has made so far in some fields of reform, while other areas have hardly been tackled up to this point in time.

Broadly, effective approaches that include investments in human capital, greater access to assets and earning opportunities, and steps to strengthen the social networks of the poor go a long way to reduce poverty.

The ability to address poverty is also diminished by the isolation of the rural poor, and particularly the Abuja satellite rural women, feel as a result of not being included in the city's economic and social activities, they do not count to the government. This aspect of poverty is perhaps more relevant for Abuja than for many other developing cities in Nigeria. The Abuja economic Commission found that the non-inclusion of rural women was an important constraint to equitable development in Abuja and as a consequence the government has taken some steps to redress discrimination based on gender. This is an important step forward in the fight against poverty within Abuja. For Abuja, therefore, social development and rural infrastructure are just as important a part of a poverty reduction strategy as growth in income or improved primary services.

The reforms of the last five years in Abuja did not include the agricultural sector, except to the extent that policies such as exchange rate adjustments resulted in an improvement in the terms of trade for producers of some commodities, the mirror image effect of prices facing the urban consumers. The increased focus on exports resulted in structural changes and growth in agriculture. It is now seen that concurrently there is a very large rise in food grain prices, resulting in a depression of real rural wages.

In many parts of Abuja, the majority of rural women depend upon agriculture and inadequate access to land is one of the primary causes of rural poverty. Most of the Abuja's poor either own no land or own land not worth owning. The land they live on is sometimes generally of poor quality for farming, and often subject to damage

from natural disasters. Or they are subject to state-old land-owning systems that perpetuate an almost feudal-like system of land tenure, such as all land belonging to the Abuja Authority. Caught in a trap between marginal incomes and little chance to obtain funds for improvements, there is little opportunity for advancement. Land reforms, public investment in rural infrastructure, technology and marketing services along with increased credit and price stability are necessary to remove the multiple constraints restricting the possibilities of the rural poor women in Abuja.

There is also the lack of sufficient employment opportunities for the women especially in the satellite communities. In escaping the effects of the demolition exercise in Abuja, many people have headed toward the satellite communities to find a means of livelihood. Abuja has been worst hit in recent times. A lot of Nigerians and neighboring foreigners have migrated to Abuja but it is clear that they cannot maintain a livelihood in Abuja. In Abuja, there aren't enough decent jobs—the kind that pays a living wage—to go around. Poor people then tend to try to eke out a living at the margins—in what has become known as the informal sector. The pressure on this sector is heightened with labor displacing technical change, declining growth of the economy and formal sectors, and by budget cuts. However, people in the informal sector barely scrape by, and enjoy little or no social amenities in today's Abuja

Also it was seen that most women in Abuja Satellite communities, including their children are living in areas that have no sewage or clean water, they are much more susceptible to illness and disease. They also often lack the means to obtain the health care they need. At the same time, women living in some of the satellite communities areas lack information on health and reproductive health issues, and consequently, are often uninformed on measures they can take to avoid risks.

There are also biases and prejudices in Abuja. There are cases of policies that exclude women of a certain religion from attaining positions of power or from getting good jobs. Often the bias has no basis in the law but is active nevertheless as in the case of gender discrimination or marginalization of indigenous peoples. In these cases, affirmative action policies has not been adopted by the Abuja Authority long enough to improve the conditions of the excluded and to make for more equitable access to job opportunities.

## **CHAPTER SIX**

### **6.0 Summary of Findings, Conclusions and Recommendations**

#### **6.1 SUMMARY OF FINDINGS**

The followings are the findings in this research:

- (1) It appears that a high number of women in Abuja Satellite Communities are homeless at the moment, they are dwelling in uncompleted houses all over Abuja satellite communities
- (2) A lot of women who are the original indigenes of Abuja have no farm lands, and when they have, the farmlands are grossly inadequate; some farmlands have been destroyed by natural disasters
- (3) The financial Institutions are not forthcoming in granting credits for petty trading businesses or farming activities in Abuja
- (4) The limited access to credit by the rural women in Abuja have tended to restrict their level of investment in Farming or petty trading
- (5) It was observed that some 80 percent started their business and farming activities with assets less than N30,000.
- (6) The major sources of capital for expansion purposes were reinvested profits and additional personal investment. The implication is that these businesses and farmlands are always experiencing cash flow problems in spite of the multiple sources of finance and labor used by the women.
- (7) Women in Abuja Satellite Communities have not yet formed themselves in CBOs to better fight rural poverty as groups
- (8) More than 50 percent do not have enough access to information on how they can get help to alleviate their poverty
- (9) More than 70% of the women do not believe they can ever get help from government
- (10) Over 80% of the women do not have access to information on bank finance and how to access finance from other financial institutions
- (11) The demolition exercise of the Federal Capital Development Authority (FCDA) has displaced over 70 percent of women's petty trading businesses in Abuja

(12) More rural women, especially the older women are going back to the old petty business of Abuja rural women: traditional pottery making

**(13)** More women than men live in absolute poverty. Economic crises have often hit them harder. Few of them tend to get fewer skilled jobs, and in situations of growing unemployment they are often the first to lose their jobs. This increases their vulnerability and makes them more susceptible to falling into poverty, a phenomenon referred to as the feminization of poverty.

(14) Investment in girls' and women's education translates directly into better nutrition for the family, better health care and declining fertility. It has also been widely acknowledged that poverty is unlikely to be overcome without specific immediate and sustained attention to girls' education and women's empowerment. According to one estimate, closing the gender gap in education adds 0.5 percentage points to annual growth in GNP per capita.

**(15)** Owning few assets, the Abuja rural women have little access to capital or credit: a majority depend upon agriculture and inadequate access to land for farmwork. The land they live on is generally of poor quality for farming, and often subject to damage from storms and other natural disasters. Or they are subject to century-old land-owning systems that perpetuate an almost feudal-like system of land tenure, marginal incomes and little chance to obtain funds for improvements, there is little opportunity for advancement. Land reforms, public investment in rural infrastructure, technology and marketing services

**(16)** Abuja's rural women lack sufficient employment opportunities. In order to escape the poverty of the rural areas, many people headed toward the city to find a job. But due to the demolition of illegal structures in Abuja, these migrants are back and there is a population explosion now in the satellite communities in Abuja

## **6.2 CONCLUSIONS**

The federal capital Development Authority has introduced FEEDS program to tackle poverty at the grassroots level. Women and other Abuja residents need to be more sensitized on the benefits of FEEDS and how they can apply themselves to what the government has to offer. The Abuja State, just like the Nigerian national government, means well but the level of effective implementation of policies is still very low.



Although Xavier and Subramanian have touched the Achilles' heels of the vested interests in the status quo in Abuja Nigeria, it is almost certain that the proposal may be acceptable to the majority of Nigerians who only hear of the oil revenues but have felt very little or no positive impact of the oil wealth. To continue to play down the sufferings of the masses, especially in the Niger-delta region with the promise of a better tomorrow, which is very bleak, while a few are reaping all the benefits of today is an invitation to instability and social unrests. According to Egonmwan & Ibodje (2001:14), "When only a few people are to reap the benefits of development, people are less attracted by that type of development. Those benefiting from it would also attempt to resist and prevent change... The concentrated interests of the powerful few will always override the diffuse interest of the many. ... The development process fails unless the people are motivated by the fruits. "

First, smallholder production and production of food staples play a critical role in the livelihoods of the poor women in Abuja satellite communities. Production of food staples provides the rural poorest women with most of their work, income, and consumption.

The non-staple sector, which produces cash crops, other food crops and non-farm commodities, has become increasingly important because successful staples development can release land, labor and skills for other specializations. Widening market access and liberalization increasingly allow the Abuja women to escape poverty through both staples and non-staples production and exchange. Critical in this process are non-farm assets and skills, infrastructure and institutions that help small units to maintain market access.

Rural poverty among Abuja needs to be reduced; reducing rural poverty requires better allocation and distribution of water to increase the output of staples. Sculpture and horticulture create much employment income for the women, but they need plenty of water for this line of business and water is not an easy available item in Abuja! Domestic water is not available in over 80% of Abuja territories.

Also, particular groups – especially women – merit special attention. Redressing disadvantage for women, ethnic minorities, people living in the hills and semi-arid areas helps the efficient use of anti-poverty resources – schools, land, water – as well as fairness. Women especially need direct influence over resources and policies.

Participatory and decentralized methods are especially effective. Participatory and decentralized management sometimes secures democratic control, develops human potential and often improves the cost effectiveness of a range of actions, from developing new seed varieties, through financing, to rural schools and public works programmes.

However, experiences with common resource management and finance show that, without special measures, decentralization alone will not secure participation of the rural poor. Underlying all these themes is the fact that *labor-intensive approaches are especially appropriate to rural poverty reduction*. Capital is scarce in low-income countries and land is scarce in more and more of them. Developing countries like Nigeria, with high ratios of labor to capital, also gain more from market liberalization if they encourage labor-intensive production. Employment intensive policies, technologies and institutions usually help both economic growth and poverty reduction, since the poor can usually offer only their labor. Thus, subsidies to labor-displacing capital, like tractors, can harm the poor. Smaller farms tend to use more labor and less equipment than larger ones.

### **6.3 Recommendations**

(1) The Abuja Development Agency should vigorously pursue economic policy reforms, not just as an attempt to meet the requirements of donors, but as fundamental national imperative. Such reforms must address issues such as the prohibitive cost of doing business, transparency and accountability, macroeconomic stability, efficiency and competition. The reforms should also address the poor state of infrastructure, enforce the rule of law and minimize the risks and uncertainties associated with the business environment. There was broad consensus that only reforms that ensure sustainable growth and competitiveness of the economy constitute a sustainable exit strategy from debt and poverty.

(2) Abuja civil society - especially the NGO community with its leftist traditions - should not simply discard FEEDS as just another version of neoliberalism, imposed upon the city by sinister international institutions. FEEDS is more than "a new façade", not only because of the conceptual background associated with it, but also because some of the key personnel involved in FEEDS implementation are much more enlightened people than what used to be the rule in Abuja economic policy-making for many years. Rather than wasting time on generalized accusations that FEEDS is "neoliberal", civil society actors should engage in a

constructive debate that appears to be offered (even though on a very short notice) by the proponents of FEEDS.

(3) Micro enterprise too should be supported since they are important sources of jobs for the poor so they can reduce poverty effectively. Another key determinant of rural poverty in most of the satellite towns is access to sufficient land. For the landless poor, one solution is to create a land market and help them acquire their own land. Abuja's government needs to look into this as matter of priority.

(4) Curbing violence and preventing it is also very important. The rate of crime in Abuja has been increasing, security agencies of the City should be more empowered to fight crime and its activities.

(5) A main factor in the success of poverty reduction programs is the manner in which they are executed. Notably, proper targeting and attention to incentives, adequate participation of the poor and the garnering of political support, careful decentralization, and adequate information for appropriate policy design all affect the long-term sustainability of anti-poverty programs

(6) Steps must be taken to foster growth and create jobs. Policies are needed to improve the Poor's access to economic resources. Social infrastructure must be strengthened in such areas as education, health, nutrition, and urban development.

(7) Efforts are also needed to target specific groups, such as women, adolescent girls, children, indigenous groups and the rural poor. Generating income-earning opportunities for women and disadvantaged girls, curbing domestic and social violence, promoting low income Housing programs, improving education in the rural areas, so they do not lag behind as they normally do (these affect negatively the children of the poor if not corrected).

(8) Community-driven development should also be planned and sustained. Donor Agencies are good at this and they should focus on this and involve the Abuja satellite communities in these programs. Community participation is very important here.

(9) Access to markets should be provided, or else agricultural increase would gradually slow down, even to a halt if nothing is done, there should be demand-based approaches to agricultural production.

(10) A major goal of the reforms should be to target the return of flight capital and prevent the transfer of domestic savings abroad. If the government can convince Nigerians in Diaspora to invest at home through the provision of appropriate investment climate, it is estimated that the annual inflow of private investment might more than make up for any future financing gaps. Nigeria's Abuja should explore such source of investable funds.

(11) A key element of the reforms is the need to strengthen or reform the institutional/legal and administrative framework for public resource management. This is to ensure effective and efficient utilization of present and future public resources so as to prevent the waste and inefficiencies of the past. Among other things, this institutional re-engineering would ensure due process and due diligence, transparency, accountability and sanctions.

(12) There is still a lot of corruption and double standards among the political class. Consequently, there is need for the government to undertake an audit (review) of each of the projects/programmes designed to alleviate rural poverty especially as it affects women. Two reasons warrant such an audit. First, it would enable the government to truly verify the genuineness or otherwise of the negative reports concerning the well being of Abuja residents. Second, the responsible officers who diverted the real objectives of government for the residents should be prosecuted. This action would help to signal the seriousness of the government about accountability.

(13) A legislation should be enacted by the Abuja Development Authority. This legislation should stipulate what locations within Abuja to implement programs, from where, for what purpose, evaluation and due process requirements, accountability and sanctions for failure, involvement of parliament and civil society in oversight functions, etc. Currently, there is no such law, except the constitutional provision defining who has the power to borrow.

(14) Promoting good governance, accountability and participation is needed. Honest and fair government practices, free of corruption; decision making open to the input of the public; and follow-up actions in accordance with decisions made, are measures needed to eradicate poverty in Abuja.

(15) Inclusive and broad-based economic growth: Economic growth is one of the most important factors in

helping to reduce poverty, but it is not sufficient. The effectiveness of economic growth in reducing poverty depends upon the structure of growth, existing levels of inequality and on how the benefits of growth are distributed.

(16) Inequality in income is a function of the distribution of economic assets (land, industrial and financial capital), and so-called “human capital” in the form of education and skills. Abuja Government needs to work on creating more equity in the distribution of income and assets. The effectiveness of growth in reducing poverty also depends on the extent of growth and employment opportunities created, and whether it takes place in areas and sectors where the rural poor women are located. Attention now needs to be paid to the informal sector of the Abuja economy.

(17) Lack of sufficient employment opportunities: Escaping the poverty of the rural areas, many people head toward the Abuja city to find a job. But in Abuja, there aren't enough decent jobs—the kind that pays a living wage—to go around. Poor people then tend to try to eke out a living at the margins—in what has become known as the informal sector. The pressure on this sector is heightened with labor displacing technical change, declining growth of the economy and formal sectors, and by budget cuts. However, people in the informal sector barely scrape by, and enjoy little or no social protection.

(18) Another recommended area is reducing Poverty through Social Development. This entails corporate efforts (i.e. promoting dialogue at the programming level; strengthening structures that promote learning; promoting a positive management atmosphere; and establishing the guidance, incentive and monitoring systems that create a sense of ownership among staff). This, however, must be complemented by approaches that are more responsive to demands on the ground, closer to the poor. The experience to date with integrative approaches is mixed. They do not guarantee a greater impact on poverty reduction or a greater focus on social development needs. Early integration of government input into programming and stakeholder involvement in program design and evaluation could inject the needed balance.

(19) Embracing an accountability culture. Monitoring and evaluation systems do not ensure that expectations about progress are realistic or that rural women in Abuja see these systems as a positive input to program effectiveness. Together with effective incentives, there is a need for practical and realistic means to monitor

progress and for nurturing a culture of participatory evaluation and collective accountability between the development Agency and its partners.

*(20) Decentralization should be used as a tool for poverty reduction in Abuja satellite communities.* Decentralization in Abuja government has not been carried out for the sole purpose of poverty reduction. However, the institutions it establishes can lead to improved delivery of services to the poor, participatory planning and implementation of development activities and programmes particularly for the benefit of the poor, opportunities for the poor to articulate their needs and preferences and improved governance at the local level, all of which can help to reduce poverty. Since the institutions and framework of decentralization are conducive to poverty reduction, these should be strengthened with regard to the design and implementation of pro-poor policies, and the capacity of those involved should be built. The idea that decentralization, if implemented appropriately, can play a major role in poverty reduction should be promoted. More research can be done in the future to further explore and enhance linkages between decentralization and poverty reduction.

*(21) Specific purpose grants for targeted poverty reduction programmes should be developed and put effectively in place.* With regard to the various types of grant, unconditional grants can be provided for redistribution purposes, whereas conditional grants can be linked to the revenue efforts of local governments in order to encourage them to generate their own revenues. There are also specific purpose grants to promote the use of specified services which are considered important. For example, for direct anti-poverty interventions, specific purpose grants can be provided for self-employment and wage employment schemes. The intergovernmental transfer system should be kept simple and transparent. Moreover, the system should have some flexibility in determining the size of the transfer pool so that during an economic crisis central government has fiscal powers to meet the macroeconomic challenges.

*(22) Linking of grants and loans to the resource mobilization capacity of local governments.* Borrowing from the public and private sectors is also an option for local governments to finance their expenditure obligations. Poorer jurisdictions may not be able to borrow, especially from the private sector, and therefore can be provided with more grants compared with richer jurisdictions. By linking loans and grants for different types of jurisdiction, both equity and efficiency can be achieved. At the same time, loans from government financial institutions can be subsidized. For self-financing projects, where costs can be recovered from users of services, private borrowing through loans or bonds is the most efficient mechanism for mobilizing resources

*(23) Opportunities for improved services for the poor and good governance.* The opportunities that decentralization offers for poverty reduction are well known as it allows participatory planning and implementation of development programmes. Good governance is expected to have a strong and positive impact on poverty reduction through increased efficiency

and better targeting of services as well as greater responsiveness to the local needs of the poor. The institutions and framework of decentralization are conducive to good governance.

(24) Poverty has many dimensions: efforts to reduce it therefore must be multi-targeted. If one combines all or most of the above, very good desired results can be achieved.

*(25) Rural poverty both flows from and perpetuates lack of access to assets.* First, people without access to physical assets, such as land, tend to be poor because they rely mainly on selling their labor on poorly-paid markets or to the landed class; they have nothing to sell or mortgage in hard times and are economically dependent and politically weak. Second, people's lack of opportunity to develop their human assets through education and training can perpetuate poverty.

*(26) Access to assets is effective in bringing quick relief from poverty.* Assets empower the rural poor by increasing their incomes, increasing their reserves against shocks and increasing the choices they have to escape from harsh or exploitative conditions – their 'exit options'. The poor can gain from assets directly by owning or renting them and indirectly through the growth and employment that assets make possible. But assets alone, without adequate technology, institutions and markets, or the political or economic power to obtain them, are of limited value to the poor.

*(27) Improving the assets of the rural poor promotes efficiency by stimulating higher productivity and economic growth.* Rural assets, more than urban assets, are more efficient when operated on a small scale and labor-intensively. The benefits of assets strongly reinforce one another. The poor gain more from some improvement in health, nutrition and schooling than from a lot of one and none of the others. Such human assets do more for a poor person if he/she also has some farm or non-farm assets and his/her productivity is rising. Previous education helps a poor person to obtain better returns from irrigation.

*(28) Increasing the assets of the rural poor promotes both equity and efficiency.* The gap in asset-ownership between urban and rural areas and between rich and poor is much greater than the gaps in income and consumption and has not shrunk since the 1970s. The rural poor have frequently been excluded from access to land and other resources by the power of elites; by poor rural services, including education, extension services and health care; and by institutions and departments that do not engage with local people in decisions on resource allocations. Usually the allocation of public services is biased towards urban areas.

*(29) Additional human capital for poor rural women and girls could create a virtuous circle of higher income and better health and education, transmitted between generations.* An increasing proportion of rural people and household heads are women; higher incomes for them benefits subsequent child nutrition and education. But the rising average age of the

workforce means that a large, growing majority of the workforce is already well past school age. So, in order to benefit employment and labor productivity, human capital formation must concentrate much more upon adults, for example with rural female literacy programmes.

(30) *Few traditional or reformed land-allocation systems have significantly raised women's control over land.* Although many societies have shifted education, health, non-farm assets and access to assets through credit to women, large shifts of farmland to women are far rarer. Giving women rights to land also gives them power and helps them to take more control in existing relations, for example by improving women's wages and hence their role and bargaining strength within marriage. Such empowerment reduces their vulnerability within the household.

(31) The rural poor in Abuja need more access to water. Increasing water scarcity coexists with big subsidies to farm water – subsidies that reduce efficiency and, on balance, harm the poor. The rural poor share even less in farm water than in farmland. In some countries the rural poor's share of controlled water for production and clean drinking water is so tiny that substantial, open redistribution from urban and rich rural people is inescapable.

(32) For rural women in Abuja, access to irrigation assets is especially challenging. Unfortunately, projects that address this problem by providing irrigation for a crop traditionally farmed by women, but without changing power structures, incentives or social norms, may cause the crop to become a 'man's crop' alongside control over the water-yielding asset.

(33) Women's *education* improves child health, education and nutrition. The rising proportion of women farmers increases these prospects. *Nutrition* improvement raises subsequent learning, productivity and wage rates and cuts the risk of income loss due to illness: it does most for the worst-off. The rural poor's gains from improved *health* can depend on complementary nutrition and schooling. Decentralized responsibility for asset formation in health, education and nutrition increases returns to the poor.

#### (34) IMPORTANCE OF TECHNOLOGY IN REDUCING RURAL POVERTY IN ABUJA SATELLITE COMMUNITIES

Technical progress has by-passed hundreds of millions of poor people – many of the remaining hard-core poor – in specific regions (including most of Africa), agro-ecologies (dry land, upland) and products (sorghum, yams, cassava, small stock).



Existing technologies should not be written off. In many cases, their potential has not been exhausted and needs to be explored further. Their potential in breaking the barrier of higher yield and sustainable development is often constrained by institutional factors: lack of water and extension and of adequate support services. New technologies are not panaceas for such problems. The capacity of the poor to evaluate options and the growing volume of 'advice' is important. This is the necessary social dimension of technological revolution. The poor have to be involved in the specification of need, evaluation of responses, options and choice of production strategies.

*(35) Improving market institutions is often a necessary complement to liberalization, to prevent marketing costs from swamping the effect of better prices on poor rural people.*

The poor need access to transparent input markets. Land tenure restriction tends to damage the poor and is hardly ever a substitute for land asset distribution. Water markets provide fewer benefits for the poor than ownership of water-yielding assets, but are almost always more beneficial to the poor than water rationing and subsidies, which are enjoyed mostly by the non-poor and leave the poor with the distortion costs. Hence rural user charges for water are usually pro-poor.

*(36) Discrimination against women and indigenous and ethnic minorities, though sometimes prohibited by law, is common in practice. It takes the form not so much of lower wage rates as of exclusion from high productivity tasks; lack of education and skills; women's domestic 'duties' that restrict tasks; and, especially for ethnic rural minorities, remoteness and language. Rural public works can powerfully enhance access to labor markets.*

*(37) Poverty reduction is a complex task that requires sustained commitment to consistent, yet flexible, joint action. There are no quick fixes and no easy solutions. No single institution, national or multilateral, public or private, and no single strategy can hope to deal effectively with the different contexts and causes of poverty. Coherent anti-poverty strategy therefore requires stable partnerships based on trust as well as self-interest of the Abuja Development Authority.*

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St Clements University

British West Indies

September 22, 2006

Dear Madam,

I am an PhD Student. I am conducting a Research on rural poverty among Women in Abuja Satellite Communities.

Kindly complete my research questionnaire for me. Do not write your name but you can write the name of your Community. All information will be treated with confidentiality.

Thanks for your time and cooperation.

Evelyn Alaye-Ogan

# Questionnaire

## Section 1: Introduction

1. What do you do for a living?  
Farming ☐ Petty trading ☐ Other ☐
2. If Farming, how long have you been in farming? \_\_\_\_\_
3. If petty trading, how long have you been in petty Trading \_\_\_\_\_
4. How many farmlands do you have?  
1 farmland ☐ 2 Farmlands ☐ Above 2 ☐
5. How many shops do you have?  
1 shop ☐ 2 shops ☐ Above 2 ☐
6. Was your shop ever demolished? Why/why not?  
Yes ☐ No ☐  
Reason \_\_\_\_\_
7. Do you have children/wards in school?  
Yes ☐ No ☐
8. If Yes, how many?

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9. Who pays your children/Wards' school fees?

Myself ☐ Husband ☐ Relations ☐ Other ☐

10. If yourself, why?

Widow ☐ single parent ☐ Husband incapable ☐

Husband refused to pay ☐

11. If No, why?

Married ☐ Others help ☐ Husband capable ☐

12. Are your Satellite Community people living well?

12b. If No, what is the problem?

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## **SECTION 11**

### **AVAILABILITY OF FINANCE FOR SELF UP-KEEP**

13. Do you operate a bank account?

Yes ☐ ☐ No

14. If No, why not? ☐

Don't have enough money ☐



Don't know how to operate one

Bank cannot help me ☐

No Banking facilities in my Community ☐

Other \_\_\_\_\_

15. Do you have enough money to spend on yourself and family? Why/why not?

Yes ☐

No ☐

Reasons \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

16. The Banks or any other Organizations can help you with your farm/shop?  
Why/why not?

Strongly Agree ☐

Agree ☐

Disagree ☐

Indifferent ☐

17. Do you know anyone the Bank has helped with her farmwork or funding a shop? If yes, who is the person?

Yes ☐

No ☐

17b. If yes, the person \_\_\_\_\_

18. Are there Community Based Organizations (CBOs) that can help in the fight against rural poverty?

Strongly agree ☐ Agree ☐ Indifferent ☐

19. Do you have enough access to information regarding poverty alleviation?

Strongly agree ☐ Agree ☐ Disagree ☐  
Indifferent ☐

20. There is adequate access the financial Institutions' funds set aside for the Pubic for alleviating poverty?

Strongly agree ☐ Agree ☐ Disagree ☐  
Indifferent ☐

21. Strategies put in place by the federal capital Development Authority (FCDA) adequate to help in the fight against poverty

Strongly agree ☐ Agree ☐ Disagree ☐  
Indifferent ☐

22. Increased access to finance by women can help in reducing rural poverty against women?

Strongly agree ☐ Agree ☐ Disagree ☐  
Indifferent ☐

23. In your opinion how much money does one need to start a shop/farmwork?

Under/Or N30,000 ☐ above N30,000 ☐

24. Kindly estimate the minimum amount necessary to start a shop/farmwork?

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### ***SECTION 111: ACCESS TO FINANCE***

25. Is your Shop/farmwork wholly funded by you or with other persons?

Wholly funded by me ☐

With other persons ☐

26. If your shop/farmwork is wholly funded by you, how did you raise the money?

Personal savings ☐

Family savings ☐

Bank loan ☐

Savings from Relatives ☐

Cooperative Society loan ☐

Loans from Friends ☐

Other ☐

27. Which source of financing can you recommend for a new Starter?

Personal savings ☐

Family savings ☐

Bank loan ☐

Savings from Relatives ☐

Cooperative Society loan ☐

Loans from Friends ☐

Other ☐

28. Do you believe you can get help from the federal Capital Development Authority?

Strongly Agree ☐ Agree ☐ Disagree ☐

Indifferent ☐

29. Which other Institution do you know that give money to somebody like you?

Community organization ☐

Women Organization ☐

Cooperative Society ☐

Money Lenders ☐

FEEDs ☐

State government ☐

Local government ☐

Don't know of any ☐

NEEDS ☐

## **SECTION 1V: PROBLEMS OF ACCESSING FINANCE**

30. In your opinion what are the major problems of financing your shop/farmwork?

Size of financing involved

Sourcing finance

Lack of information available

Availability of farmland

31. Which of the following sources do you recommend borrowing from?

Banks

Cooperatives

Moneylenders

Microfinance

Other

32. If a bank loan is used, is interest rate a problem?

Yes

No

33. Was your personal character considered in accessing finance for your farmwork or shop

Yes

No

Never taken a bank loan

## **SECTION V: FINANCING PROCESS**

34. Describe the process of accessing this finance?

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35. Does the financing process depend on the source of finance used

Yes ☐

No ☐

36. Is the financing process difficult irrespective of the source of finance

37. Is the financing process complex irrespective of the source of finance

Yes ☐

No ☐

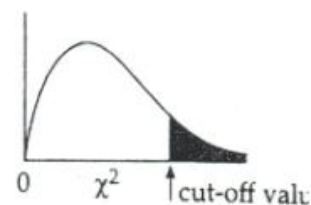
38. Which is more problematic: the source of the finance or the process?

Financing is more problematic ☐

Sources of finance is more problematic ☐

39. State below the financing advice you can give to somebody wishing to go into farming or keeping a shop?

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**Table IV**The  $\chi^2$  distribution.

Degrees of freedom	Level of significance	
	5%	1%
$v = 1$	3.841	6.635
2	5.991	9.210
3	7.815	11.345
4	9.488	13.277
5	11.070	15.086
6	12.592	16.812
7	14.067	18.475
8	15.507	20.090
9	16.919	21.666
10	18.307	23.209
11	19.675	24.725
12	21.026	26.217
13	22.362	27.688
14	23.685	29.141
15	24.996	30.578
16	26.296	31.999
17	27.587	33.409
18	28.869	34.805
19	30.144	36.191
20	31.410	37.566
21	32.671	38.932
22	33.924	40.289
23	35.172	41.638
24	36.415	42.979
25	37.652	44.314

## **CHAPTER ONE**

### **1.2 INTRODUCTION**

### **1.3 BACKGROUND TO THE STUDY**

It is now widely recognized that poverty is a worldwide problem that affects over one billion people in the world. There is a general consensus among social scientists who are concerned with the issue of poverty that of the estimated 6 billion people on earth, some 1.3 billion make less than 370 American dollars a year – that is about one American dollar a day or about ₦140.00 a day at 2006 values of the Nigerian Naira.

Most of the poor live in the developing world i.e. in Africa, Asia and Latin America. In Africa the World Bank Report (2000) estimated that over 200 million people are wallowing in abject poverty. On the average, 45 to 50 per cent of Sub – Saharan Africans live below the international poverty line of one American dollar a day (World Bank 2000). In West Africa, where it is reported that almost all the countries, including Nigeria are classified as either low income economies by the World Bank or low human development countries by the UNDP, human poverty affects over 50 per cent of the population.

In the 1960s and 1970s, Nigeria enjoyed a steady economic growth and relative stability. The economy and per capita income grew steadily and few people were below the poverty line. This is because the agricultural, industrial and public sectors absorbed most of the labor force. From the late 1970s to early 1980s the economy experienced severe economic difficulties resulting from Oil price shocks, world economic recession, deteriorating terms of trade, debt overhang and macro economic imbalance.

The Central Bank of Nigeria Poverty Assessment Report (2002) reveals that by 1960, 15 percent of the populations were living in one form of poverty. By 1980 the number of those living in poverty had risen to 28 per cent.



A report by the World Bank (2002) shows that about 66 per cent of the Nigerian population was living below the poverty line of 370 American dollars a year in 1985 prices. This number declined to 54 percent by 1992. The World Bank report also noted that poverty increased between 1992 and 1995 due mainly to adverse policy changes. Recent evidence from the Federal Office of Statistics (FOS) supports the fact that poverty is on the increase. According to the National Consumer Survey of 1999, nearly 70 per cent of Nigerians were living in poverty: about 43 per cent in Urban and over 50 per cent in rural areas lived in poverty.

Poverty means different things to different people. Some see poverty as “working for more than 18 hours per day and not earning enough to feed a household of four – the man, his wife and two children”. Others regard poverty “as the inability of a person to perform obligatory functions to the household in feeding, housing, education, clothing’s and so on”. The reality is that, many in Nigeria never escape one form of poverty or other.

To underscore the international concern for this problem the United Nations declared 1996 “International Year for the Eradication of Poverty”. October 17<sup>th</sup> each year has also been set aside as “International Day for the Eradication of poverty” world wide. The decade 1997 – 2006 has also been declared “United Nations Decade for Eradication of Poverty”. In Nigeria, both the government and civil societies have become increasingly aware of the poverty problem. Several development efforts which could alleviate poverty were made by the Nigerian governments.

## **1.2 STATEMENT OF THE PROBLEM**

The issue of poverty in Nigeria is a paradox. It is a case of poverty in the midst of plenty. As the most populous country in Sub – Saharan Africa, the issue of poverty in Nigeria is of concern, not only in itself but also as a challenge for poverty reduction mandate in the whole of the African continent. Despite Nigeria’s natural and human resources potentials, the socio – economic and political situations have been fluctuating for more than two decades with adverse consequences for the welfare of its population.

Agriculture which was the mainstay of the Nigerian economy in 1960s, providing the bulk of the revenue to the government and the nation’s foreign exchange earnings, suffered severe neglect since the 1970s during the so-called Oil boom. Thereafter, the Nigerian economy entered into a period of

crisis. The cause of the crisis is rooted in the failure to address the structural weakness in the economy, especially the failure to diversify the economy and reduce dependence on Oil exports and on imports and to establish an efficient productive base in agriculture and industry. (Hussein, 1987) opines that Oil export accounted for 95 percent of the total exports. The crisis in the economy deteriorated to the point whereby in 1984, the per capita income of an average Nigerians was not higher than what it was a decade earlier. The crisis culminated into the introduction of a Structural Adjustment Programme (SAP) in 1986.

Economic indicators show that macro economic performance during the period 1980 – 1996 had been fluctuating with the GDP growth rate moving from negative in pre 1985 and increasing until 1990 before declining again until 1994. The official unemployment figures which are generally believed to be underestimated indicated that urban unemployment and overall national unemployment has been rising since 1994. The exchange rates depreciated vis-à-vis the US dollar moving from \$1 = N0.8 in 1980 to \$1 = N21 in early 1990 to \$1 = N82 in 1996 and \$1 = N142 in 2005. All these together with the weak performance of the agricultural and industrial sectors over the last two decades have had a detrimental effect on evolution of welfare and poverty in Nigeria.

On the social sectors, indicators showed similar fluctuations. Experiences in health, education, nutrition and sanitation as revealed in the **Word Bank World Development Report (2000/1)** indicated a marked deterioration. The same report further revealed that the literacy rates which were on the increase since 1980s had started declining since 1994 *with female literacy being lower than males*. The report also indicated that primary school enrollments rates for boys and girls have started to decline from 1995. Life expectancy which was at 54 in 1990 had declined to 50 in 1996. The **2005 Human Development Report** just released revealed a further drop in life expectancy to 43.4 in 2003.

The Human Development Report prepared by UNDP provides a set of common indices for measuring progress in human development across countries through three basic social indicators. The first relates to a long and healthy life as proxied by life expectancy at birth. The second is about knowledge and is measured by adult literacy rate plus the combined gross enrolment ratio for primary, secondary and tertiary institutions. The third social indicator relates to standard of living and is measured by the Gross Domestic Product (GDP) per capita using the purchasing power parity of the United States of

American Dollar. The combined measure of these indices is ranked across 177 countries to determine the position of each country on human advancement and quality of living. Among the 177 countries ranked, Nigeria occupied the 158<sup>th</sup> position in 2004.

Nigeria presents a paradox of poverty in the midst of plenty. With the enormous naturally endowed agricultural products, oil, gas, solid minerals, etcetera; the generality of its people especially in the rural areas wallow in poverty.

In terms of nutrition, Nigeria according to the **WDR (2000/1)** has not experienced substantial improvement in terms of stunting, wasting and underweight. The daily per capita Calories supply as a proportional requirement declined from 90 percent to 85 percent in 1996. In terms of water, the **WDR (2000/1)** indicated that only 39 percent in rural and 80 percent in urban areas have access to safe water, even then a large number of them have to travel long distances to access safe water. The report also indicated that only 13 percent of the total population has proper personal sewage and toilet facilities and that about 25 percent have no access to toilets at all. These social indicators clearly highlight the deplorable situation in the country.

There is currently, considerable agreement and consensus, among policy makers, development workers both local and international and the general populace on the magnitude and profile of poverty in Nigeria today. Updated data from the **Federal Office of Statistics (FOS), Poverty profile (2000)** indicates that about 70 percent of Nigerians currently live below the poverty line of N150 per day. The data also shows that those in the core poverty bracket in urban areas had risen from 25.2 percent in 1980 to 43 percent in 1999, while those in the core poverty bracket in the rural areas also rose from 31.6 percent 1980 to over 50 percent in 1999.

A critical analysis of this statistics illuminates a potential danger and threat to the country. What this statistics translate in real terms of the proportion and population of Nigerians presently living and experiencing one form of poverty is as follows:

With a national population estimate of 121.0million by World Bank 2003 projection:

(v) By 1996, 79.8 million Nigerians were living in one form of poverty.

- (vi) 8.7 million Nigerians are now experiencing one form of poverty.
- (vii) By 1999 those in the core poverty bracket in the urban areas were 30.4 million Nigerians.
- (viii) By 1999 those in the core poverty bracket in the rural areas were over 55 million Nigerians. A figure that is almost half the population of the country.

The above magnitude, severity, depth and the ever rising profile of the incidence of poverty in Nigeria and the challenges it poses to an effective and practical poverty reduction mandate constitute one of the research problem of this study.

Poverty implies that access to regular feeding is limited and this comes with it potentialities for all forms of resentments. Quite often, such resentment could be violent and destabilizing. Makinwa (1987) noted that such a situation poses a serious threat to peaceful co-existence. It is in recognition of this implication which informed the Federal Government to embark on measures aimed at stemming the tide of deepening impoverishment of a large proportion of the population through various poverty reduction programmes.

### **1.3 RATIONALE FOR THE STUDY**

“Human Poverty is more than income poverty – it is the denial of choices and opportunities for living a tolerable life” (United Nations, 1997).

Poverty amid plenty is the world’s greatest challenge. Poor people live without fundamental freedoms of action and choice that the better off take for granted (Sen., 1999). They often lack adequate food and shelter, education and health, deprivations that keep them from leading the kind of life that every one values. They also face extreme vulnerability to ill health, economic dislocation, and natural disasters. And they are often exposed to ill treatment by institutions of the state and society and are powerless to influence key decisions affecting their lives.

These are all dimensions of poverty (World Bank, 2001). Indeed, of the world’s 6 billion people, 2.8 billion live on less than \$2 a day, and 1.2 billion live on less than \$1 a day. In rich countries less than 1 child in 100 does not reach its fifth birthday, while in the poorest countries as many as a fifth of children do not. And while in rich countries fewer than 5 percent of all children under five are malnourished, in poor countries as many as 50

percent are. The great majority of Africa lives on barely \$0.65 a day and this number is growing relentlessly. Moreover, a severe lack of capabilities (education, health, nutrition) among Africa's poor threatens to make poverty "dynastic," with the descendants of the poor also remaining poor.

Nigeria is the largest populated country in Africa, that means the threatening poverty 'dynasty' in Africa has more severe effects on Nigerians, since we have more people living in Nigeria than in any other Country in Africa. The rural poor account for 80 percent of African poverty, but urban poverty is substantial and appears to be growing (World Bank, 2000, Nwaobi, 2000 and Collier and Gunning, 1999). Africa is not only poor; it also suffers from vast inequality in incomes, in assets, in control over public resources, and in access to essential services, as well as pervasive insecurity. These dimensions of poverty and deprivation are worsening in many parts of the region while in some areas there are indications of deterioration in the general health of the population, particularly among the poor and children. Not surprisingly, the elimination of deep poverty has emerged as the overriding objective of development in Africa.

#### **1.4 SIGNIFICANCE OF THE STUDY**

Rural poverty has been the bane of most Nigeria rural Communities. There are lots of challenges facing these Communities; from lack of basic amenities to utter neglect by most successive government agencies in charge of rural developments. Recently, a new trend is emerging in Nigeria: the level of poverty in urban areas is rising with each passing day. It is now common knowledge in Nigeria that big cities like Lagos, Port Harcourt, and Kano, to mention but a few; have amazing increase in people living in abject poverty. The 'new' federal capital territory of Abuja is not left out, in fact it has increased communities that are in very poor living conditions. Why would a 'planned city' like Abuja gets immersed in poverty issues so soon? In all of these poverty issues, women's number that that of men. Women receive the brunt of poverty challenges anywhere poverty is prevalent.

This assessment study is significant in that it will evaluate the causes of rural poverty among women in Abuja Satellite Communities. The study will look at the causes of rural poverty amongst women in Abuja satellite Communities, what these women do to earn their living, conditions contributing to poverty and increase in poverty amongst women in Nigeria. What strategies are being adopted by the Federal Capital Development Authority (FCDA) Abuja and other government and non-government authorities doing to tackle this poverty issue. This is because the various strategies adopted to tackle

rural poverty alleviation in the past did not appear to yield much positive outcome. It is therefore expected that at the end of the study, the assessment report will be a valuable document that will help interested Stakeholders and government agencies in Nigeria to re appraise its strategies as well as guide future policy makers towards a more practical and effective approach to rural poverty reduction efforts.

The study is also significant in that it will stimulate further research into the concept of rural poverty reduction and how Abuja could be re-positioned or repackaged to meet the needs of the target women population that reside in Abuja.

The result of the study would also serve as a source of information or reference materials for national and international agencies and those who would want Abuja, and Nigeria at large to move out of her present poverty situation.

## **1.6 RESEARCH QUESTIONS**

In line with the research problem identified above, the following research questions were drawn up to guide the study.

- (v) Are the strategies put in place by the federal capital Development Authority in Abuja adequate and appropriate in addressing the challenges of eradicating rural poverty in Abuja Satellite Communities?
- (vi) Have other interested Stakeholders provided the appropriate infrastructural facilities that can alleviate absolute rural poverty amongst women in Abuja Satellite Communities?
- (vii) What impact has these infrastructural provisions on the life of the rural women living in Abuja?
- (viii) Is adequate funding a constraint to these women in Abuja?

Answers to these questions and other findings from field data will go along way in assessing the impact of poverty amongst women in Abuja and the effectiveness of the responsible authorities' strategies on eradicating rural poverty in Abuja. This will enable the study draw up conclusions, proposals and make recommendations as a way forward on how women in Abuja satellite Communities can be re-positioned to be more efficient in reducing rural poverty in Abuja satellite Communities.

## 1.6 STATEMENT OF HYPOTHESES

In line with the research problem identified above, the following research hypotheses are drawn up to guide the study.

- Ho: More than half of women living in Abuja Satellite Communities are living in rural poverty
- H1: Less than half of women living in Abuja Satellite Communities are living in rural poverty
- Ho: Adequate funding for business and farmwork is a constraint to women living in Abuja satellite Communities
- H1: Adequate funding for business and farmwork is not a constraint to women living in Abuja satellite Communities
- Ho: Strategies put in place by the federal capital Development Authority are adequate to help most women living in Abuja satellite Communities reduce poverty
- H1: Strategies put in place by the federal capital Development Authority are not adequate to help most women living in Abuja satellite Communities reduce poverty
- Ho: More access to finance by women in Abuja will greatly help to reduce rural poverty amongst women in Abuja satellite Communities
- H1: More access to finance by women in Abuja will not really help to reduce rural poverty amongst women in Abuja satellite Communities

Answers to the Questionnaires to be administered in the field will go a long way in assessing the impact of rural poverty in Abuja Satellite Communities and the efforts of government's measures in eradicating this rural poverty and the adequacy of funding for poverty reduction programmes in Abuja, the federal Capital territory of Nigeria. This will enable the study draw up conclusions, proposals and make recommendations as a way forward on how the federal capital Development Authority (FCDA) can be re-positioned to be more effective in addressing rural poverty among women in Abuja, and avenues of adequate funding for rural women's activities as they work out earning their livings on a day to day basis.

## 1.7 A BRIEF HISTORY OF ABUJA, NIGERIA

Abuja, city and capital of the Federal Republic of Nigeria lies in the central part of Nigeria. The Abuja FCT is approximately 480km northeast of Lagos – the former capital until 1991. The new capital was developed and built on the Chukuku hills during the 1980's. Design is accredited to the department of Architecture, Ahmadu Bello University in Zaria, Nigeria. The site choice was made based on certain factors: central location, easy accessibility, salubrious climate, low population density and the availability of land for future expansion. It is

also the first planned city to be built in Nigeria. The city was planned with a projected population of around 25,000 in the early stages of occupation as early as February 1979 when the Abuja Master plan was approved for implementation and is divided into zones. ABUJA, virgin land turned Nigeria's Federal Capital and symbol of unity, wields much more in infrastructure and commercial investments than meets the eye. Created in 1976 by the Federal Military Government of the late General Murtala Mohammed via decree No. 6 of the same year; the city has unequivocally revolved as Nigeria's second best inspirational realization after independence from colonialism.

Prior to its creation, Nigeria was administered from LAGOS as its capital, which was constitutionally recognized and empowered to function as a state. This was due to the fact that the main seaport, industrial and commercial activities were all centered in Lagos. This resulted into perennial cases of traffic jams, intolerable congestion, inadequate infrastructural and social amenities as well as lack of land for further expansion. These put together rendered the city ineffective as seat of Government. The search for a new capital for Nigeria began in earnest on 9th August, 1975, when the Federal Military Government set up the Justice Akinola Aguda panel to examine the dual role of Lagos as both Federal and State Capital and advise on the desirability or otherwise of Lagos retaining that role. The Aguda Panel was mandated to, among other things, recommend which of the two governments, Federal or State, should move to a new location in the circumstance of finding Lagos not suitable for its dual role.

The choice of Abuja by the panel was determined by factors such as: centrality of location, easy accessibility from all parts of the country, healthy climate conditions, low population density, availability of land for future expansion, physical planning convenience and ethnic accord.

The FCT has a total of 800,000 hectares of land, out of which some 274,000 hectares has been designated for agricultural production activities and a further 270,000 hectares reserved for forestry. The land resources in the FCT can support production of most kinds of crop as well as livestock and fishery products consumed in the Territory.

Apart from some of the natural endowments of Abuja, cultural artifacts of the original Gbagyi inhabitants, as well as human-made structures, those who come to Abuja have a variety of activities at their disposal to make their stay worthwhile. These include wildlife, mountaineering, boating, pottery and contemporary art works and other exquisite landmarks, which all dot the Federal Capital Territory. The federal Capital City plays host to the



cream of the Nigerian society, international development workers, diplomats, top corporate executives, and government functionaries coupled with the vigorous reform agenda of the present administration to provide security, all combine to make Abuja a potential captive market for investment in real estate, recreational parks and mining.

More than 70 percent of the land is rural. The FCT is subdivided into six Area Councils, Abaji, Abuja Municipal, Bwari, Gwagwalada, Kuje and Kwali. The urban areas are in the Federal Capital City (FCC) namely, Garki, Maitama, Wuse, Asokoro, Gwarinpa and Gudu districts. Other urban areas are the local government or Area Council headquarters. Notable satellite towns include Kubwa, Nyanya, Karu, Karshi, Karmo, Lugbe and Idu. Others are Gwagwa, Jiwa and Jikwoyi in the Municipal Area Council. Some remote villages, Kuchigoro and Aleyita, near the city, in Abuja Municipal Area Council, are beginning to grow.

Abuja was envisioned as the political capital and geographical heartland of Nigeria. It is equidistant from all parts of the country. Abuja is a symbol of Nigeria's unity and a reaffirmation of her enduring vision of dynamism and prosperous development.

### **1.8 Limitations of the Study**

The focus of this study is the rural poor women who constitute the bulk of the population in Nigeria's Abuja satellite Communities. Specifically, the scope of the study is limited to an assessment and challenges of the activities of these women in making a living, only in relation to poverty in Nigeria. For this reason, the results will specifically show the extent and effects of rural poverty on the women living in Abuja Satellite Communities only as it relates to Nigeria.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW AND THEORITICAL FRAMEWORK**

#### **2.1 WHAT IS POVERTY?**

A review of the massive literature on poverty shows that there is no standard concept or definition of poverty because of its multidimensional nature as well as its dynamic properties. In the words of Aboyade (1995), "Poverty is like an elephant, it is more easily recognized than defined". Tella (1997), Anyanwu (1997) pointed out that any study of poverty must begin with a definition of poverty in order to provide a focus by which one can determine the limits of understanding.

Most economists define poverty as a situation of low income or low consumption (Obadan, 1997) while some adopt a broader definition such as being unable to meet basic material needs, encompassing food, water, clothing, shelter, education, health as well as basic non – material needs including participation, identity, dignity among others (Streetten, 1979; Black Wood and Lynch, 1994). Specifically, the pioneers in this field of inquiry defined poverty as a situation where the income of families was insufficient to obtain the minimum necessities for the maintenance of physical efficiency (Rowntree, 1922). This definition has been refined and extended such that it forms the background for the basic needs approach to the study of poverty. It is in this context that the concept of absolute poverty emerged.

What really then is poverty? Measuring poverty is not so simple. Poverty is not just an economic condition, it is a human condition. Poverty is a plague afflicting people all over the world; it is considered one of the symptoms or manifestation of underdevelopment. Poverty is a vicious circle which keeps the poor in a state of destitution. Poverty affects many aspects of human conditions; hence there has been no universal consensus on the definition. Good health and longevity; adequate education; access to land, credit, or other productive resources; supportive families and communities; justice; freedom from discrimination, abuse and violence, are all elements often missing from the lives of the poor.

Greenwald and Associates defined poverty as "a condition in which income is insufficient to meet subsistence needs". Harry Johnson (1974) defined poverty also as "a situation when the resources of individuals or families are inadequate to provide a socially acceptable standard of living". Poverty, apart from being the lack of daily

necessities – of adequate food, water, shelter, or clothing; is the absence of the capabilities and opportunities to change those conditions

Sometimes attention is drawn to the relative nature of poverty and a clear distinction is drawn between the poor and non – poor. According to the World Bank Development Report (1990), poverty is defined as “inability of certain persons to attain a minimum standard of living”. Aluko (1975) defined poverty as “lack of command over basic consumption needs such as food, clothing and or shelter”, such lack of resources to meet the basic needs he claimed incapacitates the individual in protecting himself against social, economic and political deprivations. Deng (1996), Atoloye (1997), Englama and Bamidele (1997), variously defined poverty as “lack of basic necessities of life”.

These definitions recognize three types of poverty namely, absolute poverty, relative poverty and material poverty. By absolute poverty is meant the inability to provide for physical subsistence to the extent of being incapable of protecting human dignity. It implies limited access to food, clothing and shelter, portable water health services, basic education, public transportation and employment. People in absolute poverty earn meager incomes which result in zero marginal propensity to save and a short life span. Relative poverty is defined with respect to living standards that prevail in a particular society and this changes overtime. Material poverty depicts lack of ownership of physical assets such as land and animal.

## **2.2 WHO IS THE POOR?**

How do we identify the poor? The definition of poverty proffered by Englama and Bamidele (1997) is identification of the poor made easy, because it encompasses the major characteristics, both economic and social, found in the poor.

A poor man, according to Englama and Bamidele is any person who is not able to cater adequately for his or her basic needs of food, clothing and shelter. A poor person is also any one who is unable to meet his or her social and economic obligations, lacks gainful employment, skills, assets and self – esteem, and has limited access to social and economic infrastructures such as education, health, portable water and sanitation and as a result has limited chance of advancing his or her welfare to the limit of his or her capabilities.

## 2.3 The Poor In Nigeria

Anyawu (1997) categorized the following as poor within the Nigerian context;

- (vii) Households or individuals below the poverty line and whose incomes are insufficient to provide for their basic needs;
- (viii) Households or individuals lacking access to basic services, political contracts and other forms of support.
- (ix) People in isolated rural areas who lack essential infrastructures;
- (x) Female – headed households whose nutritional needs are not being met adequately
- (xi) Persons who have lost their jobs and those who are unable to find employment.
- (xii) Ethnic minorities who are marginalized, deprived and persecuted economically, socially, culturally and politically.

## 2.4 What does it mean to be Poor?

Poverty means different things to different people. It has too many sides which cannot be captured in one single swoop. It is multi-dimensional. But only the poor knows what it is to be poor. Therefore from the **Voices of the Poor**, a study carried out by the World Bank among sixty thousand poor people across sixty countries including Nigeria, the poor people said that poverty means to them lack of basic necessities of life, hunger and deprivation of essentials of life, inability to realize one's capabilities—to acquire knowledge, good health, skill, freedom, etc. It also means lack of voice in what concerns and affects you as an individual or group; powerlessness against overbearing, inefficient and corrupt state apparatus, It means vulnerability to sickness, unemployment, policy changes, war, civil unrests, crop failure, irregular and unstable pay and pension benefits, violence, insecurity of life and property and global weather change.

Poverty to them means lack of income and assets and returns to such assets, namely:

1. Physical assets---Roads, industries, hospitals, i.e. access to infrastructure.
2. Natural assets such as land
3. Human assets such as capacity for basic labor, skills and good health
4. Financial assets, such as savings and access to credits
5. Social assets such as political influence over resources and networks of contacts and reciprocal obligations that can be invoked in time of need.

In sum, poverty has two main dimensions, namely **income** and **non-income** dimensions which include lack of education and health, voicelessness, vulnerability or exposure to risks without social safety nets like formal or informal insurance, access to credits and so on and *security*.

## 2.5 CONCEPTUAL FRAMEWORK OF POVERTY

Effort directed at enhancing economic well being of rural people by increasing their income level will reduce rural poverty and stimulate economic growth. Poverty reduction either in the rural or urban centers involves efforts at improving the quality of human capital of the nation. This will ensure equality in the income distribution and resources in the society.

The conceptual base of this study is located in the Human Capital Theory made popular by Amacher (1986) and Rivlin (1987). Human Capital Theory is a welfare economic theory that holds that investments in health, education and skills of citizens is more productive than investment in machines, bridges and tractors.

Rivlin (1987: 272 - 305) asserted that human capital theory not only account for the shape of income distribution, but also the unexplained variation in earnings among individuals, regions and subgroups in the society. Amacher (1986:435 – 437) observed that most low – income countries invest very little in Human Capital or the health, education and skills of their citizens. He argued that increase in human capital reduces the level of poverty.

Available data on human capital has shown that low level investment in human capital affects the number of people that have access to safe water in the society. While only 28 per cent in the low – income countries that are poverty ridden have access to safe water; in the middle income it is 60 percent, and in industrialized countries 99 per cent of the population have access to safe water (WDR, 1990).

The poor in the society tend to have low skills and lower stock of human capital. These realities are as a result of less and sub – standard education as well as low – job training. The children of the poor often receive less or no educational training and the resultant effect is what is known as generational poverty or chronic poverty.

Albers (1990 : 290) observed that poverty is to a great extent, a matter of income distribution. This means that the income distribution which is as a result of one's education, skills, training and deprivation would determine the level of poverty of the individual.

The Human Capital Approach suggests that education and training could be used as a vehicle to alter the inequality in the income distribution in the society by raising the relative position in the income distribution of people and also narrowing their income differentials. Human Capital therefore, can be considered a panacea for real and sustainable national development that effectively reduce poverty in any society.

A society that has a high quality Human Capital would be able to take full advantage of any government provisions at the rural areas for its benefits. The primary objective of poverty reduction programs in all over the World is to eradicate absolute poverty in both the rural and urban areas, and this may not be achieved due to the persistence of poor quality human capital in some of the areas.

It is one thing to introduce poverty alleviation programme in the rural areas, but it is another thing for it to make an impact on the life of the people it is intended for. A well developed Human Capital would enhance the proper execution and implementation of the strategies of national poverty reduction programs among the populace and would compliment other roles in achieving desired results. Government programmes at the grass root level would only succeed if there is availability of high quality human capital especially in the rural areas.

## **2.6 HISTORICAL PERSPECTIVES ON THE EVOLUTION OF POVERTY CONCEPTUALIZATION.**

Thoughts on appropriate conceptualization and accurate characterization of determinants of poverty has a long history. From analytical perspective, thinking about poverty can be traced back at least to the codification of the poor laws in medieval England, through to the pioneering empirical studies at the turn of the century, by Booth in London and Rowntree in York. Rowntree's study published in 1901, was the first to develop a poverty standard for individual families, based on estimates of nutritional and other requirements. In the 1960s, the main focus of poverty debate was on the level of income, reflected in macro – economic indicators like Gross National Product per capita. This was associated with emphasis on growth, as exemplified in the work of the

Pearson Commission, "Partners in Development" (1969). In the 1970s the issue of poverty became prominent with the publication "Redistribution with Growth" by World Bank in 1973.

Debate on poverty conceptualization was further upgraded by two factors. First was the emphasis at this time on relative deprivation, inspired by the work in the United Kingdom by Runciman and Townsend (1966). Townsend in particular helped redefine poverty, not just as a failure to meet minimum nutrition or subsistence levels, but rather as a failure to keep up with the standards prevalent in a given society. The second factor was the broadening of the concept of income poverty to include a wider set of "basic needs" including those provided socially. Following International Labor Organization's pioneering work in mid 1970s, poverty came to be defined as not just lack of income, but also as a lack of access to health, education and other services.

Conceptualization of poverty gathered fresh momentum in the 1980s. The principal innovations were five, namely:-

- (i) The incorporation of non – monetary aspects, particularly as a result of Robert Chamber's work on powerlessness and isolation (1984).
- (ii) A new interest in vulnerability and security emerged (Lipton, 1985). This was associated with a more better understanding of seasonality and the impact of shocks. This focus led to new works on coping strategies.
- (iii) The concept of poverty was broadened to include a wider construct of livelihood (Ravallion, 1987).
- (iv) The innovative theoretical work Amartya Sen (1977) which introduced the notion of food entitlement, or access. He emphasized that income was only valuable in so far as it increased the 'capabilities' of the individual and thereby permitted 'functionings' in society.
- (v) The 1980s was characterized by a rapid increase in the study of gender. The debate moved from a focus on women (Women in Development) to wider gender relations (Gender and Development). Policies to empower women and redress gender poverty gap were given enhanced attention.

The 1990s saw further development of the poverty concept. The idea of well – being came to act as a metaphor for absence of poverty, with concomitant emphasis on how poor people themselves view their situation i.e. "The voice of the poor". Inspired by Sen's work, UNDP developed the idea of human development

which entails, “the denial of opportunities and choice .... to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self – esteem and respect of others.....”(UNDP, 1995).

According to Adeyeye (2001) there are observed fault lines in poverty analysis and conceptual debate. They are:-

**(i) Individual or household measures:**

Early measurement of poverty for instance Rowntree, was at the household level, and much still is. Other analysis disaggregates to the individual level, so as to capture intra – household factors and different types and causes of deprivation affecting men, women, children, old people and so on.

**(ii) Poverty Conceptualized as private consumption:**

In this view poverty can only be defined in terms of private income or consumption.

**(iii) Monetary or Non – Monetary components of poverty:**

On the basis of this thought money measures of poverty are often used because they are either regarded as sufficient on their own or seen as an adequate proxy for poverty. He argued that there are clear fault lines between definitions of poverty which are restricted to income or consumption and those which incorporate such factors as autonomy, self – esteem or participation. He posited further that in Maslow's hierarchy of needs, these were seen as higher needs, which would become more important as basic needs for food, shelter, housing and safety were met.

**(iv) Poverty as timeline:**

On the basis of this many surveys and poverty assessments report the incidence of poverty at a point in time. Ajakaiye (2000) observed that, there is a long history of thinking about poverty in terms of life cycle experience. He cited the example of Chayanov's pioneering work in the 1920s on peasant households. Adeyeye (2001) argued that there has been increasing attention to understanding movement in and out of poverty, what Jenkins (1990) calls bottom – end.

**(v) Poverty perception as actual or potential:**

By this some analysis conclude that the poor are those who are highly sensitive to shocks, or not resilient. In this group are what he termed vulnerable, whom he



identified as small – scale pastoralists exposed to the risk of drought, the elderly, among others.

**(vi) Stock or Flow measures of poverty:**

In this regard, Adeyeye (2001) observed that the definition of poverty as income focuses on the flow of material goods and services. The alternative he argued is to examine the stock of resources a household controls. Resources such as land, jewelry and cash or in terms of social capital like social contacts, network, reciprocal relationships and community membership.

**(vii) Input or Output measures of poverty:**

Sen (1977) postulated that poverty measured as a shortfall in income essentially captures an input to an individual's capability and functioning rather than a direct measure of well – being. Adeyeye (2001) pointed out that as a result of the above postulation by Sen, scholars writing, about poverty have often assumed wrongly, that there is an automatic link between income and participation, or functioning in the life of a community.

**(viii) Absolute or Relative poverty**

The World Bank currently uses a figure of one United States of America dollar per day, in 1985 purchasing power for absolute poverty. Adeyeye and Ajakaiye argued that the alternative has been to define poverty as a relative deprivation, for example as half mean income, or as exclusion from participation in society. Based on this premises the European Union has decided that “the poor shall be taken to mean persons, families and group of persons whose resources are so limited as to exclude them from minimum acceptable way of life”.

**(xi) Objective or Subjective perceptions of poverty:**

In this regard, Adeyeye (2001) noted that the use of participation methods has greatly encouraged an epistemology of poverty, which he argued relies on local understanding and perceptions. He cited the example of exposure to domestic violence seen as important in one community, while dependency on traditional structure is viewed as important in another.

The above illustrated fault lines and questions only go to confirm that there are no right answers or acceptable general definition of the concept of poverty, current thinking however allows some simplification. First, poverty needs to be understood first as a problem at the individual rather than the household level. Second is the use of income or food as measure of poverty. Thirdly is the settled consensus that people move in and out of poverty and the seasonal, cyclical conceptualization and measurement. Beyond these areas of agreement, there are different views on whether assets, including social claims should be counted in a poverty matrix, on the importance of vulnerability, and on the relative prioritization of monetary and non – monetary variables.

What is becoming clear in contemporary literature on poverty is that the most radical proponents of a participatory approach would deny the validity of standardized or objective measures of poverty, whether based on income or wealth. On the basis of the above, one can conclude that conceptualizing poverty is problematic, even though the exercise is necessary for proper identification of the poor and their effective targeting in a more pragmatic approach to poverty alleviation.

## **2.7 CONCEPTUALIZATION OF POVERTY**

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 earlier classical theorists in the attempt to illuminate on the concept of poverty based their analytical framework on the law of diminishing returns which was believed to be universal in content although this was later upgraded at the time of Alfred Marshal and his contemporaries when the law of increasing returns in industry was more clearly articulated. Marxian theoretical formulation on the nature of poverty was largely based on the principle of exploitation of labour.

This formulation 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 (1965) developed a model of dualistic economy which was later popularized by Aurthur Lewis(1970). According to this model, the national economy was divided with two parallel institutional production sectors, namely, the traditional sector and the modern sector.

The modern sector 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 implies that the poor person is the cause of his or her poverty.

Broadly, poverty can be conceptualized in four ways:

- (v) Poverty as lack of access to basic needs or goods.

This conceptualization 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. They referred basic goods to include nutrition, shelter/housing, water, 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 an Burki, 1978).

- (vi) Poverty as lack of or outcome of impaired access to Productive Resources.

Lack or impaired access to productive resources like agricultural land, physical capital and financial assets, lead to absolute low income, unemployment, undernourishment among others. 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 the individual to convert available productive resources to a higher quality of life (Sen, 1977) and Adeyeye (1987).

(vii) Poverty as the outcome of inefficiency of common resources.

This may result from weak policy environment, inadequate infrastructure, and weak access to technology and credit. It can also be due to certain groups using certain mechanism in the system to exclude “problem groups” from participating in economic development, including the democratic process. This is very common in developing countries like Nigeria.

(viii) Poverty as a result of “exclusive mechanism”.

In sub – Saharan Africa, 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 sub – Saharan Africa, Silver (1994) suggests three paradigms of exclusion:

- (a) The individual's specialization that cannot be accommodated in the factor market (specialization paradigm)
- (b) The various interests groups that establish control over inputs of available resources for example, on goods, labour, markets (Brands/Touts) and simultaneously foster solidarity within the respective interest groups (monopoly paradigm)
- (c) The individual who has a troubled relationship with the community (solidarity paradigm).

Poverty can be structural (chronic) or transient. Chronic poverty 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. Transient poverty on the other hand is defined as transitory or temporary poverty and is linked to natural and man - made disasters. Transient poverty is more reversible, but can become chronic if it persists.

A major lesson that can be drawn from the conceptualization of poverty above is that any attempt to design pragmatic approach to poverty reduction has to adopt a mixture of strategies since poverty is multifaceted in scope and dimension.

## 2.8 CONCEPTS OF POVERTY

In analyzing poverty, some concepts have emerged.

- (v) **Poverty line**, which is defined as the minimum income level below which nutritionally adequate diet plus essential non – food requirements are not affordable.
- (vi) **Poverty incidence** is the fraction of the population that falls below the poverty line.
- (vii) **Poverty depth** is the extents to which the incomes of the poor lie below the poverty line
- (viii) **Severity of poverty** is a descriptive measure. It describes the distribution of those below the poverty line and helps determine the types of intervention required to move them out of poverty.

Poverty is manifested in exposure to risks, corruption, street life, living in squalor, high infant mortality, acute malnutrition, short life expectancy and human degradation. In Nigeria, it has been established that poverty incidence is on the increase and also the fact that the incidence of poverty is higher in the rural areas than in the urban centers. (FOS, World Bank, 1998).

## **2.12 THE CONCEPT OF ABSOLUTE POVERTY**

Scott (1991) defined absolute poverty as a situation where the income of a person or a household is insufficient to secure the minimum basic human needs required for physiological survival.

Elements of these basic human needs include food, water, clothing and shelter. These are also the elements of the lowest level of Maslow's hierarchy of needs (Maslow, 1970). These needs according to Maslow must be satisfied in order to survive and if there is an acute deficiency he argued the individual will react by directing most of his or her energies towards obtaining the minimum requirement for physical survival. In the event of a failure to secure this minimum, Maslow pointed out, that it will lead to impaired physical efficiency and eventual death. This is the sense in which Scott (1991) base his notion of absolute poverty and it forms the basis for the specification of poverty line.

This concept of poverty as propounded by Rowntree attracted considerable criticisms. Prominent among these is the difficulty in determining the minimum requirements of these basic needs for survival. The concept, Ajakaiye (1999) observed ignored the influence of socio – cultural and environmental factors. He argued that, humans are known to have incredible capacity to adapt and survive under extreme conditions, like in deserts as well as Iceland. Adeyeye (2000) also observed that this concept of poverty as propounded by Rowntree is limiting, in the sense that it cannot form the basis for interpersonal, inter – temporal, international and even spatial comparisons. Despite the criticisms, the notion of absolute poverty however remains relevant, especially in areas prone to famine and other natural and man – made disasters. The concept of absolute poverty is also relevant in that it is the type of poverty that policy makers and international development agencies are striving to eliminate.

## **2.13 THE CONCEPT OF RELATIVE POVERTY**

The concept of relative poverty emerged in order to correct the weaknesses observed in the notion of absolute poverty. Townsend (1973) defined relative poverty as a situation where individuals or families are in command of resources which over time, fall seriously short of the resources commanded by the average persons or families in the community in which they live. The strength of this concept of poverty is that it is quite dynamic in that as the average standards of the relevant community increases, the relative poverty line will increase as

well. It also eliminates the problem of limited comparisons, especially interpersonal and international comparisons. It also justifies consideration of poverty in advanced industrial society where the resources commanded by the relative poor persons in these countries may be larger than that commanded by the richest persons in many developing countries. This concept, Ajakaiye (2002) noted makes it possible to extend the scope of material needs beyond those of the lowest level of human needs because persons or households in a given community may be large enough to secure higher order material needs. Prominent among such higher order material needs, he pointed out, are health care, education, taking a vacation and other social amenities.

A major weakness of this concept of poverty, Adeyeye (2002) opined is the apparent lack of a scientific basis for determining how far below the average family's resources should fall in order to become relatively poor. In other words, precisely when does a family's resource fall seriously below the average? The difficulty in responding to this question implies that subjectivity is involved and the severity of poverty in relative terms depends on the investigator. One can therefore infer that the concept of relative poverty is operationized from an arbitrary paradigm.

A fundamental problem with these concepts of poverty relates to their almost exclusive focus on economic resources. Baratz and Grigsby (1972) gave a succinct concept of poverty. According to them, poverty refers to a condition involving those severe deprivation and adverse occurrences that are associated with inadequate economic resources. Economic resources in context, they broadly defined as encompassing rights to own property, access to productive employment and access to other factors of production such as land, labour, capital and infrastructural facilities.

Akeredolu – Ale (1975) pointed out that the structure of economic and social relations which generate poverty as a by – product of the normal function of the socio – economic and political system are touched by the concept. He argued further that the failure of the policies and programmes intended to eradicate absolute poverty in Africa was not unconnected with this conceptual neglect. He wondered why instead of finding ways of conceptualizing poverty in a more robust and comprehensive way, economists continue to carry out sophisticated statistical analysis to establish correlation between income and consumption indices of poverty on one hand and those of other economic attributes of the poor on the other.

## 2.14 OPERATIONALIZING THE CONCEPT OF POVERTY

The poverty analysis of any country requires firstly establishing a poverty line which would then be used in conjunction with other welfare indicators. Generally, there is no objective definition of poverty and no objective way of measuring how many people are in poverty. The number differ greatly according to different plausible definitions (Stein and Foss, 1995). The early measures of poverty suffer from their insensitivity to how poor the poor are and the effect of a possible redistribution of income among the poor. To mitigate against the first problem, Kanbur (1987) has suggested the use of the product of the headcount ratio and the income – gap ratio.

The problem of insensitivity to inequality was addressed by Sen's index (1976) Sen's measure relies on three parameters:-

- (iv) Headcount ratio;
- (v) Income – gap ratio and
- (vi) Gini co – efficient of the distribution of incomes among the poor. The works of Takayama (1979), Blackorby and Donaldism (1980), Kakwani (1980), Thorn (1983), Foster – Greer Thorbecke (1984), Ray (1986) and Atkinson (1987) all derive from Sen's efforts. There are presently a number of indexes aimed to reflect specific elements of poverty related to a specific area. We have the:-

- Human poverty index (UNDP)
- Headcount index;
- Poverty gap index;
- Food security index;
- Basic needs index;
- Integrated poverty index;

There are nevertheless, three broad recognizable concepts of poverty which form the basis of methods of determining **poverty line**.

### **Method based on Absolute Measures of Poverty.**

Absolute measures of poverty assume that poverty exists when individuals or households are not able to acquire a specific level of consumption. The absolute poverty line is fixed in terms of food basket



used. The food basket approach calculates the cost of acquiring a given basket of food stuffs, which will provide adequate calories for the individuals or households.

#### **Methods based on Relative measures of poverty.**

Relative measures of poverty attempt to overcome some of the methodological weakness of the absolute measures by selecting a poverty line relative to the standard of living. Relative measures of poverty have the added advantage of corresponding to the resources available within the society to address poverty and also allows the poor to judge themselves with the standard of living of others in the society.

#### **Methods based on Subjective measures of poverty.**

This method requires the individuals to define what they consider to be a decent or minimally adequate standard of living.

### **POVERTY LINE**

Poverty lines can be set in relative absolute or subjective terms. According to Adewoye and Nwosu (2000), poverty lines are the swing point for poverty analysis. They pointed out that it is the poverty line, that separate the poor from the non – poor. Those whose income/expenditure fall below the line are poor, those above are non – poor.

### **POVERTY INDICES**

The P alpha measure is customarily used in analyzing poverty. The measures relate to different dimensions of the incidence of poverty. P0, P1 and P2 are used for head count (incidence), depth and severity of poverty respectively. The three measures are based on a single formula, but each index puts different weights on the degree to which a household or individual falls below the poverty line. The mathematical formulation for poverty measurements as derived from Foster, Greer and Thorbecke (1984) is

$$P_{\alpha} = \frac{1}{N} \sum_{i=1}^q \left( \frac{z - y_i}{z} \right)^{\alpha}$$

Where  $Z$  = Poverty line

$q$  = The number of individuals in the reference population.

- N = The total number of individuals in the household in which individuals  $i$  live.
- $Y_i$  = The expenditure/income of the household in which individuals  $i$  live
- $\alpha$  = Foster – Greer – Thorbecke (FGT) index and takes on the values of 0, 1 and 2.

Generally, the indices are interpreted as:

- P0 = Headcount: Counts the numbers of people with expenditure/income below the poverty line.
- P1 = Depth of poverty – The percentage of Expenditure/income required to bring each individual below the poverty line up to the poverty line.
- P2 = Severity of poverty – It indicate severity of poverty by giving larger weight to the extremely core poor. This is done by squaring the gap between their expenditures/income and the poverty line in order to increase its weight in the overall poverty measure.
- $Y_i$  = The expenditure/income of the household on which individuals live

## 2.12 POVERTY MEASUREMENT

How do we measure poverty without losing sight of its various dimensions? Measurement is complex and varied. There are however, three broad ways by which poverty can be measured:-

### (iv) **Absolute poverty measurements.**

Absolute poverty can be measured in five different ways. They are:

- (a) **The headcount ratios** which is the simplest and most common measure in which poverty can be expressed in a single index.  $H = \frac{q}{N}$

Where  $q$  is the number of the poor and  $N$  is total sample population. This measure 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.

**(b) The poverty gap/income shortfall:**

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)

**(c) The Sen index**

This index is attributed to Sen (1976). It incorporates the headcount index, the income gap and the Gini coefficient. This index indicates that the efficient way to reduce poverty is to help the least needy first and the most needy last.

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.

**(d) 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). It focuses on social development. The PQLI is based on three indicators:

- (i) Infant mortality
- (ii) Life expectancy
- (iii) Basic literacy.

**(e) The human development index (HDI)**

The HDI is the most recent composite poverty measurement 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;

- (i) Longevity measured by life expectancy at birth;
- (ii) Knowledge measured in terms of literacy and
- (iii) Per capita income as the variable of the index.

**(v) Relative Poverty Measurement**

Relative Poverty Measures define the segment of the population that is poor in relation to the set income of the general population. There are two main kinds of relative measures:-

- (iii) **Average Income** – 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.
- (iv) The number or population of people whose income are less than or equal to pre determines percentages of the mean income say 50 % or less of the mean income.

**(vi) Subjective Poverty Measurements**

This is a fairly new development in the area of measurement of poverty. It is based on the premise that the opinions of persons with respect to their own situation should invariably be the determinant in defining poverty. Some of the exponents of this poverty measurement based their methods on income Evaluation Questions while others based theirs on questions about the necessities which a household should possess. Others such as Goedhart et al (1997) base their subjective measurement on the monetary amount which individuals consider to be necessary in order to make ends meet for their households. Applying various statistical methods each of these measurement techniques can be used to determine the extent and or severity of poverty.

**Why Poverty measurement is undertaken:**

- ❖ Determines a yardstick for measuring standard of living
- ❖ Chooses a cut – off poverty line, which separates the poor from the non – poor.
- ❖ Takes account of the distribution of standard of living among the poor.
- ❖ Comparison of poverty overtime, among individuals, groups or nations.
- ❖ Guides policies on poverty alleviation (Ajakaiye and Adeyeye, 2001)

**In concrete terms, the World Bank (1993) gave the followings as reasons for measuring poverty:**

- (iv) To gauge the magnitude of a country's poverty problem. How much of the population is poor? Where are they located? How poor are they – in – terms of incomes and social indicators? Is the

- problem serious enough to warrant more intensive investigation and more explicit policy and programme response?
- (v) To provide a statistical basis for analyzing the nature and characteristic of poverty and the systematic monitoring of trends in its incidence. Is poverty increasing or decreasing? How is it related to particular policy intervention or to the nature and rate of economic growth?
  - (vi) To influence the design of policies and programmes, whether they are deliberately in place to address poverty problems or they have signified consequences for the poor if unintended. How do country policies and programmes affect the poor? How can information about the socio – economic characteristics of the poor be used to improve the design and the implementation of such measures?

### **2.13 WOMEN IN POVERTY**

All over the world, women are at the center of poverty. Women specifically find it more difficult, if not impossible, to have access to loans from financial institutions, in which their male counterparts can easily get the same help. As Mayra Buvinie(1998) noted, this accounts for a disturbing global trend: **the feminization of poverty**. When the yardstick used to measure the degree of people's poverty is their level of well-being, women are traditionally found to be more impoverished than men. This situation is worse in developing countries like Nigeria.

The feminization of poverty should be considered a legitimate foreign policy concern! Because women are increasingly economic actors and heads of households as well as mothers, their poverty slows down global economic growth. In a world of blurring borders, women's poverty creates enclaves of want in the midst of wealth and puts rising pressures on the developed world, whether by fuelling costly humanitarian crises or by unleashing- for the first time- waves of females who migrate without spouses to seek work in richer countries

### **2.14 THE CYCLE OF POVERTY**

Poverty is such that those born into poverty are likely to remain poor. There is a life cycle of social problems, beginning with inadequate parental care, followed by a disadvantaged childhood and troubled youth and evolving into a constellation of dysfunctional behaviors, including adolescent motherhood and single

parenthood, alcoholism and substance abuse, and violence. To cite one troubling example, adolescent girls in extreme poverty, particularly in urban marginalized and rural areas, become pregnant earlier and more frequently than their better-off counterparts. Thus the poverty cycle continues.

Social problems like these are costly, undermine and slow down economic growth. At the same time, these factors point to the types of programs needed to break the transmission of poverty from one generation to the next.

## **2.15 CAUSES OF *DEEPENING* POVERTY IN AFRICA**

The causes of increasing poverty have been analyzed extensively by the World Bank, IFAD, and by other organizations. Within Africa itself, a growing number of African researchers have come forward with an increasing body of research diagnosing the nature, magnitude and causes of poverty in the region. A particularly useful reference is the recently published book: *Can Africa Claim the 21st Century?* At the centre of the causes of African poverty are underperforming economies.

There has been a secular decline in Africa's GDP per capita, and today it is lower than it was in 1960. The causes of this economic underperformance are many and varied. The levels of investments have been low and declining.

Efficiency of capital, as measured by incremental capital output ratios, (ICORs) has been low. The low efficiency rates of capital, in turn, have been caused by poor infrastructure, inappropriate policies, weak institutions and poor governance. Inappropriate policies, in particular, have had a major impact on poor economic performance. For many years after independence, the majority of African countries pursued import, substituting industrial policies, which impacted negatively on domestic terms of trade for agriculture. Furthermore, agriculture was subjected to direct taxation in the form of export taxes, commodity , etc. This was in contrast to practices in the industrial countries where the reverse is the case, and agriculture enjoys an annual subsidy of \$300 billion - equivalent to total Africa's GDP.

Finally, there was public underinvestment in agriculture. In most of the African countries, public expenditures on agriculture, both capital and recurrent, amount to less than 10 per cent of total government budget. This is a

low rate of investment considering that for the majority of countries, agriculture accounts for more than one third of GDP.

Globally, the international environment was not conducive. As primary commodity exporters, African countries experienced secular and substantial decline in their terms of trade. Foreign direct investment is negligible. Official development assistance (ODA) which reached its peak in the late eighties and early nineties, has been declining.

## **2.16 HOW RURAL POVERTY IS CREATED.**

Datt and Ravallion (1999) were of the view that to understand poverty creation in rural areas in developing countries and its effects on different groups, one should look at the assets that the poor in these countries own or to which they have access, and their links to the economy. He observed that the economic conditions faced by the rural poor are affected by a variety of assets held at the household community and supra - communities levels.

The Poor's physical assets they noted include natural capital which could be private and community property rights in land, pastures, forest and water, machines and tools and structures, stocks of domestic animals and food. Their financial capital includes jewellery, savings and access to micro credit. Their human assets are the labour pools, comprising workers of varying ages, genders, skills and health. Their infrastructure assets are publicly and privately provided transport and communications, access to school and health centers, storage, potable water and sanitation. Their institutional assets include their legally protected rights and freedoms and the extent of their participation in decision making in households and communities, as well as at the supra – community level.

Physical and human assets they claimed are largely regulated through formal and informal networks among individuals and communities. Most rural people in the developing countries, they stressed particularly women and those in landless households are greatly handicapped by their dearth of assets and the low and volatile returns on them.

Jazairy (1992) and Gaiha (1993) noted that the differences among the rural poor in the developing countries are more clearly reflected in their links to the economy, which determine how they use their assets and participate in production. They observed that all of the rural poor in these countries are engaged in the production of both tradable and non tradable goods and services. Artisan and unskilled workers provide many non tradable services and some tradable products that small cultivators also produce. Only cultivator they observed have access to small parcels of land through ownership or tenancy (sharecropping). They are also the only groups of the poor people who own or rent physical capital. Artisans and small scale farmers they claimed have only limited amounts of physical capital.

Gaiha (1993) noted that all groups of the rural poor in the developing countries are vulnerable to serious risk owing to changes in weather, health, markets, investments and public policy. The resulting fluctuations in the prices and quantities of their assets and what they produce, Ravallion (1999) postulated either deepens their poverty or give them opportunities to escape from it. Economic crises and natural disaster, Jazairy (1993) stressed can bring about sharp increases in poverty and make it more difficult for the poor in the developing world to escape it.

Numerous characteristics of a country's economy and society as well as some external influences, create and perpetuate rural poverty in developing countries (Jazairy and others 1992, Gaiha 1993). The causative factors of rural poverty in developing countries according to them are :-

- \* Political instability and civil strife;
- \* Systemic discrimination on the basis of gender, race, ethnicity, religion or caste
- \* Defined property rights or unfair enforcement of rights to agricultural land and other natural resources.
- \* High concentration of land ownership and asymmetrical tenancy arrangements;
- \* Corrupt politicians and rent seeking public bureaucracies;
- \* Economic policies that discriminate against or exclude the rural poor from the development process and accentuate the effects of other poverty – creating processes;
- \* Large and rapidly growing families with high dependency ratios;



- \* Market imperfections owing to the high concentration of land and other assets and distorted public policies;
- \* External shocks stemming from natural causes and changes in the international

## **2.17 Geographic and Economic Situation of the Poor in Nigeria**

Nigeria as we have seen, has a surface area of 923,768 square kilometers with a population of over 100 million people. Nigeria now is made up of 36 states and a Federal Capital Territory, Abuja.

Since independence in 1960, Nigeria has passed through difficult political periods and constant political struggles and frequent forceful change of government by the various military dictators. There was however peaceful handing over of power by the military to a democratically elected President in 1999.

Until the discovery of oil in Nigeria, agriculture was the most important sector of the economy, accounting for more than two-thirds of colonial Nigeria's export earning. Following independence and the development of the petroleum industry, agricultural development declined. When the oil boom in the early 1970s brought mixed blessings, the government suddenly had a huge cash flow to invest in infrastructure development and to greatly improve social services. Real wages increased in non-agricultural (mainly urban) sectors. Average per capita income rose sharply. The oil boom devastated agriculture, which fell from 60% of GDP in the 1960s to 31% by the early 1980s. Production declined because of inexpensive imports. Heavy demand for construction labor encouraged migration of farm workers to towns and cities.

Nigeria, which had been a major agricultural net exporter and largely self-sufficient in food, quickly became a net importer of agricultural commodities. After 1982 when oil prices began to fall, the welfare system in Nigeria fell apart and poverty increased sharply, between 1980 and 1984. The falling oil revenues drastically reduced the Nigerian government's capacity to spend. At that time, however, the government saw this as only a temporary phenomena and continued borrowing externally with expectation of a return of high oil prices. The result was big and growing foreign debts and deepened economic crises. Due to these prompted economic changes, the Structural Adjustment Program (SAP) was introduced including devaluation of exchange rate.

Increasing government deficits from 1992 led to high inflation and it was estimated that 40% of Nigerians were living in poverty. The Poor have been in a very strangulating day-to-day living, and this situation gets worsened with each successive governments, especially through the years of military dictatorship. In several countries of the world, Nigeria inclusive, Falconer (1990) pointed out that inaccessibility of the poor to credit and resource inputs leave them with no choice other than to employ natural resources such as forests, woodlands and rivers in order to survive.

In most rural areas in Nigeria, Adeyeye (2001) pointed out that fallow duration has declined from five to four years and in several instances as low as two years. Short fallow period is usually not adequate for regeneration and restoration of lost nutrients, soil and water quality. Frequent cutting of forest trees with low replanting rate has resulted in scarcity of fuel wood. Other consequences of over exploitation of environment due to poverty are depletion of fish in the local rivers and streams, especially due to Oil exploration and inappropriate handling of waste.

## **2.18 DEVELOPMENT STAGES OF THE NIGERIAN ECONOMY**

At the start of the 1960s, the basis of the Nigerian economy was a well-diversified agricultural sector that supported 75 percent of the population, provided 68 percent of GDP and 78 percent of exports and supplied the people with 94 percent of their food. Again, per capita income was estimated at US \$90 per capita and GDP growth was rapid at an annual rate nearly 5 percent (World Bank, 1996). However, a new development pattern gradually emerged (over the years) as agriculture began to stagnate due to the growing burden of taxation. Later, rapidly growing industries began to exert considerable influence on the economy, including demands for special protection from imports. This led to a shift in the pattern of industrialization, from the processing of agricultural products for export, towards simple import substitution; as well as the emergence of petroleum extraction as a leading growth sector.

However, in the mid-1960s growing regional tensions and the identification of the political parties with rent seeking, ethnic interests and patronage created a climate of unrest and political uncertainty that was compounded by the stagnating GDP growth. The ensuing civil war caused major losses of production. Again, there was a sharp decline in foreign exchange earnings and government revenues attributable to the loss of all on-shore production of oil while foreign exchange was rationed during the war years with a series of increasingly stringent direct and indirect controls. In the early 1970s, the budget buoyed by the growing oil

revenues, quickly returned to a surplus position. The speed of the recovery was entirely due to the oil expansion and rapid growth of government spending. Again, extensive state controls and interventions in economic activities were intensified (rather than relaxed) with the introduction of programs for price controls (Price Control Decree of 1970/71) and for indigenization, Nigerian Enterprise Promotion Decree (NEPD) decree of 1972, which limited the sectors open to, and equity stakes of, foreign investors.

Stringent import and credit controls were put into place with the hope of boosting manufacturing. Although, the most significant event affecting the economy during these periods was the management of the oil boom and bust. Essentially, the positive oil shocks of 1973 and 1979 increased the terms of trade more than four times between 1972 – 80. Later, the collapse of world oil prices and the sharp decline in petroleum output brought to the forefront the precarious nature of the country's economic and financial position. The overall fiscal deficit rose from ½ percent of GDP in 1980 to 9½ percent in 1981, and the external current account balance shifted from a surplus of 4½ percent to a deficit of 7½ percent in the same period. The severe weakening of the external position was reflected in a reduction of international reserves. Stepped up foreign borrowing by federal and state governments and public enterprises increased external debt, while the growing scarcity of foreign exchange affected output in the import intensive manufacturing sector with capacity utilization falling. The steady appreciation of the real effective exchange rate also depressed agricultural output, which remained at levels below those achieved in the 1970s. As a result, annual GDP growth decelerated sharply and turned negative in 1981. Thus, the sharp worsening of economic conditions prompted the then Shagari government to introduce significant budget cuts and measures to improve the external position (that was the 1982 Austerity measures).

These measures resulted in some easing of inflationary pressures, but real GDP contracted in 1982-83, owing to the sharp decline in oil production, the scarcity of imported inputs, and a worsening drought. Although the external current account position improved in 1983 reflecting the severe compression of imports, the government's financial position deteriorated as fiscal oil revenue dropped further and transfers to state and local governments and loans to Parastatals expanded. The monetization of the government's fiscal deficit resulted in a strong growth of broad money and accelerated inflation. The observed worsening economic and financial conditions and alleged widespread corruption led to a military coup at the end of 1983.

The new regime (under General Buhari) reinforced the austerity measures while additional exchange and trade restrictions were announced in 1984. The fiscal and monetary measures announced were aimed drastically at reducing domestic demand pressures. The government also implemented expenditure cuts and substantial tax increases. The expenditure cuts were particularly successful in the short run and they reduced the overall federal government fiscal deficit to a significant percentage in 1985. As a consequence, the government's recourse to bank credit was virtually eliminated and inflationary pressures were significantly reduced.

However, the government's austerity measures did meet with some setback. The emphasis on short run stabilization measures reflected the government's belief that Nigeria's economic and financial problems were transient and would eventually disappear with a recovery in oil export prices. In the event, oil prices did not recover, and it became clear that the stabilization policies had failed to address the underlying economic problems. Thus, crippling import shortages and growing social and political discontent set the stage for another military coup (under General Babangida) who assumed power in October, 1988.

After considerable popular debate, the Babangida Government adopted in June 1986 a comprehensive structural adjustment program (SAP) that signaled a radical departure from previous adjustment efforts. It emphasized reliance on market forces and deregulation. The objectives of the SAP were to restructure and diversify the productive base of the economy so as to reduce dependency on the oil sector and imports; achieve fiscal and balance of payments viability over the medium term; and promote non-inflationary economic growth. The key policies designed to achieve these objectives were the tightening of financial policies; the adoption of a market determined exchange rate; the Liberalization of the external trade and payments system; the elimination of price controls and commodity boards; the decontrol of interest rates; the rationalization and restructuring of public expenditure; the rationalization of the tariff structure and the overall lowering of tariffs; and the privatization; or commercialization of most federal public enterprises.

During this period, some of Nigeria's earlier anti-export bias in manufacturing disappeared with policy reforms, and producers switched from imported to local inputs. Particularly in agro-processing and textile manufacturing, there was greater use of locally produced materials. The assembly-based manufacturing, which had depended on imported inputs and been shielded from competition and market signals, contracted. But the industry as a whole grew by 3.5 percent per year (1986-1990); similarly, production of traditional food

crops and cash crops increased and agricultural output grew at 4.7 percent per year on average. However, the gradual loss of macroeconomic control after 1990 eroded many of the positive changes that took place in the preceding years and have begun impacting negatively real economic indicators. Although significant progress was made in the liberalization of the economy, specifically through reform of the exchange and the trade system and the freeing of prices, macroeconomic policy implementation remained erratic and failed to bring inflation under control.

The spark was set off once again by the short-lived oil price increase of 1990-91, but the deterioration in macroeconomic management can be mostly attributed to the rapid expansion of extra budgetary spending. This problem was compounded by inappropriate priorities. These large outlays were financed primarily by diversion of oil receipts into off-budget accounts and the borrowings from the CBN external debt service obligation were not fully met. Substantial new external arrears accumulated despite the successful debt reduction operation negotiated with the London club in 1992.

In 1993/94 the pressure on the external balance was exacerbated by the downturn in world oil prices. Instead of tackling the cause of the mounting economic crisis by sharply reducing spending, the government attempted to suppress its symptoms in 1994 by centralizing all foreign exchange transactions, outlawing the autonomous foreign exchange market, fixing the official exchange rate at an increasingly overvalued level, setting up committees to ration foreign exchange to the private sector, and capping interest rates significantly below prevailing inflation levels. As a result, non-oil export volumes fell sharply. However, a 12 percent drop in imports that reflected foreign exchange shortages largely offset the impact of the decline in export revenue on the current account deficit. The 1994 financing gap net of the preceding stock of arrears was covered entirely by a large accumulation of external payment arrears.

The rapidly worsening economic conditions in 1994 led to significant policy corrections in the 1995 budget of "guided deregulation". Included among these were a tight fiscal and monetary stance; a free market for foreign exchange for all except some government transactions and new legislation to liberalize the environment for foreign direct and portfolio investors. As a result of these corrections, inflation slowed down but the strongest evidence was the stability experienced by the market exchange rate throughout 1995 and the first half of 1996.

Notably, aggregate domestic output grew by 3.3 percent and inflation rate declined to 29.3% in 1996. For the third consecutive year, macroeconomic stability was sustained in Nigeria in 1997; resulting in further improvement in overall economic performance specifically, aggregate domestic output growth recorded a modest improvement over the previous year, while the inflation rate decelerated persistently throughout the year, reaching a single digit level in December. Although the current account surplus was lower, the overall balance of payments position showed a modest surplus compared with a deficit in the previous year. Significant success was achieved in stemming the growth of domestic liquidity that impacted favorably on the exchange rate and price stability while satisfactory progress was made towards distress resolution in the financial sector (CBN, 1997).

The economic policy measures adopted in 1998 were designed primarily to consolidate and build on the gains of maintaining macroeconomic stability in the previous years. The dominant strategy for achieving these objectives remained the use of market-based instruments of monetary policy and addressing the problems of unemployment and poverty from the supply side. Macroeconomic stability was threatened, as the collapse of crude oil prices in the international market weakened commitment to fiscal prudence, resulting in substantial increase in the budget deficit. Moreover output growth slowed further and the pressures on the external sector intensified. Specifically, the balance of payment position resulted in an overall deficit of N220,667.6 million (US \$2,873.0 million). This development was due to the decline in oil export earnings and increased demand for imports. Consequently, the current account position swung to a deficit of N330,109.0 million (US\$4,297.8million). The intense pressures on the external sector also resulted in depletion of external reserves to the level of US\$7,100.0 million or 9.2 months of imports (CBN, 1998).

The performance of the Nigerian Economy in 1999 was mixed. Inflationary pressures seized, especially during the second half of the year, while growth in real output was sluggish. However, the government fiscal operations resulted in a substantial deficit amounting to N285,104.7 million or 8.4 percent of GDP and the pressure on the external sector intensified with deterioration in the overall balance of payments position. However, the exchange rate of the Naira depreciated in all segments of the foreign exchange market. Prior to the introduction of Inter-Bank Foreign Exchange Market (IFEM), the average exchange rate at the AFEM (Autonomous Foreign Exchange Market) was N91.8 = US\$1.00 for the period of January to October 1999. However, at the IFEM which commenced operations on October, the exchange rate depreciated to N97.42 = US \$1.00, and in December 1999, averaging N96.12 = US\$1.00 during the period.

The performance of the economy improved generally in 2000. At 3.8 percent, real GDP growth was higher than target and inflation was kept at a single digit of 6.9 percent while the pressure on the balance of payments abated. Here, the fiscal operations of the Federal Government resulted in an overall fiscal deficit of N103,777.3 million, representing 2.9 percent of GDP. This lower deficit was attributed to the increased revenue particularly from the oil sector and the restraint on expenditure. The fiscal deficit was financed entirely from domestic sources (such as the banking system).

The performance of the real sector improved in 2001, with the real gross domestic product growing by 3.9 percent. The major sources of growth were agriculture, manufacturing merchandise, transportation, finance and insurance and government services. However, inflationary pressures accelerated as a result of the liquidity surfeit fuelled by expansionary fiscal operations and the lingering structural bottlenecks that increased costs of doing business in the economy while the unemployment level remained high. During this period, Nigeria's external sector experienced renewed pressure resulting in a lower overall balance of payments surplus of N29.2 billion. The deficit in the capital and financial account narrowed during the year.

The lingering problems included the excessive dependence on imports, a huge external debt profile, the debt service burden as well as the low level of foreign direct investment. As from 2002, the feud between the national Assembly and the presidency over budget issues left deep scars on the economy. Government accounts for well over 65 percent of total spending in the economy and therefore sets the pace of business activities as well. With the poor implementation of budget in the last four years, planning and business projections by the various economic units in the country were better left to the vagaries of guesswork. And at the macro-economic level, government projections did not fare better either.

After months of brainstorming, an economic document entitled "Framework for Nigeria's Economic Growth and Development (2003-2007)" was rolled out. It was aimed basically at enhancing the frontiers of economic growth as well as poverty reduction in the medium term. The agricultural sector was targeted to grow at an annual growth rate of eight percent while total economic activity was expected to grow at seven percent. To realize these objectives, some factors were identified as possible causes of the nation's poor economic goals. They include lack of due process for the award of government jobs, corruption, lack of proper monitoring of budget

implementation, conflict within civil society and lack of accountability. And agencies were created to handle and address these factors.

Indeed, Nigeria is going through a difficult political and economic transition after several years of military rule. The newly elected Federal government faces an array of complicated issues that must be overcome for Nigeria to be successful in its continued transition to a democratic political system and a vibrant market economy.

These include pervasive poverty and widespread unemployment; deterioration of government institutions and inadequate capacity at all levels of government to deliver critical services effectively; sporadic violence between ethnic groups; a legacy of widespread corruption; little growth in the non-oil private economy and limited self empowerment among local communities. Yet, Nigeria remains a society rich in cultural, linguistic, religious, ethnic and political diversity. Each of the constituent parts of Nigerian society feel aggrieved, in one way or another. The average Nigerian today struggles hard to make ends meet, sees himself/herself as being poorer than he/she was a decade ago, and finds it hard to be hopeful that things will get better soon.

## **2.19 POVERTY CRISIS IN NIGERIA**

In Nigeria, the problem of poverty has for a fairly long time been a cause for concern to the government. Initial attention was focused on rural development and town and country planning as practical means of dealing with the problem. Thus, the 2nd to the 4th National development plan documents contain both direct and indirect allusions to, as well as objectives of policies and programmes aimed at minimizing the causes of poverty. In order to shave off the causes of urban poverty and other ills, the development plans called for the provision of master plans for future expansion and better physical layouts with facilities utilities including adequate water supply, housing, sewage, electricity and efficient transport and communications network including the establishment of the necessary institutions to ensure their maintenance. Failure to adequately implement these programmes can be seen as the precursor to most of the present causes of poverty in Nigeria. Information from the Federal Office of statistics showed that the incidence of poverty increased sharply both between 1980 and between 1992 and 1996.

However, there was a decrease in poverty level between 1985 and 1992. The figures were 27.2 percent, 46.3 percent, 42.7 percent and 65.6 percent for 1980, 1985, 1992 and 1996 respectively. The 27.2 percent for 1980



translated to 17.7 million persons in 1985. Despite the drop in poverty level in 1992, the proportion in poverty was about five million higher than the 1985 figure. And by 1996, the population in poverty had increased sharply to 67.1 million.

## 2.20 Poverty Incidence in Nigeria

Between 1970 and 2000, the poverty rate measured as the share of the population subsisting on less than \$1 per day, increased from close to 36% to just under 70%. This translates to an increase in the number of Poor from about 19 million in 1970 to a staggering 90 million in 2000. According to Xavier and Subramanian (2003), - Over a 35 year period, Nigeria's cumulative revenues from oil (after deducting the Payments to foreign oil companies) have amounted to about US\$350 billion at 1995 prices. In 1965, when oil revenues per capita were about US\$33, per capita GDP was US\$245. In 2000, when oil revenues were US\$325 per capita, per capita GDP remained at the 1965 level. In other words, all the oil revenues –US\$350 billion in total --did not seem to add to the standard of living at all. Worse, however, it could actually have contributed to a decline in the standard of living.

The **income distribution** also deteriorated sharply. The overall picture is that more and more people have been pushed into poverty at one end of the scale and a few towards extreme wealth on the other side. The level of national income inequality as measured by *Lorenz curve or Gini Coefficient* showed that in 1990, the level of national income inequality between the rich and the poor was 27.3%, 50.6% between 1996-97 and 56% in 2002. In terms of the ratio of distribution of the national income between the top and the bottom, the lowest ten per cent of Nigerians controlled 1.6 per cent of the national income between 1996 and 1997 while the highest or top ten per cent controlled 40.8% which increased to 46.0% in 2002. The rich continues to gain on the poor. The gap continues to widen. In other words, there is increasing poverty in the country and the rich is getting richer while the poor is getting poorer.

In terms of **rural-urban income disparities**, there is an ugly trend, that is, not only that there is increasing poverty in the two sectors but also a widening gap between the two. The **squared poverty gap** measures the spread and depth of poverty. In Nigeria it shows that poverty is not only widespread but deep in both sectors with increasing number of "urban poor." This contrasts with a country like Ghana and Uganda where poverty and inequality are declining in both sectors—from 31.9% in 1987 to 27.4 % in 1996 in Ghana and from 55.6% in 1992 to 44.4% in 1997 in Uganda (OECD, 2000).

As regards the **savings culture** in Nigeria, the *Gross National Savings Ratio* in the country fell from 29.3 per cent in 1977 to 8.7 per cent in 1998, well below the average for developing nations (World Development Report, 2000/2001). This is largely due to the high inflation environment of Nigeria since the formulation of the accumulated sum would always be lower than the effective present value in such environment.

As earlier mentioned, only a few Nigerians benefit from the oil revenue. Yet the oil cannot be removed from Nigeria as it is part of the landscape and nature's gift to Nigeria in spite of the existing pathologies earlier mentioned— rapacious rent seeking (the voracity effect), increasing corruption and so on which are man-made. Every Nigerian ought to benefit maximally from this God-given gift. But the more a society is unequal the more people are excluded from participation in the mainstream growth activities as in Nigeria today. Besides, the level of existing poverty in an economy and the kind of policy put in place determines the relative ease or difficulty with which you can successfully attack poverty.

## **2.21 Pattern of Government Expenditure and Poverty in Nigeria**

Nigeria has not invested her oil revenue in pursuit of technological change in agriculture, in improving agricultural inputs and processes. Rather than bemoaning the demise of agriculture in Nigeria, we would now have been celebrating success of the tiger on the Niger like some of the Asian Countries.. That Nigeria lost this golden opportunity to diversify its economy was not unconnected with the widespread corruption, lack of transparency, accountability and inefficiency of the bureaucracy attending the use of oil money. By 1985, the economy had worsened.

The IMF/World Bank induced structural adjustment programme (SAP) to put Nigeria on the path of sustainable growth through various inward looking measures including export promotion and realistic exchange rate, was introduced in 1986. The pains of SAP were more than the gains for Nigerians. Although SAP led to increase in Nigeria's export trade and promoted production of local raw materials for industries, among others, it made walking corpses of many Nigerians especially the Poor. Public and private sector retrenchment, termination etc of personnel characterized the economy leading to job losses, hunger and starvation for many families. More Nigerians were sunk deeper into poverty. Hence the programme was greeted with stiff resistance from the citizens.

## 2.22 Nigeria's government Response to Poverty Issues

How did the government respond? It introduced a number of compensatory measures and supply side mechanisms to cushion the effects of the SAP on the citizens. The measures were popularly known as **poverty alleviation measures**. Such measures included Better Life for rural women intended to empower women, the establishment of Peoples' Banks and Community Banks to facilitate access to credits and differential petrol pricing system, among others.

Before the introduction of SAP in 1986, previous governments came up with different measures intended to better the lot of Nigerians. Such measures ranged from agricultural projects to provide gainful employment, food for the populace and raw materials for industries to health, housing, and educational programmes. The overall objective in the case of agriculture was to ensure food sufficiency for the country.

Programmes in this sector included The Green Revolution, NALDA, Seed Multiplication Programme, etc. In the area of health, the major programmes included Basic Health Programme, including the Oral Rehydration Therapy (ORT), Polio Vaccine and lately HIV/AIDS Treatment and Prevention Programmes. We are familiar with the 6-3-3-4 educational system and the Universal Basic Education programme of the present administration. So also is the National Poverty Eradication Programme (NAPEP) introduced by the present administration (that came into power in 1999) to attack poverty through skill acquisition and job creation, among others. It is reported that within four years of its existence, NAPEP has gulped the sum of N1.02 trillion for the alleviation of poverty in the country (Business Vanguard, September 2, 2003, p17). Again the Federal Government, the various state governments and the Local Governments also have their sectoral programmes contained in their various plans and budgets intended to alleviate poverty. Towards this end, the FG, State governments and the Local Government Areas have collectively received from the Federation Account a total sum of N1001.911 trillion in year 2000, N1431.919 trillion in 2001, and N1388.826 trillion in 2002

The failure at attaining realistic exchange rate for the Naira and the attendant volatility of oil prices (instability) introduced into the economy through the infection from the "Dutch Disease", is well known and requires little mention. Suffices to say that the rate of devaluation of the Naira against other currencies has been massive. As an import dependent country, Nigeria is groaning under cost-push inflation. Today a \$1 is equal to N135 Naira in the parallel market and about N130 in the official market. This contrasts with the situation in the past when the exchange rate was \$1 to N5 before 1986. Round tripping, money laundering etc pollute and stunt the

growth of the market institutions as corruption in other sectors of the economy. There is evidence in existing literature that the presence of natural resources (like oil and other minerals) in a country up to 26% of GDP creates a greater chance of *civil conflict* than in a country where such ratio of natural resource to GDP is less (Collier and Hoeffler, 2002). Of course, social conflict is a manifestation of institutional collapse. In Nigeria, oil revenue provides 80 per cent of total revenue of government.

The perennial conflict between oil prospecting companies and the local communities in the oil –rich Niger Delta and the call for resource control by southern governors of oil producing states are expressions of frustration and disappointment with the way the oil money is spent. It is also a manifestation of institutional collapse! These are issues that cannot be swept under the carpet unless at the detriment of long term growth and development of the country.

From the foregoing analysis, it appears that Nigeria's poverty has been largely caused by wasted oil revenue resources and poor institutional quality which could not help service delivery due to the pathologies intrinsic to owning a natural resource like oil which yield cheap money. As earlier mentioned, only a few Nigerians benefit from the oil revenue. Every Nigerian ought to benefit maximally from this God-given gift.

In Nigeria the existing level of poverty is very high and very little political will to prosecute policies. Therefore it will take more than unusual effort to succeed at its reduction and its eventual eradication. Since previous strategies have failed Nigeria, it means that she needs now an innovative policy response to mitigate or offset the impact of natural resources, indeed oil on our institutional quality to ensure that every citizen benefits from the vast oil revenue.

### **2.23 Reducing Poverty in Nigeria: A Radical Approach**

The dignity of men and women in Nigeria is more at stake today than any other period in the history of the nation. Widespread poverty is ravaging and destroying the psyche, the physical existence, the health, business, freedom, security, political participation, education, not the least the democratic governance we are currently forging in the country. Most Nigerians and members of the international community are greatly worried over the rate at which the dignity of people in Nigeria has been and is being ravaged and whittled by widespread poverty in midst of plenty. Indeed seventy out of every one hundred and twenty Nigerians are poor according to a recent report of the UNDP.

By extrapolation, more than half of Nigerians are poor! Not only that, in 1970, the top 2% of Nigerians earned the same amount of income as bottom 17% but in 2002, the top 2% earned the same income as the bottom 55%. This shows that today there is yawning inequality among individual Nigerians, households and communities. It shows that the wealth of the nation mainly derived from oil revenue is concentrated in a few hands to the exclusion of the majority. It shows that the rich is getting richer while the poor is getting poorer. Yet between 1967 and 2002, a period of 35 years, Nigeria earned a total of \$350 billion of oil revenue after deduction for foreign oil companies (Xavier and Subramanian, 2003). In October 2003 alone, the country earned N261,311.4 billion from the sale of 69.13 million barrels of oil, the highest production figure recorded since 1998 (Vanguard, November 19, 2003). Looking at it there is nothing much Nigeria can show for such colossal receipt of oil revenue in terms of quality of life of her citizens.

The World Bank has since come to the conclusion that Nigeria is not a poor country but that the people are poor. Experts are also saying that Nigeria is too rich to be poor and too poor to be rich. What does this mean to Nigeria as a nation in search of better quality of life of its people? Is oil natural resource a curse or a blessing? What efforts has Nigeria made in the past and present to turn oil revenues to blessing for Nigerians? How successful has been such initiatives?. Is there any alternative route to the present poverty reduction initiatives?

Here I reecho and affirm my endorsement of the proposal of Professor Xavier Sala-i-Martin and Arvind Subramanian in their IMF Working Paper titled *Addressing the Natural Resource Curse: An Illustration from Nigeria (2003)*. In this paper, Xavier and Subramanian prescribed for Nigeria a change from the status quo where the oil wealth benefits only the privileged few, to that where the oil revenue should be distributed directly to Nigerians as the true and legitimate owners of the natural resource. This, according to them, would remove the oil wealth from the hands of wasteful, corrupt and rent-seeking government officials who have in the past produced very little for the country. The removal of oil revenue from government hands would replicate or simulate a situation in which the government has no easy access to natural resource revenue. How? Change our mentality and attitude first to regard Nigeria notionally as "non oil country." In this way, the fear of who will administer the oil revenue with increased transparency and accountability which has proved impossible in the past, is allayed.

Instead of the oil revenues going to the Federal Government, States and the Local Governments, they will be distributed equally to every Nigerian adult—18 years and above. Xavier and Subramanian calculate that under their proposal to share revenues equally among the population, each household would get about \$140 which would amount to \$425 in purchasing power parity (PPP) terms, roughly \$760 per adult. With the full exploitation of natural gas, this would rise to \$750 per household in purchasing power parity terms or \$1330 per adult. If debt relief were to be granted to Nigeria as they propose, income to households would still be higher, amounting to an additional \$100 per capita in PPP terms. Even with this option, there could be anarchy if distributing oil money direct to Nigerians as an option is explored. With over 250 different ethnic groups, what formula will be best for distribution?

Xavier and Subramanian pointed out that government “would have to raise them by taxing the Nigerian citizens and companies as other governments typically do” They believe that it would be much more difficult to mismanage or appropriate tax income resources than rents. Besides oil revenues are regarded by the authorities as manna from heaven which will continue to flow “regardless of what the public sector delivers”. The greater the magnitude of the manna, the higher the level of mismanagement, corruption, waste, etcetera it evokes. The era of cheap money for government to appropriate and squander will be gone with the acceptance of Xavier et al proposal. Government would now have to rely on “normal fiscal principles to determine appropriate levels of taxation and expenditure. This would create the right incentives for governance,” they argued.

Xavier et al argue that so long as oil revenue, a cheap source of income from natural endowment constitutes a substantial part of total government revenue, “the government may have little incentives to provide services efficiently because the discipline exerted by the need to tax the public is largely absent.” Xavier and Subramanian noted that although some might argue that the “the point of distributing the money and getting it back would essentially constitute an administrative waste,” they believe that “this waste would be justified by the radically altered incentives for governance” Other fiscal issues that Xavier et al proposal would rub on include one natural question of compensation with greater revenue for those areas or households who suffer environmental degradation because of oil exploitation. So also the need to discuss “**fiscal federalism**” within the context of direct distribution of oil revenues to individuals or households rather than to governments.

This will enhance the separation of tax bases as well as stabilize revenues for the lower tiers of government. The current situation of vertical imbalances whereby state governments and local governments precept on oil revenues from the federal government to the tune of 60-80% of their recurrent revenues is argued as "a key factor in predisposing the Nigerian intergovernmental arrangement to instability and inefficiency." This has a very negative effect on poverty reduction operations in the Country. In 2002 fiscal year, Kano state, for example, was only able to generate N7.35 billion or 17.9% internal revenue but received N18.5 billion from the statutory allocation.

Thus virtually all the states are statutory-allocation-led rather than tax or rate-led. As a matter of fact, in most of the states of the federation, including local governments, there is always a lull in activities before the arrival of oil fund allocation from the Federal government every month. In some cases, activities are paralyzed until allocation comes from the federation account. When the allocation finally arrives, it is immediately swooped upon and gulped up in a matter of days and another round of waiting continues.

Comparing the status quo, it is believed that although there would still be the necessity to determine what goods the federal government should provide, how they should be financed and so on; they are convinced that their proposal would be an improvement on the status quo. A status quo "which is focused on sharing the rents rather than on conducting discussions within the context of a normal fiscal framework. In addition they believe *that their proposal could create additional pressures to improve tax administration and collection in Nigeria.*

*The administrative problems*, according to Xavier et al are very real and should be addressed squarely. To minimize the huge administrative costs of implementing the proposal, they suggested transfers to citizens on a *six-monthly or annual basis*. They proposed that such payments should be based on actual data made "public by the government and the oil companies as to how much revenues were paid by the companies to the government." This is a very utopian method if it has to be implemented. How do you stop people from registering in more than one location? The government does not have a way of tracking the actual number of the populace. They also suggested *citizenship or residence* as a condition to be fulfilled before one can receive such payments and pointed to the National identity registration by the Nigerian government as a right step in this direction. This national ID card exercise has not been completed to date. Some did not register and even the ones that did are yet to get the ID card promised by the government. Hitherto it has not been possible

for Nigerians to know exactly the amount of oil revenue that accrue to government. Lack of accountability and transparency tend to hold sway.

On the question of *debt relief*, Xavier et al observed the enormous pressures from within Nigeria and the international community. Creditors are wary to provide such relief because of the fear that “any savings from relief may well be misused as other public resources have been in the past.” Well, Nigeria has the debt relief now and Creditors are watching to see if Nigeria will keep to her promise of judiciously utilizing the funds from the debt relief to engage in programs that would help alleviate poverty in Nigeria.

On the *political economy* of the proposal, Xavier et al pointed out that vested interests in the oil revenue, those who are benefiting from the oil revenue and squandering them will certainly oppose the proposal and ensure that it does not see the light of day. They observed that in spite of such opposition, every Nigerian is “resonate” about corruption and waste as the bane of the Nigerian society and a cog in the wheel of progress. It is the reason why poverty levels are getting higher by the day. That if laws are passed to make oil revenue a justifiable right of every Nigerian, any leader opposing such individual right was taking a big risk.

With regard to the *macro-economic consequences* of the proposal, Xavier et al said that the shocks from the oil volatility, i.e. windfalls and price losses can be managed better by the private sector than government, citing the case of Ajaokuta Steel Mill that has not produced one tonne of commercial steel since its establishment many years ago as an example of wasteful expenditure arising from oil windfall. That under their proposal, oil windfall and losses will become gains and losses in private hands that they can manage more efficiently than government. This will have a positive effect on creating jobs/incomes that will help reduce poverty especially at the rural levels.

## **2.24 The roots of Nigeria's Poverty and Inequality**

**Oil** has been identified as the root cause of Nigeria's Poverty and Inequality. How? The oil price booms of the 1970s caused major structural shifts in the Nigerian economy, especially in the area of *income distribution*, more than anywhere else (Jamal, ILO). It is not oil *per se* that is the cause but the pathologies generated by it. Such pathologies include corruption, rent seeking, plunder, weak governance, inefficiency, insensitivity and lack of transparency and accountability.



These have polluted state institutions and weakened their performance capability, resulting in the long term decline of the Nigerian economy. It is perhaps instructive to note that it is a problem intrinsic to countries having certain natural resources such as oil or minerals if the institutions are not kept under control. These pathologies occasioned by the presence of oil in Nigeria tend to have constituted a drag on long run growth. Indeed, Nigeria's poverty and yawning inequality can be traced largely to human mismanagement of oil resource incomes. Although oil is a king in Nigeria, "it does not rule benevolently". It is deeply rooted in the very heart of politics and the special interests of a few powerful people in the country.

## **2.25 THE CAUSATIVE FACTORS OF POVERTY IN NIGERIA.**

Broadly, most theories on causes of poverty are grouped into two, Case and Generic. The case theory views causes of poverty from the micro level. The generic theory concentrates at the macro level. At the micro level, lack of education or skills, ill – health, old age, handicaps, race discrimination and so on are seen as factors that cause poverty to individuals. At the macro level, high rate of unemployment, in the economy as whole can bring about poverty.

Johnson (1974) came up with two conceptual causes of poverty namely:-

- ❖ The factors which make the number of individual in the consuming unit (individuals or family/household) large relative to the amount of productive services the unit is able to supply, and
- ❖ Those which make the value of the productive services the household can supply low relative to the households need.

Under the first category of factors, Johnson mentioned excessive family size in relation to income as an example; while in the second category, he listed factors including chronic obsolescence of acquired human skill, mental or physical incapacity and discrimination in terms of age, color, race or sex.

The Nigeria Federal Office of Statistics (FOS, 1996) opined that poverty is a serious phenomenon in Nigeria. The basic causes identified relate to the problem of access and endowment, which include among others:

- Inadequate access to employment opportunities by the poor due to the lull in economic activities;
- Inadequate access to assets such as land and capital;

- Lack of developmental effort in the poor regions in preference to urban and high potential areas;
- Inadequate access to markets for the goods and services of the poor in remote area owing to poor road networks.
- Inadequate access to education, health, sanitation and water services.
- Constant destruction of the natural resource endowments as a result of desperate survival strategies of the poor.
- Non participation of the poor in the design of development programmes that are thought to be beneficial to them.

Ajakaiye and Adeyeye (2001) observed that there is no one cause or determinant of poverty. They observed a combination of several complex factors contributing to poverty in Nigeria.

These they indicated include:

- *Low or negative economic growth;*
- *Inappropriate macro economic 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 resources development;*
- *Increase in crime and violence*
- *Environmental degradation*
- *Retrenchment of workers*
- *A fall in the real value of safety nets*
- *Changes in family structures (Ajakaiye and Adeyeye, 2001)*

From the foregoing, the causative factors of poverty may be summarized as follows:-

## **2.26 Proportion and Population of Poverty in Nigeria.**

The various causes of poverty highlighted above are prevalent in Nigeria. In 2006 a survey carried out by the Federal Office of Statistics (FOS) and published by the World Bank under the auspices of National Planning Commission (NPC), titled "Poverty and Welfare in Nigeria"(2006), Nigeria's 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.

Over the years, a number of studies have been undertaken to determine the proportion and population of poverty in Nigeria. An International Labor Organization (ILO,1982) study, puts the percentage of the poor in Nigeria in 1979 at 44 per cent. UNICEF estimated a poverty rate of 50 percent in 1992, while the World Bank (1996) estimated the incidence of poverty to be 34.1 per cent. The wide variations in the measure of the incidence of poverty is due to the different poverty lines adopted by the different studies.

The macro – economic and social sector trends in Nigeria from 1980 to date, clearly show the deterioration of welfare. It is therefore not surprising that the level of poverty has worsened in Nigeria since 1980 as confirmed by numerous poverty assessment studies conducted from that date, except for a slight improvement in 1992.

When it was re-measured at the national level by the Federal Office of Statistics (FOS) in 2000, the proportion and population of Nigeria in poverty stood at 27.2 per cent. A second measurement in 2005 in collaboration with the World Bank which analyzed and published the survey report revealed that the poverty level in Nigeria has risen to 46.3 per cent. By 1996 when a more elaborate assessment was conducted, the poverty level in the country had jumped by almost 23 percentage points to 59.6 per cent. With a World Bank national population estimate of 102.3 million in 1996, there were at least 67.1 million poor people in Nigeria in 1996 compared to 18.3 million in 1980. Current estimates are far higher as indicated by the World Bank Report on poverty (WDR, 2000/1) which reported a marked deterioration of the poverty situation in Nigeria.

**Table 2.1; Percentages Distribution of Population in Poverty in Nigeria (1996 – 2006)**

Year	Non – Poor	Moderately poor	Core poor	Poverty Level	Population in Poverty
1996	71.9	21.8	6.3	28.1	18.3m
1999	53.7	34.2	12.1	46.3	34.7m
2003	57.3	28.9	13.9	42.8	39.2m
2006	43.4	52.3	38.3	69.6	73.1m

**Source: National Consumer Survey 1996,1999,2003,2006**

The World Bank 2006 poverty assessment report, using the Federal Office's of Statistics (FOS, 2006), National Consumer Survey of 2006; also highlighted that during the sixteen years period, 1990 – 2006, the proportion of the core poor went up about 5 times, moving from 6.3 per cent in 1990 to 29.3 per cent in 2006. This translates to a population of 30 million people were in the core poor bracket in 2006, compared to 4 million in 1990. The report also added that despite the decline in moderate poverty between 1995 – 2002, the extreme poverty increased.

The moderate poor, according to the survey report had a marginal increase, moving from 21.8 per cent in 1990 to 36.3 per cent in 2006. The report revealed that the poverty level for this group went down by about 6 percentage points in the period 1995 – 2002, but moved up by 8 percentage points in the subsequent period 2002 to 2006. The fact that extreme poverty increased more than moderate poverty as confirmed by these survey reports is an indication of the intensity and severity of poverty in Nigeria today.

### **2.26.3 Urban And Rural Poverty In Nigeria**

Analysis of the various poverty assessment surveys conducted in Nigeria by FOS from 1990 – 2006 indicated that urban poverty in Nigeria rose sharply between 1990 and 1995 going from 17.6 per cent in 1990 to 37.8 per cent in 1995. In the following seven – year period, the assessment report revealed an arrest of upward trend as the level period saw a resumption of the upward trend, moving to 58.2 in 1996

Rural poverty in Nigeria the report indicated, followed the same pattern, rising sharply in the first and third periods (see Table 2). In the second period, the report revealed a greater reduction in poverty in the rural areas than in urban. By 2002, the poverty level in the rural areas had gone down by 5 percentage points below the 1995 level. This gain as shown by the poverty level in the rural areas in the third period was lost, as the level of poverty in the rural areas had moved up almost 24 percentage points to stand at 69.8 percent. From these figures, rural poverty in Nigeria according to the various assessment surveys moved 31 percentage points, from 29.3 per cent in 1990 to 69.8 per cent in 1996. This pattern indicates that the economy reform measures of the late 1990, had a favorable effect on the rural dwellers.

**Table 2.2 : Poverty Headcount (in percentage) by Sector – Urban/Rural**

Year	Urban			Rural		
	Non – Poor	Moderately poor	Core poor	Non – Poor	Moderately Poor	Core Poor
1996	82.4	14.5	3.1	70.7	22.7	6.6
1999	62.2	30.3	7.5	48.6	36.6	14.8
2003	62.5	26.8	10.7	54.0	30.2	15.8
2006	41.8	33.0	25.2	30.7	38.2	31.6

Source: National Consumer Survey 1996,1999,2003,2006

#### 2.26.4 Poverty by State in Nigeria

According to the FOS (2006) 'Poverty Profile for Nigeria 1996 – 2005' in 2006, of the 19 states that made up the Federation then, no state in Nigeria reported more than 50 percent of their population in poverty. By 1999, the report revealed that eight of the states reported more than half of the population in poverty. By 2003, the number of states that reported such levels reduced to three. In 2005 the report showed all but one state had moved to this group. This shows that today poverty has become very pervasive in Nigeria.

**Table 2.3: Poverty by State 2006**

State of residence	Poverty incidence		Gap index		Poverty Severity	
	Incidence %	Distribution of incidence	Depth	Distribution of Depth	Severity	Distribution of Severity
Abia	58.6	2.7	27.1	2.3	0.155	2.4
Adamawa	67.4	1.8	29.7	1.6	0.162	1.6
Akwa Ibom	72.3	1.8	30.3	1.7	0.165	1.7
Anambra	41.8	1.4	16.3	1.0	0.069	0.7
Bauchi	83.5	3.3	38.6	3.9	0.216	3.9
Benue	64.2	3.1	26.8	2.9	0.143	2.8
Borno	52.4	1.5	19.9	1.2	0.090	1.0
Cross River	61.5	1.3	26.0	1.2	0.137	1.1
Delta	59.3	2.3	28.4	2.2	0.157	2.1

Edo	53.3	2.0	26.4	2.0	0.126	1.7
Enugu	56.8	3.1	23.5	3.0	0.117	2.7
Imo	53.4	2.1	24.2	1.7	0.125	1.6
Jigawa	82.5	6.3	30.3	6.8	0.149	6.0
Kaduna	56.0	0.9	19.6	0.7	0.093	0.6
Kano	57.8	5.1	26.1	4.7	0.139	4.5
Katsina	71.8	4.9	28.2	5.0	0.143	4.5
Kebbi	82.6	10.5	36.9	11.1	0.213	11.5
Kogi	87.3	2.3	46.7	2.7	0.295	3.0
Kwara	67.5	2.4	34.3	2.5	0.194	2.6
Lagos	53.0	2.2	16.8	1.2	0.115	1.4
Niger	52.1	1.0	21.3	0.8	0.106	0.7
Ogun	69.9	2.2	35.6	2.3	0.220	2.5
Ondo	71.6	3.4	36.6	3.9	0.210	4.0
Osun	66.7	8.5	30.8	8.7	0.167	8.4
Oyo	49.0	4.5	23.8	3.9	0.124	3.7
Plateau	65.9	2.8	32.0	3.0	0.168	2.8
Rivers	43.0	0.9	27.0	0.7	0.153	0.8
Sokoto	83.9	12.2	44.5	13.8	0.280	15.7
Taraba	63.0	1.5	32.4	1.3	0.212	1.5
Yobe	86.8	1.5	37.9	1.7	0.224	1.8
FCT	53.0	0.4	33.5	0.4	0.205	0.5
<b>All Nigeria</b>	<b>65.6</b>	<b>100.0</b>	<b>31.0</b>	<b>100.0</b>	<b>0.172</b>	<b>100.0</b>

**Source: National Consumer Survey 1997 - 2006**

Table 3 above shows poverty by state using the 36 states structure. In terms of the population in poverty, Sokoto and Bauchi have the highest incidence of poverty with close to 80 per cent of their population in poverty. Kogi state followed closely with 78 per cent. The state with the lowest poverty incidence is Anambra. The bottom ten states in ranking are: Jigawa, Bauchi, Sokoto, Kebbi, Yobe, Kogi, Kano, Katsina, Adamawa and Taraba.

### 2.62.3 Poverty And Gender Of Household Heads In Nigeria.

The FOS poverty study also shows that female headed households had a much smaller household size than the males; as well as a smaller household expenditure than male – headed households did. Consequently, the study observed that female – headed households had higher per capita expenditure than male – headed households; and hence were less likely to be in poverty than male headed households. This observation was consistent in all the four surveys of FOS. This is an avenue the Nigerian government can use to reduce poverty. What are the female-headed households doing that is contributing to increased poverty consistently?

**Table 2.4: Poverty Headcount (in %) by Gender of Head of Household.**

Year	Male – headed			Female headed		
	Non-Poor	Moderately Poor	Core Poor	Non-Poor	Moderately Poor	Core Poor
1996	70.8	19.5	9.7	73.1	21.2	5.8
2000	52.7	35.1	12.2	61.4	27.7	10.9
2003	56.9	29.6	13.5	60.1	23.0	16.9
2006	33.6	36.7	29.8	41.5	33.5	25.0

**Source: National Consumer Survey 1996, 2000, 2003, 2006**

Table 4 above presents poverty indicators by gender of heads of households. Analysis of the table shows certain clear patterns regarding gender of heads and poverty in Nigeria:

Female headed households make up 10.6 per cent of the poor and have higher per capita expenditure than male headed households. Poverty incidence in male headed households in 1999 was 66.4 percent.

In 1996, the incidence of poverty in male headed households was 47.3 per cent.

There is almost a 20 percentage point increase in the incidence of poverty in male – headed households from 2003 – 2006.

In the female – headed households, the incidence of poverty is shown as 58.5 per cent for 1999, up from 38.6 per cent in 2006. This is an increase of 5.2 per cent, average at about 0.5 per cent points annually.

In 2000/2003, female headed households contributed 10.6 percent to national poverty, compared to 13.3 per cent in 2006.

It is worth noting from this table (4) that female poverty does not only constitute the poor in female – headed households, but also the large number of women in every male headed poor households. This makes women the largest number of poor, as female headed households seldom have males.

#### 2.62.4 Poverty And Education Of Household Heads In Nigeria.

The FOS study reveals that poverty reduced with increasing education. Primary education or its equivalent was critical for poverty reduction since there was a high private and social rate of return to primary education in Nigeria. Although the study indicated that poverty increased for all levels of education, the increase was greatest for those with no education and least for those who had post – secondary or higher level of education.

**Table 2.5: Poverty by education of Head of Household in Nigeria (2006).**

Education of Head	Poverty incidence		Gap index		Poverty Severity	
	Incidence	Distribution of incidence	Depth Distribution of Depth		Severity	Distribution of Severity
No education	72.6	68.9	0.323	63.3	0.182	65.2
Primary	54.5	16.4	0.287	9.6	0.156	7.9
Secondary	52.0	10.7	0.277	24.4	0.149	25.1
Post Secondary	49.2	4.0	0.279	2.8	0.143	1.9
<b>All Nigeria</b>	<b>65.6</b>	<b>100.0</b>	<b>0.310</b>	<b>100.0</b>	<b>0.171</b>	<b>100.0</b>

**Source: National Consumer Survey 2005/06**

Table 5 above shows the effect of education on poverty in Nigeria. The highest incidence of poverty shown by the table, is in households with heads that have no education. The figure shows that about 70 percent of households whose heads have no education live in poverty. The incidence is up from 50.9 per cent in 1985. A critical analysis of the information contained in table 5 above indicates that poverty has increased by more than 40 percent in households, whose head had no education, implying an average increase of about 3.5 per cent points per year, compared to 1.3 per cent points nationally. It is obvious that education of the poor is key to reducing poverty in Nigeria.



The table also shows that households with illiterate heads contribute to about 69 per cent of all poor in Nigeria. Households whose heads have only primary schooling, show an incidence of 47.6 per cent up from 42.3 percent in 2005. For this group, the average annual increase of about 0.5 per cent points is below the national average. These households contribute 16 per cent of all the poor in Nigeria. Households with heads having primary school level education or less contribute to about 85 per cent of all poor in Nigeria in 2005/06.

#### 2.26.5 Poverty By Occupation Of Head Of Household In Nigeria (2006).

The FOS study also shows that persons working in the clerical service and Production/Transport Industries suffered the highest increase in the incidence of poverty in recent years. For households headed by persons in clerical and service groups, poverty level moved up by 50 percentage points in the sixteen year period covered by the four surveys. The Production/Transport group had a corresponding change of 42 percentage points. Agriculture also recorded a high figure of 39 percentage points, but 20 of the 39 occurred between 2000 – 2005 periods.

**Table 2.6: Poverty by Occupation of Head of Household in Nigeria (1996).**

Occupation of Head	Poverty incidence		Gap index		Poverty Severity	
	Incidence Distribution of incidence		Depth Distribution of Depth		Severity Distribution of Severity	
Professional technical	51.8	2.8	0.341	0.7	0.204	0.5
Administration	33.5	0.0	0.338	0.0	0.143	0.0
Clerical and Related	60.1	4.4	0.337	3.9	0.192	4.0
Sales Workers	56.7	14.2	0.282	26.6	0.155	25.2
Service industry	71.4	1.3	0.346	4.2	0.184	6.2
Agriculture & forestry	71.0	67.6	0.308	24.6	0.171	25.8
Production and transp.	65.8	1.5	0.418	2.0	0.230	0.9
Manufact. & Process.	49.4	1.5	0.324	3.3	0.173	1.4
Others	61.2	3.9	0.355	32.9	0.200	35.0

Student and apparent.	52.4	2.9	0.285	1.9	0.156	1.1
<b>All Nigeria</b>	<b>65.6</b>	<b>100.0</b>	<b>0.310</b>	<b>100.0</b>	<b>0.172</b>	<b>100.0</b>

**Source: National Consumer Survey 1996/97**

Table 6, above shows poverty by occupation of the Heads of Household. The table shows that the incidence of poverty is about 62 percent in households whose heads are engaged in some form of agriculture. This shows a 14 per cent point increase from the incidence in 1995. The highest increase in poverty incidence from this table is in the service industry, where the incidence in 1996/97 stood at 54.5 percent which is more than 20 per cent point increase from 34.3 per cent in 1995.

## **2.27 RURAL POVERTY IN NIGERIA**

About 80 per cent of Nigeria's population lives in the rural areas. According to Ayichi, (1995:5) the bulk of this rural population has a high level of illiteracy and under employment and is generally poor. Poverty as measured by low income tends to be at its worst in rural areas. The problems of malnutrition, lack of education, low life expectancy and substandard housing are also, as a rule, more severe in rural areas (WDR, 1999). This therefore means that the rural areas lack all it takes to make life comfortable and raise their standard of living.

Todaro (2000) noted that in Africa and Asia, about 80 to 90 per cent of the core poor are concentrated in rural areas. He observed that they are:-

- (i) Primarily engaged in agricultural and associated activities.
- (ii) They are more likely to be women and children than adult males, and
- (iii) They are often concentrated among minority ethnic groups and indigenous people.

Buvinic and Lycette (2000) identified two categories of rural poverty in Nigeria:-

- (iii) Those who do not own enough farmland for subsistence farming, and
- (iv) Landless agricultural laborers and other non – agricultural groups who rely on employment opportunities in the rural areas.

They explained that, those with insufficient land, the unequal distribution of land is the principal cause of their poverty. For the landless agricultural laborers, they attribute the cause of their poverty to low agricultural wages and shortage of employment opportunities.

Education and skills acquisition in rural Nigeria are lacking as schools in these areas lack basic amenities. Gundu (2000) pointed out that available statistics on the contemporary profile of rural poverty in Nigeria indicated that as high as 83 percent of the poor in the country are rural dwellers and also about 95 per cent of the core – poor, dwell in the rural areas. He further observed that this scenario is also clearly manifested by socio – economic and socio – demographic indicator, notably:-

- (vi) Poor access to finance institutions and the services which they provide to stimulate productive activities;
- (vii) Inadequate and poor access to socio – economic infrastructure and basic social amenities like:
  - All weather rural feeder roads;
  - Rural sanitation facilities;
  - Rural electricity;
  - All – season rural shelter;
  - Primary health care centre;
  - Functional and non – formal educational facilities;
  - High level of illiteracy and so on
- (viii) Inadequate income earning and employment opportunities due to insufficient resources;
- (ix) Environmental and natural degradation, for instance, desertification, soil erosion, declining soil fertility among others;
- (x) Poor access to adequate food and nutrition.

The above observation agree with Sakwal (1999) who noted that while urban water supply coverage in Nigeria is estimated at 58 per cent and urban sanitation coverage is estimated at 61 per cent, rural water supply on the other hand is only 30 per cent and also only about 30 per cent of the rural population have access to good sanitary disposal system. The implication of inadequate infrastructure, amenities and facilities such as water supply education, shelter, electricity, health centers, sanitation in the level of income of the rural and urban dwellers.

Also food is produced in the rural areas, yet the food and nutrition of rural dwellers is inadequate.

According to Gaiha (1998) the rural poor in Nigeria depends largely on agriculture, fishing, hunting and forestry. He posited that to understand how poverty affects these individuals and households and to delineate the policy options for rural poverty reduction, one needs to know first who the rural poor are, because he claimed they are not a homogenous group.

Khan (2000) classified the rural poor in Nigeria into two broad groups, using the criterion of access to agricultural land:-

- (iii) The first group he classified were the cultivators who have access to land as small land owners and tenants.
- (iv) The second group he identified are non – cultivators, who are landless, unskilled workers.

He observed that the cultivators form the bulk of the rural poor in Nigeria. He holds that they are directly engaged in producing and managing crops and livestock's. These households he further noted cannot sustain themselves on the small parcels of land they own or cultivate, so they augment their income by providing labour to others for both farm and non – farm activities inside and outside their villages. Some members of these households especially the Northern and North Central part of Nigeria he claimed migrate to town or cities on either a rotational or a long – term basis. Ravallion (1999) observed that in rural Nigeria, both small landowners and tenants are under increasing pressure "to get out" of the agricultural sector altogether. Underlining this process which he called "depeasantization" he claimed are market forces and policies affecting the following:-

- rents
- prices
- credits
- inputs
- public investment in rural areas
- Social and physical infrastructure.

According to Khan (2000) non – cultivators are the poorest among the rural poor in Nigeria. Their numbers he noted have been rising rapidly which he attributed to the natural increase in population and depeasantization.

These workers he explained depend on seasonal demand for labour in agriculture and in rural informal small – scale industries and services. The welfare of the group he observed is vulnerable to fluctuations in demand for labour, wage rates and food prices.

Rural women in Nigeria according to Gaiha (1998) tend to suffer far more than rural men. Their poverty and low status he noted is one of the most important reasons for chronic poverty among this group.

The report of the South commission (1990) suggested that the challenge before the societies in the South (Developing countries) is the removal of extreme poverty, which affects the great mass of the people, especially in the rural areas of many countries, Nigeria inclusive. This suggestion informed the present administration in Nigeria to launch poverty alleviation programmes to remove extreme poverty in the society.

### **2.28 Poverty and Women in Nigeria**

According to Participatory Poverty Assessment (PPA), half of the rural population was poor and 58% of the population was living below the poverty line in 1985. Ten million people or around 30% of all poor in 1985 were extremely poor.

In both urban and rural areas, a family spent around two-thirds of household expenditure on food alone, while the poorest households spent up to 90% of their income on food. Half of the urban and rural poor are women but certain categories of female-headed household are particularly vulnerable to poverty. Sixty two percent of women headed households had no primary education and they usually end up in low-income jobs. In Nigeria, there exist a few hundreds of ethno-groups, among which harmful traditional practices affecting women can be observed, these also have very negative effects on poverty levels among women.

### **2.29 Poverty, Women and Social Problems in Nigeria**

Both rural and urban poor are characterized as living in areas served by bad roads, hence lack access to productive inputs as well as output markets. They have small farms, use traditional inputs and grow mainly food crops for own consumption, but poor households face food insecurities before harvest time. Poor people have minimal linkage to influential people or to urban opportunities. They have limited access to savings and credit.

FOS survey (1995) reported that most of women headed households are either low-income small-scale farmers, fisherwomen or petty traders. Only a minimal number of them are engaged in professional pursuits. The poverty level of these households is high, sometimes leading to a dependence of the mothers on the

children for additional income. These children faced with daily reality of hunger often end up in the street trading and begging. The young girls may even resort to prostitution. The chronic poor do not even have adequate shelter and clothing, even in extensive physical works. Children in poor households cannot afford school uniforms, fees or transport cost. Their children also do such jobs as firewood gathering and sale and load carrying in the markets.

Generally the poor households have many members with few jobs. Although women make up 50% of Nigerians, very few women occupy leadership and decision-making positions. Preparing Nigerian women for political and public life, CEDPA indicated that, there are countless barriers that hinder women's efforts. Women have less access to crucial resources such as education, skills training, health, cash and credit. Religious and cultural traditions may also act as barriers and create constraints for women.

### **2.30 Rural Women and Food Security**

Rural women play a key role in household food security, which is a multisectoral issue. Therefore, it is important to use a "gender lens", when looking at the critical areas of concern, such as rural poverty, agricultural and rural economy, management of environmental and natural resources, and maintenance of biodiversity and genetic resources.

### **2.31 Feminization of Poverty and Agriculture**

According to the "Human Development Report 1995", the number of rural women living in poverty in the developing countries is estimated at 565 million, and in Africa alone: 130 million. The data further reveal that since the 1970s, the percentage of rural women below the poverty line has increased by 50 percent, whereas that of men: 30 percent. This is what we call "feminization of poverty".

Poverty and lack of opportunities have contributed to the unbalanced distribution of population between rural and urban areas. Rural out-migration, especially of men looking for employment and other income-earning opportunities, has contributed to the "feminization of agriculture". Wars and conflicts, breakdown of traditional family structures, rising mortality due to HIV/AIDS and the increasing number of refugees have further contributed to the feminization of poverty.

Ways and means to reduce the constraints of female-headed households and women farmers are therefore being sought. FAO has initiated and implemented various projects to support advisory services, technical training, legal reforms on property rights and ownership, access to land, water and tree tenure and so forth.

### **2.32 Poverty and Inequality in Nigeria**

There is a startling paradox in Nigeria: more than two-thirds of the Nigerian people are poor, despite living in a country with vast potential wealth. Although revenues from crude oil have been increasing over the past decades, the people have been falling deeper into poverty. In 1980 an estimated 27 percent of Nigerians lived in poverty. By 1990, 70 percent of the population had income of less than \$1 a day and the figure has risen since then.

Poverty levels vary across the country, with the highest proportion of poor people in the northwest and the lowest in the southeast. Why are so many of the people poor? Poverty is dynamic and has many dimensions. People may move in and out of poverty as a result of natural disasters or health problems, lack access to credit, or the lack of natural resources. Poor people are more likely to live in rural areas, be less educated, and have larger families than the rest of the population. Poverty has many causes, all of which reinforce one another.

One source of poverty is the lack of basic services, such as clean water, education, and health care. Another is lack of assets, such as land, tools, credit, and supportive networks of friends and family. A third is lack of income, including food, shelter, clothing, and empowerment (political power, confidence, dignity). Some of these factors directly affect poverty.

Others contribute indirectly, by producing inequality—by stifling the political power of certain sectors of the population, for example, or denying them their dignity or human rights. All of these factors are affected by the environment in which people live.

Discrimination on the grounds of gender, race, disability, age, or ill health increase vulnerability to poverty. So do natural or human-caused shocks—market collapses, conflicts, droughts, or floods. The many strands of poverty intertwine and has pulled people into a downward spiral. Because tackling one factor may not be enough to lift a family out of poverty, an effective poverty reduction strategy must attack poverty on all fronts at the same time.

### **2.33 Corruption and Poverty Alleviation In Nigeria**

Different governments of Nigeria, especially the military governments, have contributed to the acute rural poverty prevalent in the country today. The fact was that the military rule under Babangida inherited a steadily declining economy from his predecessor, Buhari, who ran out of new ideas on how to revamp the recalcitrant economy. The regime's counter - trading economic policy (exchange of oil for raw - materials, spare - parts, machinery and consumer goods) was worsening the economy, international debts were not being honoured and IMF conditionalities did not appeal to Buhari administration. Babangida implemented the conditionalities and the rest as they say is history. Nigerians are quick to criticize Structural Adjustment Programmes (SAP) for the country's woes but the question is, did SAPs fail Nigeria or did Nigeria fail SAPs? Most of the governments like the Babangida one wasted more than 100 billion naira in phantom projects. Projects such as his wife's Better Life Programmes for the poor, DFERRI, People's Bank of Nigeria, two democratic transition experiments, big time corruption in which members of the Babangida regime enriched themselves. So it goes without saying that according to the book, implementation of SAPs would do any country good.

The Peoples Bank was established with the hope that the measure would do well to ease the plight of the Nigerian poor. The optimism was premised on the knowledge that the idea had been tried and tested somewhere in the world and it worked and, guess what, the idea is still thriving now as you are reading this write-up. The country in question is Bangladesh and their own Peoples Bank is called Grameen Bank. In fact Nigeria got the idea of the Peoples Bank, as an effective way of alleviating poverty, from the Bangladesh's Grameen Bank. So one is forced to ask why is it that when something is working perfectly well in one country, when the idea is imported to Nigeria it stops working. The Nigerian problems lie in the lacklustre attitudes to execution of government projects. If Obasanjo can correct that ugly aspect of the Nigerian factor (lacklustre execution), the country's problem is half solved. A tall order, maybe, but the success of this country's movement forward or backward hinges on three things : ideas, implementations and executions.

Had Buhari been honest in his management of the Petroleum Trust Fund, PTF, the amount of money that was at his disposal, he would have alleviated Nigerian poverty ten fold. Obasanjo has earmarked N10 billion to fight poverty, but according to a newsmagazine report (Newswatch), Buhari had an average of N52 billion every year to spend on Nigeria. At the end of the PTF reign Nigerian



poverty and underdevelopment level remained the same, if not worse, as prior to the establishment of the PTF. Nigerians were fooled by the two former Head of States, Buhari and Abacha. Dr Haroun Adamu's interim report says that N135 billion out of the N146 billion was squandered, possibly through over invoicing, over supplies, supplying expired materials, wrong project priorities, settling perceived trouble spots, like the army and the police, and blatant thievery.

Buhari's government looked like out to punish Nigerians for God - knows - what. As one commentator put it, "In a country where poverty has remained pervasive in spite of the oil wealth, such a huge amount could have provided succor to millions of Nigerians by way of the provision of basic infrastructure. For decades after independence, Nigerians cannot even have potable water despite the huge sums of money sunk into boreholes. Save for some few roads lopsidedly selected by the PTF, the roads network in the country especially in the eastern parts, can only draw tears even from the man with the heart of stone. The educational sector has even suffered more degradation despite the intervention of the PTF under Buhari".

The whereabouts of the Babangida's Gulf - war windfall is still a mystery to Nigerians. "Earnings from the sale of crude oil during the Gulf war was put at \$12.4 billion but government eventually declared deficits of N21.7 billion and N35.31 billion in 1990 and 1991 respectively" Pius Okigbo - led panel set up in 1994 to look in to the matter "returned a verdict of a gross abuse of public trust and of payments that were surreptitiously and clandestinely done". A French paper put the overall worth of IBB at N450 billion. IBB's ministers, generals, contractors and indeed Abacha's ministers and generals are all untouchables. John Fashanu found \$6 billion debt buy back scam that was perpetrated by IBB.

When you see gloomy political and economic statistics from the World Bank or any other body on Nigeria, you know why and how Nigerian came to that sorry level. Statistics such as \$250 GDP per capita, life expectancy of about 50 with illiteracy rate of 45%, that between 1985 - 1986, 34.1% of Nigerians lived below poverty level. That figure had jumped to 56% in 1996. The same report also revealed that 26 million Nigerians were core poor in 1996 unlike 13 million in 1985, an indication of rising poverty level. The figure also show that 60% of rural dwellers and close to 48% of urban dwellers are in poverty. The report ranked Nigeria as the 12th poorest country in the world, ranks 146 out of 174 in the Human Development Index, has 112 per 1,000 (live births) infant mortality,

50% of the population has access to clean water. 40% of Nigerians have access to electricity.( Sunday Vanguard 30-1-00 ).

### **2.34 PAST EFFORTS AT ALLEVIATING POVERTY IN NIGERIA**

The thrust of current Nigerian Government policy against poverty is to enable the poor and more vulnerable sections of society to achieve sustainable livelihoods. The approach is to economically empower communities, families, and individuals through a sustained, well coordinated, and comprehensive programme of poverty alleviation. The first Obasanjo regime was widely known for Operation Feed the Nation Program. It focused on re-directing all and sundry to go back to agriculture so there can be enough food for all, all in a bid to reduce the poverty that was becoming inherent in the late 1980s.

USAID is the largest donor working in Nigeria. USAID's assistance to Nigeria covers diverse areas ranging from healthcare, HIV-Aids (awareness and eradication) education, increase of food production, physical infrastructure improvements, democracy and governance, and legal assistance, amongst others. It employs most of existing aid schemes, such as grant aid (including non-project grants and grant assistance for grassroots projects), acceptance of trainees, dispatch of experts and study teams, providing equipment and undertaking development studies.

Cross-sector approaches in cooperation with NGOs are indispensable to tackling poverty issues including the integration of veterans and land mine victims into society. Since promoting these types of approaches can be accompanied with various constraints, there has been little cumulative experience in this field.

Although there is a trend towards effective and efficient cooperation by strengthening international partnerships to increase awareness, the experience of partnership formation has been limited so far due to differences in approaches, aid schemes, and procedures among the donors. This has affected the level of poverty reduction achieved by different poverty reduction programmes.

### **NGOs**

Since the early 1980s, when the relationship between Nigeria and western countries was broken and political

and security conditions were unstable, NGOs have provided direct assistance focusing on humanitarian Support, played major roles such as local healthcare, education and water supplies, and good governance (e.g. election monitoring, reviewing various draft laws, corruption countermeasures, and monitoring of illegal logging), 'agriculture, child's right, commune administration and decentralization, commune elections, disability and rehabilitation, fishery, forestry reform, gender and development, good governance, health, HIV/AIDS, human rights, land mines, land reform, microfinance and weapons reduction, to mention but a few.

The importance of sustained growth is very important to poverty reduction in Nigeria. Equally important is the type of economic growth to be targeted. Growth that creates jobs is key to reducing poverty.

On-going Government activities related to poverty have been regularly featured in the National Rolling Plan beginning with the 1990-1992 Plan. They include programmes such as: economic programmes for the empowerment of women; Primary Health Care (PHC) programme, whose purpose is to bring health care, particularly preventive health care to the grass roots of the Nigerian Society; establishment of the Agricultural Development Programme (ADP) in all States of the Federation; establishment of the People's Bank, aimed at extending small credits to people in the informal sector of the economy with the aim of strengthening informal economic activities, cities, and towns and villages; establishment of the National Economic Recovery Fund (NERFUND) which provides easy access to credit by small and medium scale enterprises; establishment of the National Directorate of Employment (NDE), a self employment promotion programme which has largely promoted waste to wealth employment activities; education of itinerant communities such as the Fulani nomads, Ijaws, etc; establishment of the River Basin Development Authorities and provision of rural access roads; and establishment of the National Agricultural Land Development Authority (NALDA) aimed at promoting integrated rural development. Accordingly the Government's policy, the National Planning Commission (NPC) in collaboration with the United Nations Development Programme (UNDP) is articulating a Community Action Programme for Poverty Alleviation (CAPPA). The detailed strategies, activities, and targets of the CAPPA are still being worked out. In broad terms, however, it will among other things streamline on-going activities by Government and Non-Governmental Organizations (NGOs).

Wives of different Presidents and Heads of States in Nigeria have also tried to go into programs that can help reduce poverty. At the federal level, Mrs Maryam Babaginda , who was Nigeria's first lady from 1985 to 1993 started the Better Life for Rural Women project. This was aimed at helping rural women improve their living standards thereby reducing poverty at their levels in the rural areas. This would have been more effective if the

approach had started differently. This pet project was somehow 'hi-jacked' by the 'urban' women themselves who saw the program as an avenue to do 'business and travel out of Nigeria' to attend programs, without involving the rural women who should have been in the fore-front of activities.

The next first Lady Mrs Mariam Abacha, also identified the acute poverty in most families in the Country, she too started the Family Support program (FSP), as an arm of the Family Economic Advance Program (FEAP). This was also a well conceived project to help empower the economic activities of families so as to reduce poverty, but as usual, the targeted poor were not really carried along, nor ever consulted; so they saw the project as 'government project' and not theirs.

### **Family Economic Advancement Programme (FEAP)**

The FEAP was a good programme. It was an investment promotion and poverty alleviation programme for stimulating appropriate economic activities to raise the productivity and economic power through the establishment of viable resource-based small scale industries that will process or add value to the abundant agricultural and mineral resources. The major objective of the programme is to improve the rate of economic growth and development through higher rate of growth of the GDP, capacity utilization of the manufacturing sector and employment generation. The projects covered farming requiring agricultural implements/miniature tractors/storage, facilities/preservation facilities and processing of locally available agricultural and mineral resources using appropriate machinery/equipment.

### **Functions of FEAP**

FEAP was to:

- Provide facility for the procurement of machinery/equipment to set-up and run cottage/small scale industries;
- Encourage the design and manufacture of appropriate plants, machinery and equipment;
- Create employment opportunities at ward levels and establishment of enterprises and pilot projects;
- Encourage producers of goods and services at wards levels to form co-operative societies;
- Utilize all available local resources for citizens benefit by improved production, preservation etc;
- Provide an enabling environment for private sector and UN Agencies participation in the Programme.

Besides, the Family Economic Advancement Programme (FEAP), the Ministry has designed and produced the following equipment/plants, among others, for nationwide demonstration and adaptation: groundnut processing technology consisting of a groundnut Sheller, a dehuller, and roaster; a hydraulic machine for the production of

bricks from local materials; a tiles-production machine for producing roofing tiles from local fiber, cement, and sand; a lime kiln for the production of lime for leather processing and school chalk manufacture; soap making process for cottage/small scale production of both traditional and modern production of soap; mushroom production technology; fat liquor production, a developed process for fat liquor, an essential product required in the leather tanning industry; a pottery/ceramic machine, designed and fabricated for the production of pottery and ceramic wares from local clays; an essential oils distillation plant for the production of essential oils from local plants such as eucalyptus and lemon grass (essential oils are inputs in the food, confectionary, and pharmaceutical industries); and briquetting technology for sawdust and agricultural wastes suitable for production of alternate sources to fuel and wood.

## **2.35 AFRICA'S INTERNATIONAL EFFORTS AT ALLEVIATING POVERTY IN NIGERIA**

### **2.35.1 The Case of New Partnership for Africa's Development (NEPAD)**

NEPAD is a comprehensive, integrated strategic framework for the socio-economic development of Africa. The policy provides a framework for public-private partnership between and among Africans in the first instance and then with the rest of the world.

### **2.35.2 PRIMARY OBJECTIVE**

The objective is to meet the Millennium Development Goals of reducing poverty in Africa by 50% by 2015 and to transform our societies in order to place them both individually and collectively on a path of sustainable growth and development.

- NEPAD is the socio-economic development blueprint for the AU to implement its objectives.
- It is the mechanism for accelerating development and hence reduce poverty in the Continent
- implementation of the Abuja Treaty.

### **ORIGIN OF NEPAD**

- NEPAD is a merger of the Millennium Partnership for the African Recovery Programme and the Omega Plan.

The merger was finalized on July 3 2001

- Out of this merger the New African Initiative (NAI) was born
- NAI was approved by the OAU Summit of Heads of State on 11 July 2001
- The plan was endorsed by the leaders of the G8 countries on 20 July 2001 in Genoa, Italy.

- The policy framework was finalized by the Heads of State Implementation Committee (HSIC) on 23 October 2001, and NEPAD was formed.

### **2.35.3 NEPAD IN NIGERIA**

- The first order of the day in Nigeria is to sensitize all strata of society to the goals and objectives of Nepad and work to bring the program to the grassroots.
- The objective remains to devise new partnerships between the government and the organized private sector and civil society to support Nepad and help to promote opportunities in Nigeria and the rest of Africa. These, is hoped will help alleviate poverty by increasing the rate of development

### **2.35.4 Doing Poverty Reduction Differently :The NEPAD Proposal**

The African leaders who put together the NEPAD proposal were well aware of the weaknesses of the HIPC process. For this reason, they called for an extension of the current HIPC initiative which, as they note, 'still requires debt service payments amounting to a significant proportion of the resource gap.'

Instead, the African leaders called for a two part approach. In the long run, they echoed the calls of NGOs in both North and South, for debt relief to be linked to costed poverty reduction outcomes. At Jubilee Research, it is believed that these 'costed poverty reduction outcomes' should be the internationally agreed Millennium Development Goals (MDGs) – a set of poverty reduction targets agreed by the United Nations General Assembly in September 2000.

However, the African statesmen who put together the NEPAD proposal recognized that developing full costing of these goals for all African countries would take time – and that debt relief needed to be granted immediately. For this reason, they proposed that in the short term, debt service payments should be limited to a certain proportion of fiscal revenues, with different thresholds for 'IDA only' countries – those that are able to borrow from the World Bank on the most concessional terms – and other countries.

The rationale for using fiscal revenues for granting debt relief - rather than the export criteria usually used under the HIPC initiative – is that it is fiscal revenues that really matter when determining debt sustainability (in other words, the ability to pay.) This is because, while export revenues provide governments with the hard

currency from export earnings to repay debt, governments do not own all of the export revenue their country earns. It is government tax revenues that really determine how much a government can afford to pay.

Because the NEPAD proposal does not specify a given level of revenues, we look at two different options. One option, which closely matches a Bill which was introduced into the US Congress in April of this year, proposes that African countries should pay a maximum of 10% of their tax revenues in debt service each year – 5% if they are an IDA-only country. A weaker option, which is similar to that promoted by, amongst others, Oxfam and the Centre for Global Development in the US, uses thresholds of 10% and 20%.

### **2.36 OTHER INTERNATIONAL EFFORTS AT ALLEVIATING POVERTY IN NIGERIA**

Nigeria is full of different international donor Agencies that work in the different areas of the economic and political aspects of the Nigerian economy. They range from United States Agency for International Development, DFID, World Bank, JICA, Ford Foundation, GTZ (German Foundation), The United Nations Organization, Non-Governmental Organizations (both local and International), to mention but a few.

All the above donor Organizations became fully involved when the present democratic structures in Nigeria came into being again in 1999. Before then, they were almost non-existent since these donor- agencies mainly work with democratic governments and Nigeria was under military rule for years before 1999. Development work now range from agriculture, Markets for agric-based products, democracy and governance, education, primary health care, HIV/Aids awareness campaigns, counseling and treatment, policy reforms in government, capacity building, etc.

Each of the donors recognizes “alleviation of poverty” as the first priority agenda for Nigeria, and provides support to strengthen governance, reform the economic structure, enhance social development, establish social capital, build up human resources, and promote the private sector development, all in a bid to reduce poverty of the populace. These international agencies and Organizations have exercised overall leadership in development assistance to Nigeria through activities such as management of the macro-economy, public sector reforms, ensuring good governance and democratic institutions, fighting the endemic corruption ‘disease’ in Nigeria, and generating new markets for agriculture and other natural minerals in Nigeria .

All efforts are geared towards funding the different areas of development in Nigeria so as to uphold democratic structures and reduce the high poverty level of the large population of Nigeria. They have and are still working with the Nigerian government to implement the current NEEDS, which has been Nigeria's plan for development to move out of poverty.

### **Alleviating Poverty in Nigeria**

The four basic principles for alleviating poverty are:

- 1. Promoting opportunities:** fostering macro-economic stability, acceleration of economic growth, facilitating private sector development, improvement of infrastructure, strengthening the energy sector, enhancement of the sustainable development of agriculture, improvement of water resource management, advancement of rural development and decentralization, proper management of natural resources, improvement of living conditions in urban and rural districts, and promotion of land reform.
- 2. Creating security:** establishment of small-scale financial services for the poor, coping with globalization, strengthening of the safety net, environmental conservation, and demining.
- 3. Strengthening capabilities:** improvement of healthcare, securing safe water and sanitation, and enhancement of the quality of education.
- 4. Protecting human rights:** establishment of good governance, the rule of law, and improvement of the conditions for NGO activities.

Also, the following can help alleviate poverty when well harnessed:

#### **Improve physical infrastructure**

Coordination of assistance from the international community

#### **Improvement of educational standards**

Raising the school enrollment rate and improving quality of education  
Expansion of secondary and higher education  
Training and retraining of education professionals

#### **Improvement of the working skills of adults**

Raising the literacy rate  
Improvement of agricultural and vocational skills  
Training of civil servants to upgrade their administrative capacity



**To Develop human resources**

Improvement of the conditions for industrial development Fostering urban small and medium-sized businesses

Inducement of foreign direct investment

**To establish good-governance**

Improvement of the legislative and judicial system Land titling and clarification of de facto cultivation rights

Promotion of administrative and fiscal reform and demobilization Strengthening of administrative capacity

consists of five sub-objectives as follows:

(1) To establish good governance and to develop physical infrastructure

(2) To develop human resources

(3) To promote agriculture and rural development,

(4) To expand the size of the economy and to create job opportunities

(5) To conserve natural resources and environment, and to restore and preserve the cultural heritage.

**Developing Human Resources : Key issues for foundation building**

Nigeria's long period of military rule destroyed the systems and facilities in health and education. The damage to and decline in the quality of human resources in these fields are obvious. Since peace has been restored, the rate of increase in the population has accelerated since the 1990s, and the need for education and job opportunities for young people has been growing substantially. The Nigerian government is making efforts to achieve these sub-objectives through the NPRD and SEDP with various assistance by the UN agencies and NGOs, USAID, DFID, amongst others. Japan, too, has been providing support in this field through maternal and child health care, school construction and training programs.

**Promoting Agriculture and Rural Development (Reduction of Extreme Poverty)**

The sub-objective of the Nigeria poverty reduction programme is "to promote agriculture and rural development"; aims at "reducing extreme poverty" in rural area where 90% of the poor reside.

Rural development should be placed at the center of poverty reduction in international assistance. This assistance should be provided in a comprehensive way:

i) to ensure annual household spending of rural inhabitants (through improvement of agricultural productivity and diversification),

- ii) to mitigate vulnerability of the people against natural disasters and diseases (promotion of agriculture related industries and the creation of non-farm job opportunities), and
- iii) to enable the government adapt the advancement of industrialization and market economy in Nigeria

### **Expanding the Size of the Economy and to Create Job Opportunities**

As presented in “Three Strategies for Poverty Reduction” it is essential to expand the whole size of the economy as well as to give direct support to the poor in Nigeria, whose population is increasing very rapidly. Three priority development issues in the objective “ are: to expand the economy and job opportunities”: i) improve the conditions for industrial development, ii) fostering urban small and medium-sized businesses, and iii) inducement of foreign direct investment. growth and industrial development

### **Conserving Natural Resources to Restore and Preserve the Cultural Heritage**

The Nigerian government has addressed the conservation of natural resources in NEEDS, Nigeria's plan for poverty reduction and economic prosperity .

To achieve this sub-objective, coordination is necessary between macro-assistance such as an environmental management plan, and micro-assistance such as improvement in livelihood of local people. The suitable combination of both approaches as well as strengthening ties with NGOs for the micro-assistance are required. Assistance should be given mainly to train those who will take charge of restoration and preservation activities.

### **Establishing Good Governance : Improvement of the Legislative and Judicial Systems**

Neither the necessary legal system nor the independence of the judiciary has been established in Nigeria. There is an absolute shortage of specialists practicing in the field of the rule of law. In the belief that the legal and the judicial systems are central to upholding democratization and human rights, care should be taken by the government and everyone to ensure this. Support for NGO activities should also be considered as part of the promotion of human rights and democratization.

### **Developing Human Resources: Improvement of Health Standards**

#### **(1) Expansion of PHC**

Primary Health Care (PHC) emphasizes the importance of maternal and child healthcare. In reality, Nigeria remains at a very low level in terms of infant mortality, maternal mortality, and basic reproductive health. PHC is also indispensable for the reduction of extreme poverty. Donor Agencies should support the improvements for health education, nutrition, safe water, hygiene, health workers, health centers, etc., by developing the institutional capacity, facilities and personnel to maintain them. Assistance should pay particular attention to coordination with rural development policies and the activities of NGOs.

### **(2) Reinforcement of Counter measures against Diseases**

In Nigeria, there are many cases of malaria, parasitic diseases, tuberculosis and HIV/AIDS. The government is directing its efforts at reinforcement of the healthcare system, the integration and improvement of programs at health centers, and the upgrading of medical technology. Undeveloped healthcare systems are closely related to poverty and the heavy burden of medical expenses can lead to the loss of land. Coordination and liaison with NGOs is needed again in this field. Donor Agencies should continue and reinforce their assistance for counter measures against tuberculosis and infectious diseases, and at the same time, should stress assistance for HIV/AIDS treatment in a new cooperative relationship system.

### **(3) Training and Retraining of Healthcare Professionals**

There has been a shortage of doctors, and even illiteracy among healthcare professionals in Nigeria due to professionals going abroad to work to get better jobs. The government is trying to reform medical schools and nursing schools, but this is still at the stage of trial and error. Donor Agencies should focus on the education and retraining of health nurses, midwives and district health officers who are at the frontline of PHC. Consideration must also be given to the improvement of medical education and medical technology schools, education for medical practitioners, and the education and retraining of local government workers.

### **Improving Education Standards**

The government should raise the School Enrollment Rate and the Improvement of Quality of Education (primary education)

Although the school enrollment rate has risen in Nigeria, regional disparities have become wider, especially between the North and South. The dropout and failure rates are high, and the disparity between the sexes is obvious.

### **Expansion of Secondary and Higher Education**

Nigeria urgently needs to train workers with special knowledge and skills in preparation for the market economy. But the enrollment rate for early secondary education is still very low (30% in 1998). As this is mainly because the number of schools is too small, the number of schools for secondary education must be increased though it requires large amount of educational budget. Japan has addressed the improvement of secondary education services through the Secondary Teacher Training Project in Science and Mathematics. In future, assistance should cope with the expansion of secondary and higher education both in terms of quantity and close the disparity between the sexes.

### **Training and Retraining of Education Professionals**

In Nigeria, there has been a drain of teachers and medical personnel amongst others, to other foreign Countries and this has led to a reduction in the quality of education. Since then, education has been expanded quantitatively employing unqualified teachers, but as a result, the quality of education has dropped significantly. Nigeria should emphasize the upgrading of professionals for elementary education in rural areas, while improving teacher-training centers for elementary school teachers and regional teacher training centers for junior high school teachers. Also, the retraining of personnel in the Ministry of Education and provincial education offices needs to be supported.

### **Improving the Working Skills of the Adults**

#### **(1) Raising the Literacy Rate**

Only one third of the Nigerian people can read and write. The other two thirds are semi-literate or illiterate.

The level of semi-literacy and illiteracy is higher than in neighboring countries, and the disparity is wide between the sexes and in proportion to income. Improvement of literacy rate for women of the poorest groups in rural areas is a key for poverty reduction. Donor agencies should give support to basic education in reading, writing and arithmetic for adults at the commune level. It is also necessary to maintain the relationship with rural development efforts, while pursuing coordination and establishing liaison with NGOs.

#### **(2) Improving Agricultural and Vocational Skills**

To increase agricultural productivity, it is necessary not only to reinforce dissemination activities but also to build the capacity of rural farmers to absorb assistance. Vocational education other than in agriculture is also

necessary for the younger generation, which is rapidly growing in number. In Nigeria, capacity of the agencies in charge of agricultural and vocational education (including the National Training Committee and the Ministries of Agriculture, Education, Social Welfare and Women) are very low. Nigeria should start its assistance with capacity building for these agencies, and should reinforce their agriculture extension services for rural development. International cooperation and coordination with NGOs must always be kept in mind.

### **(3) Training of Civil Servants to Upgrade Administrative Capacity**

Administrative capacity must be strengthened as mentioned above. For this, human resource development for capacity building is necessary at the same time. The need for human resources varies between sectors and the levels from local to central government. Government should provide a wide variety of training programs including local training within Nigeria. Special programs for Nigeria may be prepared in consideration of the fact that human resource capacity in Nigeria generally remains at a very low level.

### **(4) Promoting Agriculture and Rural Development (tackling the reduction of extreme poverty)**

Rural Development: Since 90% of Nigeria's poor national population lives mainly in the rural areas, rural development is crucial for poverty reduction. The government emphasizes rural development in the Three Strategies for Poverty Reduction and other national Rolling plans. Rural development aims at increasing the welfare level of rural households (as a whole) through comprehensive policies. Cross-sectoral approaches must be adopted to address agricultural and industrial promotion, the development of physical infrastructure, protection of the rights of agricultural laborers and small farmers, protection of the natural environment and the reinforcement of local administration.

### **Improving Agricultural Productivity and Diversification**

The productivity of Nigeria's traditional rain-fed agriculture is low. There is too much emphasis on rice cultivation, and the consequent lack of diversification forces them to import food. Through the Agricultural Reform Program, the Nigerian government is making efforts to improve rice productivity and to facilitate crop diversification, while promoting fruit cultivation, livestock raising, fishery and forestry. Donor agencies could provide technical support for irrigation systems, extension services, micro-credit services, and market infrastructure. It is also necessary to raise the market consciousness of small farmers and to organize systems such as agricultural cooperatives.

### **Promoting Agriculture-related Industries**

Nigeria has practically no agriculture-related industries other than those catering to local consumption. Development of such industries is significant issue. Recognizing this as an important development agenda, the Nigerian government is trying to promote off-farm industries including marketing and distribution, and to facilitate the formation of cooperatives by small farmers. Nigerian government should support the promotion of resource oriented industries such as food processing, canneries, furniture and flooring production and construction. Nigeria's experience should also be fully utilized in system establishment and capacity building.

### **Creation of non-farm Job Opportunities**

People have few job opportunities other than cultivation, and rural households suffer considerable losses when natural disasters damage agriculture. In order to reduce such risks to provide jobs to rural youths and control the population flow to the cities, job opportunities must be created in rural areas. This is not an easy issue, and so Nigeria should give assistance to selected particular areas first. This assistance includes the institutional building that enables the most of local industrial promotion initiatives. The assistance should also promote industries that develop local potential such as tourism, and improve the infrastructure through the employment of local people.

### **Fostering Urban Small and Medium-sized Businesses**

In Nigeria, small and medium-sized businesses are not mature enough to support industrial promotion in terms of commerce, distribution, construction, production and services. Their expansion, especially in urban areas, is indispensable to the future economic growth of Nigeria. Donor agencies should start with an understanding of the current condition, and then help build the necessary policy framework.

### **Inducement of Foreign Direct Investment**

It is hardly possible to find any point in which the market, labor and infrastructure of Nigeria are superior to that of any neighboring country. With domestic industries still undeveloped, foreign direct investment is vital to the maintenance of employment and human resources development.

### **Management of Natural Resources**

In Nigeria, forest resources are decreasing, water pollution is damaging marine resources, and biological

diversity is being threatened. The conservation of natural resource is an urgent issue. The government has emphasized the importance of this issue in all of its plans since FEPA came into existence, but these plans have not been carried out as expected. It is claimed that illegal logging has not been controlled at all. Nigeria should support the Ministry of Agriculture, Forestry and Fisheries and the Ministry of the Environment in their efforts to reinforce natural resources management capacity, mainly with regard to system and capacity building. Coordination and cooperation with multilateral donors and NGOs must be maintained.

### **Improvement of the Urban Living Environment**

Nigerian government should focus on the development of water works and sewerage treatment plant in urban areas. Priority should be considered in the order of firstly the capital, Abuja, and then other cities. The technology to be adopted must be suitably related to the characteristics of each city, should be operated and maintained within local technical capacity, and should not impose a heavy financial burden. Since local administrative capacity is generally low, assistance should be given at the same time to system and human resources development. All these apart from helping to sustain development can also create jobs/income for the populace, and hence help reduce poverty.

### **Formation of better partnerships between Nigeria and donors**

Toward efficient use of assistance, Nigerian government should attempt to form a good partnership with multilateral donors. However, in fact, affiliation can be observed between certain multilateral donors and particular departments of the Nigerian government. It also has been pointed out that the IPRSP was prepared with substantial support of multilateral donors and finalized without sufficient domestic discussion in Nigeria. This resulted from the donors' desire to facilitate procedures and lead the assistance operations, which in the end inhibits the establishment of Nigeria's ownership. The Nigerian government should actively involve in the discussions on desirable partnerships from the standpoint of respecting and strengthening ownership. This is why Nigeria NEEDS document is very vital at this time because it is Nigeria's plan for all round poverty alleviation in Nigeria.

### **Nigeria's Industrial Activities and the Contribution of UNIDO towards Sustainable Development**

In response to such multiple problems, however, there is an inherent danger in an unfocused, all-inclusive approach to sustainable development as a policy strategy. Attempts to cover every aspect of socio-economic activity can cause abnormal swelling in the prescription as in the patient. The danger of aggregating problems in this way is that it favors just the kind of top-heavy, sledgehammer solutions that most development analysts now admit have not worked

As Sharp and Kone (1992) have said, ***“Any grand designs to achieve sustainable development must be broken down into packages of a size and shape that ordinary people can not only comprehend but control themselves.”***

In facing the enormous challenge of poverty reduction, the government realized that the current level of industrial experience suggests that much industrial learning and capacity building need to be done.

### **Economic Diversification**

As is well known, the Nigerian government is largely dependent on its oil sector which accounts for more than 80 percent of government revenue and over 95 percent of total exports. Agriculture is the strongest non-oil sector of the economy accounting for approximately one third of the country's GDP while the industrial sector contributes only 6 percent.

The government with the help of UNIDO held a number of workshops to help diversify the economy. The idea was to spread understanding of the merit of diversifying the economy by rebuilding and expanding the primary commodity exports to include processing of primary commodities for export and the growth of labor intensive manufactured exports.

UNIDO's capacity building project was conceived to support industrial growth and through it the economic growth of the country. In this regard, three types of projects can be recognized; environmental components in industrial projects such as supplying pollution control equipment or choosing low pollution technology in project design, environment related industrial projects in which the whole project is aimed at the environment related interactions of the industrial set up and industrial components in environmental projects in which the industrial components is part of a more general project to improve the environment.

### **Consensus Building**



The Federal Government with the help of UNIDO carried over a project entitled **Nigerian Competitive Future: Public –Private Partnership in Promoting Sustainable Industrial Development for Economic Growth and Poverty Alleviation**. The project involved running workshops at Enugu, Kano, Lagos, and Abuja to get target groups of policy makers to bridge the lacuna between private and public industry approaches to the country's industrial development. The seminars were most successful in helping to build partnerships for economic development and for a sustained public-private sector consultative process. These workshops were very valuable because of the pessimism expressed by majority of manufacturing firms about the effectiveness of government macro- economic and sector specific policies in reducing the degree of inflationary trend in the economy and correcting the poor performance of the sector over the years.

### **Normative and Legal Frameworks**

In establishing the National Waste Management Regulations in 1992, UNIDO assisted FEPA especially in having competent expertise in the process of determining permissible limits and in working out grace periods for companies to comply with the new regulations. Substantial help was also provided with regards to ODS phase out programme under the Montreal Protocol. UNIDO also assisted the Standards Organization of Nigeria (SON) with training, equipment supply and monitoring procedures.

Today many products produced and marketed bear the Nigerian Industrial Standard (NIS) mark issued by SON. The presence of the NIS mark on a product helps it to win consumer confidence since the image of the product is better enhanced for marketing advantage. The manufacturer's reputation also increases and there is the encouragement to continually maintain good quality control and production systems to retain the NIS certification mark. Related to this is the assurance of full protection of the consumer from exploitation and deception as well as a guarantee on the certified products (NISER 2000a).

## **2.37 COMBATING POVERTY AMONG WOMEN IN NIGERIA: FOCUS ON THE NATIONAL PLANNING COMMISSION**

**Decision-Making:** The responsible body for this area is the National Planning Commission (NPC). The thrust of current Nigerian Government policy against poverty is to enable the poor and more vulnerable sections of society to achieve sustainable livelihoods. The approach is to economically empower communities, families, and individuals through a sustained, well coordinated, and comprehensive programme of poverty alleviation.

**Programmes and Projects:** According to the Government's policy, the National Planning Commission (NPC) in collaboration with the United Nations Development Programme (UNDP) is articulating a Community Action Programme for Poverty Alleviation (CAPPA). The detailed strategies, activities, and targets of the CAPPA are still being worked out. There are also specific environmental improvement programmes that have been integrated with poverty alleviation programmes. Examples include:

- The Sokoto Desertification Control Programme, and integrated environmental protection programme jointly funded by the Federal Government of Nigeria (FGN) and the European Economic Community (EEC);
- The Katsina Arid Zone Development Programme, and the North East Arid Zone Development Programme,  
an integrated programme funded by FGN/EEC; and
- Upgrading and mechanization of traditional methods of processing Nigeria's food resources, a project promoted by the Federal Ministry of Science and Technology. Besides, the Family Economic Advancement Programme (FEAP).

The Ministry has designed and produced the following equipment/plants, among others, for nation-wide demonstration and adaptation: groundnut processing technology consisting of a groundnut sheller, a dehuller, and roaster; a hydraulic machine for the production of bricks from local materials; a tiles-production machine for producing roofing tiles from local fibre, cement, and sand; a lime kiln for the production of lime for leather processing and school chalk manufacture; soap making process for cottage/small scale production of both traditional and modern production of soap; mushroom production technology; fat liquor production, a developed process for fat liquor, an essential product required in the leather tanning industry; a pottery/ceramic machine, designed and fabricated for the production of pottery and ceramic wares from local clays; an essential oils distillation plant for the production of essential oils from local plants such as eucalyptus and lemon grass (essential oils are inputs in the food, confectionary, and pharmaceutical industries); and briquette technology for sawdust and agricultural wastes suitable for production of alternate sources to fuel and wood.

Furthermore, on-going Government activities related to poverty have been regularly featured in the National Rolling Plan beginning with the 1990-1992 Plan. They include programmes such as: economic programmes for the empowerment of women; Primary Health Care (PHC) programme, whose purpose is to bring health care, particularly preventive health care to the grass roots of the Nigerian Society; establishment of the Agricultural Development Programme (ADP) in all States of the Federation; establishment of the People's Bank, aimed at extending small credits to people in the informal sector of the economy with the aim of strengthening informal economic activities, cities, and towns and villages; establishment of the National Economic Recovery Fund (NERFUND) which provides easy access to credit by small and medium scale enterprises; establishment of the National Directorate of Employment (NDE), a self employment promotion programme which has largely promoted waste to wealth employment activities; education of itinerant communities such as the Fulani nomads, and Ijaws; establishment of the River Basin Development Authorities and provision of rural access roads; and, establishment of the National Agricultural Land Development Authority (NALDA) aimed at promoting integrated rural development.

The government has learnt useful lessons from the past efforts in the conceptualization of the current programmes on poverty reduction. Thus, with the return of democratic governance in 1999, government by early 2001 put in place a comprehensive **National Poverty Eradication Programme (NAPEP)**. The programme consists of four schemes namely:

- (i) Youth Empowerment Scheme (YES);
- (ii) Rural Infrastructure Development Scheme (RIDS);
- (iii) Social Welfare Scheme (SOWESS); and
- (iv) Natural Resource Development and Conservation Schemes (NRDCS).

In order to ensure proper linkages and co-ordination with related sectoral programmes, an elaborate institutional framework for implementation, funding and overall management of NAPEP has been put in place.

There is an inextricable link between poverty and environmental degradation. Poverty can be the cause and/or the effect of environmental degradation. An appropriate poverty strategy should: a) provide all persons with the opportunity to earn a sustainable livelihood; b) implement policies and strategies that promote adequate and

sustainable levels of funding, and focus on integrated human development policies, including income generation, increased local control of resources, local institution strengthening and capacity-building, and greater involvement of non-governmental organizations and local levels of government as delivery mechanisms; c) develop all poverty stricken areas through integrated strategies and programmes of sound and sustainable management of the environment, resource mobilization, poverty eradication and alleviation, employment and income generation; d) create a focus in National development plans and budgets on investment in human capital, with special policies and programmes directed at rural areas, the urban poor, women, and children; e) establish appropriate infrastructure and support system to facilitate the alleviation of poverty by implementing projects, programmes, enterprises, and life styles sustainable at the grass roots level.

**Financing:** In order to ensure proper linkages and co-ordination with related sectoral programmes, and elaborate institutional framework for implementation, funding and overall management of NAPEP has been put in place.

Funding for NAPEP comes from the Federal Government of Nigeria with possible assistance and support through bilateral and multilateral cooperation.

### **2.38 NIGERIA'S CURRENT EFFORTS AT POVERTY ALLEVIATION**

The present Government of President Olusegun Obasanjo since inception in May, 1999, has expressed deep concern about the rising incidence of poverty in Nigeria. In light of this, the Government has introduced a number of programme and measures aimed at making a dent on poverty. Among the early activities of the Government in this regard was the launching of the Universal Basic Education (UBE) Programme, the Poverty Alleviation Programme (PAP) and the constitution of the Ahmed Joda Panel in 1999 and the Anglo Abdullahi Committee in 2000. These culminated in the introduction early in 2001 of the National Poverty Eradication Programme (NAPEP) and the establishment of the National Poverty Eradication Council (NAPEC).

The poverty reduction program being implemented by the Nigerian government in all arrears of the economy now is the National Economic Empowerment and Development Strategy (NEEDS), a comprehensive reform strategy geared to address the economic, social and political challenges facing Nigeria; and it is primarily being monitored by the National Planning Commission of Nigeria. The present Obasanjo administration has also packaged a programme called NEEDS (National Economic Empowerment and Development Strategies)

aimed at combating poverty, corruption, and making governance transparent and accountable. This is yet to take effect. *The pertinent question now to ask is whether the financial and material expenditure on poverty alleviation through the various programmes match the social services received by the people or were simply wasted income resources.* Head or tail, there are indicators of progress and non progress established in the social sciences for the measurement of poverty performance.

### **2.38.1 National Economic Empowerment and Development Strategy (NEEDS)**

NEEDS—the National Economic Empowerment and Development Strategy—is the successor to Vision 2010, it is a poverty alleviation strategy, it is medium-term (2003-2007). It is Nigeria's plan for prosperity. Enough of poverty and decaying economic development! It is the people's way of letting the government know what kind of Nigeria they wish to live in, now and in the future. It is the government's way of letting the people know how it plans to overcome the deep and pervasive obstacles to progress that the government and the people have identified. It is also a way of letting the international community know where Nigeria stands—in the region and in the world—and how it wishes to be supported.

NEEDS is about the Nigerian people. Their welfare, health, employment, education, political power, physical security, and empowerment are of paramount importance in realizing this vision of the future.

While we look forward to a better future under NEEDS, we are not unmindful of the long and difficult journey ahead. The economic and development agenda under NEEDS must of necessity be complemented by other reforms—especially in the electoral and political governance architecture that is consistent with deepening and sustaining democracy. The political class, legislature, and judiciary need to also think about and act on reforms so that we all can build a more sustainable future. Some state governments have already designed and are implementing their own State Economic Empowerment and Development Strategy (SEEDS). Other states need to complete their own SEEDS as necessary complements to NEEDS. As the saying goes, if you fail to plan, you plan to fail. Medium-term planning also needs to be mainstreamed at the local government levels, and more effective accountability and transparency need to be instituted at the lower levels of government. For sustainable poverty reduction in Nigeria, the states and local governments also need serious reforms

The States in Nigeria, and Abuja Federal Capital Territory not only endorsed the thrusts of NEEDS but are also committed to developing State Economic Empowerment and Development Strategies (SEEDS and FEEDS respectively). Abuja also agreed on a minimum set of priorities that it must reflect in its FEEDS, namely, agriculture, small and medium-size enterprises, rehabilitation and maintenance of infrastructure (especially roads), and public finance reforms and transparency.

The National Planning Commission is collaborating with donor agencies to provide technical assistance to the states/Abuja in developing their SEEDS/FEEDS as a necessary complement to NEEDS.

### **2.38.2 How Will NEEDS Change Things for Women in Nigeria?**

The success of NEEDS rests on three pillars: empowering our people, creating a legal and financial environment that enables us to make the most of our natural resources and flair for business, and reforming our laws and the way our government works. Remove or weaken any of these three pillars and NEEDS will topple, just like a three-legged stool will fall if any of its legs is removed. NEEDS recognizes that poverty has many strands and must therefore be tackled from several different directions at once. It recognizes that the government must work not only to improve incomes but to tackle the many other social and political factors that contribute to poverty. These are very difficult to separate and are therefore often thought of as a bundle of factors that result in social exclusion. A poorly educated farmer is less likely to know how to keep his family healthy and less able to find alternative employment. As a result, he is more vulnerable to external shocks, such as drought or falling market prices. NEEDS empowers the poor by tackling social exclusion head on, paying particular attention to generating jobs to improve incomes, housing, health care, education, political power, and physical security. To improve the lives of the Nigerian people, NEEDS includes plans for creating jobs, creating affordable housing, improving health care services, strengthening the skill base, protecting the vulnerable, and promoting peace and security.

**Creating jobs.** At 5.3 percent, the rate of urbanization in Nigeria is among the highest in the world. Since manufacturing is stagnant, there are few jobs for the growing urban population, and urban unemployment is currently estimated at 10.8 percent. The major focus of NEEDS is therefore economic empowerment. NEEDS policies will create about 7 million new jobs by 2007 by making it easier for private enterprises to thrive, by training people in skills relevant for the world of work, and by promoting integrated rural development in collaboration with the states (through their SEEDS programmes).

**Creating affordable housing.** Nigeria needs more houses that average Nigerians can afford. To address the problem, NEEDS will take several steps:

- Make it easier for developers to buy land on which to build affordable housing.
- Cut the cost of building houses by encouraging the use of local building materials.
- Train a new generation of architects in designing low-cost housing.
- Enable construction companies and local and state governments to assume responsibility for providing low-cost housing.

**Improving health care services.** NEEDS will fully review health care services in order to design a strong national health system that can deliver effective, good-quality, and affordable services to all Nigerians. The new policies will target priority diseases, such as malaria, tuberculosis, HIV/AIDS, and reproductive health-related illnesses. A stronger emphasis on health education will help make Nigerians more aware of their rights and obligations regarding health services as well as promote disease prevention. NEEDS will also prioritize the creation of a National Health Insurance Scheme and a Blood Transfusion Service. It will support the establishment of a strong manufacturing base for essential drugs and reagents. Antenatal, postnatal, and family planning services and outlets will receive targeted support in order to reduce maternal and infant mortality.

**Protecting the vulnerable.** In addition to these comprehensive measures, special attention must be paid to particularly vulnerable groups. NEEDS provides a safety net that will prevent people from becoming poor or poorer. Special programmes will protect the rural and urban poor, people living with HIV/AIDS, women, widows and widowers, and victims of ethnic violence, crime, unemployment, or loss of income.

### **Promoting Private Enterprise**

If the private sector is to become Nigeria's engine of growth, its motor needs to be primed. The government has to make certain fundamental changes to create an environment in which business will thrive. In the language of economists, it has to create a macroeconomic framework—a kind of overarching, national housekeeping budget—that will ensure that Nigeria makes the most of what it earns as a nation, that it spends only what it can afford, and that all levels of government use the same budget. NEEDS proposes that the government not spend more than it takes in, not pay for unbudgeted programmes or projects, not purchase goods or services that do not contribute to Nigeria's development. It also suggests increasing taxes to pay for

basic services. Under NEEDS the government will try to stabilize the value of the naira and create a system to ensure that it has sufficient foreign exchange to buy the goods it needs from other countries.

### **2.39 FEEDS**

The FCT Economic Empowerment and Development Strategy (FEEDS) is an outline of the policy programmes that the FCT Administration intends to implement to accomplish its vision and mission of reducing poverty and bringing development to the FCT. After years of military rule, this is the first development plan that the administrators of FCT are presenting to the people. The document begins by introducing the FCT and presents a current situation analysis. It also outlines the strategic policy areas and the initiatives that Government intends to pursue to advance the collective interest of the people in the FCT. The policies are well grounded in the Federal Government's NEEDS Initiative – wealth creation, employment generation, poverty reduction, and value re-orientation. FEEDS represents the FCTA's initiative for meeting the Millennium Development Goals (MDGs), which are:

- . Alleviation extreme poverty and hunger
- . Achieve universal primary education
- . Promote gender equality and empower women
- . Reduce child mortality
- . Improve Maternal Health
- . Combat HIV/AIDS, Malaria and other diseases
- . Ensure environmental sustainability
- . Develop a global partnership

### **2.40 Poverty Alleviation Challenges Remain Daunting**

Significant improvements have been recorded in many areas since 1999, but the development challenges remain daunting. NEEDS aims to address many of these challenges, including the following:

- Per capita GDP in Nigeria was among the lowest in the world during the 1980s and 1990s, costing it decades of development. Annual per capita GDP remained stagnant in the 1990s, and it grew just 0.8 percent between 1999 and 2003—far lower than the 4.2 percent per capita growth needed to significantly reduce poverty. Compared with other African and Asian countries, especially Indonesia, which is comparable to Nigeria in most respects, economic development in Nigeria has been disappointing. With GDP of about \$45 billion in 2001 and per capita income of about \$300 a year, Nigeria has become one of the poorest countries in the world. As of



2000 it had earned about \$300 billion from oil exports since the mid-1970s, but its per capita income was 20 percent lower than in 1975. Meanwhile, the country has become so heavily indebted—external and domestic debt amount to about 70 percent of GDP—that it has serious difficulty servicing debt.

- In the more than 40 years since independence, Nigeria has never grown at 7 percent or more for more than three consecutive years. Because of perceptions of risks and the high costs of doing business, private agents keep the bulk of their assets abroad, and more than 2 million Nigerians (mostly highly educated) have emigrated to Europe and the United States. Most foreign direct investment into the country goes into the oil and extractive sectors. Only since 1999 has foreign direct investment in the non oil sectors begun to rise significantly. Nigeria's economic structure remains highly undiversified. Oil exports account for 95 percent of total exports, while manufacturing accounts for less than 1 percent. Since the 1970s Nigeria has lost international market share even in its traditional (agricultural) exports.

- Macroeconomic policy has been highly circumscribed by inefficient, highly volatile, and unsustainable public sector spending and by unusually high volatility of major macroeconomic aggregates. Fiscal decentralization has proved a challenge to effective macroeconomic stabilization and efficient public finance management. There has been a lack of policy coherence between the states and the federal government and even among the various agencies of the federal government. The traditional instruments of economic management—the national plan and budgeting processes—have been rendered ineffective.

- Finances at all levels of government are in poor shape. Domestic debt increased more than 200 percent between 1999 and 2002 (to about \$9 billion). The external debt burden, which the government is barely able to service, represents about 50 percent of contractual service obligations. Government finance is also characterized by a pension crisis, arrears of salaries of civil servants, huge debts to government contractors and suppliers of goods and services, a boom and bust cycle of revenue and expenditure, misallocation and mismanagement of resources, and other problems. At the state government level, a major crisis is looming but goes largely unnoticed. Many states are accumulating debt at unsustainable levels, institutions are weak, and economic governance is poor.

- The very low productivity of the private sector and the lack of diversification of the economy are due mainly to the inhospitable business environment. The constraints to businesses include infrastructure deficiencies, poor security of lives and property, corruption and rent-seeking, low access to and the high cost of finance, weak institutions, poorly defined property rights and enforcement of contracts, and unstable macroeconomic policies, especially fiscal and trade policy. Although these conditions have begun to improve since 1999, significant obstacles need to be addressed.

- Nigeria's urbanization rate—about 5.3 percent a year—is one of the fastest in the world. With a stagnant secondary sector, urban unemployment—and its attendant problems of slums, crime, and sociopolitical tensions—is high. In March 1999, 23.2 percent of the rural labour force and 12.4 percent of urban dwellers were without jobs. By March 2003 the rural unemployment rate had dropped to 12.3 percent and the urban rate to 7.4 percent, yielding a composite unemployment rate of 10.8 percent.

- Nigeria faces the challenge of meeting the Millennium Development Goals. Statistics from the 1996 survey indicate that poverty is deep and pervasive, with an estimated 70 percent of the population living in poverty. (Many analysts question the 1996 poverty statistics, especially the methodology used.)

The ongoing Living Standard Measurement Survey will give a more accurate picture of the actual level of poverty in Nigeria. Poverty in Nigeria varies widely by region, sector, and gender. Other social indicators are also under stress: income inequality in Nigeria is very high; unemployment is threatening social cohesion, security, and democracy; and the imminent HIV/AIDS epidemic is a potent time bomb waiting to explode, with potential dire consequences for productivity in the economy. Social exclusion and discrimination against women hamper their ability to fully contribute to the development of the economy.

- The educational system is dysfunctional, as graduates of many institutions cannot meet the needs of the country. Institutions are in decay, strikes and cultism are common, and corruption has become rampant. Youth militarism has now gone beyond the walls of schools to the heart of society.

- Despite efforts to promote a private sector-led, competitive market economy framework, Nigeria still faces the fundamental challenge of transition from statism and rent-seeking in an economy dominated by the public sector. The deep vested interests that profit from the system have proved resilient. They are strengthened by evidence of weak institutions. As a result, implementation failures in Nigeria are persistent.

#### **2.41 The Potential for a New and Strong Beginning under NEEDS**

Nigeria has abundant human and material resources to initiate and sustain rapid and broad based growth and development. It can also take advantage of opportunities offered by globalization (including prospects for leapfrogging) and by the preferential and differential trade arrangements and concessions under the Economic Community of West African States (ECOWAS) Treaty; the African Growth and Opportunity Act; and the Cotonou Agreement trade pact and impending economic partnership agreement between the European Union and the African, Caribbean, and Pacific countries. If appropriate incentives are in place, the brain drain of Nigerians could be turned into a brain gain—through increased remittances, technology transfer, and even return of capital flight (which could repatriate up to \$2–\$5 billion a year). In other words, there are ample opportunities to jump-start faster growth—if the right strategy can be crafted and implemented.

Several factors suggest that NEEDS is a strategy that is likely to succeed. First, the current administration's policy thrust is consistent with the provisions of NEEDS. The 2004 budget signals a fundamental change in strategy. The liberalization of the downstream oil sector has begun, with the full elimination of subsidies, and the refineries will soon be privatized. The conversion of public servants' perquisites into cash to reduce government expenditure and waste associated with maintaining these facilities is on course. Actions to fight corruption and increase transparency have been taken, and commitment to the Extractive Industries Transparency Initiative has been reinvigorated. The piloting of public service reforms has begun, the privatization programme is on course, infrastructure rehabilitation and maintenance are proceeding, and an emphasis on agriculture led to an unprecedented bumper harvest in 2003.

Furthermore, there is a broad national consensus around the reform agenda. Second, effective mechanisms are being instituted for coordinating state and federal government programmes and jointly monitoring performance. The statutory organs for such coordination and monitoring (such as the National Economic Council, the National Council on Development Planning, and the Joint Planning Board) are being strengthened. The impact of the federal programme will be increased as the states develop their own reform programmes (known as State Economic Empowerment and Development Strategies, or SEEDS) consistent with the broad thrusts of the federal reforms.

Third, the right people are in place to adopt and implement NEEDS. A critical mass of reform minded representatives are serving in the National Assembly, which is ready to enact the relevant legislations for

effective implementation of NEEDS The President has constituted a very strong economic team to drive the process of reforms. There is a strong team spirit in government, which is critical for implementing and sustaining the reform effort.

Fourth, NEEDS will become the basis for government budgets and the eventual formulation of a medium-term expenditure framework. Implementation is a key element for success. The President is leading efforts at implementation, chairing a weekly, 90-minute meeting of the economic management team designed to monitor and coordinate implementation among key agencies and ministries. The agenda is focused and selective, and aspects of it will be implemented by the private sector, nongovernmental organizations (NGOs), and donor agencies.

**Pruning waste.** NEEDS will support new procurement procedures by strengthening the due process mechanism and developing a catalogue of commonly procured equipment, supplies, and services as a reference for ministries and agencies.

**Increasing revenue generation and supporting tax reforms.** The reforms also aim at strengthening the machinery for tax collection, tracking all government revenues paid into different bank accounts as well as recovering debts, misappropriated and looted funds, and payments for work not executed. State and local governments are expected to gear up their efforts to generate revenue rather than depend on statutory allocation from the federation account or borrowing on the capital market.

In the short to medium term, the strategy will address six issues:

- The structure of the tax system
- Revenue generation
- Efficiency of collection
- Tracking and response to comparative and international standards
- Investment promotion
- Coordination of tax administration

## **2.42 RURAL POVERTY IN ABUJA SATELLITE COMMUNITIES**

Literacy trend in the FCT indicate growth in the number of literate people in the area. According to the 1991 National Population Census, about 56.4% of the population aged 6 years and above were literate. Life

expectancy in the FCT area is adjudged low with an average of 52 years for both male and female. Residents of FCT have access to health care services within 40 minutes walking distance on the average; these health care centers however offer varying levels of services. About 60% of FCT residents have access to clean water defined as borehole and pipe borne water. However, as we shall see in the body of the report, access to portable water supply through public pipes is low at about 35% mainly due to population explosion in the FCT.

#### **2.42.1 Population and Cultural background of Abuja**

The initial vision for Abuja as the Federal Capital Territory (FCT) was for an optimal population of about 3 million people after completion of a five phase development plan. The estimated population of the city in 1998 was 3 million prior to the completion of the first phase of development. Today (2005) that figure has more than doubled to an estimated population of 6.7 million, with an annual growth rate of 13% with only two development phases completed. According to the 1991 census, women constituted 44.8% of the population, while the male population 55.2%. From the estimated 6.7 million population of the FCT, 50% are school age children.

Women and children are largely responsible for collecting firewood for making cultural artifacts as in traditional Gbagyi culture and as source of energy and income for the family. They also have the responsibility of finding, fetching and storing water. They dominate the pottery business, a traditional economic activity of the original inhabitants of the FCT.

Women are also custodians of culture. Songs and dance depicting rural life, virtues such as integrity, honesty and love are woven into the work and social life of the communities. Marriages, harvest and child naming ceremonies are social events, which bring to the fore women's community building role. In the FCT, Women are breaking new grounds as female construction workers and on occasions, bus drivers. Equally important is their participation in partisan politics where women have emerged as senators, local government chairpersons and councilors, and other leadership positions in various parties. These are areas, hitherto considered the exclusive preserve of men.

There is a good level of awareness among women as inferred from responses to issues of HIV/AIDS, child labor and politics. For instance, there is general consensus among women that advocacy against child hawking is important. Though children of both sexes participate in hawking, girls are more vulnerable because

of the higher propensity of gender-based violence such as rape, harassment and other forms of abuse. They have argued for creation of girls' only schools and scholarship opportunities to ensure equal access to quality education.

#### **2.42.2 Poverty Analysis of Abuja**

Poverty is a multi faceted phenomenon. It arises from the lack of access to income, social or physical security, absence of voice or protection of human rights and lack of access to justice. Though the common practice is to measure poverty as (living on less than \$ 1 a day); illiteracy, ill- health, disability, gender inequality and environmental degradation are also aspects of being poor. FEEDS recognizes the relationship among all these forms of poverty. A lack of voice for instance, could impede access to health services or credit facilities even where they are available. Absence of physical security may jeopardize food security, which may in turn have an adverse effect on the environment.

#### **2.42.3 Women's Activities In Abuja**

Women's activities span political, social and economic spheres in the FCT. Women are engaged in formal employment in different professional categories: teachers, health workers, etc. Women dominate the informal sector spheres of food vending, trading and tailoring services. They are also active in these areas: Family businesses such as carpentry and printing, animal husbandry, crop farming from tilling, planting, harvesting and processing to marketing.

By far the poorest categories of people in the FCT are women, children, the aged and persons living with disabilities, because they are made more vulnerable by the absence of adequate services. The size of these categories in the FCT makes the issue of poverty very alarming. According to the 1991 census, women formed 44.8% of the population, with the male population put at 55.2% of the estimated 6.7 million population of the FCT, 50% of this figure are school age children. We recognize that in order to commit to poverty eradication, a cluster of ideas must be pursued simultaneously. These include investing in education and health with a clear perception of gender dynamics, increasing the productivity of small farmers, improving basic infrastructure, developing an industrial base, which recognizes entrepreneurial activities, promoting democratic governance and respect for human rights, and ensuring environmental sustainability).

FEEDS submits to a rights based approach to poverty reduction. The basis of which is the provision of adequate access to basic social amenities such as education, access to water, health and social security as non-negotiable prerequisites for a good life. These needs are recognized as claimable rights, which come with duties, responsibilities and an accountability dimension. In essence, the human rights approach to poverty reduction and development assumes that beneficiaries of poverty reduction are active citizens with the right to a voice in policy process; active citizens should be given every institutional opportunity to own the process of their own development. Government on the other hand, has the right to enforce laws and protect public resources on behalf of the citizens. Each party thus has rights, obligations and responsibilities.

#### **2.42.4 Education in Abuja FCT**

Education is the key to the future because it is fundamental to the cultivation of quality human resource. An appraisal of the situation has shown that the continuous influx of people into the FCT has led to an overstretching of present educational facilities. City classrooms are overcrowded with an average of 163 children per class. However, some rural schools have less than 200 total enrolments. The condition of learning in many instances is less than conducive as classrooms are in dilapidated state, teaching aids such as textbooks and laboratory equipment are inadequate.

Basic facilities such as toilets and first aid clinics are inadequate or absent in some locations. In the opinion of Forum for African Women Educationists (FAWE) and some education practitioners, lack of these basic facilities, especially the lack of protective sanitary materials and separate toilet facilities were some of the biggest obstacles hindering performance of girls in schools.

Primary schools in the FCT performed poorly in the common assessment performance tests. At present, the educational pass rate in the FCT is 25%. In the Internal Common Entrance Examination, the average pass rate of pupils in FCT public schools was 13.02% using 300 out of a total score of 600 as pass mark. The poor performance necessitates a reduction of the cut off mark to as low as 120 points for admission into secondary schools in some area councils.

**2.42.5 Challenges and Constraints to Education in the FCT:** The preceding problems already cited are compounded by the problem of demotivated teachers. Thus, there is a desperate need for rehabilitating and

re-constructing schools with better facilities and standards. Expanding the existing facilities would make it possible to reduce the current class size of approximately 70-120 students and bring it in line with target of 1 to 40 as stipulated by the National Policy on Education.

For the 2004/2005 academic session, the students' population is 78,000 across 45 post primary schools with only 879 classrooms. The actual requirement for this size of students is 1968 classrooms. Thus, a shortfall of 56% from the population of the FCT currently estimated at 6.7 million and at an annual growth rate of 13%, the provision of additional classrooms needs to be addressed urgently to avert an imminent crisis-of creating class sizes of 150-200 pupils, or learning under the tree and worse still, actual drop out of school.

At the end of the 2003/2004 session, there were 15 boarding schools with 74 hostels and a population of about 18,000 students in the FCT. The capacities of the hostels are already overstretched. To avert health hazards like meningitis and other communicable diseases, more hostels need to be provided to encourage and sustain the drive for increased retention after enrolment. Other factors responsible for the low performance of pupils in examination include the following:

1. Unavailability of research work on the teaching and learning process to identify gaps for possible corrections.
2. Inadequate capacity building for teachers to improve on the skills acquired in their NCE and first degree education
3. High pupil /teacher ratio which results in low individual attention to pupils as a result of one teacher teaching too many pupils.
4. The overwhelming students' population makes it difficult to provide adequate libraries, effectively monitor and evaluate schools, and enrich the school experience by inclusion of co-curricular activities. The result of the foregoing is high records of illnesses and truancy on the parts of both students and teachers.
5. Teachers' poor conditions of service and the high rate of HIV/AIDS in the FCT.

At present, primary school enrolment in FCT public schools is less than optimal. In 2003/2004, enrolment was 300,739; 161,911 boys and 138,828 girls. This represents only 39% of the school age population. This situation is caused by a variety of reasons such as: the poor economic status of the rural communities and their inability to meet the cost of uniforms, books, feeding and other school charges for their wards; general



apathy towards schooling as a result of the high number of youths who lack gainful employment after schooling; a high drop out rate due to child marriage, and economic activities like farming and hawking.

The FCT, like other parts of the country, has its health challenges. Data shows that infant mortality rates have worsened between the 1990s and 2003. Statistics from the National Demographic and Health Survey (NDHS) survey data showed that in 1990, North Eastern and North Western Nigeria recorded 83 and 110 deaths respectively, out of every 1000.

By 2003, the figures had risen to 129 and 136 respectively. 2002 statistics put crude death rate at 14 out of every 1000 persons. Under 5 mortality rates are equally disturbing with Nigeria having the 15<sup>th</sup> highest child mortality rate out of 193 countries.

Life expectancy is low at an average of 52 years. Varying levels of health care services are available to the residents of the FCT, on the average, within 40 minutes walking distance. The picture is, however, different in the rural areas, where the health care centers are in a deplorable state. There is a dearth of drugs and medical personnel and in some cases, gross dereliction of duty. The situation is rendered precarious by the absence of female health personnel. This is a vital determinant for maternal health service utilization, because due to reasons of culture, religion, privacy and empathy, women would feel more comfortable to confide issues of gynecology and obstetrics to female health workers.

FCT has 14 health care centers. The 4 in Garki, Wuse, Asokoro and Maitama are prototype district hospitals, designed to provide care for a small number of people in those districts. The remaining 10 are satellite hospitals; out of which Kwali and Kubwa have been upgraded to general hospitals to provide more specialized care. The focus for health care delivery is allopathic medicine, although recognition is given to alternative medicine, in particular, traditional obstetric services, which are well entrenched in the rural area.

These services are dispensed by traditional birth attendants (TBAs). The ultimate goal is the integration of allopathic and alternative practices in order to provide a holistic health care delivery system. The FCT, in comparison with other states in the Federation, can boast of some of the best and most affordable public health care services. This lead can be maintained with access to increased funding, improved technologies in health care delivery and public awareness.

The Health and Human Services Secretariat charged with the responsibility of articulating and delivering health care services in the FCT is poised to implement its Servicom charter, which is a pact between service providers and users. Closer collaboration and analyses of need with the Area Councils will also be pursued.

#### **2.42.6 Constraints and Challenges of Healthcare Delivery In Abuja**

The primary challenge is inadequate facilities to cope with the explosive population. Out-patient attendance is 157,337 visits over a period of 6 months. Informal community dwellers (squatters) constitute over 50% of users of health services in the FCT and people from neighboring States also prefer to patronize FCT hospitals given its relative affordability as well as better quality compared to what obtains in other states. For instance, there is a perennial shortage of beds with an average bed to population ratio of 1:20, in public hospitals, where there are on the average 100 beds, including neonatal space.

Another challenge that is linked with the population facility mismatch is the rapid depreciation of work tools. On the average, FCT hospitals record 8-9 child deliveries per day, it is important that the status of surgical equipments, dressing for injuries, instruments for obstetrics and other work tools are addressed. This concern for hygiene is compounded by the associated financial resource outlay required for the rapid replacement of equipment.

The low doctor/patient ratio is a gnawing challenge, with approximately 1:2000 in FCT public hospitals. Maximum mortuary capacity is 15 body units for Maitama hospital while the other 3 district hospitals

#### **2.42.7 Rural Access and Mobility In Abuja**

Infrastructure provides Access and mobility between rural and urban population, as well as rapid development. Attention will be devoted to water, roads, rail and bus transport. Opening up the satellite areas and facilitating a linkage with the city are central to this objective. Two major components of traffic generation in the FCT are important because they are transitory and continuing in nature.

Transitory traffic derives from activities relating to construction activities in FCT, which is still in progress. The sources of transitory traffic are construction activities, with related needs for shipment of building materials and equipment. There are also personal activities with related needs for transport of personal goods, government property and commercial inventories.

While the transitory component of traffic generation may cease after the completion of major construction, the continuing aspect of traffic personal and commercial will only increase. Therefore, there is need to envision a form of mass transit that is multifaceted, capable of integrating the FCT and linking it to the rest of the nation. Equally important, is a transport plan, which would take cognizance of agriculturally productive rural communities and population centers in FCT.

#### **2.42.8 Constraints and Challenges In Abuja**

At the moment, while there is a high degree of access and mobility work in the cities, with phases 1 & 2 in advanced stages of construction, there are few developed satellite towns and communities comparable to FCT's expanding population. There is no structure that would provide creditable data for planning and execution of the various development programme outside the city. Rural communities had no access roads for mobility of produce and people. This led to the creation of the Satellite Towns Development Agency (STDA).

STDA was created in 2003, by the El-Rufai's Administration. Its creation was borne out of the need to achieve even development between the FCC and the rest of the FCT. This is an important consideration, given the emerging impact on development and lack of suitable and adequate housing and amenities for lower income workers who service residents of the city, and have subsequently contributed to the emergence of sprawling slums in the FCC. The creation of STDA also became necessary as a result of the need to plan adequately for the resettlement of original inhabitants who by the FCT Act, are entitled to comprehensive resettlement and compensation.

#### **2.42.9 Prospects of Abuja**

Provision of access roads to the various communities living in FCT would mean access to markets for agricultural goods and ability to commute to the city to seek opportunities. This would greatly reduce poverty among the rural communities and improve their standard of living. An effective public transport network would

also provide a regular link to settlements and other important productive centers within the wider area of the FCT

Both rural roads and transport network would stimulate development within the rural areas which could precipitate desired mobility of the people to achieve a balanced population distribution in the FCT, boost trade, agriculture, tourism and a greater level of human development and enlightenment. An integral part of the mobility plan is access to taxi services. The Administration through the Abuja Investment and Property Development Company (AIPDC) entered into dialogue with the London Taxis International and Peugeot Automobile Nigeria to negotiate commercial terms, and explore financing options for the purchase of the taxis. These taxis are now operational in the FCT since late 2005. AIPDC has also entered into discussions with HSBC Bank PLC to examine the possibility of FCT obtaining the support of the UK 's Export Credit Department to finance up to 85% of the potential contract with London Taxis. Local commercial banks are also expected to bring in funds as their equity contribution. These arrangements have led to access to taxi services comparable to the best in the world, before the end of 2005.

#### **2.43 PICTORIAL FEATURES OF RURAL POVERTY IN ABUJA SATELLITE COMMUNITIES**

Below are pictures of different locations in Abuja satellite communities showing rural women in their normal daily habitats. These presentations are descriptions of sample locations where women live in Abuja Satellite Communities.

## **CHAPTER THREE**

### **3.0 METHODOLOGY AND SOURCES OF DATA**

#### **3.1 RESEARCH DESIGN AND SOURCE OF DATA**

Various methods of data collection have been used in this study but the main material for the study has been obtained through the use of questionnaire survey technique, refined observations and in-depth interviews. It is also necessary to state that my inside knowledge and vast experience in the national and international Development sectors has been beneficial to the study.

The literature review has established that considerable institutional support measures have been put in place by government to alleviate poverty, especially amongst women in Nigeria in the rural areas. However, the dynamics of these institutional support measures in terms of service delivery and beneficial utilization by rural women still remains a subject for serious concern in Nigeria.

To clarify this issue, pertinent questions need to be answered which include the following:

- What are the support measures put in place to assist women to help reduce poverty levels?
- Are the financial support measures effectively delivered to these women?
- What institutional agencies are responsible to deliver these poverty reduction measures?
- Do the rural poor women have access to the finance available?

A conceptual model was developed following the findings from the literature review.

#### **3.2 RESEARCH DESIGN**

In planning for the research study, the researcher was mindful of the need to have a well articulated research design.

Such a research design is desirable for the objective of data collection that will be useful in addressing the research questions. It is therefore, a veritable guide for data generation, especially primary data. The research

strategy adopted in this study is the survey technique. This strategy was chosen because of the nature of the research topic which demands the collection of significant amount of data from a meaningful population size in an efficient manner. Because this method is well understood and perceived as authoritative by people in general, it was most appropriate for its adoption.

The research study has tried to find out what support measures were given to rural poor women in Abuja, and by whom, which made it a descriptive study in one hand. On the other hand, the study was causal in the sense that attempt was made to find out the causal relationships among variables such as government/private support measures and the end-users, in this case, the women in Abuja satellite communities.

Two survey methods including questionnaires and interviews were used because the respondents have diverse backgrounds. Questionnaires were used to obtain information from the literate women within the area of study, women leaders in the community based organizations, officials of non-governmental organizations in Development, and interviews were used to get information from the illiterate women amongst the sample population.

### **3.3 Improving Questionnaire Return Rates**

The following steps were taken to improve on return rates for distributed questionnaires:

- questionnaire length was made very limited to elicit ease of response.
- cover letters were used to dispatch the questionnaires. It is considered a logical vehicle for persuading individuals to respond.
- repeated visits and phone calls to the respondents though costly, assisted to ensure good response.

Invariably, the Total Design Method (TDM) as reported by Dillman (2000) and Cooper and Schindler (2001) was applied. The TDM procedures suggest minimizing the burden on the respondent with questionnaires that meet the following objectives:

- Design surveys that are easy to read
- Offer clear response directions;
- Provide information about the survey in a cover letter of advance notification;

- Personalize all communication with the respondent, and
- Follow-up contacts through phone to encourage response

### **Response Rate**

The likelihood of having non-responses was taken into consideration in the research design. Saunders et al (1997) noted that non-response could be due to three interrelated problems such as refusal to respond, ineligibility to respond and non-contact. De Vaus (1991) suggested a strategy of excluding ineligible respondents by calculating the response rate as stated below.

$$\text{Response rate} = \frac{\text{Total number of responses}}{\text{Total number in sample} - (\text{ineligible} + \text{unreachable})} \times 100$$

Estimating the likely response rate from a sample to which a researcher will be sending a questionnaire or interview schedule has been found to be very difficult (Saunders et al, 1997). Response rate of approximately 30% has been reported to be reasonable for postal surveys (Owen and Jones, 1990).

For interviews, a response rate of approximately 50% has been reported (Kervin, 1992, Saunders et al 1997). Dillman (1978) recorded response rates of between 50% and 92% for questionnaire surveys and of between 73 and 99% for some telephone interviews.

### **3.4 RESEARCH INSTRUMENT**

The motivational factors and work attitude Questionnaire was used for collecting responses from the subject selected for the study. The questionnaire was developed by the researcher based on ideas obtained from the work of the questionnaire used for the study consisted of five component parts.

The first parts consisted of questions that make it possible for the introduction and sources of livelihood to be collected. This part of the questionnaire was intended to elicit information about the sex, location of residence, and source of livelihood of the respondents. This section has eleven questions.

The other part of the questionnaire that contained the dependent variables was sub-divided into four sections. The first section dealt with availability of finance to the Respondents. It contains six questions, which were

designed to elicit responses from respondents on availability of funds for self upkeep to find out the extent to which this affects their level of poverty

The second section was made up of four questions all of which are on access to finance for the particular source of livelihood. The third section on problems involved in accessing finance is made up of four questions. The fourth section on financing process was made up of five questions. There were thirty one questions as a whole.

### **3.5 VALIDATION OF THE RESEARCH INSTRUMENT**

#### **Content validity**

In order to ensure that the instrument measures exactly what it is intended to measure, a supervising expert in this area of study were used as the pre-test juror. His expertise was brought to bear the questions were relevant, clear and unambiguous. Furthermore, it was to ensure that the questions had covered all the dimensions of the variables included in the study. The expert approved the questionnaire used in the study after some modification.

### **3.6 RELIABILITY OF THE INSTRUMENT**

I adopted a method of checking the validity, reliability and consistency of my instrument and questions by including a few extra questions to those I deemed essential for my study. I used a technique of putting in two roughly equivalent or closely related questions but well separated in the questionnaire. With this, it was possible to measure the consistency of answers.

### **3.7 DATA COLLECTION**

Data were collected from both primary and secondary sources. Primary data was collected using semi-structured and in-depth interviews. Interviews were formalized and structured using standardized questions for the respondents as recommended by Abdullahi (2004). Semi-structured interviews were undertaken by taking note of responses to a list of questions on the subject matter.

In order to ensure that enough, adequate, and reliable information are obtained, the following instruments will be used in the collection of data:



- (d) Questionnaire
- (e) Observation
- (f) Personal Interview

### **3.8 SOURCE OF DATA**

Primary and Secondary data has been used in this study.

#### **3.8.1 PRIMARY DATA**

According to Asika (1991:21) this consists of responses collected from respondents using the instrument of structured questionnaire. This form of data is subjected to analysis using percentage frequency and tabular Presentation, as well as histograms as necessary.

Primary data were captured through the use of questionnaires structured as follows:

- a. Section A (Introduction: Sources of livelihood)
- b. Section B (Availability of finance for self up-keep)
- c. Section C (Access to finance)
- d. Section D (Problems of accessing finance)
- e. Section E (Financing process)

The questionnaires were pre-tested before embarking on full scale field work in order to finalize the design structure and ensure that the instrument can provide the desired data. The responses from the women within Abuja municipal where the questionnaires were pre-tested assisted significantly in modifying it before the field administration. The researcher made use of the officials of the women community based organizations (CBOs) at the FCT Development Authority. Also, personal interviews by the researcher assisted in generating data and information used for the study.

### **3.8.3 SECONDARY DATA**

As Muo (2000:17) this form of data is obtained through published and unpublished materials on the challenges of poverty reduction worldwide, including Nigeria. This source of data been helpful in getting deep insight into the subject of the challenge of poverty reduction in Nigeria.

The importance of consulting secondary sources of data and information was recognized in this study. Hakim (1982) noted the need for researchers to consider the possibility of re-analyzing an existing data in order to answer their research questions and meet their research objectives.

Saunders et al (1997) recognized the importance of secondary data, especially where comparisons are made in order to answer research questions and address the research objectives. It is therefore imperative to address the research questions using a combination of secondary and primary data. The secondary data consulted include both quantitative and qualitative data. The sources of secondary data were ascertained through literature review informal discussions with experts, colleagues, seminars and conferences as well as published guides.

Data on the Internet were located using search tools. The World Wide Web was searched for information. The convenience of the Web and the extraordinary amount of information to be found on it are compelling reasons for using it as an information source (Cooper and Schindler, 2001). Search engines such as Yahoo (<http://www.yahoo.com>), Google (<http://www.google.com>) and MSN (<http://www.msn.com>) were used to access vast information on rural poverty especially amongst women that assisted in the study. Other sources of information used include personal or informal discussions with associates and friends in the Key sub-sectors relevant to the study as well as personal documents provided by them.

Abdullahi (2005) noted the need to meet the following criteria in using personal documents in a study of this nature.

- a. that the document must be a written one
- b. that the document must have been produced on the authors initiative or if not, in such a way that their introspective content has been determined entirely by the author, and
- c. that the document focused on the authors personal experiences.

The researcher was mindful of these criteria which exclude interview materials used in the study.

All sources of data, both primary and secondary sources were evaluated to ensure that they are relevant to the research objectives as well as assist the researcher to answer the research questions.

### **3.9 QUALITY OF RESEARCH DATA**

The issue of the credibility of research findings was seriously considered in the research design. Reducing the possibility of doubting the credibility of research findings informed why attention was paid to the issue of reliability and validity. Two critical questions the researcher tried to address in the cause of carrying out this study as noted by Easterby-Smith et al, (1991) were;

- will the methods adopted yield the same result on different occasions?
- Will similar observations be made by different researchers on different occasions?

Robson (1993) identified four threats to reliability of research results to include subject error, subject bias, observer error and observer bias. The researcher was aware of the potential problems extraneous influences will have on respondents in offering valid and candid answers to questions asked during the field study. Consequently, elaborate steps were taken to ensure confidentiality and anonymity of respondents to questionnaires. Also, care was taken to ensure that the data derived from the study are valid and relevant to the research objectives.

Specifically, steps were taken to ensure that proper things were done as it relates to the following:

- Identification of the research population: Efforts were made to ensure that the choice of the population was logical to guarantee generalizations to be made across the whole population.
- Data collection: Concerted efforts were also made to ensure that the processes adopted to collect data yielded valid data.
- Data interpretation: Appropriate theoretical frameworks were chosen in data interpretation. Induction and deduction processes were employed to arrive at the conclusion on each of the hypotheses. This implies that conclusions were drawn from both existing facts and valid reasons given by respondents to questions asked.
- Development of conclusions: The researcher was conscious of the need to ensure that conclusions made should stand up to the closest scrutiny.

Asika (2001) observed that research design may be said to be valid if it enable the researcher elicit the correct responses from the sample subjects. In this study, the research design was considered valid based on the fact that the desired responses were gotten from sample population. Furthermore, the content validity was determined by ensuring that all the questions asked in the questionnaire fully addressed the research objectives and hypotheses.

### **3.10 PROCESSING OF DATA**

The data resulting from the study could be both quantitative and qualitative and as such, need processing and analysis. The essence is to put the data in contextual form to enable the researcher answer the research questions as well as address the research objectives. Consequently, quantitative analysis using simple tables, and percentage distributions analysis were carried out in order to establish the relationships between the various variables. Abdullahi (2004) noted the need to ensure that in all cases where tables were used that the following steps were taken:

- that the tables have brief and clear descriptive title,
- that the units of measurement are clearly stated;
- that the sources of data used are clearly stated;
- that notes to explain abbreviations and legends are clearly stated;
- the size of the sample on which the values in the table are based is stated;
- that tables had clear column and row leadings;

The analysis carried out enabled the researcher establish the relationships between variables and trends in patterns of associations.

### **3.11 POPULATION OF THE STUDY**

Population consists of women who live/work in Abuja Satellite communities (both Nigerian and non-Nigerian nationals that work and reside in the federal Capital Territory, the seat of the federal Republic of Nigeria) and Leaders of the various women community organizations in Abuja. This makes the population finite. This population is scattered in Abuja Municipal, Abaji, Bwari, Gwagwalada, Kuje and Kwali area Councils

**Table 3.1 Distribution of the Sample Population**

<b>Area Councils</b>	<b>Sample Population</b>	<b>% of Questionnaires to be distributed</b>	<b>Number of Questionnaire to be distributed %</b>
Abaji	60	17	32
Abuja Municipal	100	27	51
Bwari	60	17	32
Gwagwalada	60	17	32
Kuje	40	11	21
Kwali	40	11	21
<b>Total</b>	<b>360</b>	<b>100</b>	<b>189</b>

Source: Field Survey 2007

### **3.12 SAMPLE SIZE DETERMINATION AND JUSTIFICATION**

As a result of the inability of the Researcher to reach the population of the Study, it has been necessary to use a sample population derived from the main population. Since this population is a finite one, it was convenient for the Researcher to use the famous Taro Yamane's formula for the determination of the sample size (Onwe, 1998:21) given below:

$$n = \frac{N}{1+N(e)^2}$$

where n = Sample size (Population)

N = Total population

1 = statistical constant

e = margin of error at 5%

$$n = \frac{360}{1+360*(0.05)^2}$$

$$n = \frac{360}{1+0.9}$$

n = 189.47, approx. **189 Women**

**Table 3.2 Administration of the Questionnaire**

Area Councils	Number of Women Sampled	%	Proportion of Questionnaire	Number Returned
Abaji	60	17	32	24
Abuja Municipal	100	27	51	40
Bwari	60	17	32	27

<b>Gwagwalada</b>	<b>60</b>	<b>17</b>	<b>32</b>	<b>19</b>
<b>Kuje</b>	<b>40</b>	<b>11</b>	<b>21</b>	<b>17</b>
<b>Kwali</b>	<b>40</b>	<b>11</b>	<b>21</b>	<b>15</b>
<b>Total</b>	<b>360</b>	<b>100</b>	<b>189</b>	<b>142</b>

**Source: Field Survey 2007**

### **3.13 LIMITATIONS OF THE METHODOLOGY**

The researcher recognized that the sampling from the target population might not be totally free from errors and as such, efforts were made to minimize such as earlier stated.

Finally, it is pertinent to reiterate the limitations to the study which is beyond the control of the researcher in the area of questionnaire administration and retrieval. Concerted efforts were made to ensure better response and retrieval of questionnaires from the respondents.

## CHAPTER FOUR

### 4.0 PRESENTATION AND ANALYSIS OF DATA

As the major aim of the research is to find out the extent of rural poverty among women in Nigeria, with Abuja Satellite Communities as case study, whether there is access/adequate finance for ameliorating the situation, we now turn to analyze data collected in order to answer the research questions.

#### 4.1 ANALYSIS OF RESEARCH RESPONSES

##### **Livelihood of respondents:**

This sets out to get information of the livelihood of the respondents. Women in Abuja satellite communities are basically adapting to the continual living conditions in Abuja these past few month.

**Table 4.1 Livelihood of Respondents**

Responses	Number of Responses	%
Farmwork	118	83
Petty trading	24	17
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field survey 2007**

From table 4.1, 83 percent of women in the area of study engage in Farmwork while the 17 percent of them engage in petty Trading. This shows that most satellite women in Abuja engage in Farmwork even in a new city like Abuja

**Table 4.2 Length of Time in Farmwork**

Responses	Number of Responses	%
<b>Under/or 1 year</b>	<b>90</b>	<b>80</b>
<b>1 to 2 years</b>	<b>21</b>	<b>15</b>



<b>Above 2 years</b>	<b>7</b>	<b>5</b>
<b>Total</b>	<b>118</b>	<b>100</b>

**Source: Field survey 2007**

From Table 4.2 above, only a negligible percentage has been engaged in farmwork for more than a year. This also shows that farmwork is not yet a well-tested line of earning a living. It will take sometime before these women can learn 'on the job' some other inherent problems likely to occur as regards farming.

**Table 4.3 Length of Time in Petty Trading**

<b>Responses</b>	<b>Number of Responses</b>	<b>%</b>
<b>Under/or 1 year</b>	<b>13</b>	<b>9</b>
<b>1 to 2 years</b>	<b>18</b>	<b>13</b>
<b>Above 2 years</b>	<b>111</b>	<b>78</b>
<b>Total</b>	<b>142</b>	<b>100</b>

**Source: Field survey 2007**

From Table 4.3 above, only a negligible percentage are new in petty trading. This shows that of the few women in petty trading, the majority have been in petty trading and petty trading is a tested means of livelihood. It is also interesting that the findings show that most women in farming also engage in one form of petty trading or the other. Farmwork is done side by side with trading by some of the women.

**Table 4.4 Number of farmlands Owned**

<b>Responses</b>	<b>Number of Responses</b>	<b>%</b>
<b>One farmland</b>	<b>133</b>	<b>94</b>
<b>Two farmlands</b>	<b>9</b>	<b>6</b>
<b>Above two farmlands</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.4, 94 percent of women in farmwork in the area of study have only one farmland. A negligible 6 percent own two farmlands and none own more than two.

**Table 4.5 Number of Shops Owned**

Responses	Number of Responses	%
One Shop	126	89
Two Shops	16	11
Above two Shops	0	0
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.5, 89 percent of women in farmwork in the area of study have only one shop. 11 percent own two shops and none own more than two. It is interesting to note that 98 percent of women that owned more than one shop reside in the Abuja Municipal itself where the Elites and Politicians reside as well.

**Table 4.6 Shops demolished by the Abuja City government**

Responses	Number of Responses	%
One shop	131	92
Two shops	11	8
Above two shops	0	0
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.6, 92 percent of women engaged in petty trading had their shops demolished by the Abuja Federal Capital Development Authority (FCDA) in the demolition exercise that has been on for the past two years to bring Abuja back to its original structural design as Nigeria's capital. 11 percent has more than one shop demolished. All Respondents agree that the demolished shops were illegal structures, they said they have to use them for petty trading then because they do not have another choice of shops that were affordable to them. They needed to make do with the shops to 'keep body and soul together'.

**Table 4.7 Children/Wards in School**

Responses	Number of Responses	%
YES	100	100
NO	0	0
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.7, 100 percent of the women that responded agreed they have children/Wards in school, from junior to high school and the tertiary institutions.

They gave the reason that even when their own biological children are out of school in some cases, they still have to help out with children of their Siblings and members of the extended families. There was no single woman who do have wards/children in school.

**Table 4.8 Number of Children/Wards in School**

Responses	Number of Responses	%
1 - 2 children/wards	7	5
3 - 4 children/wards	57	40
5 - 7 children/Wards	72	51

Above 7 children/Wards	6	4
Total	142	100

**Source: Field survey 2007**

From Table 4.8 above, 7 percent of Abuja rural women have one to two children/wards in school, 40 percent have three to four, 72 percent have five to seven, and 6 percent have above seven children/wards in schools. It is obvious that poverty will take a long time to be reduced if something drastic is not done to help these women financially. They all stated that they need to send the children/wards to school so they can have a better life than they have now but this also means not being able to feed well daily or get basic health treatment for themselves and their families.

**Table 4.9 Responsibility of Children/Wards School fees**

<b>Responses</b>	<b>Number of Responses</b>	<b>%</b>
<b>Myself</b>	<b>76</b>	<b>54</b>
<b>Husband</b>	<b>40</b>	<b>28</b>
<b>Relations</b>	<b>20</b>	<b>14</b>
<b>Other</b>	<b>6</b>	<b>4</b>
<b>Total</b>	<b>142</b>	<b>100</b>

**Source: Field survey 2007**

From table 4.9, Out of the 142 women, 54 percent said they are responsible for paying the school fees of their wards and children, 28 percent said their husbands are responsible, 14 percent said their relations are responsible, and 6 percent said some Philanthropists in the Community and their Churches are responsible for the payment.

It is disturbing that even with the economic levels of these rural women, they still have a lot of financial burden to carry in the area of school fees. It is surprising too that the percentage of women responsible for school fees is higher than the percentage of husbands (men) responsible for school fees. This shows that the original traditional belief that the men are responsible for all the financial issues of the family no longer holds in today's Nigeria, especially in Abuja Satellite Communities.

Table 4.10 **Why Rural Women are responsible for payment of school fees**

Responses	Number of Responses	%
Widowhood	19	13
Single parentage	42	30
Husbands incapability	61	43
Husbands Refusal to pay	20	14
Total	142	100

**Source: Field Survey 2007**

From table 4.10, 13 percent of Respondents said they are responsible because they are widows, 30 percent said they are single parents, 43 percent said their husbands are not capable (not earning enough), and 14 percent said their husbands refused to be responsible for the school fees. From all indications, the survey has revealed that there is a disturbing trend growing in the Communities: men are refusing to pay the school fees for education of their children/wards. The women generally agreed that some of the men do not make enough to be responsible for the school fees, but because of ego they will not admit and just declare they will not pay giving all sorts of flimsy excuses, from women's disobedience to children/wards' disobedience to them.

**Table 4. 11 Why some rural women are not responsible for school fees**

Reasons	Number of Responses	%
Married	31	22
Husband capable	100	70
Others Help	11	8
Total	142	100

**Source: Field Survey 2007**

From table 4.11, it is established that married women generally do not pay school fees when their husbands are legally married to them and are living together. However there is a correlation between financial capability of the husbands and the responsibility for school fees. All the husbands that pay school fees are legally married to the women and see school fees as their own primary responsibility.

**Table 4.12 Operating a Bank Account**

Responses	Number of Responses	%
Yes	139	97
No	8	3
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.12, 97 percent of women interviewed do not operate bank accounts. Only 3 percent do and these few reside close to the Abuja commercial center.

**Table 4.13 Reasons for non-operation of Bank account**

Responses	Number of Responses	%
Don't have enough money	79	56
Don't know how to operate one	46	32
No help from Banks	10	7
No Banking facilities	7	5
Others	0	0
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From table 4.13, 56 percent of respondents said they do not have enough money to operate an account, 32 percent said they do not know how to operate an account, 7 percent said the Banks do not help because the Bank Officials do not bother with them.

The majority however said they do not have enough money as well as not knowing how to operate an account.

**Table 4.14 Enough funds for everyday living**

Responses	Number of Responses	%
Yes	0	0
No	142	100
Total	142	100

**Source: Field Survey 2007**

Table 4.14 shows that all Respondents agreed that they do not have enough money for themselves and their families.

Further discussions with the Respondents reveal that aside from not having enough money, the value of the Naira keeps depreciating so the little they have loses value daily thereby compounding the daily challenges of making a living.

**Table 4.15 Ability of Banks to help Farmwork/petty trading**

Responses	Number of Responses	%
Yes	32	23
No	110	77
Total	142	100

**Source: Field survey 2007**

From Table 4.15 above, 23 percent of Respondents agree that the Banks can help them with their farmwork/Shop, while 77 percent do not think so.

Further discussions with this group reveal that there is high rate of fear that they have heard that the Banks do seize all the property of persons that they give loans to and for any reason such persons

cannot meet up with the monthly interest/loan repayment. Some also say that the Banks do not have regards for people like them. It is believed that Banks can only be interested in you if you have money to bank with them.

Table 4.16 **Any Beneficiaries of Bank Finance for farmwork/petty Trading?**

Responses	Number of Responses	%
No	142	100
Yes	0	0
Total	142	100

**Source: Field survey 2007**

From Table 4.16, all Respondents said they do not know of anyone that the Bank has helped with farmwork/petty trading, be it giving loans or helping to build agricultural expertise.

Table 4.17 **Funds needed to start farmwork/Petty Trading**

Responses	Number of Responses	%
Under/Or NGN 30,000	67	47
Above NGN 30,000	75	53
Total	142	100

**Source: Field Survey 2007**

Table 4.17 reveals that 47 percent of Respondents agree that one only needs 30,000 and below Naira to start petty trading or farmwork. Most of the Respondents that said one needs only NGN 30,000 or below are those engaged in farmwork. 53 percent said one needs above 30,000 to start petty trading. This group are the ones that have small petty trading shops.

Table 4.18 **Minimum Amount necessary to start a Shop/farmwork**

Responses	Number of Responses	Amount	%
Farmwork	96	NGN 10,000 &	68



		below	
Petty Trading	46	NGN 25,000 & below	32
Total	142		100

**Source: Field survey 2007**

From the Table above, 68 percent of Respondents said ten thousand Naira is enough to start farmwork and 32 percent said twenty five thousand is enough for them to start a small shop. This shows that the finance needed for the rural women in Abuja to be economically empowered is very reasonable for the government and necessary Stakeholders to handle effectively.

**Table 4.19 Funding Petty Trading**

Responses	Number of Responses	%
Wholly self funding	123	87
Funding with Others	19	13
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field survey 2007**

From the table 4.19, 87 percent said they are responsible for funding their petty trading activities. A low percentage of 13 percent said they do get help from Relations and friends at some time between when they started operation and now. For this category of women, they look more satisfied and happy with their trading activities. They have more variety of wares for sale as well. This can be seen in the pictures on Appendices 1 to 6.

**Table 4.20 Sources of funding for farmwork/petty trading**

Responses	Number of Responses	%
Personal Savings	108	76
Family savings	23	16
Bank loan	0	0
Cooperative Society loan	6	4
Loan from Friends	3	2

Others	2	1
Total	142	100

**Source: Field survey 2007**

From Table 4.20, 76 percent of Respondents said they got funding from their own personal savings. 16 percent said the funding came from family sources, 4 percent said they got funding from the Cooperative Societies they belong to, 2 percent said they got funding through friends, and 1 percent said they got funding through Non-governmental Organizations. One finding that came out clear is that none of the Respondents got any funding from the Banks. This shows that despite all the propaganda by the Banks that funds are set aside yearly for agriculture and small scale businesses, it is obvious the grassroots citizens are not benefiting from the federal government's laudable policies in this direction. A lot of awareness campaign need to be put in place to remove this problem, and there is need for government to put in place effective monitoring system to ensure the funds for small scale businesses and agriculture actually get the targeted areas. All hands must be on deck to regenerate the economic activities of the less privileged I the Nigerian society.

**Table 4.21 Recommended source of finance for new Starter**

Responses	Number of Responses	%
Personal Savings	98	69
Family savings	4	3
Bank loan	0	0
Cooperative Society loan	12	8
Loan from Friends	0	0
Others	28	20
Total	142	100

**Source: Field survey 2007**

From Table 4.21 above, 69 percent of Respondents said they recommend personal savings for new starters in farmwork or petty trading, 3 percent recommended family funding, 8 percent recommended Cooperative Societies, 20 percent recommended non-governmental Organizations and none recommended loans from Banks or Friends. Further discussions with the Respondents reveal that the women prefer their own savings because that way they have peace that no one will harass them for loan repayment should anything go wrong with harvest or if they cannot break even in their petty trading on time to start making loan repayments.

The Respondents that recommend family sources explained that for them, their family source is just like personal savings because they have understanding family members who desire to see them succeed and hence will not put unnecessary pressure on them for loan repayment. The Respondents recommending Cooperative society all agree that the Societies are very supportive and will even go out of their way to ensure that the farmwork succeeds and that petty trading has stabilized before they start asking for loan repaying. They recommend this because the loans are also interest free. The Respondents recommending NGOs do so because they have experienced that these NGOs give free loans (just like the Cooperative Societies) but in addition train them on how to run the businesses better and also provide or direct them on how to get fertilizers for their farmwork, thereby increasing yearly yields.

None of the Respondents recommended loan from friends because they explained that experience has shown that friends usually get jealous when they see their progress and most times relationships are broken or become sour after a while!

None also recommended the Banks. Further discussions reveal that a lot of the women are not even aware that Banks give loans for farmwork or petty trading, they are convinced the Banks do not deal with 'people like us'! This shows that apart from being poor, these women have no confidence to source for Bank loans neither do they feel they are worthy of receiving such help from the government or banking system. This is a disturbing revelation: Nigeria's Abuja have the challenge of awareness campaigns and psychological re-orientation if these rural women have to be effectively included in the productive economic re-engineering of the gender grassroots sector of the economy.

Table 4.22 **Other Institutions that give money to Rural Women**

<b>Responses</b>	<b>Number of Responses</b>	<b>%</b>
Community Organizations	11	8
Women Organizations	44	31
Cooperative Society	24	17
Money Lenders	22	15
Federal government of Nigeria	8	6
State governments of Nigeria	10	7
Local governments of Nigeria	11	8
Non Governmental Organizations	9	6
Don't know of any	3	2

Total	142	100
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**Source: Field survey 2007**

From Table 4.22 above, 8 percent of Respondents said they know that Community Organizations give money to Rural women, 31 percent know Women Organizations give money, 17 percent know Cooperative Societies give money, 15 percent know identified money Lenders (Local persons who give out personal money as loan with interest) give money, 6 percent know the federal government of Nigeria can give loans to them, 7 percent know the State governments can, 8 percent know the Local governments can, 6 percent know Non-governmental Organizations can, and 2 percent do not know any Institution that can give them money for farmwork/petty trading.

Again it is surprising that none of the Respondents mentioned the Banks. They all agree that they have not seen anyone amongst them that the Banks have ever given money to for farmwork or petty trading. Some are aware the Banks give money for farming and trading but they believe they are only for the Rich and not for persons like them. There is a serious problem when the rural poor do not believe in the Banking sector and they believe no help can come from them.

**Table 4.23 Major problems of financing farmwork/shop business**

Responses	Number of Responses	%
Size of financing Involved	40	28
Sourcing Finance	44	31
Lack of Information available	35	25
Availability of farmland	23	16
Total	142	100

**Source: Field survey 2007**

From Table 4.23, 28 percent of Respondents agree that the size of finance is the major problem of financing their shop or farmwork. They said if the amount involved is much, it is more difficult to get finance and vice versa. 31 percent agree sourcing finance is the major problem, they simply do not know where to go because there seems to be no finance available for them anywhere they go! 25 percent said the lack of information on what to do is the major problem and 16 percent said the major problem is availability of farmland. Further

discussions reveal that this group are mainly Widows or single parents who have no spouse to ensure they get enough farmland to do their farmwork.

**Table 4.24 Recommended sources of finance**

Responses	Number of Responses	%
Banks	0	0
Cooperatives	45	32
Money Lenders	21	15
Micro finance	20	14
Other (NGOs)	56	39
Total	142	100

**Source: Field survey 2007**

From Table 4.24 above, no Respondent recommended the Banks as source of borrowing for farmwork or petty trading. 32 percent recommended Cooperatives, 15 percent recommended local Money lenders, 14 percent recommended micro finance while 39 percent recommended NGOs. It is a surprise that these rural women prefer sources of finance from NGOs rather than Banks. Further discussions reveal that the major issue against Banks is the non-interest of banks in their welfare, high rates of interest rates and the short term period of Bank loans in Nigeria.

**Table 4.25 Problem of Interest rate**

Responses	Number of Responses	%
Yes	142	100
No	0	0
Total	142	100

**Source: Field survey 2007**

From table 4.25, all the Respondents said interest rate is a big problem to them and tenor of loan repayment.

**Table 4.26 Personal Character consideration in accessing finance**

Responses	Number of Responses	Number of Citations	%
Yes	142	142	$142/142 \times 100 = 100$
No	0	0	0

Never taken a bank loan		142	142/142x100 = 100
Total	142	284	

**Source: Field survey 2007**

From Table 4.26, all the Respondents say personal character is a determinant of accessing finance, whether from family, friends, governments or NGOs. All Respondents said they have however never taken a bank loan before.

Those Respondents that have accessed finance in the past described the financing process. Their description vary depending on the source of finance, but they all agree the processes are sometimes cumbersome even the finance from NGOs.

**Table 4.27 Description of financing process**

Responses	Number of Responses	number of Citation	%
Financing process tedious	142	80	56
Financing process not tedious		62	44
<b>TOTAL</b>	<b>142</b>	<b>142</b>	<b>100</b>

**Source: Field survey 2007**

From table 4.27, it is established that the financing process is only complex depending on source of finance used. 56 percent agreed to this and 44 percent hold contrary view. It was explained by Interviewees that if you have your own savings or loans from family, you don't need to go through any complex requirements. You just collect the money and apply to the business or farmwork, but with other loans more is required.

**Table 4.28 Source of finance as a determinant of financing process**

Responses	Number of Responses	%
Yes	142	100
No	0	0
Total	142	100

**Source: Field survey 2007**

From Table 4.28 above, all Respondents agree that the financing process depends on the source of finance used.

Table 4.29      **Complexity of financing process**

Responses	Number of Responses	%
Yes	34	24
No	108	76
Total	142	100

**Source: Field survey 2007**

From Table 4.29, 24 percent of Respondents said the financing process is complex depending on the source of finance. They all agree getting money from friends, families or cooperatives is not complex. But they all agree getting money from Money lenders and NGOs is quite complex because you are made to fill 'so many forms' and you are required to bring Guarantors in case you default.

During personal interview by the researcher, it was discovered that this group that mentioned 'too much paper work' are the uneducated ones! The literate ones have no complaints whatsoever on requirements of filling a form or two in order to get the required finance for their farmwork or petty trading

Table 4.30 **Problematic Sources of finance and process of finance compared**

Responses	Number of Responses	%
Financing more problematic	79	56
Source of finance more problematic	63	44
<b>TOTAL</b>	<b>142</b>	<b>100</b>

**Source: Field Survey 2007**

From the above table 4.30, 56 percent of respondents agree that the source of the finance is

more important; the decision is a very crucial one. 44 percent do not agree. The reasons given through personal interview with the researcher show that the group that does not agree state that deciding on the source is not as important as really physically having access to the finance. This they said is the real thing: that is obtaining funds for the business.

**Table 4.31 Financing advice for a Starter of Farmwork/shop**

Responses	Number of Citations	%
Physical labor should be hired	140	$140/142 \times 100 = 98$
Get enough money for initial months	125	$125/142 \times 100 = 88$
Go for only long term finance	140	$140/142 \times 100 = 98$
Patience	142	$142/142 \times 100 = 100$
Beware of 419 (dubious) Finance sources	18	$16/142 \times 100 = 13$
Be disciplined in spending	124	$124/142 \times 100 = 87$
<b>TOTAL</b>	<b>689</b>	<b>100</b>

**Source: Field Survey 2007**

From the table 4.31, it is seen that out of the total 142 questionnaires returned, 98 percent of Respondents agree that physical labor should be hired to help with initial farmwork or petty trading, and that only long term finance is advisable. This is because Respondents said it takes a while before farmwork is mature enough for harvest or for a shop to start making profit. 100 percent of Respondents agree that patience is a virtue that must be cultivated in framework or petty trading. 87 percent of returned questionnaire said the farmer or petty trader must be disciplined in spending as well. Only 13 percent said being beware of dubious sources of finance is really important.



Further personal interview with respondents reveal that they all agree dubious characters are not interested in people like them since they do not have enough money for the Dupes to be interested in and the length of time for farmwork is too long for any dubious person, even the profit from their petty trading is not enough to attract such dubious persons.

## CHAPTER FIVE

### 5.0 ANALYSIS OF RESULTS

From the above findings, it is clear that there is more poverty among women in Abuja than the level one usually thinks it is. It appears that most women in Abuja Satellite communities are wallowing in one form of poverty or the other. The staggering aspect is that there seems to be no solution at hand, the number is increasing by the day! With the demolition of illegal structures in all parts of Abuja, including the satellite towns, the women and children are the worst hit. The issue is compounded because even the 'homeless' residents of Abuja and its satellite towns usually refuse to leave and return back to the places they migrated from. They feel they have to persevere and be patient till their situations improve. More families now have women as bread-winners since the men are mostly jobless (most artisan shops have been demolished) or have been removed from where they manage to earn a living.

There is hardly any finance available for rural farm work or business in Nigeria, and Abuja Satellite Communities are not exempted. This is not wholly the fault of the financial Institutions. Experience has shown that when loans are given out, they end up not being paid or used for other purposes other than that which the loans were given for. Of course this is more proven with loans taken by men. Now Banks are wary giving money out for business especially agriculture and petty trading which are the mainstays of women in the Abuja satellite towns. Well, the Banks generalize this issue and are not really ready to give financial assistance to individuals in Abuja, much less women who in most cases are illiterate or semi-illiterate. The few financial institutions that have given financial assistance to women will readily tell you, that the women perform well by paying back the loans unlike their men counterparts. The only problem is that most of these women in Abuja satellite communities are not educated enough to access this assistance, or in some cases, they do not have enough information to help them access this assistance.

There is also a lot of misconception by these women and people generally seeking financial assistance from financial institutions and they will readily tell you they cannot cope with all the documentation, collateral and most terrible high interest rates from the institutions. Also, the payback period is an issue. Most financial institutions give loans repayable in not more than 12 months; this is too short a time for any petty business to take enough root to survive all the interest payments.

Abuja is presently going through a process of reorganization. The management of the federal capital territory has embarked on bringing the city back to the original design. This is good but the after effect is that a lot of residences (most of them not fit or legal to be where they were anyway) have been demolished. In any situation of unrest or dislocation, women and children are the worst hit; so in Abuja satellite communities, the women and children are worst hit by the exercise of bringing Abuja back to its original design. More so that in the Nigerian culture, it is the man that mainly decide where the family stays, not the woman. Even if the women have an option to go back to the towns they migrated from, they prefer to stay with their husbands in Abuja for fear that if they go, the men forget their responsibility for the upkeep of the family, and sometimes for fear that other women may likely 'acquire' their men once they leave Abuja and go back to their towns of origin. So it is a vicious circle of lack and deprivation galore!

The findings clearly show that the level of poverty among women in Abuja satellite communities is far higher than what one would think. Considering that Abuja is supposed to be a planned city, it is shocking that even being in the midst of the seat of government, the rural women are in even worse conditions than some of their counterparts in other parts of Nigeria!

Even the source of finance available to the Abuja satellite community women are far too limited. They are almost non-existent.

Moreover, a striking feature of Abuja satellite communities is that there are not enough farmlands for majority of the inhabitants to cultivate. This leads to little and very low agricultural production both for subsistence and otherwise. This peculiarity makes poverty in Abuja more pronounced among women than in some other cities in Nigeria. Another peculiarity is the displacement of families due to the demolition of houses by the territory's management. There has never been a city in Nigeria that has experienced demolition of illegal structures/houses like Abuja. It is in Abuja for the first time that a whole satellite town can be completely demolished even with personal properties of the affected persons. Again, this is not the fault of the Abuja city Authority. Enough notices of demolition were given but the affected persons have nowhere else to go to as alternative due to the poverty levels existing. It is just resignation to their fate. In fact, Abuja Nigeria is fast emerging as the city with the most displaced persons in Nigeria, outside the Civil war of Nigeria in the 1960s! The management of Abuja territory realizes the above, so it has put in place a comprehensive package called FEEDS to help ease the burden of rural and urban poverty in Abuja territory as a whole.

The "FCT Economic Empowerment and Development Strategy" (FEEDS) document, released by the government, is impressionable. FEEDS is an attempt at a comprehensive reform strategy, addressing economic and social, political and institutional issues at the same time and in a multi-faceted way. Of course, there are imbalances here and there. Some issues which would have been given a more deserved greater amount of attention have been dealt with rather quickly (e.g., compare the detailed description of aspects of public sector reform with the just nine-line long summary on "regulation" as a most crucial ingredient of a socially-responsible privatization policy). Such imbalances do not in the least, reflect differences as to the degree of progress the Abuja government has made so far in some fields of reform, while other areas have hardly been tackled up to this point in time.

Broadly, effective approaches that include investments in human capital, greater access to assets and earning opportunities, and steps to strengthen the social networks of the poor go a long way to reduce poverty.

The ability to address poverty is also diminished by the isolation of the rural poor, and particularly the Abuja satellite rural women, feel as a result of not being included in the city's economic and social activities, they do not count to the government. This aspect of poverty is perhaps more relevant for Abuja than for many other developing cities in Nigeria. The Abuja economic Commission found that the non-inclusion of rural women was an important constraint to equitable development in Abuja and as a consequence the government has taken some steps to redress discrimination based on gender. This is an important step forward in the fight against poverty within Abuja. For Abuja, therefore, social development and rural infrastructure are just as important a part of a poverty reduction strategy as growth in income or improved primary services.

The reforms of the last five years in Abuja did not include the agricultural sector, except to the extent that policies such as exchange rate adjustments resulted in an improvement in the terms of trade for producers of some commodities, the mirror image effect of prices facing the urban consumers. The increased focus on exports resulted in structural changes and growth in agriculture. It is now seen that concurrently there is a very large rise in food grain prices, resulting in a depression of real rural wages.

In many parts of Abuja, the majority of rural women depend upon agriculture and inadequate access to land is one of the primary causes of rural poverty. Most of the Abuja's poor either own no land or own land not worth owning. The land they live on is sometimes generally of poor quality for farming, and often subject to damage

from natural disasters. Or they are subject to state-old land-owning systems that perpetuate an almost feudal-like system of land tenure, such as all land belonging to the Abuja Authority. Caught in a trap between marginal incomes and little chance to obtain funds for improvements, there is little opportunity for advancement. Land reforms, public investment in rural infrastructure, technology and marketing services along with increased credit and price stability are necessary to remove the multiple constraints restricting the possibilities of the rural poor women in Abuja.

There is also the lack of sufficient employment opportunities for the women especially in the satellite communities. In escaping the effects of the demolition exercise in Abuja, many people have headed toward the satellite communities to find a means of livelihood. Abuja has been worst hit in recent times. A lot of Nigerians and neighboring foreigners have migrated to Abuja but it is clear that they cannot maintain a livelihood in Abuja. In Abuja, there aren't enough decent jobs—the kind that pays a living wage—to go around. Poor people then tend to try to eke out a living at the margins—in what has become known as the informal sector. The pressure on this sector is heightened with labor displacing technical change, declining growth of the economy and formal sectors, and by budget cuts. However, people in the informal sector barely scrape by, and enjoy little or no social amenities in today's Abuja

Also it was seen that most women in Abuja Satellite communities, including their children are living in areas that have no sewage or clean water, they are much more susceptible to illness and disease. They also often lack the means to obtain the health care they need. At the same time, women living in some of the satellite communities areas lack information on health and reproductive health issues, and consequently, are often uninformed on measures they can take to avoid risks.

There are also biases and prejudices in Abuja. There are cases of policies that exclude women of a certain religion from attaining positions of power or from getting good jobs. Often the bias has no basis in the law but is active nevertheless as in the case of gender discrimination or marginalization of indigenous peoples. In these cases, affirmative action policies has not been adopted by the Abuja Authority long enough to improve the conditions of the excluded and to make for more equitable access to job opportunities.

## **CHAPTER SIX**

### **6.0 Summary of Findings, Conclusions and Recommendations**

#### **6.1 SUMMARY OF FINDINGS**

The followings are the findings in this research:

- (1) It appears that a high number of women in Abuja Satellite Communities are homeless at the moment, they are dwelling in uncompleted houses all over Abuja satellite communities
- (2) A lot of women who are the original indigenes of Abuja have no farm lands, and when they have, the farmlands are grossly inadequate; some farmlands have been destroyed by natural disasters
- (3) The financial Institutions are not forthcoming in granting credits for petty trading businesses or farming activities in Abuja
- (4) The limited access to credit by the rural women in Abuja have tended to restrict their level of investment in Farming or petty trading
- (5) It was observed that some 80 percent started their business and framing activities with assets less than N30,000.
- (6) The major sources of capital for expansion purposes were reinvested profits and additional personal investment. The implication is that these businesses and farmlands are always experiencing cash flow problems in spite of the multiple sources of finance and labor used by the women.
- (7) Women in Abuja Satellite Communities have not yet formed themselves in CBOs to better fight rural poverty as groups
- (8) More than 50 percent do not have enough access to information on how they can get help to alleviate their poverty
- (9) More than 70% of the women do not believe they can ever get help from government
- (10) Over 80% of the women do not have access to information on bank finance and how to access finance from other financial institutions
- (11) The demolition exercise of the Federal Capital Development Authority (FCDA) has displaced over 70 percent of women's petty trading businesses in Abuja

(12) More rural women, especially the older women are going back to the old petty business of Abuja rural women: traditional pottery making

**(13)** More women than men live in absolute poverty. Economic crises have often hit them harder. Few of them tend to get fewer skilled jobs, and in situations of growing unemployment they are often the first to lose their jobs. This increases their vulnerability and makes them more susceptible to falling into poverty, a phenomenon referred to as the feminization of poverty.

(14) Investment in girls' and women's education translates directly into better nutrition for the family, better health care and declining fertility. It has also been widely acknowledged that poverty is unlikely to be overcome without specific immediate and sustained attention to girls' education and women's empowerment. According to one estimate, closing the gender gap in education adds 0.5 percentage points to annual growth in GNP per capita.

**(15)** Owning few assets, the Abuja rural women have little access to capital or credit: a majority depend upon agriculture and inadequate access to land for farmwork. The land they live on is generally of poor quality for farming, and often subject to damage from storms and other natural disasters. Or they are subject to century-old land-owning systems that perpetuate an almost feudal-like system of land tenure, marginal incomes and little chance to obtain funds for improvements, there is little opportunity for advancement. Land reforms, public investment in rural infrastructure, technology and marketing services

**(16)** Abuja's rural women lack sufficient employment opportunities. In order to escape the poverty of the rural areas, many people headed toward the city to find a job. But due to the demolition of illegal structures in Abuja, these migrants are back and there is a population explosion now in the satellite communities in Abuja

## **6.2 CONCLUSIONS**

The federal capital Development Authority has introduced FEEDS program to tackle poverty at the grassroots level. Women and other Abuja residents need to be more sensitized on the benefits of FEEDS and how they can apply themselves to what the government has to offer. The Abuja State, just like the Nigerian national government, means well but the level of effective implementation of policies is still very low.

Although Xavier and Subramanian have touched the Achilles' heels of the vested interests in the status quo in Abuja Nigeria, it is almost certain that the proposal may be acceptable to the majority of Nigerians who only hear of the oil revenues but have felt very little or no positive impact of the oil wealth. To continue to play down the sufferings of the masses, especially in the Niger-delta region with the promise of a better tomorrow, which is very bleak, while a few are reaping all the benefits of today is an invitation to instability and social unrests. According to Egonmwan & Ibodje (2001:14), "When only a few people are to reap the benefits of development, people are less attracted by that type of development. Those benefiting from it would also attempt to resist and prevent change... The concentrated interests of the powerful few will always override the diffuse interest of the many. ... The development process fails unless the people are motivated by the fruits. "

First, smallholder production and production of food staples play a critical role in the livelihoods of the poor women in Abuja satellite communities. Production of food staples provides the rural poorest women with most of their work, income, and consumption.

The non-staple sector, which produces cash crops, other food crops and non-farm commodities, has become increasingly important because successful staples development can release land, labor and skills for other specializations. Widening market access and liberalization increasingly allow the Abuja women to escape poverty through both staples and non-staples production and exchange. Critical in this process are non-farm assets and skills, infrastructure and institutions that help small units to maintain market access.

Rural poverty among Abuja needs to be reduced; reducing rural poverty requires better allocation and distribution of water to increase the output of staples. Sculpture and horticulture create much employment income for the women, but they need plenty of water for this line of business and water is not an easy available item in Abuja! Domestic water is not available in over 80% of Abuja territories.

Also, particular groups – especially women – merit special attention. Redressing disadvantage for women, ethnic minorities, people living in the hills and semi-arid areas helps the efficient use of anti-poverty resources – schools, land, water – as well as fairness. Women especially need direct influence over resources and policies.



Participatory and decentralized methods are especially effective. Participatory and decentralized management sometimes secures democratic control, develops human potential and often improves the cost effectiveness of a range of actions, from developing new seed varieties, through financing, to rural schools and public works programmes.

However, experiences with common resource management and finance show that, without special measures, decentralization alone will not secure participation of the rural poor. Underlying all these themes is the fact that *labor-intensive approaches are especially appropriate to rural poverty reduction*. Capital is scarce in low-income countries and land is scarce in more and more of them. Developing countries like Nigeria, with high ratios of labor to capital, also gain more from market liberalization if they encourage labor-intensive production. Employment intensive policies, technologies and institutions usually help both economic growth and poverty reduction, since the poor can usually offer only their labor. Thus, subsidies to labor-displacing capital, like tractors, can harm the poor. Smaller farms tend to use more labor and less equipment than larger ones.

### **6.3 Recommendations**

(1) The Abuja Development Agency should vigorously pursue economic policy reforms, not just as an attempt to meet the requirements of donors, but as fundamental national imperative. Such reforms must address issues such as the prohibitive cost of doing business, transparency and accountability, macroeconomic stability, efficiency and competition. The reforms should also address the poor state of infrastructure, enforce the rule of law and minimize the risks and uncertainties associated with the business environment. There was broad consensus that only reforms that ensure sustainable growth and competitiveness of the economy constitute a sustainable exit strategy from debt and poverty.

(2) Abuja civil society - especially the NGO community with its leftist traditions - should not simply discard FEEDS as just another version of neoliberalism, imposed upon the city by sinister international institutions. FEEDS is more than "a new façade", not only because of the conceptual background associated with it, but also because some of the key personnel involved in FEEDS implementation are much more enlightened people than what used to be the rule in Abuja economic policy-making for many years. Rather than wasting time on generalized accusations that FEEDS is "neoliberal", civil society actors should engage in a

constructive debate that appears to be offered (even though on a very short notice) by the proponents of FEEDS.

(3) Micro enterprise too should be supported since they are important sources of jobs for the poor so they can reduce poverty effectively. Another key determinant of rural poverty in most of the satellite towns is access to sufficient land. For the landless poor, one solution is to create a land market and help them acquire their own land. Abuja's government needs to look into this as matter of priority.

(4) Curbing violence and preventing it is also very important. The rate of crime in Abuja has been increasing, security agencies of the City should be more empowered to fight crime and its activities.

(5) A main factor in the success of poverty reduction programs is the manner in which they are executed. Notably, proper targeting and attention to incentives, adequate participation of the poor and the garnering of political support, careful decentralization, and adequate information for appropriate policy design all affect the long-term sustainability of anti-poverty programs

(6) Steps must be taken to foster growth and create jobs. Policies are needed to improve the Poor's access to economic resources. Social infrastructure must be strengthened in such areas as education, health, nutrition, and urban development.

(7) Efforts are also needed to target specific groups, such as women, adolescent girls, children, indigenous groups and the rural poor. Generating income-earning opportunities for women and disadvantaged girls, curbing domestic and social violence, promoting low income Housing programs, improving education in the rural areas, so they do not lag behind as they normally do (these affect negatively the children of the poor if not corrected).

(8) Community-driven development should also be planned and sustained. Donor Agencies are good at this and they should focus on this and involve the Abuja satellite communities in these programs. Community participation is very important here.

(9) Access to markets should be provided, or else agricultural increase would gradually slow down, even to a halt if nothing is done, there should be demand-based approaches to agricultural production.

(10) A major goal of the reforms should be to target the return of flight capital and prevent the transfer of domestic savings abroad. If the government can convince Nigerians in Diaspora to invest at home through the provision of appropriate investment climate, it is estimated that the annual inflow of private investment might more than make up for any future financing gaps. Nigeria's Abuja should explore such source of investable funds.

(11) A key element of the reforms is the need to strengthen or reform the institutional/legal and administrative framework for public resource management. This is to ensure effective and efficient utilization of present and future public resources so as to prevent the waste and inefficiencies of the past. Among other things, this institutional re-engineering would ensure due process and due diligence, transparency, accountability and sanctions.

(12) There is still a lot of corruption and double standards among the political class. Consequently, there is need for the government to undertake an audit (review) of each of the projects/programmes designed to alleviate rural poverty especially as it affects women. Two reasons warrant such an audit. First, it would enable the government to truly verify the genuineness or otherwise of the negative reports concerning the well being of Abuja residents. Second, the responsible officers who diverted the real objectives of government for the residents should be prosecuted. This action would help to signal the seriousness of the government about accountability.

(13) A legislation should be enacted by the Abuja Development Authority. This legislation should stipulate what locations within Abuja to implement programs, from where, for what purpose, evaluation and due process requirements, accountability and sanctions for failure, involvement of parliament and civil society in oversight functions, etc. Currently, there is no such law, except the constitutional provision defining who has the power to borrow.

(14) Promoting good governance, accountability and participation is needed. Honest and fair government practices, free of corruption; decision making open to the input of the public; and follow-up actions in accordance with decisions made, are measures needed to eradicate poverty in Abuja.

(15) Inclusive and broad-based economic growth: Economic growth is one of the most important factors in

helping to reduce poverty, but it is not sufficient. The effectiveness of economic growth in reducing poverty depends upon the structure of growth, existing levels of inequality and on how the benefits of growth are distributed.

(16) Inequality in income is a function of the distribution of economic assets (land, industrial and financial capital), and so-called “human capital” in the form of education and skills. Abuja Government needs to work on creating more equity in the distribution of income and assets. The effectiveness of growth in reducing poverty also depends on the extent of growth and employment opportunities created, and whether it takes place in areas and sectors where the rural poor women are located. Attention now needs to be paid to the informal sector of the Abuja economy.

(17) Lack of sufficient employment opportunities: Escaping the poverty of the rural areas, many people head toward the Abuja city to find a job. But in Abuja, there aren't enough decent jobs—the kind that pays a living wage—to go around. Poor people then tend to try to eke out a living at the margins—in what has become known as the informal sector. The pressure on this sector is heightened with labor displacing technical change, declining growth of the economy and formal sectors, and by budget cuts. However, people in the informal sector barely scrape by, and enjoy little or no social protection.

(18) Another recommended area is reducing Poverty through Social Development. This entails corporate efforts (i.e. promoting dialogue at the programming level; strengthening structures that promote learning; promoting a positive management atmosphere; and establishing the guidance, incentive and monitoring systems that create a sense of ownership among staff). This, however, must be complemented by approaches that are more responsive to demands on the ground, closer to the poor. The experience to date with integrative approaches is mixed. They do not guarantee a greater impact on poverty reduction or a greater focus on social development needs. Early integration of government input into programming and stakeholder involvement in program design and evaluation could inject the needed balance.

(19) Embracing an accountability culture. Monitoring and evaluation systems do not ensure that expectations about progress are realistic or that rural women in Abuja see these systems as a positive input to program effectiveness. Together with effective incentives, there is a need for practical and realistic means to monitor

progress and for nurturing a culture of participatory evaluation and collective accountability between the development Agency and its partners.

*(20) Decentralization should be used as a tool for poverty reduction in Abuja satellite communities.* Decentralization in Abuja government has not been carried out for the sole purpose of poverty reduction. However, the institutions it establishes can lead to improved delivery of services to the poor, participatory planning and implementation of development activities and programmes particularly for the benefit of the poor, opportunities for the poor to articulate their needs and preferences and improved governance at the local level, all of which can help to reduce poverty. Since the institutions and framework of decentralization are conducive to poverty reduction, these should be strengthened with regard to the design and implementation of pro-poor policies, and the capacity of those involved should be built. The idea that decentralization, if implemented appropriately, can play a major role in poverty reduction should be promoted. More research can be done in the future to further explore and enhance linkages between decentralization and poverty reduction.

*(21) Specific purpose grants for targeted poverty reduction programmes should be developed and put effectively in place.* With regard to the various types of grant, unconditional grants can be provided for redistribution purposes, whereas conditional grants can be linked to the revenue efforts of local governments in order to encourage them to generate their own revenues. There are also specific purpose grants to promote the use of specified services which are considered important. For example, for direct anti-poverty interventions, specific purpose grants can be provided for self-employment and wage employment schemes. The intergovernmental transfer system should be kept simple and transparent. Moreover, the system should have some flexibility in determining the size of the transfer pool so that during an economic crisis central government has fiscal powers to meet the macroeconomic challenges.

*(22) Linking of grants and loans to the resource mobilization capacity of local governments.* Borrowing from the public and private sectors is also an option for local governments to finance their expenditure obligations. Poorer jurisdictions may not be able to borrow, especially from the private sector, and therefore can be provided with more grants compared with richer jurisdictions. By linking loans and grants for different types of jurisdiction, both equity and efficiency can be achieved. At the same time, loans from government financial institutions can be subsidized. For self-financing projects, where costs can be recovered from users of services, private borrowing through loans or bonds is the most efficient mechanism for mobilizing resources

*(23) Opportunities for improved services for the poor and good governance.* The opportunities that decentralization offers for poverty reduction are well known as it allows participatory planning and implementation of development programmes.

Good governance is expected to have a strong and positive impact on poverty reduction through increased efficiency and better targeting of services as well as greater responsiveness to the local needs of the poor. The institutions and framework of decentralization are conducive to good governance.

(24) Poverty has many dimensions: efforts to reduce it therefore must be multi-targeted. If one combines all or most of the above, very good desired results can be achieved.

*(25) Rural poverty both flows from and perpetuates lack of access to assets.* First, people without access to physical assets, such as land, tend to be poor because they rely mainly on selling their labor on poorly-paid markets or to the landed class; they have nothing to sell or mortgage in hard times and are economically dependent and politically weak. Second, people's lack of opportunity to develop their human assets through education and training can perpetuate poverty.

*(26) Access to assets is effective in bringing quick relief from poverty.* Assets empower the rural poor by increasing their incomes, increasing their reserves against shocks and increasing the choices they have to escape from harsh or exploitative conditions – their 'exit options'. The poor can gain from assets directly by owning or renting them and indirectly through the growth and employment that assets make possible. But assets alone, without adequate technology, institutions and markets, or the political or economic power to obtain them, are of limited value to the poor.

*(27) Improving the assets of the rural poor promotes efficiency by stimulating higher productivity and economic growth.* Rural assets, more than urban assets, are more efficient when operated on a small scale and labor-intensively. The benefits of assets strongly reinforce one another. The poor gain more from some improvement in health, nutrition and schooling than from a lot of one and none of the others. Such human assets do more for a poor person if he/she also has some farm or non-farm assets and his/her productivity is rising. Previous education helps a poor person to obtain better returns from irrigation.

*(28) Increasing the assets of the rural poor promotes both equity and efficiency.* The gap in asset-ownership between urban and rural areas and between rich and poor is much greater than the gaps in income and consumption and has not shrunk since the 1970s. The rural poor have frequently been excluded from access to land and other resources by the power of elites; by poor rural services, including education, extension services and health care; and by institutions and departments that do not engage with local people in decisions on resource allocations. Usually the allocation of public services is biased towards urban areas.

(29) *Additional human capital for poor rural women and girls could create a virtuous circle of higher income and better health and education, transmitted between generations.* An increasing proportion of rural people and household heads are women; higher incomes for them benefits subsequent child nutrition and education. But the rising average age of the workforce means that a large, growing majority of the workforce is already well past school age. So, in order to benefit employment and labor productivity, human capital formation must concentrate much more upon adults, for example with rural female literacy programmes.

(30) *Few traditional or reformed land-allocation systems have significantly raised women's control over land.* Although many societies have shifted education, health, non-farm assets and access to assets through credit to women, large shifts of farmland to women are far rarer. Giving women rights to land also gives them power and helps them to take more control in existing relations, for example by improving women's wages and hence their role and bargaining strength within marriage. Such empowerment reduces their vulnerability within the household.

(31) The rural poor in Abuja need more access to water. Increasing water scarcity coexists with big subsidies to farm water – subsidies that reduce efficiency and, on balance, harm the poor. The rural poor share even less in farm water than in farmland. In some countries the rural pool's share of controlled water for production and clean drinking water is so tiny that substantial, open redistribution from urban and rich rural people is inescapable.

(32) For rural women in Abuja, access to irrigation assets is especially challenging. Unfortunately, projects that address this problem by providing irrigation for a crop traditionally farmed by women, but without changing power structures, incentives or social norms, may cause the crop to become a 'man's crop' alongside control over the water-yielding asset.

(33) Women's *education* improves child health, education and nutrition. The rising proportion of women farmers increases these prospects. *Nutrition* improvement raises subsequent learning, productivity and wage rates and cuts the risk of income loss due to illness: it does most for the worst-off. The rural poor's gains from improved *health* can depend on complementary nutrition and schooling. Decentralized responsibility for asset formation in health, education and nutrition increases returns to the poor.

(34) IMPORTANCE OF TECHNOLOGY IN REDUCING RURAL POVERTY IN ABUJA SATELLITE COMMUNITIES

Technical progress has by-passed hundreds of millions of poor people – many of the remaining hard-core poor – in specific regions (including most of Africa), agro-ecologies (dry land, upland) and products (sorghum, yams, cassava, small stock).

Existing technologies should not be written off. In many cases, their potential has not been exhausted and needs to be explored further. Their potential in breaking the barrier of higher yield and sustainable development is often constrained by institutional factors: lack of water and extension and of adequate support services. New technologies are not panaceas for such problems. The capacity of the poor to evaluate options and the growing volume of 'advice' is important. This is the necessary social dimension of technological revolution. The poor have to be involved in the specification of need, evaluation of responses, options and choice of production strategies.

*(35) Improving market institutions is often a necessary complement to liberalization, to prevent marketing costs from swamping the effect of better prices on poor rural people.*

The poor need access to transparent input markets. Land tenure restriction tends to damage the poor and is hardly ever a substitute for land asset distribution. Water markets provide fewer benefits for the poor than ownership of water-yielding assets, but are almost always more beneficial to the poor than water rationing and subsidies, which are enjoyed mostly by the non-poor and leave the poor with the distortion costs. Hence rural user charges for water are usually pro-poor.

(36) Discrimination against women and indigenous and ethnic minorities, though sometimes prohibited by law, is common in practice. It takes the form not so much of lower wage rates as of exclusion from high productivity tasks; lack of education and skills; women's domestic 'duties' that restrict tasks; and, especially for ethnic rural minorities, remoteness and language. Rural public works can powerfully enhance access to labor markets.

(37) Poverty reduction is a complex task that requires sustained commitment to consistent, yet flexible, joint action. There are no quick fixes and no easy solutions. *No single institution, national or multilateral, public or private, and no single strategy can hope to deal effectively with the different contexts and causes of poverty.* Coherent anti-poverty strategy therefore requires stable partnerships based on trust as well as self-interest of the Abuja Development Authority.



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