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Full Length Research Paper

Relationship Between Economic Growth and Poverty Reduction in Nigeria

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Abstract

This paper explored the relationship between economic growth and poverty reduction in Nigeria. From the analysis, our findings indicate that the initial level of economic growth is not prone to poverty reduction, while an increase in economic growth is prone to poverty reduction, a situation that can only be sustained and improved upon if certain policy measures are put in place Poverty is what affects the majority of a population. More than 70% of Nigerians lack the usual or socially acceptable amount of money or material possessions needed to live a happy life. This unfortunate category of Nigerians lack material comfort and in plain language they live from hand to mouth. Poverty in Nigeria is extreme. It covers a wide range: from absence of basic amenities like food, shelter, water, hospitals and electricity, good roads and good schools to absence of security and access to productive resources including education, working skill and tools, political and civil rights to participate in decisions concerning socio-economic conditions.

Keywords: Economy, Nigeria, growth, poverty, population.

INTRODUCTION

Background to the study

Poverty is what affects the majority of a population. More than 70% of Nigerians lack the usual or socially acceptable amount of money or material possessions needed to live a happy life. This unfortunate category of Nigerians lack material comfort and in plain language they live from hand to mouth. Poverty in Nigeria is extreme. It covers a wide range: from absence of basic amenities like food, shelter, water, hospitals and electricity, good roads and good schools to absence of security and access to productive resources including education, working skill and tools, political and civil rights to participate in decisions concerning socio-economic conditions (Ajakaiye and Adeyeye 2001 in Gbosi, 2004). It is generally agreed that in conceptualizing poverty, low income or low consumption is its symptom. The broad implications of poverty in Nigeria cannot be over emphasized. There is frustration on the faces of over seventy million people who are living on less than USD1 per day.

Poverty is an insidious disease that incapacitates, depresses, and ultimately kills scores of people worldwide. those afflicted can be old or young, black or white or brown, rich or poor, skinny or obese. concern about this problems as well as efforts made to eradicate or at least reduce it cannot be said to be new. while major reductions in poverty level have been made in developed countries, developing countries , Nigeria inclusive, have been battling with poverty, from one poverty alleviation program to another eradication programs, but all to no avail. the concern over increasing poverty levels in Nigeria and the need for its eradication as a means of improving the standard of living of the people has led to the conceptualization and implementation of various targeted or non-targeted poverty eradication and alleviation programs both the Nigerian government and donor agencies have been active in efforts in analyzing and finding solutions to the increase of poverty level (Ajakaiye and Adeyeye 2001 in Gbosi,2004)

The menace of poverty, though global, is most devastating in Africa. Human conditions in most African countries (Nigeria inclusive) have greatly deteriorated, particularly during the last decade. Real disposable incomes have declined steeply, malnutrition rates have risen sharply, food production has hardly kept pace with population growth and the quantity and quality of health and education services have also deteriorated (Biyi and Oguwumike, 2003). The fundamental reason for creating a nation-state is to improve the living conditions of its citizens, which makes development a basic national objective. Although, what constitutes development is debatable (Ohiorhenuam, 1984), its core element is the continuous promotion of the welfare and standard of living of the people. Despite the criticism this elicits, development, connotes structural transformation and advancing technology (Kuztnets 1971), as well as stability, sustainability and equity (Ojo, 1995).

Poverty in all its manifestations and magnifications is antithetical to development. Inequality, poverty and unemployment have been recognized as major blemishes in developing economies ever since economists began to take an interest in the “Third World” (Killick, 1981). Therefore, we cannot meaningfully talk about economic growth without addressing what is happening to poverty as it is in Nigeria (Jelilov, Gylych; Kachallah Ibrahim, Fatima; Onder, Evren, 2016). Poverty is one of the major problems against development in Nigeria. As in most developing countries, this has been the remote cause of almost all the social ills in the country. In spite of her abundant human and material resources, Nigeria has been classified as one of the poorest countries with high suffering indices (Chika, 2004).

Statement of the Problem

However, despite the rapid and high growth profile recorded in Nigeria in the past few years, there is growing consensus amongst analysts that there is widening inequality, increasing poverty and general poor socio-demographic indicators (USAID and FMOH (2008). A major reason for this gloomy performance is because the observed growth is largely from oil exportation. Growth has not generated significant employment to such an extent that significant reduction in poverty and inequality could be established. However, it is believed that the non-oil sector holds the key to the much required poverty reduction as most of the employed labor force is in this sector (Jelilov, Gylych; Onder, Evren, b 2016). The sector produces mainly labor intensive goods and services implying that to participate in this sector, the labor force must be healthy and employed.

Poverty has various manifestations which include among others: lack of income and productive resources sufficient to ensure sustainable livelihood, hunger and malnutrition, ill health, limited or lack of access to education and other basic services, increased morbidity and mortality from illness, homelessness and inadequate, unsafe and degraded environment and social discrimination and exclusion (Jelilov, Gylych; Chidigo, Mary; Onder, Evren, 2016). It is also characterized by lack of participation in decision making in civil, social and cultural life (NAPEP, 2001) reiterates that the factor that causes poverty include;

i). Structural causes that are more permanent and depend on a host of (exogenous) factors such as limited resources, lack of skill, location disadvantage and other factors that are inherent in the social and political set-up. The disables, orphans, landless farmers, household headed by females fall into this category;
ii). the transitional causes that are mainly due to structural adjustment reforms and changes in domestic economic policies that may result in price changes, increased unemployment and so on. Natural calamities such as wars, environmental degradation and so on also induce transitory poverty.

Poverty seems to have become a natural phenomenon in Nigeria. Successive government in Nigeria has been noted to have made efforts towards poverty alleviation in Nigeria (Jelilov, Gylych; Muhammad Yakubu, Maimuna;, 2015). It is obvious that most poor people in Africa and particularly in Nigeria cannot provide for themselves the basic needs of life. The persistence of poverty in the world and indeed in Nigeria has made it imperative for the Federal Government to embark on some of the development programs like Family Support programs, Free Health Services etc. to ensure improved standard of living for the poor masses. (Gbosi, 2004). For example, economic growth could lead to increased per capita income; good health care services; and also raises demand for labor which will yield employment rate. Higher growth could also imply higher public revenue which can translate to higher investment in poverty alleviation programs.

Thus, the question that would readily come to mind is whether causality exists in the reverse direction? In other words, does poverty reduction leads to higher growth? If yes, how important is the contribution of poverty reduction when one accounts for other potential factors that are empirically known to drive growth? It is therefore likely that causality exist in both directions, though they could be difficult to measure and estimate. Nevertheless, it is evident that there is increasing debate on which direction dominates (Jelilov, Gylych; Onder, Evren;, a 2016).

A resolution or informed contribution to this debate would have profound policy implications. For example, an empirical finding which suggests that growth lowers poverty(unemployment, per capita income, poverty index) could spur the necessity for putting in place growth-enhancing policy reforms. In the contrast, if it is observed that the level of poverty is reduced in the population is growth enhancing, then it would be noted that social returns on policies of poverty alleviation status have been largely understated, and thus poverty reduction strategies would be part of the set of intervention measures to increase growth. (Obadan, 2001).

Research Questions

The following research questions shall guide this study:

i). what are the roles of poverty alleviation programs in Nigeria?
ii). What are the various poverty alleviation strategies in Nigeria?
iii). What are the indicators of poverty alleviation programs in Nigeria?

Objectives of the Study

The main objective of the study is to examine the impact of poverty alleviation on Economic growth in Nigeria. Other specific objectives are:

i). To examine the roles of poverty alleviation programs in Nigeria over the years.
ii). To examine the various poverty alleviation strategies in Nigeria.
iii). To examine the impact of poverty alleviation programs on poverty reduction indicators in Nigeria.

Statement of hypothesis

H0: Poverty alleviation programs(as a measure unit of unemployment, poverty index, per capita income) has no significant impact on economic growth in Nigeria.

H1: Poverty alleviation programs (as a measure unit of unemployment, poverty index, per capita income) has a significant impact on economic growth in Nigeria.

Scope of the Study

The study covers poverty alleviation and economic growth in Nigeria ranging from the year 1980-2013. The time series data covers the Nigerian economy as a whole was used.

Limitation of the study

This research work has not been without some challenges these constraints are likely to make the findings inaccurate to a large extent. The stipulated time for this research was considered too short for a topic as wide as this to be adequately and effectively handled. The source of my data may not be as comprehensive enough or may be too sensational, Also combining this research work with my academic work was very demanding. Finally the secondary data used in this work cannot be qualitatively guaranteed by me as they were compiled by different bodies . Apart from all these limitations, all other errors or omissions are precisely those of the researcher.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Conceptual literature on Poverty and Economic growth in Nigeria

Poverty alleviation is a task for economic policy and, to reach the poor effectively, antipoverty programs are vital. In Nigeria the claim is often made that development policy must be directed at three fundamental objectives:

i). Economic growth and development
ii). Price stability and
iii). Social equity

(3rd National Development Plan, 1975-1980: 33; 4th National Development Plan, 1981-85: 40). Specifically, the overriding purpose of these national development plans (NDP) is bringing about an improvement in the real income of the average citizen; an equitable distribution of income and a reduction in the level of unemployment and underemployment. Such a policy stance should doubtless have implications for poverty alleviation

Central to the quest for policies and programs that will reduce poverty is the issue of the conceptualization of poverty. Conceptually, three dominant views are identified as the meaning of poverty in the literature. The first view sees poverty as a severe deprivation of some basic human needs at the individual or household level. Put differently, poverty is a material deprivation and this can be assessed in monetary terms. While this conceptualization of poverty makes the quantitative analysis of poverty straightforward and permits comparisons over time and between countries, it fails to recognize non-material forms of deprivation such as illiteracy and social discrimination among others. Aliyu, (2002).

The second view has a direct link with the work of Sen, (1999) in Jack, (2000) defines poverty as the failure to achieve basic capabilities such as being adequately nourished, living a healthy life, possession of skills to participate in economic and social life, permission to take part in community activities to mention a few. This conceptualization forms the basis for the belief that 'poverty is multi–dimensional'. Although, the capabilities framework offers many advantages over the income/consumption conceptualization, yet it is argued that it requires a greater variety of data and that no consensus exists on how capability deprivation at the household level is to be computed(Jelilov, 2016).

The third conceptualization of poverty came into limelight in the 1990s and has a fundamentally different approach to the understanding of poverty: subjective poverty assessments. The core of this view of poverty is that poverty must be defined by the poor themselves or by the communities that poor people live in. According to Chambers (1994) in (Oshofowo, 2011) the view came out of the work on participatory appraisal of rural projects and has direct relationship with a publication known as *'Voices of the Poor series'* which has three volumes: *Can Anyone Hear Us?, Crying Out for Change*, and *From Many Lands*. The subjective view of poverty posits that, poverty has both physical and psychological dimensions. Poor people themselves strongly emphasize violence and crime, discrimination, insecurity and political repression, biased or brutal policing, and victimization by rude, neglectful or corrupt public agencies (Narayan *et al.*, 1999) in (Oshofowo (2011) presented five conclusions which forms the 'Voices of the Poor Series", these are:

i). Poverty needs to be viewed in a multidimensional way. Hunger is part of everyone's understanding of poverty. Equally strong is the sense of powerlessness, voicelessness, and humiliation that comes with being poor.
ii). The state has been ineffective. People everywhere fear police, they hate corruption, and they trust only their own institutions.
ii). Non–governmental organizations play a limited role. People rely on informal networks.
iv). Households are under deep stress. Gender relations are crucial to understanding poverty, particularly the position of men.
v). The social fabric is often poor people's saving grace, and it is under threat.

The World Development Report (2000/2001) recognizes many of the conclusions on the meaning of poverty and then develops three principles that directly augment what is known of poverty previously and how to attack poverty. These principles are:

i). Empowerment–with a pro–poor state and voice for the community
ii). Security–against natural disaster, war, violence, and unforeseen changes in income and health
iii). Opportunity–promoting assets and enhancing the return on them through public and private policies.

Given the present understanding that poverty goes beyond material and capabilities deprivation, it is acknowledged in the literature that business as usual will not eliminate or reduce poverty (Karlsson, 2001). In other words, poverty reduction requires more than just delivering money and advice (Jelilov, Gylych; Musa, Muhammad;, 2016). The World Development Report (World Bank, 2000) extends the concept of poverty beyond income and consumption plus education and health, to include risk and vulnerability, as well as voicelessness and powerlessness. It is not necessarily the case that shocks affect the poor disproportionately, but it is clearly the case that they are more vulnerable, since their economic margin is slim. The poor are often exposed to highly fluctuating incomes, and, particularly, in rural areas, it is common for households to move in and out of poverty (Dercon, 2000; and World Bank, 2000).

Tollens ,(2002) observes that poverty is not an intrinsic attribute of people, but a product of livelihood systems and the socio–political forces that shape them. Thus, poverty reduction is highly desirable. However, some reduction in rural poverty is sometimes accompanied by increased urban poverty as rural poor choose to move to cities, without finding employment and income there. In contrast, successful rural poverty reduction usually works by raising the productivity of the poor, while most urban poverty alleviation efforts are welfare oriented. Moreover, rural poverty alleviation may reduce migration, thus helping to reduce urban poverty(Jelilov, Gylych; Abdulrahman, Samira; Isik, Abdurahman;, 2015).

Poverty is multidimensional. This suggests that poverty reduction efforts must be multi–targeted and are expected to show wide and diverse dimensions. Solutions to rural poverty have to straddle different disciplines and must encompass economic, social, political and institutional factors. IFAD (2001) states that increasing access to assets is crucial for broad–based growth and poverty reduction. Assets take many forms– human and social (education, health, organizations), natural (land, water and forests), technological (farm production, processing and marketing methods), infrastructural (roads, communications, health and education facilities, housing) and financial (crop sales and off–farm revenue, investment and working capital, 'savings' in the form of livestock and stored commodities). There is strong therefore, complementarily among asset categories. For example, building social capital by strengthening farmers' groups and improving road and communications networks can enhance the financial asset base. Secure land use rights can allow farmers to invest in technology, leading to higher farm productivity and incomes. They may then invest in improved health and nutrition status and their children's education (Jelilov, Gylych; Kalyoncu, Huseyin; Isik, Abdurahman, 2015).

The World Bank, (2000) noted that poverty is an outcome of more than economic process but also include social and political processes that interact with and reinforce each other. In this regard, poverty reduction strategies should be worked out based on each country's economic, sociopolitical, structural and cultural context. This rests on the argument that such strategies should link the underpinning visions of the economy to societal beliefs and values. In the 1950s, poverty alleviation was not a goal in itself but rather an automatic by-product of economic growth (World Bank, 2000/2001). However, the event of the late 1960s showed that growth alone was not sufficient to transform the living standard of the poor people in developing countries, as growth could not achieve the purported trickledown effect. This led to a change of focus with emphasis shifting to investment in rural infrastructure and human resources as a means of strengthening the effectiveness of poverty reduction (World Bank, 1990).

The poverty alleviation with growth strategy

This approach blends growth-promotion policies with poverty focused strategies, aiming deliberately at mainstreaming the poor in the country's development process. The basic characteristics of the strategy, after Ahluwalia (1995: 42) are exemplified in the following desiderata:

i). It is unnecessary to make a choice between growth and poverty.
ii). The pursuit of growth does not mean any kind of growth, but a growth process that increases the incomes of the average citizen, including the poor.
iii). The pursuit of employment-generating growth, supplemented by specific programs must be aimed at increasing the earning capacity of certain target groups, notably the poor.

There is mounting evidence in support of the complementarily between growth and poverty reduction (Fields and Jackson 1993, Morley 1994, and Ranis 1995). However, the crucial issue is the quality or character of growth. In this respect, the proposed strategy places a premium on a growth process that is employment-centered and engineered by massive investment in human capital. This kind of growth approximates the so-called "East Asian miracle" which Choksi (1995) considers simply as getting the basics right, namely, investment greatly in human capital.

Aku, *et al.,* (1997) saw poverty from five dimensions of deprivation:

i). Personal and physical deprivation experienced from health, nutritional, literacy, educational disability and lack of self confidence;
ii). Economic deprivation drawn from lack of access to property, income, assets, factors of production and finance;
iii). Social deprivation as a result of denial from full participation in social, political and economic activities;
(iv) Cultural deprivation in terms of lack of access to values, beliefs, knowledge, information and attitudes which deprives the people the control of their own destinies; and
v). Political deprivation in term of lack of political voice to partake in decision making that affects their lives.

Related to the definition of poverty is the measurement of poverty. According to Foster, et .al (1984), the most frequently used measurements are:

i). The head court poverty index given by the percentage of the population that live in the households with a consumption per capita less than the poverty line;
ii). Poverty gap index which reflects the depth of poverty by taking in to account how far the average poor person's income is from the poverty line.
iii). The distributional sensitive measure of squared poverty gap defined as the means of the squared proportionate poverty gap which reflects the severity of poverty.

Recent studies by United Nations Development Program (UNDP) advocates the use of the Human Development Index (HDI). According to UNDP (2009), HDI combine three components in the measurement of poverty:

i). Life expectancy at birth (longevity)
ii). Education attainment and
iii). Improved standard of living determined by per capita income.

The first relates to survival-vulnerability to death at a relatively early age. The second relates to knowledge being excluded from the world of reading and communication. The third relates to a decent living standard in terms of overall economic provisioning. Poverty has various manifestations which include among others: lack of income and productive resources sufficient to ensure sustainable livelihood, hunger and malnutrition, ill health, limited or lack of access to education and other basic services, increased morbidity and mortality from illness, homelessness and inadequate, unsafe and degraded environment and social discrimination and exclusion. It is also characterized by lack of participation in decision making in civil, social and cultural life (World Bank 1990; United Nations 1995) Yahie (1993) reiterates that the factor that causes poverty include;

i). Structural causes that are more permanent and depend on a host of (exogenous) factors such as limited resources, lack of skill, location disadvantage and other factors that are inherent in the social and political set-up. The disables, orphans, landless farmers, household headed by females fall into this category;
ii). The transitional causes that are mainly due to structural adjustment reforms and changes in domestic economic policies that may result in price changes, increased unemployment and so on.

Natural calamities such as wars, environmental degradation and so on also induce transitory poverty. Discussing the consequences of poverty Von Hauff and Kruse (1994) highlighted on three major consequences:

i). Consequences for those affected. That is, for the people affected, poverty leads to physical and psychological misery caused inter-alia by inadequate nourishment, lack of medical care, a lack of basic and job related education and marginalization in the labor market;
ii). Consequences for the national economies of countries affected arising through the formation of slums in cities, a worsening of ecological problems particularly as a result of predatory exploitation in the agricultural sector and through the failure to use the available human resources; and
iii). Consequences for the political and social development of the countries affected.

That is, mass poverty tends to preserve or re-enforce the existing power structures and thus also the privileges of a minority of the population. In some cases, this involves corrupt elites. These privileged minorities in the population are not generally interested in structural changes for the benefit of the poor population. As a consequence, mass poverty tends to inhibit the development of democratic structure and a higher level of participation.

As observed by Aku *et al.,* (1997) with mass poverty there tend to be a general loss of confidence in the constituted authority there by generating disrespect and rendering government policies ineffective; political apathy among contending forces; and social disillusion with respect to what the societal objectives are and people’s responsibilities towards the attainment of these objectives.

Again, one such program which is considered here most strategic for stimulating growth and also helpful for poverty alleviation is investment in human capital. When such programs are effectively integrated with the overall development policy, the targeting then becomes an avenue for mobilizing the poor in a country's development process while at the same time contributing to their economic improvement. By human capital is meant improvement in education and training; health and nutrition. All these reinforce each other and collectively influence the pace of a growth process and could either break or sustain the vicious circle of poverty. There are, therefore, strong complementarities among growth, poverty reduction and developing human capital. In the: seamless web of interrelations among the components of human capital, education plays the central role (World Bank 1980).

In what follows, therefore, the focus is on the educational component of human capital. Education covers all schooling, both formal and informal, and may be considered an investment as well as a consumer good. The impact of education extends beyond the traditional production sector into the household. It exercises its impact on the economy through lower fertility rates, health information and more household production. Education facilitates entry into in the modern wage sector and enhances productivity there. Farmers as well as the self-employed in the urban sector are now capable of contributing more to growth of an economy if they have had more education. The role of training outside 5tschool in development is equally important. Like school education, training improves skills and enhances the employability, earning capacity and productivity of a country's workforce (Jelilov, Gylych; Kalyoncu, Huseyin; Isik, Abdurahman, 2015).

As far as the "poverty alleviation with growth" strategy is concerned, investing in human capital, especially education, makes its impact felt in two areas: stimulating the trickle-down effects of growth on poverty and shaping the relations between poverty and employment in an economy. The impact of education is not limited just to the level of economic growth. Increasing attention is now being paid to its effect on distribution and social equity. The trickle-down effects are all about sharing equitably the benefits of a growth process (Jelilov, Gylych; Waziri, Fadimatu; Isik, Abdurahman;, 2016). The propensity of these effects to trickle down to the poor depends in large measure on their access to education. Improving the access of the poor to education opens up to them wider economic opportunities and enhances their ability to take advantage of such opportunities. Also, as the poor become better educated, they can absorb new information faster and apply unfamiliar inputs and new processes more effectively, Choski, (1995:50). The trickle-down effect, no doubt, is a process that take time, but the prospects are there, through increased investment in human capital, to speed it up (Jelilov, 2015).

In the "poverty alleviation with growth" strategy, employment is central in the growth process and is, at the same time the route to reducing poverty. Investing in human capital, especially in education, facilitates access to gainful employment in both informal and formal sectors. Exclusion from gainful employment is a basic problem of the poor, in particular the less educated and those without schooling. It has been found in Nigeria, for instance, that these groups are not only displaced by the more educated people in formal sector employment, they also increasingly stand the risk of being relocated in informal sector activities (Oladeji,1994). Hence they are left with taking farming; that is, if they are not denied access to land as well. The poor characteristically lack assets as well as income but they do have unused labor time whose quality can be improved via education and training. Poverty incidence can thus become reduced with increased investment in people, improving their quality and enhancing their employment prospects. Even for those underemployed, more education and training could be an avenue to increased earnings and consequently poverty elimination.

The approach to poverty alleviation in Nigeria, cannot be said to approximate the suggested poverty alleviation with growth strategy. The various antipoverty programs of government are *ad hoc* and lack any significant link with the country's development policy. These programs, no matter how cost effective, are no substitute for efforts to tune the broad stance of economic policy to the needs of the poor. If the poverty alleviation with economic growth strategy being advocated in this presentation is acceptable and makes sound economic sense, the primary responsibility for tackling poverty has to devolve on the country's development policy, complemented only by the specific antipoverty programmes

In an early empirical review of the impact of poverty reduction on economic growth, Gray (1996) concluded his study saying, “Rapid economic growth tends to reduce poverty as was the cases of East Asian and Latin America countries”.

However, from Fields (1990), Eyong (1998), Kabuin (1996), Jebbin (1996) and Amadi (1994), we can deduce a different experience for other countries such as Sri Lanka and Philippine and concluded that “economic growth is neither necessary nor sufficient for poverty alleviation”. That, in addiction to economic growth, other factors also determines the level of poverty in a society.

Gerster, (2000) classified the different poverty alleviation strategies into four, based on their mechanisms. These are:

1). Market based pro-poor growth- a modified version of the orthodox model;
2). Sustainable livelihoods approach- putting people first
3). Resource based approach focusing on redistribution of assets; and
4). Rights based approach relying on empowerment and redistribution of political power.

Rights and Empowerment

Considers issues like enhancement of political participation, ensuring sound governance, promoting accountability and the rule of law, skill enhancement, vocational training and enhancement of credit availability among others.

The Pro-poor growth model

Is based on the provision of sound macro-economic policy which ensures stability of the economy, conducive business climate, technological innovation which lead to growth of the economy, improved output leading to increased earnings for the people, including the poor.

The Redistribution of resources model and sustainable livelihoods approach

Promotes social interaction among groups, provides security against social risks like ill health, economic shocks, natural disasters, provides social and physical infrastructures, such as roads, electricity, water and social capital. The strategy is often translated into action using such instruments as review of salaries and wages in way that does not cause price instability, removal of gender inequalities and implementation of public works programme to create jobs and institution of safety nets, for those unavoidably caught in the web of deprivation.

The people-centered sustainable development approach

Receives inputs from all these strategies discussed earlier. This is because the ultimate goal of poverty alleviation is ensuring people centered development. Figure 1 summarizes this schema for analyzing poverty-reduction strategies. The concept of people-centered sustainable development means development that not only generates economic growth but also distributes its benefits equitably; that generates the environment rather than destroying it; that empowers people rather than marginalizing them. It is a strategy that gives priority to the poor, enlarging their choices and opportunities, and provides for their participation in decision affecting them. It is a development effort that is pro-poor, pro-nature, pro-jobs, pro-women and pro-children. This approach involves a combination of several efforts and strategies of initiating pro-poor growth policies, enhancing the rights and hence empowerment of the poor, reducing inequality or resources redistribution as well as sustainable development. The framework discussed above provides the analytical framework of this study.

Review of Policies for Poverty Reduction

Poverty reduction is in the main a task for economic policy and requires some antipoverty programs directed at the rural poor. In Nigeria, development policy has had three fundamental objectives: economic growth and development; price stability, and social equity. These objectives were to be achieved through national development plans (NDPs) which were designed to alleviate poverty by achieving an improvement in real income of the average citizen, equitable distribution of income and a reduction in the level of unemployment and underemployment. It is therefore, within different theoretical models for development that past policies aimed at bringing development to the rural areas of Nigeria are designed. Realizing that approximately 70 percent of the poor live in the rural areas, where they depend largely on agricultural pursuit, public policy on agriculture was therefore, expected to impact positively on the rural poor as well as other sectoral policies that have positive rural biases.

Nigeria like other third world countries saw industrialization as the key to attaining the economic successes of the imperial powers. Rural development was thus narrowed down to sectoral policies particularly in the areas of agriculture, which today has led to the intractable problems of the rural areas. However, the confusion that accompanies such negative development philosophy manifests itself in the failure of the development strategy to recognize the linkages between rural and agricultural development on one hand, and between rural development and the development of the total economy on the other. Thus, in the early years of independence, the rural areas were largely neglected owing to the adoption of economic dualism strategy model. In addition, the nation also adopted an import substitution industrial strategy, which in the main involved the substitution of local technology with imported ones rather than the substitution of imported components with local raw materials. These theories in their adoption and implementation did not yield the desired results of achieving the greatest socio-economic benefit for the majority rural dwellers. Situations deteriorated and the gap between the urban and rural areas widened the more.

The view is widely held that the pattern of input substitution industrial development strategy adopted led to the present urban structure. In reality however, the rate and volume of the migration of people out of the rural areas to the cities is a measure of some of the negative impact of the industrialization strategy on the rest of the country, making it imperative for the people to move in mass from the rural areas. The infant-industry argument led to the adoption of high tariff barriers against cheaper and often better-finished imports. For the rural population, this meant paying higher prices for manufactured goods especially at a time when the prices they received for their export products were declining. To worsen matters, the growing concentration and organization of industrial labor in the cities exerted political pressure on the wage structure as to affect the cost of labor to farmers in the rural areas. For farmers, the competition for “over-priced” labor was disastrous and the growth of urban centers came to be marked by a sharp decline of rural productivity. Even for those farmers who stayed on in the rural area because they could not leave, government’s desire to satisfy restive urban population via the importation of cheap agricultural products like rice, maize, vegetable oil, etc. affected the farmers and the rural economy adversely.

From the standpoint of time, the policy-development trends with serious implications on rural poverty in Nigeria can be examined from two main perspectives: before independence and post independence era. The colonial administration prepared and implemented the Ten-Year Plan of Development and Welfare for Nigeria: 1946-1956, essentially with the sole objective of improving cash crop production and urban infrastructure, particularly roads and communications. Little attention was paid to rural development as it had little relevance to the imperial interests. The period before 1954 witnessed the development of the regional export economies-cotton and groundnut in the North; cocoa and rubber in the West and oil palm and kernel in the East. The 1954 Federal constitution and the process of regionalization placed rural development as a residual item and it was therefore treated as a regional responsibility, just like agriculture, education, etc. Nevertheless, the autonomy associated to regionalism gave each of the three regions a free hand to set its own pace for development. Since revenue came mostly from agricultural exports, the regional governments tried to provide basic infrastructures particularly roads to haul commodities from the rural areas. Since the population was largely rural, and the regions were largely supported by the wealth of the rural areas, educational facilities, potable water as well as health facilities were put in place in the rural areas.

Although these were inadequate, they marked a humble beginning and a conscious attempt to improve the lot of the rural people. During this period of internal self-government, which lasted until 1968, the various regional governments operated and based their development plans on the assumptions of perfect knowledge of the problems of the rural people. Some of the schemes undertaken during this period include the Farm settlement/school leavers farms by the three regional governments; the Tree Crop Plantation (developed through the Development Corporations) of the Eastern and Western governments and the Small Farmer Credit Scheme.

With the attainment of independence in 1960 however, the subject of rural areas assumed greater importance in the scheme of national development. Thus the First National Development Plan: 1962-1968 allocated 13% of the gross capital outlay to agriculture and primary production. However, whatever gains made were wiped off by the civil war. By 1965, the new federal ministry of agriculture was very cautious not to mention agriculture in its plan so as not to hurt the spirit of the 1963 constitution yet, the political powers of the old regions brought out the need to coordinate agriculture at the centre. Consequently, three areas were identified for federal assistance to agriculture in the second National Development Plan- 1970-74. These were:

1). grants for the development of agriculture, forestry, and livestock and fishery;
2). establishment of a National Credit Institution; and
3). special Agricultural Development Schemes where the federal government enters into both financial and management partnership with state governments in carrying out projects.

The Third National Development Plan: 1975-1980, which allocated 7.2% of the N43.36 billion budget estimates to agriculture and rural development sector was essentially a continuation of the development process and policies begun in the preceding plan. The post 1975 period witnessed series of rather panic measures embarked upon by the Federal Government, including the Operation Feed the Nation (OFN), Agricultural Development Programmes (ADPs), River Basin and Rural Development Authorities (RBRDAs), and the Green Revolution Programme. Of all these, the ADPs received better attention and a systematic approach to project planning while the other schemes mentioned above remained as political slogans.

By the second half of the 1970s and early 1980s, the trickle down development strategy has started to wane. Emphasis shifted towards addressing development and poverty issues at the grassroots in rural areas with the believe that the rapid growth in the rural economy is the most promising way to reduce poverty and check rural-urban drift. Nigeria was not left out of this new thinking as several programmes were initiated with varying degrees of successes. As argued by Onimode (2003), the economic policies that have semblance of positive policy initiatives on rural poverty reduction include the followings:

i). Universal Free Primary Education (UPE;)
ii). Subsidy programs for various activities, especially agriculture, social services and credit;
iii). Primary health care including the “health-for-all by year 2000” program;
iv). Rural water supply scheme;
v). Rural electrification by Rural Electrification Boards (REBs);
vi). Directorate for Food, Roads and Rural Infrastructure (DFRRI);
vii). Credit guidelines, rural and community banking schemes,
viii). National Directorate of Employment (NDE);
ix). Small-and Medium-Scale Enterprises (SME) Program; and
x. Better Life for Rural Women and Family Support Program.

These programs can be classified into three categories:

a) Income-generating and income-augmenting programs (i, ii, viii, ix, x);
b) Income and wealth redistribution programs (ii, vii,x)
c) Access and empowerment programs with respect to resources and facilities (i, ii,iii,iv, v, vi, vii, viii, ix, x)

Olaniyan *et al.,* (2003) observed that prior to 2001, Nigeria had no known National Policy on Integrated Rural Development that could help to reduce poverty even though such policy and agricultural development have many implications for poverty reduction in the rural economy of Nigeria. However, in 2001, the Federal Ministry of Agriculture and Rural Development in collaboration with all relevant national and international development partners operating in the rural sector developed a National Policy on Integrated Rural Development (NPIRD). This has remained the most comprehensive rural development policy document to date in Nigeria.

The overall policy objective of the National Policy on Integrated Rural Development is drawn from the national objectives of developing the rural areas, raising the quality of life of the rural people, alleviating rural poverty and using rural development as a basis for laying a solid foundation for national development. In order to achieve integrated and even development on a sustainable basis, the policies to be adopted are intended to empower rural dwellers through the development of productive employment, enhancing their income, ensuring protection of the environment, promoting gender responsiveness, and ensuring adequate care for vulnerable group. This will involve:

i). Community Driven Participatory Approach (CDPA) in project identification design, implementation, monitoring and evaluation.
ii). Rationalization and realignment of public sector rural development institutions.
iii). Heavy reliance on the private sector to lead investment in the rural sector to promote economic growth.
iv). Collaborative efforts between government and other

stakeholders for input delivery and marketing of agriculture and other rural products.
v). Promotion of even–development as a cardinal objective of integrated rural development.

The policies to be implemented through the National Policy on Integrated Rural Development lay special emphasis on five priority areas. These are:

1). ***Promotion of Rural Productive Activities***

In this regards, emphasis is placed on employment and income generating opportunity and activities. The policy areas under the promotion of rural productive activity are;

i). Agriculture, Fisheries, Animal Husbandry And Forestry
ii). Mineral Resources Development
iii). Manufacturing and Industry
iv). Marketing and Distribution, and
v). Rural Financial Systems.

2) **Supportive Human Resources Development and Utilization**

Under this activity, the emphasis is on recognition of the critical and dynamic role of the total man in rural and national development. The policy areas under this are:

i). Health and Population
ii). Culture and Social Development
iii). Education, Technology and Skills Development
iv). Research and Extension Services, and
v). Information and Communication.

3) **Enhancement of Enabling Rural Infrastructure**

This places emphasis on government taking adequate measures to promote the development and improvement of rural infrastructure with a view to stimulating and promoting sustainable growth of rural productive activities. The policy areas under this include:

i). Transport infrastructure and facilities
ii). Communications infrastructure
iii). Housing
iv). Environment
v). Energy, and
vi). Water and sanitation

4) **Special Programs for Target Groups**

This is premised on the fact that the powerless, marginalized and deprived rural people deserve special attention. This policy targets the following groups:

i. Women
ii. Youth
iii. Children
iv. The Elderly and Retired
v. Beggars and destitute
vi. Emergencies and National Disasters
vii. Economically Disadvantage Areas; and
viii. Border areas.

5) ***Rural Community Organization and Mobilization***

This policy recognizes the fact that the need for full participation of members of the rural communities in the development process is critical to the quality and sustainability of the development efforts of government. The strategy to be employed in achieving this priority policy area is through special and appropriate provision for the support of community initiatives and programs through managerial, technical, financial and other appropriate assistance. It is important to underscore the fact that some anti-rural and poverty policies are noticeable in Nigeria. They include:

a) Persistent and massive denial of physical and social infrastructure;
b) Poor transport linkages by road, rail, water or air;
c) Poor access to development resources like land, credit, and technology;
d) Concentration of industries in urban centers;
e) Bias of even agricultural expenditure towards powerful and rich urban dwellers;
f) Bias of domestic terms of trade against agriculture and other rural activities with relatively low producer prices for food, agricultural exports and other rural produce;
g) Poor incentives to the rural economy and to economic activities in rural areas;
h) Denial of political power to the rural majority (even with local government reforms) so that the rural population is underrepresented in decision-making organs at all levels of society; and
i) The relative neglect of the informal sector.

In the light of continuous government's concern for poverty reduction, in 1994, government set up a broad-based Poverty Alleviation Program Development Committee (PAPDC) under the aegis of the National Planning Commission. The primary objective of PAPDC was to advise government on the design, coordination and implementation of poverty reduction policies and programs. The work of PAPDC contributed immensely to the emergence of a new approach in 1996 known as the Community Action Program for Poverty Alleviation (CAPPA). Current efforts at poverty reduction include the launching of the Universal Basic Program (UBE) and the Poverty Alleviation Program (PAP), the constitution of the Ahmed Joda Panel in 1999 and the Ango Abdullahi Committee in 2000 with the mandate to streamline and rationalize existing poverty alleviation institutions. These led to the emergence of the National Poverty Eradication Program (NAPEP) and the National Poverty Eradication Council (NAPEC) in early 2001. Last but not the least is the launching of the Poverty Reduction Strategy Paper in 2003. In order to have a holistic approach to poverty reduction in the country, and because of the little success achieved in terms of selective approach to fighting poverty in the past, the paper attempts an inter-sectoral strategy to fighting poverty in Nigeria. In specific terms, the strategies include:

1). Bottom-up and demand-driven identification and prioritization in order to allow for community ownership. Community participation would be enhanced in aspects of project circles, by decentralizing decision-making;
2). Capacity Building and Empowerment: This involves grassroots decision making, provision of access to productive inputs and assets such as credit, land etc; relevant and effective training and education, exposure to and adoption of appropriate technology, access to adequate infrastructure and social services, integration of informal sector into the main stream of economic activities
3).Service delivery comprising of: (1) targeted intervention and building on existing safety – nets of the poor; (2) building mechanisms into poverty reduction plan; (3) provision of a support mechanism to finance projects which are initiated by intended beneficiaries; and (4) emplacement of pro-poor national growth strategies.
4). Coordination, Monitoring and Evaluation, which involves streamlining and networking of existing poverty reduction programs into the support mechanism.
5).Use of appropriate monitoring and evaluation mechanism for poverty reduction and eventual elimination.

THEORETICAL FRAMEWORK

Employment Situation Constraints Theory of Poverty:

The profounder of the theory was Liebow, (1967). He argued that, the poor are constrained by the fact of their situation, by low income, unemployment and the like, to act the way they do. He further argued that, the poor would readily change their behavior in response to new set of circumstances if one of the constraints of poverty were removed. He also argued that one is probably more fruitful to think lower class family reacting in various ways to the fact of their position and to relative isolation rather than the imperatives of lower class culture. The poor people share the values of a society as a whole. The only difference is that they are unable to translate many of thesis values into reality and once the constraints of poverty are removed, the poor will have no difficulties adopting mainstream behavioral patterns and seizing available opportunities.

Poverty Line

This is a measure of standard of living, which separates the poor from the rich. Measures, which include, income, expenditure status as well as intangible criteria such as freedom, the right to vote, gender equality etc

The Income And Income Distribution Theory Of Poverty

Solomon (1980: 16-20) reviews the Marx's economic theories among which are the theory of income and income distribution. According to him, the starting point of Marx's analysis was the labor theory of value. Specifically, the theory of income and income distribution focuses attention on the labor market and the determinants of labor's income, based on demand and supply factors, which also depends on the educational levels, motivation, regional location and age among others.

According to Angaye, (1998: 56) the classical economists (Adam Smith, Thomas Malthus, David Ricardo) supported the income distribution theory by saying that income inequality means a higher income for the working classes, rise in their consumption and population, fall in savings investment and economic growth. To the classical economists, equality is preferred to income inequality.

Lewis, (1998: 16) explains that the share of profits in national income should be increased because the larger profits accruing to the capitalist sector (which perpetuate income inequalities) will mean larger savings, which will be invested for larger capital formation and higher growth rate.

Angaye also argues that although wealth and income inequalities in 19th. Century western Europe led to larger savings and investment on the part of the wealthy classes, there is no guaranty that the rich in developing nations like Nigeria will utilize their savings in productive investment, in fact many of their incomes on conspicuous consumption, foreign travel deposits in foreign banks and hoarding of foreign currencies. According to Eyong, (1998: 16) the income distribution theory further explains that since majority of families or households rely on labor market earning for most of their income, any rise in unemployment may result in large income decline particularly among those whose income are low. Thus, the theory according to Eyong predicts a positive relationship between unemployment and poverty rate.

The theory also predicts that the increase in employment without a corresponding increase in output of goods and services (disguised unemployment) will generate more poverty, such a situation will result to inflation which will tend to benefit debtors at the expense of creditors, causing falling value of money and balance of payment problem, especially during galloping and hyper inflation. Eyong pointed out that such an environment of rising prices would generate high incidence of poverty especially amongst low and fixed income earners. This also shows a positive relationship between the rate of poverty and the level of inflation.

Eyong concluded the explanation of the income distribution theory with its policy suggestion that: a policy to eradicate poverty should be those that will reduce the rate of inflation and equally deal with the problem of unemployment. However, the income distribution theory has not provided us with any particular economic instruction to solve the twin problem of unemployment, inflation and poverty, which remain the most contemporary problem of all society today. Boye-Ilori, (1999: 51) also discussed the capitalist entrepreneurial theory, which argues that crude exploitation of workers through low wages and poor conditions of savings leads to pauperization of the working class is considered very relevant in Nigeria. Let us at this point, look at the other side of the coin. Under the empirical literature review, the works of the following authors are very influential. Hence Blank and Blinder (1986), Cutter and Katz (1991) in United State and Yoshino ,(1993) in Japan examined the relationship between poverty, inflation and unemployment, while Blank and Blinder finds a significant positive relationship between poverty, inflation and unemployment, Cutter and Katz reported of a negative relationship between inflation, poverty and unemployment.

Gray, (1996) examines the Kuznet hypothesis, which stated that income inequality first increases in the early stages of development but decreases in the later stages thereby generating an inverted U-shaped curve. That is in simple language, things must first of all get worse before they get better. The study by Gray (1996) using cross sectional data covering 34 countries did not find any confirmation of the Kuznets inverted U-shaped curve hypothesis; but his own results were ambiguous. His result shows that income inequality and poverty both decreased in some countries; they increased in others.

However, the reasons for these differences were attributed to the different methods that he used. That is income inequality in some countries while in others he used the absolute poverty income approach.

Gray, (1996) concluded his study saying, “Rapid economic growth tends to reduce poverty as was the cases of East Asian and Latin America countries”. However, from Fields (1990), Eyong (1998), Kabuin, (1996), Jebbin, (1996) and Amadi (1994), we can deduce a different experience for other countries such as Sri Lanka and Philippine and concluded that “economic growth is neither necessary nor sufficient for poverty alleviation”. That, in addiction to economic growth, other factors also determines the level of poverty in a society.

Furthermore, studies by Torado, (1992) indicate that higher levels of per capita income do not guarantee a lower level of poverty. But that the understanding of the nature of poverty problem in less developed countries must center on the analysis of the size distribution of income, to him, the magnitude of absolute poverty as based on the combination of many factors viz; low per capita income and highly skewed income distribution consequently, the problem of poverty and income inequality is not just one of economic growth and the political and institutional arrangement according to which rising income are distributed among a large segment of the population.

Unlike in other countries, Okoh (1997) in Nigeria examines the conceptual and methodological issues in poverty measurements. This includes the setting of the poverty lines based on cost of basic need approach, the food energy intake method, the poverty index using head count index, the poverty gap index and the Foster-Greetheorbecka squared poverty gap index. Using the basic needs approach for instance, Okoh (1997) concluded that if the greatest proportion of the population of a country lack adequate access to the consumption of nutritional specification like protein, calcium, vitamins, iron etc. such country or person is said to be poor. Going by this, it is clear that the greatest percentages of Nigerian are poor.

However, the basic need approach measures can be criticized based on its arbitraries and neglect of the utility compensation variation, which create substitution effects in consumption. That is, the basic need approach takes into consideration only the income effects as price changes, in neglect of the substitution effect. In case of poverty lines, he concluded that a food-energy intake yields deceptive poverty comparisons between individuals or countries. The poverty lines can also be criticized on the ground that poverty line do not have constant purchasing power for the poor between different states in a country like Nigeria hence, most comparison can be considered unreliable. Considering the headcount index, Okoh noted that this measurement of poverty is reliable since it could explain the incidence and magnitude of poverty in Nigeria. However, it equally fails to capture the severity and dept of poverty in Nigeria.

This is clear to us that none of these measures of poverty are free from one weakness or the other and are controversial. None of the measures also made specific focus on the effect of macroeconomics conditions on the observed poverty rate in Nigeria. Englama and Bamidele, (1998) in the examining the measurement problems of poverty in Nigeria recommended the need to move beyond the income or consumption measures of poverty to social, economic and environmental ramifications of poverty to operate greater insights. The P-index income inequality (Ginicoeffeicient) should be used so as to eliminate some of the limitations, which are inherited in the use of one of them, and to provide more fruitful insights in formulating policies for poverty alleviation.

Strategy for growth-led poverty alleviation attracted the attention of Atoloye (1997: 313). He explains that the partial barter arrangements and the production for consumption in rural areas complicate the realistic assessment of the level of poverty in Nigeria. While deficiencies of various measures of poverty such as the poverty line based on minimum necessities of life, the absolute income received by the poorest 40 percent of the population cannot be ignored. He therefore suggests the revolutionalization of the production system in Nigeria through labor intensive and rural based production activities for the purpose of achieving the desired objectives of growth-led strategy for poverty alleviation. Furthermore, a re-orientation of production system based on local technology that is proficient and less dependent on modern infrastructure will achieve the desired impact of poverty alleviation. Thus, employment generation constitutes one of the critical elements in a poverty alleviation program.

An appraisal of the World Bank report that poverty is overwhelmingly a rural problem, the study also shows that the main determinants of poverty includes location (rural and urban), education levels, age of the head of household, family size, extent of income inequality, inflation rate among others. The study identified a number of poverty reducing strategies including promotion of high and broad-based access to social services and infrastructure by generality of the people, the targeting expenditure programmed towards the primary education, health and services infrastructure improvement. He emphasizes the need to establish a viable and macroeconomics environment and to streamline an incentive regime to promote broad based economic growth with equality.

A comparison of the policy suggestion in the World Bank report, Okunmade (1999) and Atoloye (1997) indicate contradictions and difference in emphasis. While the former recommends labor intensive technology, the latter recommend labor incentive technology. Further analysis on the World Bank, (1996) indicated that poverty improves during period of Structural Adjustment Program (SAP) (1986-1992). Additional findings show that the percentage of population under poverty line declined from 43 percentage in 1985 to 34 percentage in 1992. The study also shows that calamities decline in poverty in the past 1992 period.

Foluso, (1999) in examining the contributions of international agencies towards poverty alleviation argues that although the international agencies have committed more than 20 percent of their total assistance package to poverty reducing activities in Nigeria, more and more Nigerians are still entering into the cold hands of poverty. He further explained, although there is an attempt to fashion out a Poverty Alleviation Program by UN agencies in Nigeria, the absence of a policy document to set goals and objectives as well as providing frameworks for the proper articulation of the program is likely the major constraints.

Foluso therefore suggested that a national framework for poverty alleviation in Nigeria is comparative and recommended that a strategy document called Community Action Program for UN Agencies and other donors' bodies need to be encouraged towards their supportive roles in alleviating poverty in Nigeria. Unlike Foluso (1999), Ogundipe (1999) in examining the role of the non-governmental organization on poverty alleviation explains that the major objective of micro-credit of the NGO's involved in poverty alleviation can be summarized as that of expanding the productive capacities and improving the social-economic status of the low-income people through effective provision of financial and institutional building services. It also include the use of flexible approaches towards new product development and the influences on the rural poor through the process of capacity building by training specialist researchers, professionals etc. in developmental activities.

Ogundipe in appraising the activities of some eight NGOs in Nigeria based on their sources of funds, savings, mobilization, credit delivery mechanism, loan recovery and their socio-economic impact with particular emphasis on the essence of micro credit as a useful tool for poverty alleviation in Nigeria shows that although much of the NGOs as still to achieve their main objectives. However, the poor are the best judges of their own situation since they know best to use credit when available. Ogundipe observes that the activities of the Nigerian based NGOs like others elsewhere in Latin America and South East Asia are adaptive and he therefore challenge the NGOs to make greater impact in Nigeria to the extent that the problem of inadequate loan-able funds, limited sustainability, inadequate broad-based programs must be addressed. Ogundipe then concluded that the major challenge to NGOs, in their ability to expand the size of the program, building with numerous financial institutions encourages the integration of rural financial institution, provision of a special credit window where viable NGOs dirt-could access funds at the market rate. Looking at the place of any government in economic development Ogundipe explains that the government ought to provide a conducive environment for the growth and sustainability of NGO through the provision of infrastructures (roads, water, electricity etc.) to rural communities. This will help in reducing the cost of operations by NGO, increase outreach and visibility by the poor who are bound to feel the increased impact of the NGO's activities

Boye-Ilori, (1999) in his paper on the topic "politics and measures of poverty alleviation in Nigeria" argues that some school equates national development efforts to poverty alleviation. According to Boye, the level of poverty is the manifestation of the state under development and as such national development effort cannot be equated to poverty reducing effects. In comparison of national development forces on all aspect of the society to move forward in terms of development, poverty alleviation efforts relate only to policies, programs and other measures emplaced specifically to address poverty as a problem. Boye saw development programs as highly anti-poor in design and implementation as he cited the case of dam, which supplies power to the urban dwellers but causes flooding and diseases to the rural dwellers. This increases poverty instead of alleviating it for rural inhabitants.

Poverty alleviation efforts must be focused and targeted to the poor and possess desired features that would enable them address the needs of the poor. He then further explained that such poverty desired features is that they must be demand driven and formulated bottom-up with the poor as active stakeholders in the decision making process.(Boye Ilori, 1999). Eloho, (1999) acknowledges that in line with the wrong notion of equating development with poverty alleviation, many analysis and policy makers in Nigeria have cited development programs to poverty reducing efforts of the government. Eloho cited such programs to include; Electrification scheme, Rural Banking Scheme, Agricultural Development, River Basin Development Authorities, Urban Water Supply Scheme, Credit Scheme, Health Scheme, Immunization Scheme, Transport Scheme, Operation Feed the Nation / Green Revolution, Universal Primary Education Scheme, Adult Education and Low Cost Housing Scheme.

Eloho pointed out that although these programs provided very crucial services to the populaces and some were quite successful in achieving their objectives, they were in conception design and their execution did not serve as poverty alleviation program and as such their benefit did not “trickle down” to the poor. Eloho concluded that although recently the Federal government have designed a poverty alleviation package which outline the term goal for poverty alleviation as well as broad base strategies such suffer the same effects as their predecessors due to what he called the Nigerian’s factors although he could not point out what these Nigerian’s factors are.

Obandan (1997), unlike Sam (1997), Ak (1997), Ibrahim and Bulus (1997), Echebiri (1997) in the annual conference of the Nigerian Economic Society, presented papers on the Nigerian economic growth versus other strategies. Obadan (1997) reports the World Bank to have argued that a high rate of economic growth is the most effective strategy for reducing poverty in Sub-Sahara Africa. Obadan however, pointed out that in the early 1980’s that some Banks initiated some market based strategies to reverse the economic decline, however, he affirmed that the majority of the poor in Sub-Sahara Africa especially Nigeria did not benefit from these strategies and in fact their economic situation worsened. Obadan therefore argues that economic growth may help to reduce poverty in the long run, but it is not sufficient in itself to assist the chronically poor. He therefore lamented that investments in human capital are necessary to equip the poor with education/training they require to enable them share in the benefit of development. To him, educated citizens can take advantage of technologies, which will improve their health and nutritional status and enhances their earning power.

Obadan concluded that for poverty reduction, economic growth is necessary but not a sufficient condition. For growth to be effective, he noted that it has to be accompanied by a deliberate policy of reduction, the pattern of growth need to be changed so that the poor in rural and urban areas can participate in the process. In Nigeria, where the incidence of poverty has remained high in spite of growth and the existence of number of poverty-related programs, targeted efforts are required to induce broad-based growth and provide social service and infrastructures aimed at reducing the depth and severity of poverty across the country. He therefore recommended that a labor intensive growth strategy needs to be complemented with a sustainable growth of living standard along with other features. A desirable poverty alleviation strategy includes; targeted poverty programs and projects, support of income and employment generating opportunities provision.

RESEARCH METHODOLOGY

This chapter explains the research methodology that was adopted in this study , it is arranged to include the data source, the research design, model specification, method of data analysis, estimation criteria and data presentation

Research Design

This study adopts quantitative and descriptive research design. The study used some selected variables which are of economic relevance and proxy for the study. Real Gross domestic product (GDP) is used as proxy for economic growth, while indicators of poverty reductions are used as the explanatory variables, these include Poverty index, unemployment rate and per capita income. If poverty alleviation programs in the country is really successful, it would reflect on the poverty index, unemployment rate will reduce, per capita income will rise.

Source of Data

Basically, this study made use of data from the secondary source. The secondary data is obtained primarily

primarily from the National Bureau of statistic and Central Bank of Nigeria (CBN) Bulletin comprising Economic and Financial Reviews and African Statistical Yearbook, from 1980-2013. Poverty Index is sourced from the World Bank online database, Per Capita income and unemployment rate are sourced from the National Bureau of Statistics while Real GDP is sourced from Central Bank of Nigeria Bulletin.

Model Specification

The growth equation follows from Barro (1996) as derived by Bloom and Canning (2004) and also adopted by several author. This is an extension of the basic neoclassical growth model. In the model (though largely adapted for cross-country studies), growth is a function of some measure of poverty level, some indicators of poverty reduction. The model is therefore specified as follows:

RGDP = F(PI, UNM, PCI)
Where:
RGDP = Real GDP
PI = Poverty Index
UNM = Unemployment Rate
PCI = Per Capita Index.
The mathematical form of the model is stated as follows:

$$RGDP = \beta_0 + \beta_1 PI + \beta_2 UNM + \beta_3 PCI + \mu$$

Where:
β_0 = Constant
β_1 to β_3 = Parameter estimate for the explanatory variables.

The A - Priori Expectations

It is desirable and necessary to explain the theoretical relationship in respect of the expected sign among the variables whether they are in line with the economic theory. The effectiveness of poverty alleviation program is expected to yield positive impact on economic growth and this will translate to reduction in unemployment rate, reduction in poverty index and per capita income will rise. Therefore, unemployment is expected to have inverse relationship with economic growth; per capita income is expected to have direct relationship with economic growth and poverty index is expected to inverse relationship with economic growth.

It is mathematically represented as follows:

$$RGDP = \beta_0 + \beta_1 PI + \beta_2 UNM + \beta_3 PCI + \mu$$

That is

$$\frac{\delta RGDP}{\delta PI} < O$$

$$\frac{\delta RGDP}{\delta UNM} < O$$

$$\frac{\delta RGDP}{\delta PCI} > O$$

b0>/<0 , b1<0, b2< 0, b3>0,

Method of Data Analysis

The obtained data were presented in tables and other graphical tools of descriptive statistics are adapted to analyse the trend of the variables captured in this study. Based on this, the regression model is estimated using ordinary Least Squares (OLS) techniques with the aid of EVIEWS 7.0 (Econometric Software). The usage of the OLS technique is justified based on its BLUE (Best Linear Unbiased Estimate) property, implying that it is the best, linear and unbiased estimator.

Data Estimation and Evaluation Techniques/ Criteria

Statistical and econometric tools are used as evaluation techniques, these include: Standard error, t-test, R-Squared, f-test and Durbin Watson statistics. The Standard Error is used to test the statistical significance of the parameter estimates whether they are significantly different from zero. The rule of thumb guiding Standard Error is that for statistical significant to be ascertained the standard error of the parameter estimate must be less than half of the parameter estimate. When this happens, we are to accept the alternative hypothesis and reject the null hypothesis and vice versa.

Moreso, T-test is also used to test the statistical significance of the estimated parameter at a certain level of significance usually 5% or 1%. The rule of thumb guiding the t-test states that for statistical significance to be established, the t-calculated must be greater than the t-tabulated or the theoretical value at 5% or 1% level of significance. When the t-statistics is greater than the critical value, we are to accept the alternative hypothesis and reject the null hypothesis and also if the critical value is greater than t-statistics we are to accept the null hypothesis. Furthermore, R-squared is used to test the measure of goodness of fit of the model. If the value of R-squared is greater than 50%, it showed that the model has a good fit, if less than 50%, it shows that the model has a poor fit.

Moreover, F-statistics is used to test the joint statistical significance of the explanatory variable and the dependent variable. When f-calculated is greater than f-critical, it shows that there is a joint significant relationship and vice versa.

Finally, an econometric criterion is needed to test the presence or absence of positive serial correlation. The economic measurement use for this is Durbin Watson statistics. If Durbin Watson statistics falls between 0 and 2 but not approximately 2. This implies that there is presence of positive serial correlation whereas if approximately 2 or above two approximately, there is

Data Presentation

Year	RGDP	Per Capita Income GNI per capita, Atlas method (current US$)	Unemployment rate	Poverty Index (rating of 100)
1980	31546.8	630	10.6	27.2
1981	205222.1	660	9.9	31.7
1982	199685.3	680	9.2	31.7
1983	185598.1	540	8.5	31.7
1984	183563	400	7.8	43
1985	201036.3	360	7.1	46.3
1986	205971.4	280	6.4	46.3
1987	204806.5	240	5.7	46.3
1988	219875.6	250	5	34.1
1989	236729.6	240	4.5	34.1
1990	267550	250	3.2	34.1
1991	265379.1	260	3.1	42.7
1992	271365.5	270	3.4	42.7
1993	274833.3	230	2.7	65.6
1994	275450.6	220	2	65.6
1995	281407.4	210	2.1	65.6
1996	293745.4	250	2.1	65.6
1997	302022.5	280	3.4	54.7
1998	310890.1	260	3.2	54.7
1999	312183.5	270	3.1	54.7
2000	329178.7	270	13.1	55.8
2001	356994.3	310	13.6	55.8
2002	433203.5	350	12.6	55.8
2003	477533	410	14.8	55.8
2004	527576	530	13.4	69
2005	561931.4	620	11.9	69
2006	595821.6	830	12.3	69
2007	634251.1	960	12.7	69
2008	672202.6	1170	14.9	69
2009	716949.7	1,326.67	19.7	69
2010	757166.4	1,496.67	21.1	69
2011	800403	1,666.67	23.90	69
2012	842885	1,836.67	24.90	69

Sources: CBN Statistical Bulletin, 2012

absence of positive serial correlation. If the value is greater than 2, there is evidence of negative serial correlation.

DATA ANALYSIS AND INTERPRETATION

This chapter presents data analysis and interpretation of empirical findings on the research topic: impact of poverty alleviation on economic growth. As shown in the previous chapter, the data were analyzed with Econometric views (E-views) using Ordinary Least Square regression technique to show the statistical and econometric significance in the variables used.

Model Specification

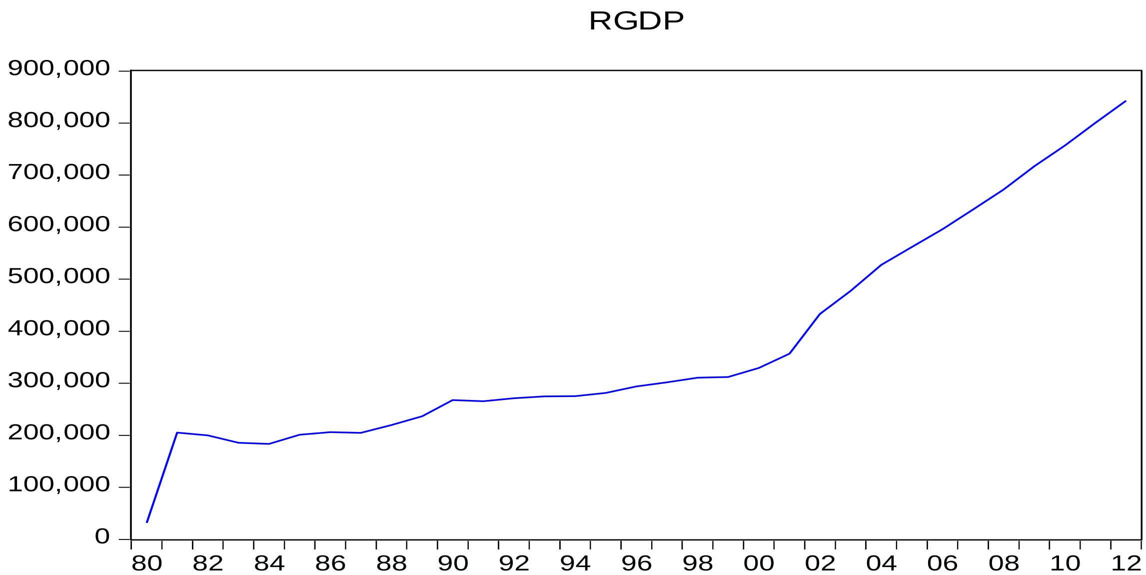
RGDP = F(PI, UNM, PCI)
Where:
RGDP = Real GDP
PI = Poverty Index
UNM = Unemployment Rate
PCI = Per Capita Index.
The mathematical form of the model is stated as follows:
$RGDP = \beta_0 + \beta_1 PI + \beta_2 UNM + \beta_3 PCI + \mu$
Where:
$\beta_0 =$ Constant
β_1 to β_3 = Parameter estimate for the explanatory variables.

The regression result is therefore stated below:

Unit Root Test (Check Unit Root Appendix for detail)

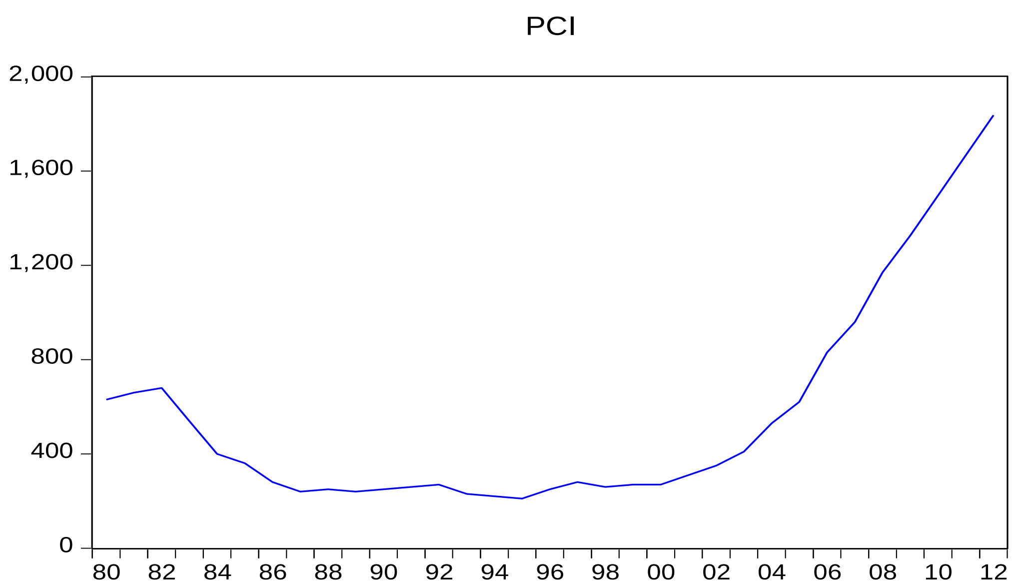
Graphical representation of the Variables

Figure 1. Trend of RGDP in Nigeria over the years



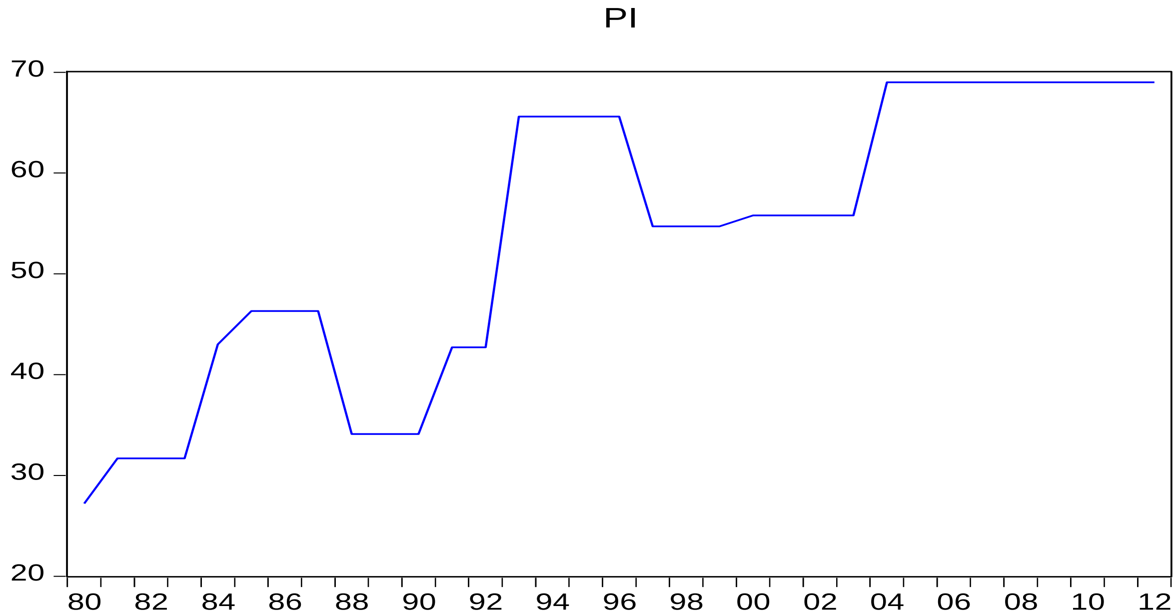
The above graph showed the trend of real GDP over the years from 1980 to year 2012. The trend showed that there is increasing patter from the year 1980 through year 2012. This showed that real GDP moves consistently in an increasing pattern.

Figure 2. Trend of Per Capita Income over the years (1980 to 2012)



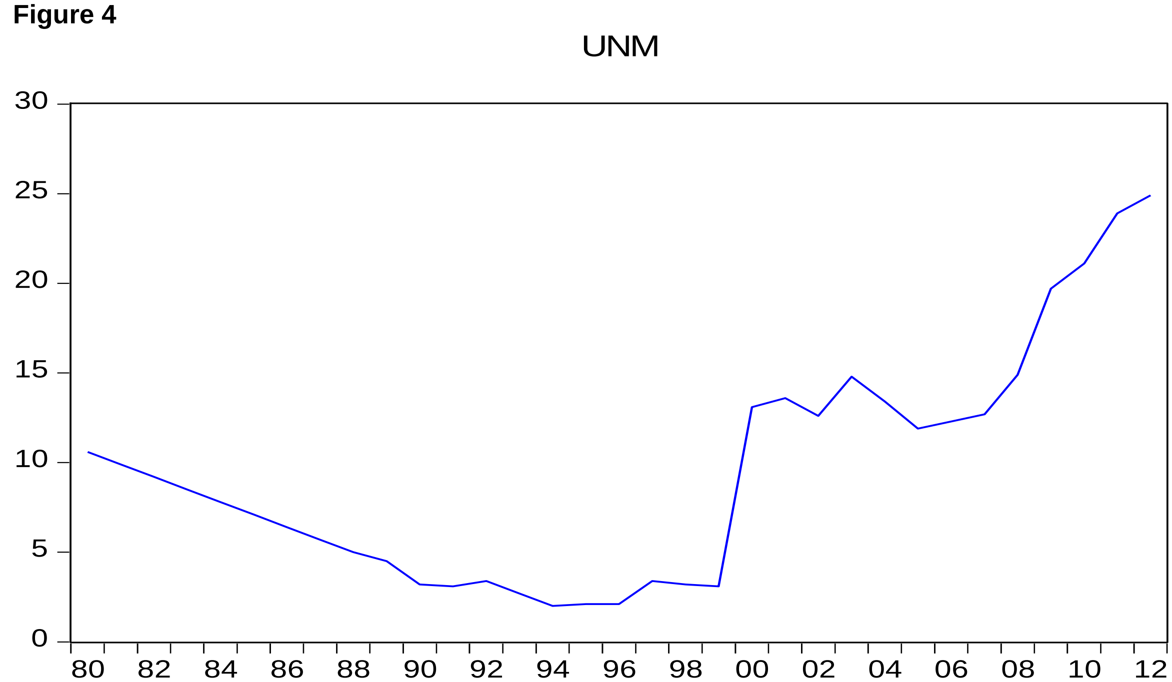
The above graph showed that Per capita income rises in the year 1980 but start depleting from the year 1982. This showed that the standard of living in the country decreases between 1982 through 2002. Therefore, the poverty reduction program during this period cannot be said to be effective in achieving inclusive welfare improvement rather, the standard of living fall. However, there is a new era of welfare improvement between years 2003 through 2012. This showed that the poverty reduction programs during this period have significant impact in reducing poverty level in the country.

Figure 3. Trend of Poverty Index in Nigeria over the years (1980-2012)



The graph above showed that the level of poverty in the country has not been stable since 1980 through 2012. From the year 1981 through 1982, it appears stable but increased consistently thereafter till 1987 before it rises again in the year 1991. This volatility continues till 2012. This showed that the poverty alleviation programs in Nigeria cannot be said to have achieved sustainable reduction in poverty level.

Figure 4



The unemployment rate in the year 1980 started moderately high but gradually reduced consistently through the year 1996. This clearly showed that the economy in the early 90's experience better job opportunity for the labour force and welfare will improve during this period because larger proportion of the population are employed but surprisingly from the year 1999, the level of unemployment started rising significantly till the year 2012. Things have gone wrong in the system in the recent years.

UNIT ROOT TEST (AUGMENTED DICKEY FULLER TEST)

Variable	Levels	Critical Values		First differences	Critical Values		Order of Integration	
RGDP	-0.39052	1%	-4.284580	12.5487	1%	-4.284580	I(1)	Stationary at 1^{st} difference
		5%	-3.562882		5%	-3.562882		
		10%	-3.215267		10%	-3.215267		
PCI	0.14486	1%	-3.95914	4.202675	1%	-4.296729	I(1)	Stationary at 1^{st} difference
		5%	-3.08100		5%	-3.568379		
		10%	-2.681330		10%	-3.218382		
UNM	-1.0986	1%	-4.27327	-5.46664	1%	-4.284580	I(1)	Stationary at 1^{st} difference
		5%	-3.55775		5%	-3.562882		
		10%	-3.21236		10%	-3.215267		
PI	4.42872	1%	-4.30982				I(0)	Stationary at Level
		5%	-3.57424					
		10%	-3.22172					

Non-stationary data produces spurious regression; hence the result may be misleading. Therefore, it is cognizant to establish the stationary property of the data. This is carried out using the Augmented Dickey-Fuller (ADF) unit root test. The decision rule is that the ADF test statistic value must be greater than the Mackinnon critical value at 5% and at absolute value.

From the above summary table of the Augmented Dickey Fuller Test, it is evident that all the variables are not stationary at level at 1%, 5% and 10% level of significance except poverty index but when examined at first difference all the variables are stationary at first difference I.e reag GDP, unemployment rate and per capita income are stationary at first difference. This showed that if the variables are estimated in their first difference, the regression result will be free of spurious result.

Regression Result

Dependent Variable: LOG(RGDP)
Sample: 1980 2012

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.480033	1.051912	5.209591	0.0000
LOG(PI)	-1.521323	0.224552	6.774927	0.0000
LOG(UNM)	0.121647	0.048349	4.820003	0.0089
LOG(PCI)	0.158020	0.174365	0.906260	0.3723

R^2 = 70.9% Adjusted R^2 =67.87% F statistics = 23.52
Durbin Watson Statistics = 1.74

Estimation Equation:

$Log(RGDP) = \beta_0 + \beta_1*LOG(PI) + \beta_2 LOG*UNM + \beta_3*log(PCI)$
$Log(RGDP) = 5.48 + 1.52*LOG(PI) + 0.12LOG*UNM + 0.15*log(PCI)$

Analysis of Results, Hypothesis Testing and Interpretation

From the result above, the value of the parameter estimate are given as follows -1.52, 0.12 and 0.15 for poverty index, unemployment rate and per capita income respectively. The finding of the study showed that there is inverse relationship between poverty index and economic growth. This is in consonance with the apriori expectation stated in the previous chapter. This implies that reduction in the poverty level in the country would result to increase in the economic growth. This could be further explained on the ground that poverty reduction is a sign of improved productivity among the labor force and this transmit to the real sector of the economy and this would result to increase in economic growth, however, the magnitude of the inverse relationship is shown by the value of the parameter estimate. This showed that a percent decrease in the poverty index would result on average to about 1.5% increase in economic growth. This is also statistically significant at 5% level of significance using t-test and standard error, the calculated t-statistics (6.77) is greater than the critical t-statistics (2.04). This is further justified by the standard error estimates; the standard error of the parameter estimate (0.22) is less than half of the parameter estimate (½*1.52)= 0.76. Therefore, poverty reduction has significant impact in increasing the growth of real GDP in Nigeria.

Another major finding from this work is that negative relationships exist between unemployment which is an indicator of poverty level in the country, and GDP. This is line with apriori expectation stated in the previous chapter, Increase in the unemployment rate implies increase in the poverty level and thus large number of labor force are unproductive in the country and thus has negative effects on the growth of Nigerian GDP. The magnitude of the relationship is show n by the value of the parameter estimate, a percent decrease in unemployment rate would result on average tom 0.12% increase in the economic growth. The findings showed that unemployment level has significant impact with the growth of GDP as shown with t-test and standard error. The t-calculated is greater than the t-critical and the standard error is less than half of the parameter estimate at 5% level of significance, the calculated t-statistics (4.82) is greater than the critical t-statistics (2.04). This is further justified by the standard error estimates; the standard error of the parameter estimate (0.05) is less than half of the parameter estimate ½*0.12= 0.06. This implies that an economy with poverty reduction in terms of unemployment reduction would benefit from improved economic growth. however, the finding showed that a percent decrease in unemployment rate would increase economic growth by 0.12% which implies that government should ensure that various poverty alleviation program that can reduce unemployment rate should be put in place to enhance increase in economic growth and reduce unemployment rate

The finding of the study showed that there is positive relationship between per capita income and the growth of the economy. This is in consonance with the apriori expectation stated in the previous chapter. This implies that improved per capita income would lead to improvement in GDP which is an indication of poverty reduction. Increase in standard of living in the country measured with per capita income would enhance labor productivity which will lead to increase in GDP. The empirical findings showed the magnitude of the relationship, one percent increase in per capita income would increase GDP by about 0.15%, however, this is not statistically significant at 5% level of significance using t-test and standard error, the calculated t-statistics (0.90) is lesser than the critical t-statistics (2.04). This is further justified by the standard error estimates; the standard error of the parameter estimate (0.17) is greater than half of the parameter estimate (½*0.15)= 0.075. Therefore, the per capita income has no significant impact in increasing the growth of GDP in Nigeria. This is a reflection of the uneven distribution of income in Nigeria, high level of inequality, wide gap between the rich and poor, a system where the poor pay higher in tax than the rich in real terms.

The R-squared showed that the model has a good fit and that Per capita income, unemployment rate and poverty index could explain about 70.9% systematic variation in the economic growth and the adjusted r-square after adjusting with the degree of freedom showed that 67.9% systematic variation in the economic growth were captured by poverty alleviation programs and policy whereas about 32.1% are other variables which also affect economic growth but were not captured in the model.

R^2 = 70.9% Adjusted R^2 =67.87% F statistics = 23.52
Durbin Watson Statistics = 1.74

F statistics confirms the joint statistical significance of the explanatory variables with the dependent variables since the calculated F statistics is greater than the table value i.e. 23.52> 4.23. We can therefore conclude that poverty alleviation programs or its interactive variables are jointly significant with economic growth. Durbin Watson statistics indicates that there is evidence to show that there is no presence of autocorrelation in the model as shown with Durbin Watson Statistics which is 1.74. Since the value is approximately 2, there is sufficient evidence to conclude that there is no evidence of positive autocorrelation in the estimate.

SUMMARY, FINDINGS, CONCLUSION, RECOMMNDATION

This study examined the impact of poverty alleviation on the economic growth in Nigeria(1980-2013). Thus, this chapter deals with the summary of major findings, conclusion, recommendation and suggestion for further studies.

SUMMARY OF MAJOR FINDINGS

Having examined various studies on the impact of poverty alleviation on the economic growth in both developing and developed country of the world and thus the empirical findings showed that there is a positive relationship between GDP per capita and the growth of GDP. This implies that improved GDP per capita would lead to improvement in GDP which is an indication of poverty reduction. Increase in standard of living in the country measured with GDP per capita would enhance labor productivity which will lead to increase in GDP.

Another major finding from this work is that negative relationships exist between unemployment which is an indicator of poverty level in the country and GDP. Increase in the unemployment rate implies increase in the poverty level and thus large number of labor force are unproductive in the country and thus has negative effects on the growth of Nigerian GDP. It therefore implies that government should ensure that various poverty alleviation program that can reduce unemployment rate should be put in place to enhance increase in economic growth and reduction in unemployment rate.

CONCLUSION AND RECOMMENDATION

This paper explored the relationship between economic growth and poverty reduction in Nigeria. From the analysis, our findings indicate that the initial level of economic growth is not prone to poverty reduction, while an increase in economic growth is prone to poverty reduction, a situation that can only be sustained and improved upon if certain policy measures are put in place. Prominent among policy measures are stable macroeconomic policies, such as, sound fiscal and monetary policies that would create a hospitable climate for private investment and thus promote productivity that the poor and non-poor would benefit from. The policies should also be such that would emphasis on labor intensive strategy given its ability to reduce poverty by increasing employment and improving the opportunities for productive activities among the poor. And if the strategy is associated with increase productivity it will improve wages and under most circumstances the poorest segments of the society will see an improvement in their life conditions. Beyond macroeconomic stability are sound legal and regulatory framework that are necessary in ensuring that both domestic and foreign investors are effectively protected against sudden and arbitrary changes in the economic environment and the rules of the game.

There is also the need for renewed emphasis on government interventions in the nation's economic activities that would help the poor particularly those found in the agricultural and the informal sectors. In this regard, the government should intensify effort in the provision of more infrastructural facilities and the maintenance and repair of existing ones. Efforts should also be made to improve the agricultural sector through resuscitation of agricultural produce marketing board, intensive research and technological innovations, provision of credit facilities to farmers (to be channeled through micro-finance institutions and cooperative societies) and provision of quality health care services. The issue of good governance that has eluded the nation and corruption that has ruined the nation's economy should also be address. When good governance is allowed to thrive civil and economic liberties that are essential for individual initiative and development would be enhanced. Similarly, with good governance, the rulers will be able to provide necessary opportunities to the poor including social services, employment, safety nets and security and information that will permit accountability, transparency and openness which in the long run would help increase economic growth and reduce poverty.

Human capital which is a major cornerstone of the development process. It is part of its outcome: all rich societies invest in human capital, which is one of the most fundamental goods that a prosperous society wants to buy. It is also a major input of the development process. Finally, it is important to give expression to poverty alleviation objectives in national development plans with the strategies and measures integrated into the country's overall development/policy management framework. The major policy recommendation that emerges from the study is the need for Nigerian policy makers to pay more attention to poverty alleviation and increase its yearly budgetary allocation to it. Nevertheless the key to good results lies not in ordinarily increasing particular budgetary allocation but rather in implementing a public finance system that, to the extent possible, links specific expenditure and revenue decisions and ensure the usage of the allocated fund as transparently as possible. On a serious note, more emphasis should be placed on unemployment rate, per capita income on gross domestic product as this will facilitate rapid development of the sector.

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