

POLICY BRIEF

Pro-poor growth and poverty reduction in Nigeria

Hyacinth Ichoku, Chukwuma Agu, and John E. Ataguba

Background

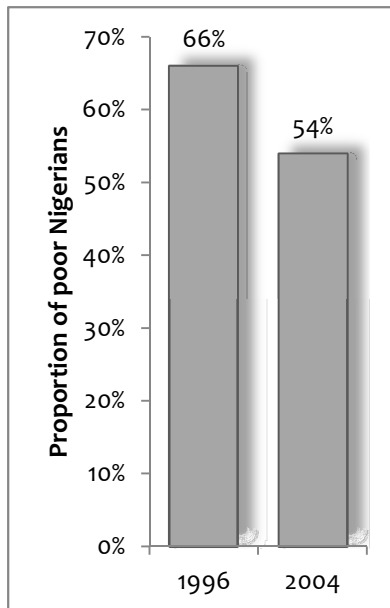
The government of Nigeria has placed poverty reduction at the centre of the country's economic policy and development programs since independence. Though this was not explicitly targeted in earlier development plans (1962 to 1975) of the country, it featured in more pronounced ways in latter programs and projects, many of which specifically targeted elimination of poverty. These targeted programs and projects covered a wide range of sectors of the economy including agriculture, health, education, housing and finance. In fact, they became so commonplace,



scattered and ubiquitous that the Obasanjo regime (1999-2007) had to set out to rationalize and merge them in 1999. The various institutions that have arisen from the disparate poverty reduction programs were then consolidated into the National Poverty Eradication Programme (NAPEP). This, headed by the President, was charged with the sole mandate of eradicating poverty. There are different opinions that exist regarding the level of success of these programs and

policies. Some people believe that these programs have had positive impact on the poor while others believe that they have made the poor poorer.

Internationally, evidence suggests that economic growth, measured by yearly increases in total national income of a country, is not always sufficient to reduce poverty within countries. It is possible that the increase in total national income is benefiting the already rich and not the poor and deprived population. This situation may lead to the widening of the gap between the haves and have-nots or what is often referred to as inequality in income. In order to address the issue of poverty, and ensure that the increase in national income is benefiting the poor and the deprived, there is a need for targeted programs aimed at those who need them most – the poor. In order to ensure that such targeted programs in Nigeria are effectively implemented to address the problem of poverty, it is therefore important to first understand how the increase in total



national income is shared between the poor and the rich. This is the basis of the study. Is it sufficient for a country like Nigeria to only achieve increases in total national income? This study seeks to explain, between 1996 and 2004, how the increases in income in Nigeria have been shared between the rich and the poor and to also show if this has been able to lift some households out of poverty.

Key findings

- In Nigeria, total national income has been increasing over the years and this has led to a reduction in the proportion of poor Nigerians.
- This increase in total national income has however widened the gap between the haves and have-nots in Nigeria. The richer Nigerians are receiving more share of the total national income compared to poorer Nigerians.
- Households with many members including children are prone to poverty than smaller households.
- Individuals that are employed in the agricultural sector of the economy are equally prone to becoming poor when total national income increases. This is because their production is largely subsistence.
- Poverty is a big problem for students, the unemployed and retired persons in Nigeria. This is worse in regions like the south east, south west and north west than in the other regions of the country.

Policy implications

- The increases in total national incomes in Nigeria over the years will most likely continue to reduce the proportion of poor Nigerians.
- Even with the reductions in the proportion of poor Nigerians, these increases in total national incomes will still continue to harm the poor if there are no efforts to ensure that the poor benefits.
- If Nigeria continues with the way total national income is shared between the poor and the rich, and the current growth in the population, it will harm larger households with many members, and reduce their wellbeing. It will also harm students, the unemployed and the retired.

Key recommendations

- In order for the poor to benefit from the increases in total national incomes in Nigeria, it is important that the government continues to provide social protection, in the form of social security and health insurance, to this category of Nigerians. The government should consolidate on existing social programs (such as the NAPEP) but ensure that they are benefiting those that are poor, unemployed and retired.
- The government should take frantic measures to encourage families to have smaller sizes. This can be done through enlightenment campaigns. Some other bodies such as the civil society (including traditional institutions) and development partners in the country can be engaged in such campaigns.
- Employment creation in the sectors that enhance people's income should become a major priority of the government. Also, mechanised agriculture can be considered as an option to replace simple subsistence agriculture.

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