

Poverty and insecurity: theoretical and empirical issues in Nigeria

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Key words

Poverty, insecurity, society, community, alleviation, life

Abstract

This paper has acknowledged that poverty and insecurity have different conditions, dimension and horizons. It then postulates a positive relationship or link between poverty and insecurity, at both personal and societal level. In other words, the higher the level of poverty in a country, society or community, the higher the level of insecurity. The level of insecurity in any society can be minimized if policies can be effectively put in place to alleviate the disgrace and magnitude of poverty. The paper includes some specific recommendations along this line.

Introduction

Nigeria is placed at an advantageous position vis a vis other countries of the world for been endowed with abundant mineral/natural/physical and material resources. These resources are still being explored and exploited. According to Africa Recovery Magazine (1998) Nigeria's wealth in Energy and solid mineral exceeds that of South Africa. It's crude oil reserve is put at 25 billion barrels and further exploitation could increase the reserve to billions barrels. Shell geologist estimated that Nigeria's untapped off-shore oil reserves at about 8 billion barrels.

Records have also placed Nigeria as the 7th largest exporter of crude oil in the world with reserves of natural gas deposits estimated at about 80 billion cubic feet. Experts have asserted that if these resources can be exploited continuously for domestic and export, it can last for 100 years. It was documented that Nigeria is endowed with 10th largest natural gas reserves in the world. Nigeria is said to be the largest producer of columbine in the world processes large deposit of tin, iron ore, uranium, limestone, lead, zinc, gold and coal.

In terms of earning from oil, Nigeria has earned U.S. \$280 billion exports since the early 1970s and this was equivalent to 99% of the total income or GNP of the whole countries in sub-Saharan Africa. Despite Nigeria's enormous wealth, it has been a major recipient of Foreign Direct Investment (FDI), 80% of which goes to the oil sector. Available data suggest that FDI in Nigeria in the period 1997-2001 has on the average amounted to US \$1,184 million per year (CBN, 2001).

In spite of all the aforementioned resources, Nigeria was ranked among the 25th poorest countries in the world in 1998. As far back as 1996 Federal Office of Statistics (F.O.S) reported that 66% of Nigeria live below the poverty line African recovery magazine of 1998 reported that 2/3 of Nigerians were poor and 80% of them were residing in rural areas.

The Concept of Poverty

The new global call for sustainable development has conceded with an emphasis on poverty alleviation in the decade of the 1990s. This is more pertinent to sub-Saharan Africa, where, on the average 45 to 50 percent of the poor live below the poverty line, which of course is a much higher proportion than in any other region of the world except south Asia

(World Bank, 1996; Mbaki, 1994). Poverty is one of the main symptoms or manifestation of under development. It has adverse effect on the affected countries. Because poverty affect many aspects of the human condition, including physical, moral and psychological. A concise and universally accepted definition of poverty is elusive. Different criteria have been used to conceptualize poverty. Most analysis follows the conventional view of poverty as the absence of sufficient income for security, basic goods and services. The concern here is with the individual's ability to command resources to achieve this (Sen, 1981), Aims and Rokodi, 1994).

Many other experts have conceptualized the poor as the portion of the population that is unable to meet basic nutritional needs (Ojha, 1970; Reuthrigger and Selowsky, 1976). Others view poverty, in part, as a function of education, health, life expectancy, and infant mortality. Musgrace and Feber (1976) identify the poor, using the criteria of the level of consumption and expenditure. Sen, 1983 viewed poverty as related to entitlement which are taken to be the various bundles of goods and services over which one has command, taking into cognizance the means by which such goods are acquired (e.g. Money, coupons etc.) and the availability of the needed goods. Yet, other experts see poverty in very broad terms, such as being unable to meet basic needs – physical (food, health care, education, shelter, etc.) and nonphysical (participation, identity etc.) requirements of a meaningful life (Streeten, 1979; Black Wood and Lynch, 1994).

Evolution of Poverty in Nigeria

Indeed the history of the Nigerian economy shows that people were engaged in traditional economic activities such as farming, hunting, teaching, fishing etc. these activities were not only self-sustaining, but they had a sufficient capacity for the growth and development of the country. Indeed the causes of poverty in Nigeria could be assessed from two theoretical perspectives viz; the conventional economics and the political perspective. There is some interdependence between the causes and thus some interrelationship between the remedies as given to both perspectives. Resources gap, mismanagement of resources, corruption and slow rate of growth in output are two principal context with which conventional economists discussed the causes of poverty. Thus this explains that poverty is the collective consequences of certain sectoral distortions, shortages or the inevitable results of limited resources (Edozien, 1975; Duke, 1997).

While Nigeria always had a large population of poor people, the incidence of poverty have been changing overtime, through not in a consistent pattern. The period from 1980 in 1985 was one of increasing poverty in Nigeria. Total factor productivity in Nigeria decline steadily from 1970s to the mid-1980s. real average family income in the rural areas and average unskilled labour real wage, in both rural and urban areas, declined throughout the period. Gross domestic products at factor cost in 1987 prices decline at an average annual rate of 1.8 percent between 1981 and 1985. Agricultural production stagnated and rate of unemployment increased.

Measurement of Poverty

The initial attempts to measure poverty were made more than a century ago by Booth, 1889, Rowntree, 1901 and Naoroji, 1901 (cited by Anyanwu, 1997). While Booths and Rowntrees studies were focused on the urban cities of London and New York, Naorji's was directed at estimating the extent of poverty. These initial attempts were intended to identify poverty line, and it was only later that poverty profiles and indicators were introduced. Also, the initial axiomatically based measure of poverty was not introduced into the debate

until 1976; (Sen, 1981).

In quantifying poverty and identifying the poor, there are two basic requirements. First, the measure of the standard of living is used (consumption approach) in order to distinguish different individuals, households and countries from each other. Second, a 'cut off' point – that poverty line is chosen which separates those identified as poor from non-poor (Ravelion and Huppi, 1991; Kanbur, 1990). The second requirement is how to degree of poverty relative to a particular poverty lines is measured and how this is aggregated across those who are termed to be poor.

The literature has identified a number of desirable properties for poverty measures. Basic among these properties are the monitoring axiom, the transfer axiom, and additive decomposability. The measure of poverty should increase when the income of the poor household, for instance, decreases (the monotonicity axiom). These properties imply that one desires the measure of poverty to take account of the distribution of living standards among the poor, not simply to indicate how many people are poor (based on the focus axiom, looking at the household's income only). Another desirable measure is that the measure of poverty be decomposable by population sub-group, so that aggregate poverty can be represented as an appropriately weighted sum of poverty levels in the component subgroup of a population.

As noted earlier, absolute poverty measures refer exclusively to the well-being of those who are defined as poor, hence suggesting that the condition of the poor only, and not of the overall society, is important. There are seven kinds of absolute poverty measures: the headcount ratio/incidence of poverty, the poverty gap/income shortfall, disparity of income distribution, composite poverty measures, the Physical Quantity of Life Index (PQLI), the Argument Physical of Life Index (APQLI), and the Human Development Index (HDI).

Structure and Composition of Poverty in Nigeria

Recent studies have indicated that universally, poverty is predominantly gender bias. For instance, studies of World Bank show that women earn only 10% of the world income and own less than 10% of the world's property. The studies also indicate that of the absolute poor, more than 70% are women. Moreover, the issue of poverty has become a major concern at both the international and local levels. Because of the multidimensional nature of poverty and the threat it poses to human kind and societal development, many studies have been carried out on the structure and composition of poverty at different levels.

The World Development Report (1990), estimate that more than one billion people in the developing world were living under poverty. However, it has been reported that the incidence of poverty in sub-Saharan African is worse than anywhere else in the world (World Bank, 1996). Indeed, Nigeria's poverty rating within the sub-region is very low. For instance, the under five-mortality rate of Nigeria was 191 per thousand against the sub-regional figure of 170. UNDP (1990) report of Poverty and Human Development in African ranked Nigeria among the 356 poorest nations of 78 least developed countries of the world. Another report by UNDP (1996) ranked Nigeria within the global context as 137 out of a total of 174 member countries. In the World Bank (1996) report of poverty assessment in Nigeria, it was shown that non-poor households spend about four times as much money as the poor households can afford. The report also indicates that poor households have more children than non-poor households.

Furthermore, the regional imbalance of poverty as analyzed by the World Bank Report (1996), shows that while the north had only over one third of the total population, it

has nearly half of the population of poor and almost half of all those living in extreme poverty. In an overview of the symptoms of poverty in the Nigeria rural sector, the World Bank Report (1996) enumerated a number of factors, such as bad roads, small farm holding and poor credit facilities among others. It also posited that poor people could not afford decent housing and clothing. According to the World Bank Report (1996), the original variation in poverty is worsened by the largely 'agricultural economy with a fragile agro-climate environment and a different socio-economic history'.

Another study on the 'poverty profile for Nigeria' was conducted by the Federal Office of Statistics (FOS, 1999). In the report, Kaduna and Katsina states combined had 67.7% poverty incidence as at 1996. However, this report did not disaggregate between rural and urban poverty for each state. It also makes a generalized view of rural poverty, which increased from 46.1% in 1992 to 69.8% in 1996. In addition, the report made a broad analysis of poverty situation in Nigeria by considering age, household size, education, occupation and gender. In the proceedings of the annual conference of the Zonal Research Units of the CBN (1998), deduced that poverty problem increased over a period of time (1992-1997). In another survey conducted by CBN and assisted by World Bank (1999) the incidence of poverty in Nigeria was assessed using the economic and living conditions of the poor as a base. Consequently, a nation-wide survey of household head was conducted within country. Using descriptive and deductive method of analysis, the survey indicated that poverty increase to 69.2% in 1997 up to from 34.1% of 1992/93.

Poverty Alleviation Efforts in Nigeria

Since 1982 there have been attempts by successive governments to alleviate the high rate of poverty and improve the performance of agricultural sector. See table 2 for the summaries of the various poverty alleviation programmes by successive governments in Nigeria from 1986 to date.

One of the anti-poverty measures introduced by the government in 1996 budget is the payment of negative income tax by the low income earners whose total annual income is less than N10, 000.

S/N	Programme	Year Established	Target Group	Nature Of Intervention
1.	Directorate for Food, Road and Rural Infrastructure	1986	Rural areas	Feeder roads, rural water supply and electrification
2.	National Directorate of Employment (NDE) Youth	1986	Unemployment guardians	Training finance
3.	Better Life Programme (BLP)	1987	Rural women	Self help and rural dev. Prog. Skill acquisition
4.	People's Bank of Nigeria (PBN)	1989	Under privilege in urban and rural areas	Encourage savings and credit facilities
5.	Community Bank (CB)	1990	Rural residence micro-enterprise in urban areas	Baking facilities
6.	Family Support Programme (FSP)	1994	Families in rural areas	Health care delivery, child welfare and youth development
7.	Family Economic	1997	Rural areas	Credit facilities to support

	Advancement Programme			the establishment of cottage industries.
8.	National Poverty Alleviation and Eradication Programme (NAPEP)	2001	Unemployment youth and under privilege	Training of youth in different skills and provision of social security

Table 1: Anti-Poverty Programmes by Government in Nigeria

Recommendations

Strategies and approaches to poverty alleviation and reduction of insecurity in Nigeria. The government renew its commitment to adequate funding of Basic Social Services (BBS) using the Oslo (1996) integrated components which comprise of:

a) Basic Education b) Primary Health Care c) Nutrition programme
d) Productive health & population programmes and e) safe drinking water * adequate sanitation. From the available statistics, public expenditure on these sectors have been on the decline at both Federal and state levels.

i) The government must savage the manufacturing sector. In my view, existing and past strategies tend to give too much emphasis to micro initiatives and insufficient attention to the impact of macro policy on the poor. The usual emphasis is on micro credit scheme, training and skills provision. However, these strategies though important, should be supplemented by sound policies at the centre with the hope that they will enhance the performance of manufacturing industry so that it can regain full capacity utilization, expand operation, provide jobs, foreign exchange earnings and absorb the products of micro enterprises, SME's and other information sector activities which will further promote their growth.

ii. The government must build an investment climate that facilitate the growth of private sector and simultaneously empower poor people to participate in the growth.

How can this be Done or Achieved

1. Empowering poor people by providing them with opportunity to access basic education and health care. It also means reducing the risk in their economic activities, agricultural or other off-farm activities, as well as involving them in the key decisions that affect them and their families.
2. Provision good investment climate through provision of right policies, right institutions and the promotion of good behavior of those institutions so that economic actors/entrepreneur can find their investment worthwhile. The notion of good investment climate extent beyond good policies to include right institutions, good governance, stability and qualitative infrastructure. Seen in this broad way, good investment climate clearly depends on public and private sector action and behavior.

Conclusion

One can hardly doubt that poverty and insecurity can be tackled from two fronts: more government spending to capacitate the poor (carrot approach) and more government spending to make the law enforcement agencies more effective (stick approach). But, due to resource limitations in developing countries, the strategy of poverty alleviation and insecurity control suggest in this paper is the carrot approach. This is in line with the principle of "prevention is better than cure" or the principle of "it is better to prevent than to punish". The other rational of this strategy relative to the other one is that more government

spending to capacitate the poor may diminish the need for more spending on law enforcement agencies. It is also a fact that criminals or criminal organizations may grow more power to prevent or neutralize more spending on law enforcement agencies.

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