

# ASSESSMENT OF POVERTY REDUCTION STRATEGIES IN NIGERIA

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(Received 4 July, 2005; Revision Accepted 20 June 2006)

## ABSTRACT

This paper evaluates the effectiveness of poverty reduction strategies in reducing the prevalence of poverty in Nigeria. The paper defines poverty, examines causes of poverty, and reviews past poverty reduction strategies and programmes in Nigeria. Analysis of data has shown that there is insufficient fund for the implementation of poverty reduction strategies arising especially from duplication of poverty reduction agencies with its attendant overlapping functions. The paper concludes that poverty reduction strategies in Nigeria have not succeeded in reducing poverty and recommends that government, its agencies and other stakeholders should develop a multi-dimensional approach towards poverty reduction strategies and effectively target the poor in all considerations and at all levels of articulation, implementation, monitoring and review.

**KEYWORDS:** Poverty, Poverty reduction, Strategies, Development, Agencies

## INTRODUCTION

No Nigerian Government, be it military or civilian, has come without introducing and leaving behind one form of poverty alleviation or reduction programme meant to reduce the level of poverty, give hope and succour to the poor and, or move towards some sort of wealth creation. Strategies, policies and plans have been articulated; programmes and projects have been formulated and executed over the years. They include Operation Feed the Nation (OFN); the Green Revolution; Peoples Bank of Nigeria (PBN); Community Banks; Directorate of Food, Roads and Rural Infrastructure (DFFRI); Nigerian Agricultural Land Development Authority (NALDA); Family Economic Advancement Programme (FEAP); National Poverty Eradication Programme (NAPEP)

The questions bothering a great number of Nigerians are: If so much effort has been made towards reducing poverty, in Nigeria, why is poverty on the increase? Are there better ways or strategies of implementing poverty reduction programmes that will make them more effective? Poor people's perceptions of formal poverty reduction institutions are largely that of ineffectiveness as government reduction activities contribute little in their struggles to survive and rarely help them to escape poverty. More disturbing is the fact that despite their ineffectiveness, colossal amount of resources continues to be committed to poverty reduction strategies and programmes.

This paper is a summary of a study conducted in collaboration with the National Poverty Eradication Programme (NAPEP). It examines this dilemma, by first examining the concept of poverty, its causes and incidences; a review of some selected poverty reduction programmes; and a presentation and analysis of field reports.

## Hypothesis

The paper is guided by the hypothesis that: Ho: Poverty reduction strategies in Nigeria have not succeeded in reducing poverty; Hi: Poverty reduction strategies in Nigeria have succeeded in reducing poverty.

## METHODOLOGY

The study utilised both primary and secondary data. Primary data were obtained through a questionnaire. Secondary data were generated from publications of the Federal Office of Statistics (FOS), Human Development Report (1997-2001), and World Bank Report (1999-2001).

## Population of the study

The population of the study included management staff of the National Poverty Eradication Programme (NAPEP), beneficiaries of various poverty reduction strategies, staff of the World Bank and United Nations Development Programme (UNDP) - international sponsors of poverty reduction strategies in Nigeria, and local non-governmental organisations that partner with NAPEP.

The total population was 536 made up of 360 beneficiaries, 96 staff from governmental agencies, 50 staff of international organisations, and 30 local non-governmental organisations.

## Sampling technique and sampling size

The random sampling with replacement was used to select the sample size. Respondents were given an identification number, and each respondent picked from a bowl. A sample size of 230 representing 43% of the total population of the study was selected. Questionnaires were distributed to the 230 respondents and 142 were retrieved representing 61.70% return rate. This is shown in Table 1 below.

Table 1 Distribution and Collection of Questionnaires

Institutions/Agencies	No. Distributed	No. Returned	No. Not Returned	% of Total Returned	% of Total unreturned
Beneficiaries	144	89	55	38.7	23.9
Govt. Agencies	50	31	19	13.5	8.3
International Organisations	20	12	8	5.2	3.5
Local NGOs	16	10	6	4.3	2.6
<b>Total</b>	<b>230</b>	<b>142</b>	<b>88</b>	<b>61.7</b>	<b>38.3</b>

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The issues advanced in the questionnaire included sufficiency of funds to implement poverty reduction programmes; avoidance of duplicating poverty reduction programmes; absence of poverty reduction paper (PRSP); effectiveness of poverty reduction programmes in Nigeria; poverty reduction strategies and the multi-directional nature of poverty; the poor as the target of poverty reduction programmes, and the overall success of poverty reduction strategies in reduction of poverty in Nigeria. Chi-square (X<sup>2</sup>) was used to calculate and test the hypothesis, while we presented our data on various key issues in tables to facilitate analysis.

### The Concept of Poverty

Based on its multi-dimensional nature, poverty is usually perceived using different criteria. This accounts for the numerous attempts at defining poverty. Narayan et al (2000:30) captured the definition of poverty from the point of view of the poor in different countries in the following perspectives.

*Poverty is humiliation, the sense of being dependent, and of being forced to accept rudeness, insults, and indifference when we seek help." "Don't ask me what poverty is because you have met it outside my house. Look at the house and count the number of holes. Look at my utensils and the clothes that I am wearing. Look at everything and write what you see. What you see is poverty.*

The Organisation for Economic Co-operation and Development (OECD) Guideline on Poverty Reduction (2001:29) stressed that an adequate concept of poverty should include the most important areas in which people of either gender are deprived and perceived as incapacitated in different societies and local context. It should encompass the causal links between the core dimensions of poverty and the central importance of gender and environmentally sustainable development. These 'core dimensions' include, economic,

human, political, socio-cultural and protective capabilities, lending credence to the divergent views on the concept of poverty. The World Bank (1999:10) states that participatory studies have cumulatively shown that the poor experience and understand their poverty in terms of a range of non-material and intangible qualities such as insecurity, lack of dignity and status or a lack of power or opportunity.

According to OECD (1001:30), economic capability means the ability to earn an income, to consume and have assets, which are all key to food security, material well-being and social status. These aspects are often raised by poor people, along with secure access to productive financial and physical resources: land, implements and animals, forests and fishing waters, credit and decent employment.

The Central Bank of Nigeria (1999:1) thus views poverty as a state where an individual is not able to cater adequately for his or her basic needs of food, clothing and shelter; is unable to meet social and economic obligations; lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructure such as education, health, portable water, and sanitation; and consequently, has limited chance of or advantage of changing his or her welfare beyond the limit of his or her capabilities. The World Bank (2000) has defined poverty as the lack of what is necessary for material well-being especially food, but also housing, land, and other assets. In other words, poverty is the lack of multiple resources that leads to hunger and physical deprivation.

### Poverty Incidences

Poverty is currently one of the most serious problems in the world. Recent estimates indicate that about 1.5 billion people live below the poverty line of less than one dollar per day in the world. Out of this 1.5 billion people, Africa contributes about 250 million, which is about 17% of the world's total poor population. The Table below shows the extent of poverty in Africa and other continents.

Table 2 TRENDS IN INCOME POVERTY IN DEVELOPING COUNTRIES

Region of Country Group	Percentage of Population living below the income poverty threshold		Share of poor people in developing countries		Number of Poor People (Millions)
	1987	1993	1987	1993	1993
Arab States	5	4	1	1	11
East Asia, South-East Asia and Pacific	30	26	38	34	446
East Asia, South-East Asia and Pacific (excluding China)	23	14	10	7	94
Latin America and the Caribbean	22	24	7	9	110
South Asia	45	43	39	39	515
Sub-Saharan African	38	39	15	17	219
Developing Countries	34	32	100	100	1,301

With Poverty threshold of 1 Dollar/day

Source: Human Development Report Office, 1998.

Statistical data from the Federal Office of Statistics (FOS) indicate that in 1960 poverty was experienced by about 15% of the population of Nigeria and in 1980 it grew to 28 percent. In 1985 poverty level rose to about 46 percent and then dropped to 43 percent in 1992. Since then poverty incidence in Nigeria has been on the increase with 66 percent in 1996 and 70 percent in the year 2000.

Based on the data from the FOS, the state-by-state poverty incidence in Nigeria between 1980 and 1996 as indicated in table 2.0 below clearly shows high and varying

poverty levels among the states of the Federation. The data further shows that poverty in Nigeria increased sharply both between 1980 and 1985 and between 1992 and 1996. By 1992 only 10 states had more than half of their population living in poverty, but by 1996, all states except Bayelsa had the similar proportions of their population living in poverty.

Table 3: POVERTY INCIDENCES BY STATES INCLUDING THE FEDERAL CAPITAL TERRITORY (FCT) (1980-1996)

STATE	1980	1985	1992	1996
Abia	14.4	33.1	49.9	56.2
Adamawa	33.4	47.2	44.1	65.5
Akwa-Ibom	10.2	41.9	45.5	66.9
Anambra	12.8	37.7	32.3	51.0
Bauchi	46.0	68.9	68.8	83.5
Bayelsa	7.2	44.4	43.4	44.3
Benue	23.6	42.9	40.8	64.2
Borno	26.4	50.1	49.7	66.9
Cross River	10.2	41.9	45.5	66.9
Delta	19.8	52.4	33.9	56.1
Ebonyi	12.8	37.7	32.3	51.0
Edo	19.8	52.4	33.9	56.1
Ekiti	24.9	47.3	46.6	71.6
Enugu	12.8	37.7	32.3	51.0
Gombe	46.0	68.9	68.8	83.5
Imo	14.4	33.1	49.9	56.2
Jigawa	37.5	54.0	38.7	71.0
Kaduna	44.7	58.5	32.0	67.7
Kano	37.5	55.0	38.7	71.0
Katsina	44.7	58.7	32.0	67.7
Kebbi	25.4	45.8	37.9	83.6
Kogi	33.3	39.3	60.8	75.5
Kwara	33.3	39.3	60.8	75.5
Lagos	26.4	43.6	48.1	80.3
Nasarawa	49.5	49.5	50.2	62.7
Niger	34.0	61.4	29.2	52.9
Ogun	20.0	56.0	36.3	69.9
Ondo	24.9	47.3	46.6	71.6
Osun	7.8	28.3	40.7	58.7
Oyo	7.8	28.3	40.7	58.7
Plateau	49.5	64.2	50.2	62.7
Rivers	7.2	44.4	44.4	77.3
Sokoto	25.4	45.8	45.8	83.6
Taraba	33.4	47.2	50.1	65.5
Yobe	26.4	50.1	43.4	66.9
Zamfara	33.4	45.8	37.9	83.6
FCT			27.6	53.0
<b>All Nigeria</b>	<b>28.1</b>	<b>46.3</b>	<b>42.7</b>	<b>65.6</b>

Source: Federal Office of Statistics, 1997

According to the United Nations Reports (1999), Nigeria Human Poverty Index (HPI), was only 41.6%, which placed the country among the 25 poorest nations of the world. The HPI for some other African countries as shown in Table 3.0 below indicate that Zimbabwe, Botswana, Kenya, Burkina Faso and Niger had 17.3%, 22.9%, 26.1%, 58.3% and 66.0% respectively. In other words, Zimbabwe, Botswana, and Kenya had lesser HPI than Nigeria.

Table 4: CLASSIFICATIONS OF THE DEVELOPING COUNTRIES OF THE AFRICAN CONTINENT SOUTH OF THE SAHARA.

Country	Human Poverty Index (HPI) (%)	Rank by HPI	Bank Gap Between HPI and HDI	Rank Gap Between HPI and Poverty Threshold at a t \$1/day
Zimbabwe	17.3	17	-24	-18
Botswana	22.9	29	-4	-8
Kenya	26.1	32	-14	-13
Lesotho	27.5	35	-13	-12
Congo	29.1	38	-4	-
Cameroon	31.4	41	-4	-
Ghana	32.6	43	-1	-
Zambia	35.1	45	-8	-
Rwanda	37.9	48	-29	-14
Togo	39.3	49	-7	-2
Tanzania	39.7	50	-8	14
Zaire	41.2	52	0	-
Uganda	41.3	53	-13	-3
Nigeria	41.6	54	3	9
Central African Rep	41.7	56	-4	-
Guinea-Bissau	43.6	58	-11	-8
Namibia	45.1	59	24	-
Cote d'Ivoire	46.3	63	8	18
Mauritania	47.7	65	6	11
Senegal	48.7	68	1	0
Madagascar	49.5	70	9	-1
Guinea	50.0	71	0	19
Mozambique	50.1	72	2	-
Ethiopia	56.2	75	2	14
Burkina Faso	58.3	76	1	-
Niger	66.0	78	2	3

### Causes of Poverty

There seems to be narrow disagreement on the causes of poverty as against the difficulty encountered in arriving at a universally accepted definition of poverty. Scholars agree on basic factors responsible for the prevalence of poverty such as: macro economic distortions, effects of globalisation, governance, corruption, debt burden, low productivity, unemployment, high population growth rate and poor human resource development. These factors may differ from country to country depending on the level of economic development; they are however issues involved when looking at the causes of poverty.

While the CBN (1999:12) grouped causes of poverty into two categories: low economic growth and market imperfections, the World Bank (2001:34) stated that one route of investigating the causes of poverty is to examine the dimensions highlighted by poor people:

- Lack of income and assets to attain basic necessities – food, shelter, clothing, and acceptable levels of health and education;
- Sense of voicelessness and powerlessness in the institutions of state and society; and
- Vulnerability to adverse shocks, linked to an inability to cope with them.

The Federal Office of Statistics (1996:109) Socio-Economic Profile of Nigeria was definite in categorising the causes of poverty in Nigeria into problems of access and endowments, such as:

- Inadequate access to employment opportunities for the poor: this is often caused by the stunted growth of economic activities or growth with labour saving device.
- Lack of inadequate access to assets such as land capital by the poor: this is often attributed to the

absence of land reform and minimal opportunities to small credit.

- Inadequate access to the means of fostering rural development in poor regions: the preference for high potential areas and the strong urban bias in the design of development programmes is often assumed to be its primary cause.
- Inadequate access to markets for the goods and services that the poor can sell: this is caused by their remote geographic location or other factors.
- Inadequate access to education, health, sanitation and water services: this emanates from inequitable social service delivery which consequently results in the inability of the poor to live a healthy and active life and take full advantage of employment opportunities.
- The destruction of the national resources endowments, which has led to reduced productivity of agriculture, forestry and fisheries: this often resulted from the desperate survival strategies of the poor as well as inadequate and ineffective public policy on natural resource management.
- The inadequate access to assistance by those who are the victims of transitory poverty such as drought, floods, pests and war: this is brought about by lack of well conceived strategies and resources.
- Inadequate involvement of the poor in the design of development programmes: this is often exacerbated by the non-involvement of the representatives of the poor communities or beneficiaries in the discussion, preparation, design and implementation of programmes that will affect them. A careful assessment of the above causes reveals the multi-dimensional nature of poverty.

### Review of Some Poverty Reduction Programmes/Strategies

Apart from the review of the Poverty Alleviation Programme (PAP) 2000, which is presented below, the review of other past poverty reduction programmes and strategies is presented in Table 4. It represents the summary of the Main Report of the Technical Committee on the Poverty Alleviation Programmes in Nigeria (2000), known as the Joda Review Panel and the Anjo Review Committee set up by the Federal Government to review the status of various strategies, relevant programmes and implementing agencies of poverty reduction in Nigeria following the abysmal failure of PAP.

#### Poverty Alleviation Programme (PAP) 2000

PAP 2000 was introduced to urgently create menial based 200,000 jobs. The immediate objective was to mop up from the labour market, in the shortest possible time, some 200,000 unemployed persons in the face of increasingly restive youth activities. The projects undertaken by the participants of the programme were to stimulate economic activities and improve the environment. It was also to reduce social vices and stem rural-urban drift. The participants were paid N3,500 monthly each for a period of twelve months as they engaged in direct labour activities such as patching of potholes, and vegetation control along highways, afforestation, environmental sanitation, maintenance of public buildings among others. Just after about four months of implementation, the public roundly criticised PAP such that the Federal Government had to institute a panel to review it. The Panel recommended its discontinuation. Part of the problems identified with the programme included over centralisation,

unsustainable design, uncoordinated management, over politicisation, irregular payment, lack of monitoring logistics and high-level and low-level corruption.

Other earlier poverty reduction strategies included the setting up in 1964, the Nigerian Industrial Development Bank (NIDB) to facilitate and enhance the flow of financial and development assistance to small, medium and large scale industrial projects. The Nigeria Agricultural Bank and the Nigerian Bank for Commerce and Industry were established in 1972 and 1973 respectively to provide credit and equity capital for production, processing and marketing of agricultural produce and commerce.

The Agricultural Development Programmes (ADPS) were set up in 1975 to provide decentralised opportunities and resources in agriculture to the small holder farmers. In 1986, the National Directorate of Employment (NDE) was established for the promotion of skill acquisition, self employment and labour intensive work schemes. In the same year, the Directorate of Food, Roads and Rural Infrastructure (DFRRI) was set up to coordinate and streamline all rural development activities in the country and accelerate the pace of integrated rural development.

In 1997, the Family Economic Advancement Programme (FEAP) was established to provide access to credit for micro entrepreneurs at grassroots level and encourage job creation. (See appendix A for details).

#### Presentation and Analysis of Data

On whether there was sufficient funds to implement poverty reduction programmes, the following responses were received.

Table 5 Sufficiency of Funds for Implementation

Responses	Govt Agencies	International Organisation	Local NGOs	Beneficiaries	Total	%
Strongly Agreed	4	3	2	20	29	20.42
Agreed	9	2	2	14	27	19.01
Disagreed	5	3	4	25	37	26.06
Strongly Disagreed	13	4	2	30	49	34.51
Total	31	12	10	89	142	100

29 respondents made up of 4 Government agencies, 3 International organisations, 2 Local Non-governmental Organisations and 20 beneficiaries representing 20.42 percent strongly agreed that there were sufficient funds to implement poverty reduction programmes. A total of 49 made up of 13 Government Agencies, 4 International Organisations, 2 Local Non-Governmental Organisations and 30 beneficiaries representing 34.51% of the respondents strongly disagreed that there were enough funds to implement poverty reduction programmes in Nigeria.

This however, was at variance with responses received on the issue of adequate budgetary provisions for poverty reduction efforts in the country. A total of 17 Government agencies, 5 International Organisations, 3 Local Non-Governmental Organisations, and 20 beneficiaries representing 31.69 percent respondents agreed that budgetary provisions were adequate for poverty reduction efforts in Nigeria. This is indicated in the Table below:

Table 6: Adequacy of Budgetary Allocation for Poverty Alleviation

Response	Govt Agencies	International Agencies	Local NGOs	Beneficiaries	Total	%
Strongly agreed	10	2	4	25	41	28.87
Agreed	17	5	3	20	45	31.69
Disagreed	3	4	2	30	39	27.47
Strongly Disagreed	1	1	1	14	17	11.97
Total	31	12	10	89	142	100

In an attempt to clarify this discrepancy, interviews with the leadership of 13 government agencies and 4 international organisations revealed that although the budgetary provisions seemed adequate, there was a duplication of poverty reduction agencies and programmes, and therefore, the funds sent to the agencies was not properly coordinated and targeted at the

issue of poverty reduction. In effect, funds available were spread too thin amongst the agencies and programmes. This agrees with the findings of the Technical Committee on Poverty Alleviation Programmes in Nigeria (2000), which indicates serious areas of overlap in the operation of agencies. This is indicated in table 7.0 below.

Table 7: Agencies Areas of Over-Lap

ACTIVITY SECTOR		IMPLEMENTING ORGANISATION		AREAS OF OVER-LAP
1.	Financial/Credit	i.	Nigerian Agricultural and Cooperative Bank	Micro-Credit
		ii.	Peoples Bank of Nigeria;	"
		iii.	Family Economic Advancement Programme;	"
		iv.	National Directorate of Employment; and	"
		v.	Community Banks	"
2.	Healthcare Delivery	i.	National Primary Healthcare Development Agency;	Health Care
		ii.	National Population Activities Scheme;	"
		iii.	National Centre for Women Development	"
3.	Education	i.	Commission for Adult and Non Formal Education;	Education
		ii.	Nomadic Education Commission; and	"
		iii.	National Centre for Women Development	Training
4.	Agriculture	i.	National Agricultural Land Development Authority;	Agriculture
		ii.	Federal Agricultural Coordinating Unit	"
		iii.	River Basins Development Authorities; and	Agriculture
		iv.	National Centre for Women Development.	Research, Training and Skill Acquisition in all Vocations.
5.	Infrastructure/Rural Development.	i.	Ministry of Agriculture and Rural Development.	Agriculture, rural roads, rural water supply, rural communication, rural health, rural power supply and rural education.
		ii.	Ministry of Water Resource;	Rural Water Supply
		iii.	Ministry of Power and Steel;	Rural Electrification
		iv.	Ministry of Health	Healthcare Delivery
		v.	Ministry of Education	Rural Education.
6.	Industrial	i.	Family Economic Advancement Programme	Resource Development through promotion of improved production technology.
		ii.	Industrial Development Centres.	
7.	Skills Acquisition and Employment		National Directorate of Employment	Training and Skills Acquisition in the productive sector.
8.	Women/Family	i.	Family Support Trust Fund;	Healthcare Delivery, eradication of negative social and natural practices, income generation, agriculture, guidance/counselling, housing and education.
		ii.	Family Support Programme; and	Women Mobilisation and empowerment.
		iii.	National Centre for Women Development	Research, Training and Skill acquisition in all vocations.

Source: Main Report of the Technical Committee on the Poverty Alleviation Programmes in Nigeria (2000).

On the performance of poverty reduction agencies, a total of 46 respondents representing 32.39% of the respondents were of the opinion that the performance of poverty reduction agencies was very effective; 66 or 46.48%

said the performance was effective, only 11 or 7.75% were of the opinion that the performance was ineffective. This is shown in the table below.

Table 8: Effectiveness of Poverty Reduction Agencies

Responses	Govt. Agencies	International Agencies	Local NGOs	Beneficiaries	Total	%
Very Effective	10	2	4	30	46	32.39
Effective	17	5	3	41	66	46.48
Ineffective	3	4	2	10	19	13.38
Very Ineffective	1	1	1	8	11	7.75
Total	31	12	10	89	142	100

Considering that funds have been insufficient for poverty reduction programmes, the above responses show an inconsistency. How can the performance of poverty reduction agencies be very effective with insufficient funds? A closer look at the responses reveal that it was governmental agencies that scored themselves as being either very effective or effective. Officials of these agencies were responding in such a manner as to protect their agencies or positions since this research was conducted immediately after the National Committee had completed its assignment which was aimed at

rationalising poverty reduction agencies through mergers and scrapping.

On whether Poverty reduction strategies have been successful in reducing poverty in Nigeria, 11.97 percent and 19.72 percent beneficiaries 'strongly agreed' and 'agreed' with the assertion respectively. 15 government poverty reduction agencies, 6 international donor organisations, 6 Local Non-Governmental organisations and 20 beneficiaries making a total of 33.10 percent of the respondents 'disagreed' with the assertion. A total of 35.21 percent 'strongly disagreed'. This is shown in the data in the table below.

Table 9 Success of Poverty Reduction Strategies

reply	Govt Agencies	International Agencies	Local NGOs	Beneficiaries	Total	%
Strongly agreed	2	0	1	14	17	11.97
Agreed	5	2	1	20	28	19.72
Disagreed	15	6	6	20	47	33.10
Strongly Disagreed	9	4	2	35	50	35.21
Total	31	12	10	89	142	100

#### TEST OF HYPOTHESIS AND DISCUSSION OF DATA:

From the above table we calculated expected frequencies and computed the chi-square to enable the test

the hypothesis that: Ho: Poverty Reduction Strategies in Nigeria have not succeeded in reducing poverty.

H1: Poverty Reduction Strategies in Nigeria have succeeded in reducing poverty.

Our computations are shown in the table below.

TABLE 10 Computed Expected Frequencies

Responses	Beneficiaries	Govt. Agencies	Int. Organisations	Local NGOS	Total
Strongly Agreed	10.65	3.71	1.44	1.2	17
Agreed	17.55	6.11	2.37	1.97	28
Disagreed	29.46	10.26	3.92	3.31	47
Strongly Disagreed	31.34	10.92	4.23	3.52	50
Total	89	31	12	10	142

Source: Compiled from returned Questionnaires

TABLE 11 Computation Of  $\chi^2$ 

Organisations	Response	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Beneficiaries	Strongly Agreed	14	10.65	3.35	11.22	1.05
	Agreed	20	17.55	2.45	6	0.34
	Strongly Disagreed	23	31.34	-8.34	69.56	2.22
	Disagreed	32	29.46	2.54	6.45	0.22
Govt. Agencies	Strongly Agreed	2	3.71	1.71	2.92	0.79
	Agreed	5	6.11	-1.11	1.23	0.2
	Strongly Disagreed	15	10.92	4.08	16.65	1.52
	Disagreed	9	10.26	-1.26	1.59	0.16
Int. Organisations	Strongly Agreed	0	1.44	-1.44	2.07	1.44
	Agreed	2	2.37	-0.37	0.14	0.6
	Strongly Disagreed	6	4.22	1.78	3.17	0.75
	Disagreed	4	3.97	0.03	0	0
Local NGOs	Strongly Agreed	1	1.2	-0.2	0.04	0.03
	Agreed	1	1.97	-0.97	0.94	0.48
	Strongly Disagreed	6	3.52	2.48	6.15	1.75
	Disagreed	2	3.31	-1.31	1.72	0.52
<b>Total</b>		<b>142</b>				<b>12.07</b>

Formula for Degree of Freedom =  $(R-1)(C-1)$

Where R = Rows

C = Column

Thus:  $(4-1)(4-1)$   
 $= 3 \times 3$   
 $= 9$

#### Level of Significance (5%)

Thus: The value of  $\chi^2$  from the table at degree of freedom 9 on a 5% level of significance is 14.68.

#### Decision Rule

If the calculated  $\chi^2$  is less than value of  $\chi^2$  from the table, accept the null hypotheses and reject the alternative hypothesis.

#### Decision

Since the computed  $\chi^2$  is 12.07, which is less than 14.68, we accepted the null hypothesis that: Poverty Reduction Strategies in Nigeria have not succeeded in reducing poverty.

#### CONCLUSION

Effective poverty reduction in Nigeria is a daunting task that seems to be a mirage as efforts so far exerted, instead of reducing the poverty level, aggravates it. There is a duplication of efforts and an overlapping of functions of agencies. This results into a thin spread of resources, therefore making the implementation of poverty reduction programmes in Nigeria ineffective.

It is recommended that since poverty is multidimensional, poverty reduction strategies should be holistic in nature. They should be initiated in consultation with the poor, who as a target group should be carried along in implementation, monitoring and review activities. Poverty

reduction agencies and government should be seen as an integral part of agencies for the realisation of good governance through the provision of basic social amenities especially those which enhance security and provide means of cushioning vulnerability of the citizens to economic hardship.

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**APPENDIX A**  
**SOME AGENCIES INVOLVED IN PREVIOUS INTERVENTIONS**

Name of Agency/Organisation	Date Established	Mandate	Constraints	Lessons Learnt
National Directorate of Employment (NDE)	1986	Promotion of skill acquisition, self employment and labour intensive work schemes.	<ul style="list-style-type: none"> <li>• Lack of complementarity with micro finance and other poverty alleviation institutions.</li> <li>• Inadequate funding</li> </ul>	<ul style="list-style-type: none"> <li>• Low level of funding has led to inadequate coverage of target groups</li> <li>• There is need to coordinate the activities of poverty alleviation Institutions to encourage complementarity and networking.</li> </ul>
Nigeria Agricultural Cooperative Bank (NACB)	1972	Provision of credit for the production, processing and marketing of agricultural produce.	<ul style="list-style-type: none"> <li>• Lack of access to customer's deposit</li> <li>• Unstable exchange rate to leading inability to meet up with foreign loan repayment obligations.</li> <li>• Political interference leading to overstaffing, inadequate professional capacity and overstretching of resources.</li> <li>• It was not specifically targeted at the poor.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer's savings are an important source of funding for development finance institutions (DFIs)</li> <li>• Exclusive public sector ownership of Development Finance Institutions is inadvisable.</li> <li>• For poverty alleviation, effective targeting of the poor is necessary.</li> </ul>
Peoples Bank of Nigeria (PBN)	1989	Charged with the responsibility of extending credit to under-privileged Nigerians who could not ordinarily access such loans from the orthodox banking system	<ul style="list-style-type: none"> <li>• Inadequate funding</li> <li>• High administrative cost</li> <li>• Unsustainable without government funding.</li> </ul>	<ul style="list-style-type: none"> <li>• It has been more effective than commercial Banks in targeting the poor</li> <li>• Need to incorporate sustainability considerations in design of micro-finance delivery institutions.</li> </ul>
National Board for Community Banks (NBCB)	1991	To facilitate the setting up of Community Bank, supervise their functions and provide capacity development to them.	<ul style="list-style-type: none"> <li>• Lack of clearing house for Community Banks</li> <li>• Non-issuance of final operational licences to deserving Community Banks</li> <li>• Inadequate professional staff and technical capacity.</li> </ul>	<ul style="list-style-type: none"> <li>• Need for an effective regulatory framework for micro-finance delivery institution.</li> <li>• Need for capacity building for practitioners and micro-finance.</li> </ul>

Nigerian Industrial Development Bank (NIDB)	1964	To facilitate and enhance the flow of financial and development assistance to small, medium and large scale industrial projects	<ul style="list-style-type: none"> <li>Foreign denominated debts have not been serviced regularly due to inability of project promoters to repay their outstanding obligations</li> <li>Access of small operators and the poor to its funds is very limited due to collateral requirement and lack of presence in needy areas.</li> </ul>	<ul style="list-style-type: none"> <li>May not be able to fulfil the needs of the poor. Need to collaborate with more grass-root based financial institutions.</li> <li>Funds meant for poverty alleviation should be distinguished from other developmental funds and targeted specifically at the poor.</li> </ul>
Nigerian Bank for Commerce and Industry (NBCI)	1973	Provision of equity capital and funds by way of loans to indigenous persons, institutions and organisations for medium and long term investments in industry and commerce	<ul style="list-style-type: none"> <li>Fluctuating value of the Naira</li> <li>Inadequate access to funds</li> <li>Inaccessibility to the poor.</li> </ul>	<ul style="list-style-type: none"> <li>The Bank possesses the potential to positively contribute to SME development through funding employment generation enterprises.</li> </ul>
National Economic Reconstruction Fund (NERFUND)	1989	To correct any observed inadequacies in the provision of medium to long term financing to small and medium scale industrial enterprises.	<ul style="list-style-type: none"> <li>Unstable value of the Naira</li> <li>Commercial and Merchant Banks are showing lack of interest in brokering new loan on behalf of customers</li> </ul>	<ul style="list-style-type: none"> <li>Mandate similar to NBCI, which existed longer.</li> <li>Need for coordinating of activities duplicating functions and identify appropriate any government intervention.</li> </ul>
Nigerian Agricultural Insurance Cooperation (NAIC)	1987	Provision of insurance cover to farmers engaged in agricultural production	<ul style="list-style-type: none"> <li>Inadequate funding</li> <li>Late disbursement of subsidies from the Federal Government.</li> <li>Poor record of claims payment to farmers little or no awareness education of the poor farmers to enable them take advantage of their claims.</li> </ul>	<ul style="list-style-type: none"> <li>The role of NAIC in poverty alleviation is very important due to poverty intensity; the agrarian sector and susceptibility of agriculture sector to unforeseen circumstances.</li> </ul>
Family Economic Advancement Programme (FEAP)	1997	Provision of access to credit for micro entrepreneurs at grassroot level, encouragement of job creation, local raw materials utilisation and development of indigenous technology	<ul style="list-style-type: none"> <li>Wide-scope of activities.</li> <li>Taking on the functions that were already being performed by other institutions.</li> <li>Other stakeholders in the programme did not devote the required time and resources to its success.</li> </ul>	<ul style="list-style-type: none"> <li>There is need for coordination of activities among poverty alleviation institutions, to avoid inter-institutional rivalry and dissipation of government resources.</li> </ul>
Agricultural Development Programmes (ADPs)	1975	Provision of decentralised opportunities and resources in agriculture to the small holder farmers	<ul style="list-style-type: none"> <li>Lack of continuous funding due to expiration of external funding from World Bank</li> </ul>	<ul style="list-style-type: none"> <li>Local ownership of donor-supported projects is necessary for sustainability of programmes and gains there-from</li> </ul>
Directorate of Foods, Road and Rural	1986	To coordinate and streamline all rural development activities in the country and	<ul style="list-style-type: none"> <li>Lack of technical depth in most projects</li> <li>Adequate arrangement</li> </ul>	<ul style="list-style-type: none"> <li>It carried out a country wide survey in which it</li> </ul>

Infrastructure (DFRRI)		accelerate the pace of integrated rural development	<p>was not made for the maintenance and sustenance of the facilities provided.</p> <ul style="list-style-type: none"> <li>• Wide-scope of activities leading to thin spread on the ground.</li> <li>• DFRRI projects were designed and packaged as gifts from the government to the people.</li> </ul>	<p>extensively identified and recorded the facilities established in each local government. This should be preserved for future projects.</p> <ul style="list-style-type: none"> <li>• Identification ownership by communities and other target beneficiaries of rural development programmes a condition for sustainability.</li> <li>• Need for a body to coordinate poverty alleviation activities, so as to ensure continuity laudable achievements past agencies and avoid future duplication.</li> </ul>
National Agricultural Land Development Authority (NALDA)	1992	To provide strategic public support for land development, promote and support optimum utilisation of rural land resources, encourage and support economic sized farm holdings.	<ul style="list-style-type: none"> <li>• Institutional set-up was considered too large.</li> <li>• Selection of farmers for participation in the programmes was discriminatory.</li> <li>• Mobilisation strategy for farmer cooperatives was not effective.</li> <li>• Frequent communal clashes</li> </ul>	<ul style="list-style-type: none"> <li>• NALDA was well intended, but had an unwieldy scope. The need for subsidized land preparation for small holders still a priority agricultural productivity, hence government should strengthen the ADPs to accomplish this task.</li> </ul>

Source: Main Report of the Technical Committee on the Poverty Alleviation Programmes in Nigeria (2000)