GOOD GOVERNANCE AND POVERTY REDUCTION IN NIGERIA: TREND, CHALLENGES AND THE WAY FORWARD

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Summary
For the past two and half decades, poverty has evolved and remains the single most daunting challenge confronting mankind. In Nigeria, the problem of poverty is not only endemic but has also shown a rising tendency in the past two and half decades and its ranking among the poorest nations of the world. Various factors have been identified for the nation’s rising poverty profile, including the problem of good governance anchored on transparency and accountability. Arising from this, this paper examines the linkage between national strategies for poverty reduction and improvements in governance within the Nigerian context in a bid to ascertain whether the latter is essential for poverty reduction. Our findings reveal that poor governance manifesting in policy inconsistency and corruption remains the bane of poverty alleviation efforts in Nigeria. To reverse this trend, this paper proffers amongst others, the institutionalization of some all-encompassing poverty reduction strategies as well as the need to ensure the entrenchment and sustenance of good governance anchored on transparency and accountability for sustainable development.

INTRODUCTION
In recent decades, poverty has evolved as the single most daunting challenge confronting humanity. In Africa, the scourge of poverty is not only deeply-rooted and widespread, but somewhat paradoxical. This is so because, despite the upward trend in the average real growth rate over the past five years, endemic poverty has persisted. And, perhaps, nowhere else in the African continent is the scourge more prevalent than in Sub-Saharan Africa (SSA) where about 56.6 percent of its 936.1 million population live below the national poverty line (World Bank, 2013). Contemporary trends reveal that, the depth of poverty – that is, how far incomes fall below the poverty line – is greater in SSA than
anywhere else in the world. The severity of poverty in the sub-region is also partly reflected by its human development indicators, which are amongst the poorest in the world, characterized by high mortality and morbidity rates, as well as high level of illiteracy and low life expectancy (see Table 1)

<table>
<thead>
<tr>
<th>Region or Group I</th>
<th>2011 HDI Estimates</th>
<th>2013 HDI Estimates</th>
<th>2014 HDI Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia and Pacific</td>
<td>0.671</td>
<td>0.683</td>
<td>0.703</td>
</tr>
<tr>
<td>South Asia</td>
<td>0.548</td>
<td>0.558</td>
<td>0.588</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>0.463</td>
<td>0.475</td>
<td>0.502</td>
</tr>
</tbody>
</table>


Table 1 shows that although the HDI in SSA appears to have marginally improved over the last two and half years, it is still very much behind when compared to those of other developing regions.

In Nigeria, the problems of poverty is multi-faceted, among which are lack of access to good health facilities, high infant mortality, lack of essential infrastructure, unemployment and under-employment as well as endemic and entrenched corruption. Thus, with about 69 percent of the poor living below the poverty line, that is, about 112 million Nigerians in 2010 (NBS, 2010), it becomes quite worrisome. More worrisome is the fact that, poverty situation in the country has shown a rising tendency in the past couple of decades, accounting for the nation’s low development indicators and its ranking among the poorest nations in the world (Oxfam, 2003).

Majority of Nigeria’s population live in poverty with insufficient income to cover minimum standard of food, water, fuel, shelter, medical care and schooling (World Bank, 1996). Given the nation’s endowment with natural resources, its poverty profile presents a sober picture of a nation in decline.

On the other hand, contemporary development thinking since the 1990s has placed a high premium on democratic governance as a catalyst for poverty reduction and sustainable development. The World Bank (1992) viewed governance “as the means in which power is exercised in the management of a country’s economic and social resources for development”. The World Bank further averred that for development to succeed in any country there must be sound development management, a well-run market economy, together with an effective liberal democratic political regime (Cardoso, 2001). Thus, good governance has come to be associated with liberal democracy as a necessary element for sustainable development (UNRISD, 2000). Indeed, governance is a broad concept covering political, economic and social dimensions.
Operating in three major domains – the state, civil society and private sector, governance reflects all the ways in which societies distribute power, and manage public resources and problems (Gettu, 2001). Therefore, good governance is central to national development (Corkery, Land and Bossuyt, 1995).

Thus, considering the imperative of good governance not only as a conditionality for obtaining development assistance from donor agencies, but also, as one of the targets in the Millennium Development Goals (MDGs) for reducing poverty and improving lives, this paper examines the nexus between these two variables (i.e. good governance and poverty reduction) within the Nigerian context. Accordingly, the rest of the paper is divided into four sections. In Section two, some conceptual issues and the nexus between good governance and poverty reduction is considered. Section three provides an overview of governance and poverty reduction within the Nigerian context. Section four x-rays poverty reduction strategies and their constraints in Nigeria over the years. Finally, section five concludes the paper with some pertinent recommendations and concluding remarks.

GOOD GOVERNANCE AND POVERTY: CONCEPTUAL FRAMEWORK

Governance is a multi-faceted concept that occurs in a variety of contexts, be it in a family, corporation, community, national or even global levels. Whatever the context, it describes “the management of society by the people” (Albrow, 2001), and the exercise of authority or control to manage a country’s affairs and resources (Schneider, 1999). Governance is made up of several features. It is participatory, consensus-oriented, accountable, transparent, responsive, effective, efficient, equitable and inclusive and it follows the rule of law (Sharma, 2007).

Good governance, on the other hand, is premised on improvements to virtually all aspects of the public sector (Grindle, 2004). Good governance entails the whole society partaking in the fruits of development. The United States Agency for International Development (USAID, 2003), defines good governance as a complex system of interactions among structures, traditions, functions, and processes characterized by values of accountability, transparency and participation.

Poverty

Poverty, like governance, is a multi-dimensional concept. As such, it does not lend itself to a single, universally accepted definition (Kankwenda, Gregorie, Legros and Quedraogo, 2000). Hence, the literature is replete with definitions reflecting the peculiar perceptions of various researchers and policymakers as well as circumstances prevailing in different regions of the world. Thus, Miller (1977) conceives poverty in terms of individual or family insufficiency of assets and income. Edozien (1975) sees poverty with particular reference to basic human needs, which the individual must have in order to survive. Thus, a family may be said to live in poverty when it is unable to satisfy its basic needs due to low income.
However, poverty has both income and non-income dimensions which are usually intertwined.

**The Nexus between Governance and Poverty**

Poverty has been acknowledged in the literature as the worst form of disempowerment and humiliation for the poor. In like manner, the impact of weak governance usually falls most heavily on the poor. This is so because, first, poor people are usually not included in those institutions put in place to formulate plans, policies as well as rules that will determine their rights and obligations; second, the poor are generally excluded from those organs of government which make decisions on how to allocate and administer public resources to programmes which affect the poor themselves. The exclusion of the poor may manifest through inefficient service delivery, through corruption, or through inappropriate allocations of public resources away from socially useful goods such as education and health, or through the inability of the poor themselves to enforce their legal rights. Whatever form this exclusion takes, the poor are often the most adversely affected by weak governance. Worse still, poor people often lack the resources and power to effectively respond to poor governance.

To overcome these disadvantages suffered by the poor, it has been suggested that the implementation of such range of strategies aimed at reducing the level of poverty, must include improvement of governance at all levels. This is necessary because weak or poor governance could hurt the poor either by retarding economic growth or through some other non-economic channels. In both instances, weak governance has the tendency to reinforce poverty.

**POVERTY AND GOVERNANCE IN NIGERIA: AN OVERVIEW**

**Macroeconomic Performance**

Nigeria is a richly endowed nation and is potentially one of the wealthiest states in the world (United Nations, 2001). Despite Nigeria’s considerable agricultural and natural resources, it is ranked by the World Bank (2014) as a low-middle income country, and is among the five countries of the world where two-thirds of the world’s extreme poor are concentrated. Propelled by the oil and gas industry, Nigeria has the largest economy in Sub-Saharan Africa. Crude oil accounts for over 96 percent of Nigeria’s foreign exchange earnings and 80 percent of government’s revenue in 2012. Projections indicate that Nigeria’s oil production has been rising from 2.3 million barrels per day in 2005 to about 3.8 million barrels per day by 2025, at an average rate of 2.5 percent per annum (EIA, 2003). A member of the Organization of Petroleum Exporting Countries (OPEC), Nigeria is the largest oil producer in Africa and the ninth largest holder of natural gas proven reserves in the world (OGJ, 2013).

However, decades of mismanagement, accompanied by massive corruption, political instability and poor policies have paralyzed Nigeria’s economy, manifesting in widespread impoverishment and poor human development.
indicators. Table 2 shows the socio-economic indicators for Nigeria in the global context at the turn of the new millennium.

Table 2: Nigeria in a Global Context, 1999

<table>
<thead>
<tr>
<th>Indicator</th>
<th>World</th>
<th>Nigeria</th>
<th>Nigeria’s World Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (Million)</td>
<td>5,975</td>
<td>124</td>
<td>10</td>
</tr>
<tr>
<td>GNP (Billions of dollars)</td>
<td>29,332</td>
<td>37</td>
<td>54</td>
</tr>
<tr>
<td>Per Capital GNP (dollars)</td>
<td>4,890</td>
<td>319</td>
<td>179</td>
</tr>
<tr>
<td>PPP GNP (Billions of dollars)</td>
<td>38,804</td>
<td>92</td>
<td>49</td>
</tr>
<tr>
<td>PP GNP per capita (dollars)</td>
<td>6,490</td>
<td>744</td>
<td>193&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Human development index</td>
<td>0.716</td>
<td>0.455</td>
<td>136&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>Gender-related Development Index</td>
<td>0.706</td>
<td>0.433</td>
<td>123&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Note:  
- a: Out of around 200 countries, except where otherwise stated  
- b: Adjusted for purchasing power parity (PPP)  
- c: Out of 162 countries

Source: United Nations, 2001

Table 2 illustrates the daunting development challenges that face policy makers in Nigeria. The table shows a nation, which features high population with low gross national product (GNP), a reflection of economic underperformance. It also shows low social indicators, manifesting in a poor human development index (HDI) and gender-related development index, at 0.455 and 0.433, respectively. Consequently, Nigeria’s development profile presents a paradox, a richly-endowed country, with a large population in poverty and ranked alongside the poorest people in the world (Igbatayo, 2001).

A ray of hope however emerged since Nigeria’s transition to democratic governance in 1999, when a civilian regime was elected into office. The nation’s performance, while remaining at a relatively low level, in the first decade has shown some improvement. Gross Domestic Product (GDP) rose slightly in 2001 to 4 percent, up from 3.8 percent in 2000 (UNECA, 2002). This is a significant improvement from economic under-performance that averaged near stagnation levels, at an annual rate of 0.4 percent during 1990-98, a period characterized by political instability. This period is also in sharp contrast to 2013, when the nation’s GDP was estimated to have grown by 6.5 percent, with forecast growth of 6.9 percent in 2014 and 6.7 percent in 2015 (United Nations, 2014).

The Emergence of Endemic Poverty

In the Nigerian context, poverty is a long-standing issue that lies at the core of the nation’s development challenges, particularly in the past three and half decades. The nation’s development profile presents a paradox: on the one hand, Nigeria is richly endowed with natural resources; on the other, its people are living
in extreme deprivation and are ranked alongside the poorest people in the world. There is a consensus about the state of poverty in Nigeria: it is extensive in scope and rising at an alarming rate. This development has provoked a deep concern among policy makers and the nation’s development partners, triggering an array of poverty alleviation initiatives since the 1980s, with varying degrees of success.

Although poverty now assumes endemic dimension in Nigeria, it had not always been like this. Until the 1980s, poverty was confined only to the rural areas, where physical and social infrastructures were in short supply. The dearth of such social services as portable water, schools, roads and communication networks constrained social activities in rural areas and spawned rural poverty across the country.

Presently, rural poverty rates still remain high as indicated in table 3. From the table, although rural-urban poverty rates declined between 2003-2004 and again between 2009-2010, but certainly not as fast as would be expected given the pace of economic growth experienced in the country in the past decade or so.

Table 3: Nigeria Poverty Rates (% of Population)

<table>
<thead>
<tr>
<th>Per capita</th>
<th>2003-2004</th>
<th>2009-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty rate</td>
<td>64.2</td>
<td>62.6</td>
</tr>
<tr>
<td>Urban poverty</td>
<td>52.2</td>
<td>51.2</td>
</tr>
<tr>
<td>Rural poverty</td>
<td>73.6</td>
<td>69.0</td>
</tr>
</tbody>
</table>


The manifestation of rural poverty over the past several decades has been blamed for the rural-urban migratory trend that is a main feature of the nation’s economy. At the beginning of the 1980s, however, Nigeria’s poverty profile took a dramatic turn for the worse, fueled by macroeconomic shocks and policy failure. The nation’s economic under-performance since the early 1980s has been attributed to its reliance on crude oil exports as the driver of the economy, which fetches the bulk of government’s revenue and foreign exchange earnings. The inability of the nation’s policy makers to diversify the nation’s economic base and transform its fundamental structures has been blamed for the rising tide of poverty in Nigeria.

In addition, poverty in Nigeria cuts across all geopolitical zones, a development that brings into perspective the sobering state of poverty scourge in the country.

Figure 3 presents the distribution of poverty across Nigeria’s geopolitical zones in 2013. It shows that the North-West and North-East geopolitical zones had the highest incidence of poverty in 2013 (77.7 and 76.3 percent, respectively), while the South-West had the least (59.1 percent).
Fig 3: Poverty rates across geopolitical zones in Nigeria

Governance and the Nigerian Experience

Contemporary development thinking has placed a high premium on good governance as a catalyst for sustainable development (World Bank, 2000). Good governance is particularly important as a stabilizing mechanism in Nigeria’s volatile political economy. Given the country’s unstable political environment since independence, good governance is critical to sustain the nation’s relatively nascent democratic framework as a catalyst for national development.

Nigeria’s attempts to sustain democratic governance have been plagued by incessant failure. Although the country operated a parliamentary system in the first republic (1960-1966), it adopted the presidential system during the second republic (1979-1983) (United Nations, 2001). However, the political life of the nation has been undermined by several military interventions, resulting in prolonged authoritarian rule, which has reversed post-independence economic gains, engendered widespread human rights abuses and fostered unprecedented corrupt practices, particularly in the public sector. Prolonged military despotism had left the economy in a state of near-bankruptcy by the time Nigeria resumed democratic governance in 1999.

Table 4 shows the pattern of government leadership in Nigeria from independence to date. The table shows that military rule has dominated governance since the nation’s political independence in 1960.

Table 4: Pattern of Government Leadership in Nigeria, 1960-2014

<table>
<thead>
<tr>
<th>Period of Governance</th>
<th>Number of Years</th>
<th>Type of Governance</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 1960-Jan. 1966</td>
<td>6 Years</td>
<td>Democratic</td>
<td>The Independence Republic was overthrown in a bloody military coup</td>
</tr>
<tr>
<td>Jan. 1966-Sept. 1977</td>
<td>13 Years</td>
<td>Military</td>
<td>Four military leaders ruled for 6 month; 9 years; 6 months and 3 years respectively.</td>
</tr>
</tbody>
</table>
As table 4 portrays, military has dominated governance for 28 years out of 54 years since Nigeria’s independence in 1960. The unwarranted intervention by the military in governance is to be blamed for lack of entrenched democratic culture in Nigeria. Lack of good governance, which partly manifested in prolonged military rule, has also undermined the search for a national consensus to tackle the nation’s social and economic challenges (UNCTAD, 1996). In spite of Nigeria’s abundance in a variety of natural resources, most of the population are victims of endemic poverty, suffering from material deprivation and impoverishment (UNDP, 1998). This has brought a measure of disillusionment to the swelling ranks of the poor creating an atmosphere of hopelessness, helplessness, voicelessness, powerlessness, vulnerability, lack of self-esteem and human dignity.

POVERTY REDUCTION STRATEGIES
An Overview of Poverty Reduction Strategies

In Nigeria, poverty has evolved over the past few decades to become a critical development issue, demanding concerted efforts from government, civil society organizations and Nigeria’s development partners.

Essentially, poverty reduction strategies in Nigeria could be divided into three major phases: the pre-SAP era, the SAP era, and the democratic era (Ogwumike, 2001).

The Pre-SAP Era
During this period (1960-1985), poverty reduction was not the direct focus of Nigeria’s development planning and management. The Federal Government and its agencies embarked on various development projects that had beneficial impact on rural inhabitants, although some of the programmes did not target poor people. The perception then was that poverty was predominantly rural in nature. Some of the development projects and programmes embarked upon during this era include River Basin Development Authorities (RBDA), the Agriculture Credit Guarantee Scheme (ACGS), the Rural Electrification Scheme (RES), and the Rural Banking Scheme (RBS). Others programmes include Operation Feed the Nation (OFN), Universal Basic Education (UBE) and the Green Revolution.

The SAP Era

In 1986, the Federal Government introduced reforms culminating in the Structural Adjustment Programme (SAP). Although various initiatives embarked upon during this era were never dubbed poverty alleviation programmes, they nonetheless were aimed at promoting the people’s welfare and transforming livelihoods. Initiatives during this era include, the Directorate of Food, Roads and Rural Infrastructure (DFRRI) (1986), National Directorate of Employment (NDE) (1986), Better Life Programme (BLF) (1987), Community Bank (PBN) (1990), etc.

The Democratic Era

Nigeria’s re-emergence as a democratic state in 1999 provided the impetus for good governance aimed at addressing the needs of the poor and underprivileged. At the inception of the new administration, government created the Poverty Alleviation Programme (PAP) aimed at promoting employment and mitigating the unemployment crisis in Nigeria. Lack of success for PAP spurred the Federal Government to embark on an elaborate anti-poverty initiative known as the National Poverty Eradication Programme (NAPEP) in 2001. An ambitious development tool, NAPEP provides strategies for the eradication of absolute poverty in Nigeria through the streamlining and rationalization of existing poverty alleviation institutions and coordinating implementation of relevant schemes and programmes.

In 2004, a new development instrument known as the National Economic Empowerment and Development Strategies (NEEDS) was put in place. A nationally-driven policy initiative, NEEDS is a comprehensive, medium strategy (2003-2007) deriving from Nigeria’s long-term goals of poverty reduction, wealth creation, employment generation and value re-orientation.

CONSTRAINTS OF POVERTY REDUCTION IN NIGERIA.

From the time of political independence in 1960 till date, various strategies, policies and plans have been articulated; programmes and projects have been formulated and executed by various administrations in a bid to reducing the level of poverty, give hope and succour to the poor and/or move towards some sort of
wealth creation. In spite of all such previous governments’ efforts at alleviating poverty in Nigeria, the incidence and severity of poverty has continued to pose formidable threats to the welfare of Nigerians, thereby casting doubts on the prospects of realizing the Millennium Development Goals (MDGs).

A number of studies that have been carried out on poverty reduction strategies have identified several constraints on poverty alleviation programmes in Nigeria (CBN, 1999; Ogwunike, 2001; Garba, 2006 and Oshewolo, 2011). Some of such constraints are:

- Poor governance manifesting in policy inconsistency and corruption
- Lack of effective mechanism for project monitoring.
- Lack of accountability and probity in programme implementation
- Poor co-ordination of efforts between the state, market and civil society
- Inadequate funding
- Poor and under-developed nature of inter-sectoral governance premised on institutional interaction among sectors
- Non-inclusion of the would-be beneficiaries in the conception, design, implementation and maintenance of poverty alleviation projects.

In addition, a number of macroeconomic and sectoral problems have also operated to make the incidence and severity more widespread in the country, thereby rendering most of those poverty alleviation programmes of little or no impact on the poor. These include the high and persistent inflationary rates, unemployment, as well as the worsening health and education indices.

### SUMMARY AND POLICY OPTIONS

Since the 1990s, contemporary development thinking has placed more and more emphasis on democratic governance as a catalyst for poverty reduction and sustainable development. The imperative of democratic governance in developing countries cannot be over-emphasized. The prevalence of endemic conflicts and severe poverty in Sub-Saharan Africa, for instance, is attributable to lack of good governance anchored on transparency and accountability.

In Nigeria, until the 1980s, poverty was hardly a notable issue, except in rural areas which feature a dearth of social and physical infrastructure. However, since the economic recession of the early 1980s, poverty in Nigeria has become pervasive and all-encompassing. The scourge has also shown a rising tendency in the past couple of decades, accounting for the nation’s low development indicators and its ranking alongside the poorest nations in the world.

A number of factors have been identified for the rising incidence of poverty in Nigeria, despite the plethora of programmes and policies that have been implemented thus far. These include poor governance, poor project monitoring mechanism, non-inclusion of the beneficiaries in the conception, design and implementation of programmes, lack of accountability and probity in programme implementation, among others. And, unless this trend is reversed, through a
comprehensive and sustainable poverty reduction policy framework by all stakeholders, the nation’s prospects of realizing the Millennium Development Goals (MDGs) may be truncated.

Accordingly, we proffer the following policy recommendations aimed at addressing the aforementioned constraints to poverty alleviation programmes and enthroning good governance premised on accountability, rule of law, equity and inclusiveness.

First, there is the urgent need for genuine political commitment at the national level in the task of achieving sustainable poverty reduction. Such requisite commitment includes the allocation of more public funds for the provision of relevant social services that are beneficial to the poor; harmonizing and strengthening the co-ordination of all Poverty Alleviation Programmes (PAPs), and ensuring that only people of proven integrity are appointed to head PAPs; and also putting in place commensurate sanctions for non-performance and misappropriation of funds.

Second, effort should be intensified to create and sustain broad-based economic growth with equity. Economic growth is important for poverty reduction. Unfortunately, despite the impressive growth records of the past few years, poverty has remained significant. As such, the government and other development partners should not only pursue rapid growth rates but, should also put in place appropriate policies and strategies to ensure that such growth impact positively on the poor through efficient distribution of income.

Third, marginalization of the poor in the conceptualization, design and implementation of PAPs has been identified as one major reasons for the failure of such programmes. Subsequently, sustainable poverty reduction strategies should be country-driven, encompassing wide consultations with different segments of the prospective recipient’s population, particularly the poor, who should be considered as the focus of the programmes rather than the objects of development planners.

Fourth, the provision of adequate micro-credit schemes should be accorded priority in the task of poverty reduction. For most poor rural families in Nigeria, access to credit and savings facilities such as banks has the potential to make the difference between excruciating poverty and an economically secured life. Unfortunately, rural financial services are grossly inadequate in Nigeria. As such, the government in conjunction with donor agencies and NGOs should work closely through the establishment of relevant micro-finance institutions that will ensure successful financial outreach to the rural poor, particularly rural women, whose daily lives are constrained by pitiful lack of command over household and societal resources.

Fifth, the government at various levels should help provide safety nets for the poor. In this regard, the aged, infirmed, handicapped and other disadvantaged groups should be provided with resources to mitigate their state of impoverishment. This may include direct payments for basic needs and other
entitlements necessary to protect the weak and the vulnerable from the vicious circle of poverty.

Lastly, in order to enhance good governance as a foundation for poverty reduction and national development in Nigeria, the capacity of the political class, civil society and public officials must be strengthened in the following aspects listed below:

1. Civil Society and Civil Society Organization (CSOs): There is pressing need for increased civil education, training of relevant personnel and promotion of strong networking among themselves and collaboration with government;

2. Strengthening Electoral Mechanism: The close relationship between elections and the building of stable democratic institutions are not only fundamental but one that must be jealously guided. As such, technical assistance should be provided to strengthen the electoral body (INEC), while enabling laws should be put in place to guarantee the sustenance of their independence.

3. Promotion of Human Rights and Gender Issues: Since good governance and development are people-oriented, promotion of human rights are critical in our quest to ensure good governance and sustainable poverty reduction. Hence, genuine efforts should be made to significantly mitigate cases of human right abuses by mainstreaming human rights and gender issues into the national polity.
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