

Analysis of Poverty Indices in Underdeveloped Countries: Nigeria Scenario

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Abstract *The socio-economic condition in Nigeria, present a perplexing paradox. In spite of a robust endowment in natural and human resources, the level of poverty of her people stands in contrast to the country's enormous wealth. This paper seeks to critically analyse the poverty incident with specific reference to poverty incidence, poverty profile, poverty trend, type of poverty, measurement of poverty and the major causes of poverty in Nigeria. However, data were obtained from federal office of statistics and Central Bank of Nigeria (CBN) and the result shows that despite the abundant natural and human resources in Nigeria, the amazing paradox – a country rich with plenty but occupied by people whom majority are perpetually poor and underdeveloped. Therefore, effective programmes must be design if of poverty must be given a lasting solution in the area.*

Keywords: *poverty, undeveloped, amazing paradox and mortality.*

1. Introduction

In recent times, poverty has become a major socio-economic problem in most cities of the world especially in developing countries. Many national government in Africa have tended to treat poverty as a purely economic problem that could be overcome by means of careful planned and implemented, economic development programs. But such approach has often led merely to increase in average incomes and gross national product (GNP) but has led to visible improvement in the living standards of the masses of the people (Hancock, 1942). The general observation indicated clearly that aggregate economic development efforts among developing countries of Africa such as Nigeria, Mali, Kenya etc, does not necessarily lead to poverty reduction and that a better way to assess the impact of rural economic development programs on the welfare of the people is by example separately the benefits that have accrued to the various groups, particularly the socially vulnerable groups the children, women and the elderly (Inyang, 2009). In Nigeria, perhaps the one single development option that has consistently defined effective and sustained intervention by successive federal and state administrators is sustainable rural development programs. Past attempts at National Development have divided Nigeria into two very distinct socio-economic sectors, namely; the urban and rural sectors. Each of these sectors show great diversity in terms of natural resources endowment, aggregate investments and the resultant physical quality of life of the inhabitant. The rural sector, with abundance of human and natural resources, has undeveloped yet it accounts for about 80% of the total population of Nigeria living and working in the rural areas (Olaseni, 2004). In Nigeria, today poverty and development has become an issue of serious concern until after the oil gust of the 1980s, when international oil price crashed and there was an international economic slump. The Nigerian economy began to experience severe recession from the early 1980s, as a result of which she moved from a middle income and a developing industrial nation to become one of the poorest nation in the world (CBN, 1998).

The social conditions in Nigeria in general present a perplexing paradox. In spite of a robust endowment in natural and human resources, the level of poverty of her people stands in contrast to the country's enormous wealth. However, many factors account for this situation, such factors include; corruption, mismanagement of resources, unemployment, lack of manpower, low standard in the educational system, low income distribution, low gross domestic or national product (GDP, GNP), rural poverty, brain, marginalization, deprivation and human degradation, poor performance of sustainable policies and programmes and bad leadership. All these have contribute immensely to make the country and the region backward and underdeveloped. Nevertheless, this paper seek to examine poverty and causative with specific reference to poverty incidents in both urban and rural sectors and the causative factors in the area.

2. Methodology

This paper was conducted based on the available data. It was within the confirmed Nigeria. However, information concerning the poverty incidence were obtained from the federal office of statistic (FOS) located in all the state in Nigeria. Data on poverty trend were also collected from the Central Bank of Nigeria (CBN). However, data used were between 1980 to 2000. Although data on poverty in Nigeria, the trend between urban poor and rural poor were assessed between 1989 to 2003 using the Central Bank of Nigeria Economic and Financial Review (various issues). However, the result were critically analyzed using other empirical works in order to give an overview scenario of poverty incidence in Nigeria.

3. Findings

3.1 Poverty Incidence in Nigeria

Table 1 shows that the population living in absolute poverty was 18.3 million in 1980. This figure rose to 34.7 million in 1985, 67.1 million in 1996 and 96.9 million in 2000. data also have shown that mortality rates for infants under 5years was 1000 live birth while mortality rate was 614 per 100,000 live births in 1996 (NPC, 2000). These figures are above average for developing countries, even in sub-Saharan Africa where poverty is endemic. The next table tries to classify the Nigerian population into those that could be defined as non-poor, moderately poor and the absolutely poor between the years of 1980 and 2000.

Table 1. Poverty Incidence In Nigeria, 1980-2000

Year	Estimated population (million)	Population in poverty (million)	Poverty incidence (%)
1980	65	18.3	28.1
1985	75	34.7	46.3
1992	91.5	39.1	42.7
1996	102.3	67.1	65.6
1998	118.4	81.2	79.2
2000	126.1	96.91	84.5

Source: Federal Office of Statistics (FOS), 2000

Poverty has been shown to be on the increase in Nigeria (UNDP, 1998. FOS, 1999; World Bank, 1999). In absolute terms, the population of poor Nigerians increased fourfold between 1980 and 2000. While the percentage of moderately poor only rose from 28.9 percent to 36.3 percent, the percentage of the absolutely poor increased tremendously from 13.9 percent in 1992 to 17.4 percent in 1996. report has shown, according to FOS (1999) that within the same period the proportion of total income spent on food by the persistently poor and moderately poor was approximately 75.

Table 2. *Poverty profile in Nigeria, 1980-2000*

Year	Non-poor (%)	Moderately poor (%)	Absolutely poor (%)
1980	72.8	2.10	6.2
1985	53.7	34.2	12.1
1992	57.3	28.7	13.7
1996	34.4	36.3	27.3
1998	42.6	31.3	26.1
2000	38.1	42.5	19.4

Source: *Federal Office of Statistics (FOS), 2000.*

3.2 Poverty Trend in Urban & Rural Sector

The table above shows that the trend of poverty in the urban sector was 17.2 percent in 1980. In 1985, it increased to 37.8 percent. The rural growth rate in the year 2000 was -9.1 percent. In measuring poverty, we may distinguish between absolute and relative poverty. Poverty is said to be absolute if the consumption of an individual or household is below a minimum acceptable level which has been fixed over time as a global standard for meaningful human existence usually known as poverty line. It is the inability of people to meet the basic sector has received less attention due to what is described as "*urban bias*" which has starved the sector of both human and capital resources. Consequently, the incidence of poverty's more pronounced in the rural area where over 60 percent of the population live, with about 65 percent of them engaged in agricultural production. The CBN (2001) report identifies some of the specific causes of rural poverty to be lack of access to employment opportunities, inadequate commitment to rural development projects, inadequate access to social and infrastructural amenities, ineffective policies on natural resource management, lack of beneficial participation in development Programmes and inadequate attention to social security. Also, among the rural majority, about 77 percent of farmers are poor, while about 48 percent are in extreme poverty. Expectedly, the educated farmers, as a group, have a lower proportion of poverty than the others. By age groups, middle-age farmers (41-56 years) are poorer than other age groups. The larger the household size, the higher the incidence of poverty among the farmers. Two groups of basic needs are discernible. The First includes certain minimum requirements of a family for private consumption: adequate food, shelter and clothing as well as certain household equipment and furniture. The second group of basic needs includes essential services provided by and for a community such as good drinking water, sanitation, public transport, health educational and

cultural facilities (ILO, 1976). Relative poverty on the other hand emphasizes per capital income. That is a situation where the standard of living of people, fall below the generally and socially acceptable minimum (Killick, 1981). In relative poverty, the poverty line is set at one half of the mean income, data information still give other levels (types) of the poor, namely, the rural poor the urban poor, the core-poor and the aggregate poor (Englana, etc, 1997; Anyanwu, 1997).

- The aggregate poor represent the average of the sum total of all the poor in the country.
- The rural poor are those who are in the poor bracket but live in the remote areas of the country, since government usually have a kind of neglect when it comes to implementing tangible Programmes, it is difficult to say education and health expenditure get to the rural areas and have significant impact on the rural poor.
- The urban poor are those considered poor in all respects, but live in secluded areas of the urban city. These classes of people exist at the outskirts of every city in Nigeria. They really lack basic amenities like electricity, viable employment, housing, potable and clean water etc.
- Like the rural or urban poor, the core poor belong to a group of the poor in the society. The degree of poverty among the core poor is such that economic policies can hardly create impact at their level of poverty. By implication, the core-poor live purely in an informal setting.

Table 3. Poverty Trend by Sector in Nigeria, 1980-2000

Year	Urban (Million)	Urban Growth Rate (%)	Rural (Million)	Rural Growth Rate (%)
1980	17.2	-	28.3	-
1985	37.8	-119.8	51.4	81.6
1992	37.5	-0.8	46.0	-11.7
1996	52.8	55.2	69.8	51.7
1998	61.4	16.3	57.3	-17.9
2000	65.3	6.4	52.1	-9.1

Source. Central Bank of Nigeria (CBN), 2001

3.3 Types of Poverty in the Area

From the statistics presented in table 4, we can see the different types of poverty with the various percentages from 1980-2003 the poverty rule simply, gives us an estimate of the percentage of people living below the poverty line. An underdeveloped country is poverty ridden. Poverty is reflected in low GNP per capital. According to the world development report, 1999- 2000, 59.6 percent of the world population in 1998 were living in low income economies and GNP per capital of 25.4 percent in middle income economies, had \$791 to \$9,360 and 15.0 percent in high income economies had \$9,361 or more. The extremely low GNP per capital of low-income economies reflects the extent of poverty in them. Among these low-income countries, Nigeria is one of them. In assessing such economies, it is note worthy to state that absolute poverty is what is more important. Absolute poverty is measured not only by low income but also by

malnutrition, poor health, shelter, lack of education and clothing. Thus absolute poverty is reflected in low living standard of the people. From what has been discussed so far, it can be deduce that poverty is the main cause of underdevelopment in Nigeria. An undeveloped country or community is one that is characterized by mass poverty which is chronic and not the result of some temporary misfortune. Its obsolete methods of production and social organization are obsolete. This means that the poverty is not entirely due to poor natural resources and hence could presumably be lessened by viable methods used by other countries.

Table 4. *Nigeria: Types of Poverty, 1989-2000*

Year	Aggregate Poor (%) (APOV)	Urban Poor (%) (UPOV)	Rural Poor (%) (RPOV)	Core Poor (%) (CPOV)
1989	43.9	37.2	48.5	12.5
1990	13.8	37.2	48.47	13
1991	43	37.2	46.4	13.4
1992	42.5	37.2	46	14
1993	48	42	52	18
1994	53.9	47.4	58	21
1995	59	52.1	63	25
1996	61	58	66	28
1997	66	58.3	70	29.4
1998	68	60.1	70.2	30
1999	69	61	72	31
2000	70	62	73	32
2001	71	63	74	32
2002	72	62	75	32
2003	71	62	76	33

Source: *CBN Economic and Financial Review (Various Issues). Federal Office of Statistics.*

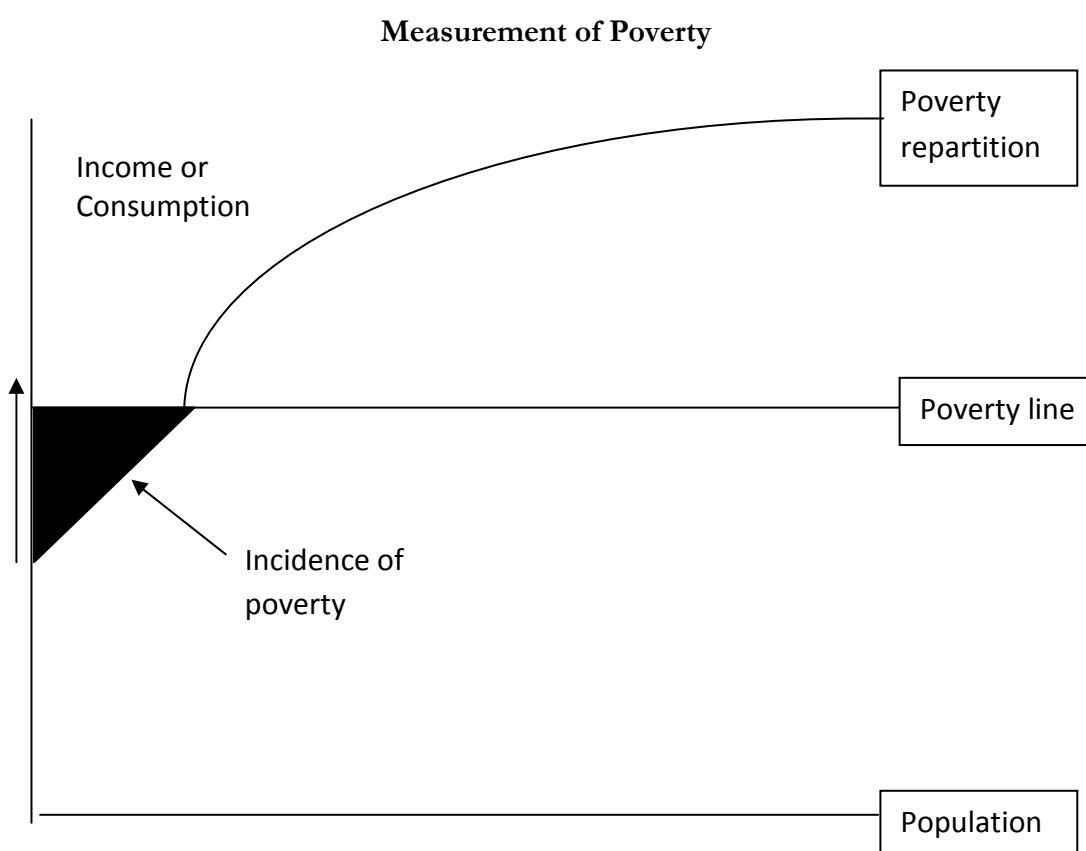
4. Literature Review

There have been so many works and researches conducted that expresses different opinions on the modalities and yardstick for measuring poverty. However, the early attempts to measure poverty were made more than a century ago as reported in the works of booth (1989), row tree (1901), Naonji (1901). Income figures are adjusted commonly to reflect the consumption requirements of families based on their composition and size. The head count ratio or the rate of poverty is the simplest and best-known poverty -measuring index. This implies the ratio of the percentage of the poor individuals in a given population. Another measure which may be traditional is the "poverty gap". This is the average deviation of incomes of the poor from poverty line. It is the difference between the poverty line and the mean income of the poor expressed as a ratio of the poverty line (World Bank, 1993). Poverty embraces both material and

non material aspects. The material aspect includes monetary indicators (income and expenditure). Non-material includes those things that relate to the quality of life, such as nutrition, health status, political empowerment, and educational attainment. Sometimes it is not easy to measure these independently, but it is important to supplement the income-based measures of poverty with non-income based indicators such as school enrollment and educational level, infant mortality rate and, life expectancy. Poverty can be measured in terms of lack of access to the following:

Nutritious food, potable water, comfortable accommodation, functional and qualitative education, good road and means of communication, security of life and property, protection of human rights, functional and gainful employment, political participation, opportunities for self actualization and development and self determination etc (Okaba 2005) (Emphasis mine).

Consequently, it could be said that Nigeria has a high population of poor people. This is very glaring among the rural dwellers especially in the Niger Delta Region where there are so much illiterates, the aged widows and "the unmarried mothers"



Source: UNDP (2000)

From the diagram, the poverty gap can be measured as the average distance below the poverty line, expressed as a percentage of that line. This average is calculated from the whole population, poor and non-poor. It gives a better picture or estimate of the deterioration in living standards. Also, in terms of the severity of poverty, it can be measured as a weighted average of the squared distance, below the poverty line. The weights are given by each individual gap. The average is calculated from the whole population. Since weights increase with poverty, this measure is sensitive to inequalities among the poor. The poverty line refers to the group of people who are below or above the poverty line.

5. Causes of Poverty in Nigeria

The causes of poverty in the Nigeria includes; inadequate access to employment opportunities, destruction of natural resources leading to environmental degradation and reduced productivity, inadequate assistance for those living at the margin and those victimized by transitory poverty and lack of participation, failure to draw the poor into the design of development; low endowment of human capital, government's neglect, unviable developmental policies, inadequate growth rate of the Gross Domestic Product (GDP). These account for the high level of poverty in Nigeria. Other major factors which have contributed adversely to the poverty of the Region include.

Underdevelopment: this is the first cause of poverty in Nigeria especially the Niger region of Nigeria. Underdevelopment is a function of poverty. Due to without the most essential needs of daily life. There are no basic amenities provided by the government- When we look at the Niger Delta, we can without any doubt, smell, feel, see, sense and even touch underdevelopment. In terms of good health system, it is a different story altogether. Hospitals, clinics are dilapidated and equipments, facilities are antiquated. The educational standard is very low. People in the rural areas of Nigeria are not even interested in education. The percentage of illiteracy in this area is very high. About sixty (60) to seventy (70) percent of adults are stark illiterates. This is because a good educational system is not provided for them. No good housing development has been put in place for the poor. It is only the rich that are better off. Similarly, when we talk of underdevelopment as being the cause of poverty in the Region, it is necessary to look at environmental degradation, pollution and exploitation caused by oil companies in Nigeria. Today, the Niger Delta Region remains the home of crude oil exploration in Nigeria- places like Bayelsa, Delta, Akwa-Ibom, river states which constitute the core Niger Delta state produce about 90 percent of the entire Nigeria's crude petroleum. This exploration has been on for over forty years and continues to increase in intensity and scope. This has made the Region to be "seriously underdeveloped. Paradoxically, adequate compensation for what is obtained from the area is not made through the development of the Region. In the midst of this hopeless state, frustration and alienation - set in. The bloody crisis currently raging in 'the Niger Delta Region is a result of the underdevelopment caused by these "imperialist oil companies", neglect by the government and the attitude of the citizens of the area. In fact none of the trio can alone bear the blame.

Unemployment: - one of the major causes of poverty in the Nigeria is unemployment. The people are crying to be employed, and as long as unemployment persists, continue to be on the increase. About 60 percent of youths in Nigeria are unemployed and some underemployed.

Governance problems: in its various dimensions, unhealthy governance is generally believed to have contributed significantly to the poverty incidence in Nigeria. One of the problems that have bedeviled good governance in Nigeria is corruption.

Corruption which has plagued governance in Nigeria has also had its toll governance activities, hence affecting the economy of the nation. The problem of poor governance has also contributed to the limited effectiveness of past and current poverty alleviation Programmes in the Region.

Social conflicts/Crisis: - this has impacted negatively on the well-being of individuals both economically and otherwise. The high rates of restiveness blood shed and communal crisis in Nigeria, no doubt caused serious dislocations in the economy and consequently have increased the level of poverty. A study by the institute for peace and conflict resolution shows that the unfortunate occurrences and reoccurrences of social conflicts and crisis in various localities in Nigeria have contributed undoubtedly to the deterioration of poverty situation, not only in the affected areas but also in areas that receive the influx displaced people.

6. Recommendations and Conclusions

However, it is not understatement to say that the country in its underdeveloped nature is face seriously with the problem of poverty. Poverty is a mastered and has eaten very deep into the fabric of Nigerian's economy. The rate of poverty in Nigeria is so alarming that it has turn out to be a matter of concern. Therefore, in order to alleviate this situation in Nigeria, the following mechanism should be put in place. Today, poverty in Nigeria is alarming. The country remains a toddler, struggling to find a push out of poverty. Poverty, it is a plague often described as inability of people to satisfy their minimum basic needs of food, clothing and shelter. Poverty goes beyond the income view by encompassing absence of resources and opportunities that are basic to human survival. To this end, the following measures can be adopted if poverty must be tackled in Nigeria.

- 1) There is need for the urgent provision of basic infrastructure evenly, both at urban and rural areas in the region. No tangible improvement in the quality of life can be achieved in the absence of basic social amenities
- 2) Policies of government at all levels should be implemented with conscious effort of ensuring development at the grassroots.
- 3) Government in partnership with the private sector must take human capital formation seriously
- 4) There is need for the improvement and diversification of the economy. From this, a diversified, developing and growing economy will reduce the heavy focus and dependence on oil and gas. Agricultural and mineral products can be produced in different region in Nigeria. This will go a long way in galvanizing the local economy, creating rooms for more industries.

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