Poverty Alleviation and the Efficacy of Development Assistance Models in Nigeria: An Appraisal

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Abstract: This paper seeks to establish the efficacy of development assistance in the alleviation of poverty in Nigeria. The flows of development assistance annually seem to be on the high side, yet, there is little or no significant evidence to show that the assistance received are being put into good use. This paper also provides recommendations to pervasive poverty in the country with passing remarks on Africa as a continent on core issues of development assistance and its utilisation. This paper is segmented into the following: Abstract; Introduction; The meaning of poverty; Poverty Alleviation in Nigeria through Development Assistance: An Evaluation; Conclusion and Recommendations.

Keywords: Poverty; Alleviation; Efficacy; Development Assistance; Models

1. INTRODUCTION

Extant literature posit economic growth (gradual and steady change resulting in increased output and material wellbeing in the long run) as a process or path to development (Jhingan, 2007: 4). Currently, poverty alleviation is one of the principal concerns in a bid to reinforce the three core values of development namely: human sustenance; self esteem and freedom (Todaro and Smith, 2009: 20-22). The first goal of the United Nation’s Millennium Development Goals is to eradicate extreme poverty and hunger with Target 1 being to halve, between 1990 and 2015 the proportion of people whose income is less than $1 per day; and Target 2 being to halve, between 1990 and 2015, the proportion of people who suffer from hunger (Sachs, 2005:72). Poverty is not a challenge faced by developing countries alone, but it has been seen as a universal problem that has affected development and growth all around the world. As regards poverty, there are two major challenges. The first is that of definition and the other is that of approach to poverty alleviation (Carr, 2008:726).

Yekini et al (2012:13) defined poverty as the opposite of wellbeing. Just like other authors cited in the literature review section, poverty goes beyond lack of income, but stretches now to include disadvantages in access to land, credit and services, vulnerability, powerlessness and social exclusion. Since poverty is not restricted to material deprivation, other intangible aspects such as poor access to schooling, healthcare and exclusion from decision making processes (Yekini et al, 2012:13).

Nigeria, which was one of the richest 50 countries in the early 1970s, has retrogressed to become one of the 25 poorest countries in the twenty first century. It is ironic that Nigeria is the sixth largest exporter of oil and at the same time host the third largest number of poor people after China and India (Igbuzor, 2006 in Okon, 2012:32). The following information contained in Okon (2012:32-33) underscore the stark reality and dismal performance of Nigeria in the socio-economic spheres of life:

Nigeria possesses a stark dichotomy of wealth and poverty. Although the country is rich in natural resources, its economy cannot yet meet the basic needs of the people. Such disparity between the growth of the GDP and the increasing poverty is indicative of a skewed distribution of Nigeria’s wealth. Given the nation’s history of wide income disparity, which has manifested in large-scale poverty, unemployment and poor access to healthcare, the disconnect between the country’s
economic growth and human development has to be addressed to increase the well-being of its people. Nigeria ranked 158 out of 177 economies on the Human Development Index, despite her rich cultural endowment and abundant human and natural resources. Human Development Index (HDI) 2010 ranks Nigeria 142nd position out of 169th listed on low human development. This position underscores not only the limited choices of Nigerians, but also defines the critical development challenges being faced by government. A majority of Nigeria’s 140 million (2006 census) citizens live below the poverty line and have limited or no access to basic amenities, such as potable water, good housing, reliable transportation system, affordable healthcare facilities, basic education, sound infrastructure, security and sustainable sources of livelihood.

It can be seen as a paradox that Nigeria claims to be experiencing economic growth annually; yet, the number of Nigerians living in poverty seems to be rising geometrically. To be sure, it is posited that GDP per capita is $2400 and over 50% of Nigerians live on less than $1.25 a day (Onuba, 2012; Aghedo, 2013 in Omoyibo, 2013:29). There are many factors that have led to the challenge of poverty and they include in no particular order: marginalization, overpopulation, insufficient resources, poor education, inequality, unemployment, corruption, non-diversification of the economy, bad governance, globalization, debt overhang, low productivity, unfocused government policies, etc. (Ucha, 2010:51-54; Ijaiya, n.d.; Olugboyega and Olayiwola, 2005).

At the heart of the poverty debacle in Nigeria is that the management of the abundant natural and mineral resources has been grossly unfair to the teeming masses of Nigeria. This situation reinforces the paradox of affliction in the face of affluence (Ibeanu, 2008) due to elite conspiracy and complicity in resource management (Onah and Ibietan, 2010). The kernel of this paper is that except affluence (oil wealth) and other revenues are used to redress affliction (poverty), affliction could eliminate affluence as successive Human Development Index reports show, especially as documented by Okon (2012).

The narrative portends the dire consequences of political rebellion which is reversible through the effective and altruistic implementation of people-centred poverty alleviation programmes by a less-predatory, fiscally-disciplined and committed governing elite that would be interested in using affluence to eliminate affliction. Unless and until this is done, no amount of development assistance will significantly alter the poverty trap and miseration of the critical mass of the population. Poverty alleviation and development as a corollary would be elusive. The illusion has been that development assistance can remedy the poverty situation and dismal development performance of Nigeria, but given the character of the governing elite and the platform that catapults them to governance, this thinking is convoluted. This is the gap that the paper intends to fill and constitute the fulcrum of discourse.

Development Assistance is also known as Official Development Assistance (ODA) foreign aid and development aid. Official development assistance (ODA) consists of disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in countries and territories in the DAC list of ODA recipients (Sagasti, 2005; World Bank, 2013)

Development assistance emerged over five decades ago after the success of the Marshall Plan in re-building the post-war Europe. The view at the time development assistance was created was that development would come quickly to the poorer areas of the world through the provision by a few countries of capital, supplemented by the judicious provision of technical know-how. The plan was quite simple at the time, but today, it is not as simple as it sounded fifty decades ago (Sagasti, 2005:1). Nigeria has been a beneficiary of development assistance at different points in time and its effects however seem to be hard to trace. Table 1 below shows the net ODA received by Nigeria from 2008-2011.

<table>
<thead>
<tr>
<th>Country</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>$1,290,160,000</td>
<td>$1,657,070,000</td>
<td>$2,061,960,000</td>
<td>$1,776,670,000</td>
</tr>
</tbody>
</table>

Table 1. Net Official Development Assistance and Official Aid Received in Nigeria from 2008-2011 in US Dollars
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Developed countries, international organizations and other philanthropists have all made renewed pleas for a massive infusion of development aid to Nigeria. Experts who argued in favour of more aid are of the view that injecting more foreign aid would materially benefit the people of the recipient country (Okon, 2012:32-33). However, based on the figures in Table 1, massive amounts have flowed into Nigeria as aid and, its impact has not been evident in poverty alleviation in Nigeria, as successive HDI reports (cited above) and living standards of the mass (Nigerian citizens) show. The next section is devoted to conceptual clarification of poverty.

2. THE MEANING OF POVERTY

Poverty is a concept that is experienced by the poor and observed by the rich, but its definition is with difficulty and has defied universally accepted and objective definition because it is not only an expression of life situation, but equally a state of mind and a perception of self in the complex web of social relation (Ekong, 1991 in Adawo, 2011:14). It was in the light of this understanding that Aboyade (1975 in Ehinomen and Adeleke, 2012:98) stated that poverty is like an elephant, it is more easily recognized than defined.

The nature of poverty is such that it does not lend itself to a single definition. Poverty can therefore be said to be a multi-dimensional social phenomenon. Definitions of poverty and its causes can be coined from factors such as gender, age, culture and other social and economic contexts (Narayan et al, 2000:26-27). Carr (2008:727) gives a different clarification to the multidimensionality of poverty as a concept. He summarised common problems encountered when trying to define and/or measure poverty as follows: the sphere of concern in which poverty is defined; whether or not universal definitions of poverty or approaches to defining and measuring poverty, can be applied to all societies; whether the methods used to identify and measure poverty are objective or subjective; whether or not poverty lines can be drawn that are justifiable, and whether or not such lines should be particular to a context, or universal; what the unit of measurement (individual, household, village, nation) should be on how to deal with the multidimensionality of poverty; the time horizon for the identification and measurement of poverty and; the extent to which a definition of poverty provides or should provide.

Explaining the concept as multi-dimensional is broad enough, but when the indices used to measure or define poverty become too many, it may reduce the practicability and the ability to relate the term to the regular situations faced in different countries around the world. Perhaps, because of this multidimensional nature, scholars find it quite a task to define adequately the concept of poverty in a justifiable way.

According to Bradshaw (2006:4), poverty in its most general sense is the lack of basic necessities: food; shelter; medical care and safety that are generally thought to be necessary. Needs are usually relative and are based on social definition and past experiences. World Bank (2001:15 in Sunderlin, Angelsen and Wunder, n.d.) defined poverty as a pronounced deprivation of well-being related to lack of material income or consumption, low levels of education and health, vulnerability and exposure to risk, no opportunity to be heard and powerlessness. The World Bank’s definition correlates to a point in Bradshaw’s (2006) definition of poverty as a lack of necessities. But it goes further by increasing vulnerability, exposure to risk, no opportunity to be heard and powerlessness. This includes a psychological dimension to the concept of poverty. Therefore, poverty might not only be income based in terms of definition, but can also include those living in lack (of necessities) and without the opportunity to be heard. Oyekale, Adepoju and Balogun (2012:99) supports this by adding that in some (recent) literature, human poverty has graduated from being viewed as deprivation in income to include quality of life, risk, vulnerability, lack of autonomy, powerlessness and lack of self – respect.

A United Nations Statement (1998 in Ucha, 2010:46) referred to poverty from the standpoint of vulnerability to risk, insecurity and powerlessness. It stated that:

Poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to; not having the land on which to grow one’s food or a job to earn one’s living, not having access to credit. It means insecurity, powerlessness and
exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation.

Webster (1990:16 in Omoyibo, 2013: 30-31) have defined poverty in two terms – subsistence also called absolute/extreme poverty and relative poverty. Absolute poverty describes a situation in which people barely exists, where the next meal may literally be a matter of life or death. It describes a lack of basic human needs such as adequate and nutritious food, clothing, housing, clean water and health services. On the other hand, he describes relative poverty as a process of encroaching deprivation by which people gradually slip out of the mainstream of social life, almost unnoticeably, without being the stereotype paupers in rags and tatters.

Similarly, Adawo (2011:14) summarises absolute and relative poverty to mean that: Absolute poverty is a misery linked to an insufficient resource base, lack of income, narrow margin, high risk of failure, hunger, disease, etc.; while, relative poverty is associated with experiencing deviational outcomes from expectations and irrelevant comparison of one’s material position with others, mostly peer and age groups.

The concept of poverty is too diverse to be summed into one definition, but attempts have been made to define it however. The absolute poverty line income of below $1.25 per day for the poorest countries, and $2 per day for poor developing countries as propounded by the World Bank Report of 2000/2001 (in Yekini et al., 2012:17; in Nyasulu 2010:149) is the commonly used method to measure poverty. This method though, has its pitfalls such as the fact that the value of dollar is in a state of flux and as such can appreciate and depreciate from time to time. Besides, the poverty line for poor or developing countries cannot be used to measure poverty in industrialized countries. Countries like Japan and USA put their poverty lines at $14 and $26.19 per day because of the nature of their economic growth.

Noble, Ratcliffe and Wright (2004 in Nyasulu, 2010:149) proposed another strategy to determining poverty in any society - it is usually deemed that the lowest 10% or 5% is poor; so if a person finds himself within that social stratum, he can be deemed to be poor. However, considering the fact that not all societies are the same, this objective might not the best idea.

3. POVERTY ALLEVIATION IN NIGERIA THROUGH DEVELOPMENT ASSISTANCE: AN EVALUATION

Africa defies conventional logic: grinding poverty amidst immense mineral riches. Ayodele et al., 2005

Post- World War Europe through the Marshall Plan experienced reconstruction of economies and it was regarded as an extraordinary success. The program transferred $3 billion in aid from the United States to Western Europe from 1948 to 1951 (Long and Eichengreen, 1991:2).

Apart from Europe, the biggest development successes have come in Asia, a vast region with more than half of the world’s population. Economic growth in China, India, Korea, and many other countries – along with public investments in health, education, and infrastructure – have powered the most rapid improvement in living standards in world history. Aid has played an enormous role in those gains. The fact that Asia can feed itself is due in no small part to the Green Revolution that began in the 1960s, heavily supported by the U.S. public and philanthropic sectors; that disease burdens have come down sharply is due in important part to global aid successes such as small pox eradication, widespread immunization coverage, malaria control (outside of Africa), and the intake of oral rehydration to fight death from diarrhoea; that population growth has slowed markedly is a success of aid-supported family planning efforts, which the United States has helped initiate since the 1960s and; countries such as Korea, Malaysia, and Thailand that became manufacturing successes grew out of U.S. and Japanese aid for core infrastructure and technological upgrading (Sachs, 2005:75).

“Foreign aid, commonly known as Official development assistance (ODA) consists of resource transfers from the public sector, in the form of grants and loans at concessional financial terms, to developing countries” (Bakare, 2011:24). Foreign aid is important to the development of sub-Sahara Africa, as it is a means of increasing the capital available for investment and the economic
growth needed to reduce poverty and raise living standards in the continent. It can also contribute to sustainable economic development, as it can result in the transfer of new technologies, skills and production methods. It can provide resources for industrialization, enhance efficiency of resource use, increase product diversity and generate employment. The ability of developing countries to attract foreign aid, maximize the associated benefits and minimize the risks depends on the conditionality of the foreign aid and the country itself (Bakare, 2011:25).

More than $500 billion in foreign aid – the equivalent of four Marshall Aid Plans – was pumped into Africa between 1960 and 1997. Instead of increasing development, in this case, poverty alleviation, aid has created dependence (Ayodele et al., 2005). Africa’s case for more aid and debt relief was not helped by former President Olusegun Obasanjo of Nigeria as posited by Ayodele et al. (2005), which Nigeria of today is arguably the most mismanaged economy in Africa. As he was pleading for more aid at the World Economic Forum in Davos, Switzerland, in February 2005, four of Obasanjo’s state governors were being probed by London police for money laundering. The most galling was the case of Plateau State Governor, Chief Joshua Dariye, who was accused of diverting some $90 million into his private bank accounts. Dariye was dragged before the Federal High Court in Kaduna by the Economic and Financial Crimes Commission (EFCC) of Nigeria.

In February 2005, Nigeria’s police chief, Inspector General Tafa Balogun, was forced into early retirement after investigators probing money-laundering allegations found $52 million hidden in Balogun’s network of 15 bank accounts. In July 2005, Nigeria’s Economic and Financial Crimes Commission revealed that a succession of military dictators stole or squandered $500 billion – equivalent to all Western aid to Africa over the past four decades. Even when the loot is recovered, it is quickly re-looted. The Nigerian state has recovered $983 million of the loot of the former Head of State, General Sani Abacha, and his henchmen. But the Senate Public Accounts Committee found only $12 million of the recovered loot in the Central Bank of Nigeria (Ayodele et al., 2005).

At a 2005 meeting in Gleneagles, Scotland, G8 leaders pledged to write off $40 billion of poor nations’ debts and to double aid to Africa (to $50 billion) by 2010. Two years later, at the G8 summit in Heiligendamm, Germany, Chancellor Angela Merkel again placed debt relief and more aid to Africa at the top of the agenda. Elsewhere, anti-poverty activists, and African heads of state are demanding more: total cancellation of Africa’s crippling $350 billion foreign debt and fulfilment of the promises made in Gleneagles to double aid to Africa – by June 2007, only 10% of those promises had been realized (Ayittey, 2005 in Sachs, 2005: 89)

This persisting problem is traceable in part to the manner in which aid has been administered in Nigeria as well as to the influence of governance and institutional weaknesses pervasive within the Nigerian society. Globally, the available volume of development aid is on the decline particularly as most developed nations reel under the recent financial crises. Whatever resources are made available as development aid must therefore be optimally deployed and effectively targeted to achieve the aim of poverty reduction (Okoli, 2009:7).

Africa has the resources it needs to launch self-sustaining growth and prosperity. Unfortunately, the problem has been a leadership problem that is programmed to look only outside Africa – principally to the West for such resources. The result has been hopeless dependency on foreign aid (Ayittey, 2005 in Sachs, 2005:88). Nigeria is similarly plagued with a leadership problem and this challenge is the reason why development assistance seems not to be working in Nigeria. Drawing from the success of the Marshall Plan, it is a pointer to the fact that aid can help in poverty alleviation, but the challenge of the mismanagement of aids received is the factor that is slowing down the process. As seen above, the various leaders that have engaged in money laundering, thefts, frauds and all kinds of fiscal malpractices are the reasons for the dismal results on poverty alleviation attempts.

Aid has prospects for alleviating poverty in the country, but apart from this, Nigeria itself has prospects for alleviating poverty on her own. The challenge of greed and wavering focus is what is undermining the progress of the Nigerian State. Scholars and administrators alike have argued that Nigerians have no reason to be poor because of the abundance of human and natural resources including oil and gas available in the country. For instance, Nigeria realized the sum
$300 billion from crude oil between 1970 and 1990. In addition, the government earned the total sum of =N= $998.4 billion from crude oil in 2003, yet nothing meaningful to show in terms of development (Gberevbie, Duruji and Ogundeji, 2008).

On the other hand however, Nigeria had at several points in time, developed indigenous poverty alleviation schemes between 1977 till date. Some of them include: Directorate of Food, Roads and Rural Infrastructure (DFRRI), Better Life Programme (BLP), National Directorate of Employment (NDE); People’ Bank of Nigeria (PBN); Community Bank (CB); Family Support Programme (FSP); Family Economic Advancement Programme (FEAP); Poverty Eradication Programme (PEP); National Poverty Eradication Programme (NAPEP); and National Economic Empowerment Development Strategy (NEEDS). Their aims are to ameliorate the suffering of the people by providing them employment opportunities and access to credit facilities to enable them establish their own businesses (Arogundade, Adebisi and Ogunro, 2011: 43). All these programmes and schemes were channelled into different sectors of the economy, but they have not produced the required results. If they have, the challenge this paper seeks to solve might not exist. However, Table 2, shows a few of the poverty alleviation schemes and programmes established over time from 1972 till date.

Table 2. Selected government poverty alleviation programmes from 1972 till date

<table>
<thead>
<tr>
<th>Programmes</th>
<th>Year Established</th>
<th>Target group</th>
<th>Nature</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Accelerated Food Production Programme (NAFPP)</td>
<td>1972</td>
<td>Peasant Farmers</td>
<td>To educate formers</td>
</tr>
<tr>
<td>Nigeria Agricultural and Cooperative Bank (NACB)</td>
<td>1972</td>
<td>Peasant Farmers</td>
<td>Agricultural Financing</td>
</tr>
<tr>
<td>Operation feed the Nation</td>
<td>1979</td>
<td>Rural Dwellers</td>
<td>Increase food production</td>
</tr>
<tr>
<td>Directorate for food, roads and Rural infrastructure (DFRRI)</td>
<td>1986</td>
<td>Unemployed Youths</td>
<td>Training financing and guidance</td>
</tr>
<tr>
<td>Better Life Programme (BLP)</td>
<td>1987</td>
<td>Rural Women</td>
<td>Self help and rural development programme, skill acquisition and health care</td>
</tr>
<tr>
<td>Peoples Bank of Nigeria (PBN)</td>
<td>1989</td>
<td>Under privileged in rural and urban areas</td>
<td>Securing loans and credit facilities</td>
</tr>
<tr>
<td>Family support programmes (FSP)</td>
<td>1994</td>
<td>Families in rural areas</td>
<td>Health care and child welfare developments</td>
</tr>
<tr>
<td>Family Economic Advancement Programmes (FEAP)</td>
<td>1998</td>
<td>Credit facilities to support the establishment of cottage Industries</td>
<td>Credit facilities to support the establishment of cottage Industries</td>
</tr>
<tr>
<td>National Health Insurance Scheme (NHIS)</td>
<td>2004</td>
<td>The Entire Society</td>
<td>To provide easy access to health services</td>
</tr>
<tr>
<td>National Economic Empowerment and Development Strategy</td>
<td>20047</td>
<td>The entire Society</td>
<td>Government reformation, growing private sector, access</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>(NEEDS)</th>
<th>to health education, welfare, employment, empowerment, security and participatory governance.</th>
</tr>
</thead>
</table>

Source: Arogundade, Adebisi and Ogunro (2011)

Table 2 shows selected poverty alleviation programmes from 1972 till date. These schemes cut across different sectors and can be made viable if more efforts are put into the implementation of these programmes. Excessive dependence on foreign development assistance may lead to increased underdevelopment and backwardness in terms of economic growth. There is no specific assurance given that the flow of aids may continue to come into the country, even if there is a guarantee of continued aid flows, it is another avenue for the promotion of neo-colonization.

Africa, particularly Nigeria, has a lot of growth potentials and the availability of alternative means for poverty alleviation. However, if the initiative for self-motivated growth is not taken, the development indices used to determine Nigeria’s economic growth and poverty level might just continually depict further decline.

4. CONCLUSION AND RECOMMENDATIONS

The dependence on foreign development assistance for the alleviation of poverty is not exactly the best option for Nigeria, not just as a country, but for Africa as a whole as the foregoing analysis show. The problem is not the absence of aid, but the perceived dependence that it may cause. However, as it was pointed out by Okoli (2009:4), the economic crises being experienced all around the world may just reflect in a reduction of development assistance given to countries in need. When this happens, will the situation of poverty experienced in Nigeria increase and will there be any significant effects? It may not be farfetched to answer these questions in the affirmative.

Provision of grants and full expense paid scholarships are available for Nigerian students to study all around the globe as a form of technical development assistance, but when these students return, can the impact be felt much? The answer is no, because the activities of corruption, poor policy implementation, bad governance, tend to cloud their efforts. In this case, would the advice be to continue to seek development assistance? No, the necessary action that needs to be taken is to revitalize the poverty alleviation schemes that were already in existence and ensure that proper accountability and transparency are evident in their activities.

On the other hand, that is not to say that the development assistance models should be stopped; it should rather be used to complement the poverty alleviation schemes and programmes. Higher levels of transparency and accountability should be entrenched in governance, while negative and detrimental tendencies such as corruption, bad governance, fraud, thefts, money laundering, and other vices should be avoided.

In summary, instead of reliance on aid for poverty alleviation in Nigeria, there should be the search for the effective means for the alleviation of poverty such as: revitalization and faithful implementation of the dormant poverty alleviation schemes established by the government; and the restoration of the democratic principles that allow for proper accountability and transparency in Nigeria.

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