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Has economic growth reduced poverty in Nigeria? A critical analysis of the last two decades

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ABSTRACT

Purpose — *This paper aims to examine how Nigeria's economic growth over the past two decades has contributed to poverty reduction.*

Method — *This study adopted the desktop research method of qualitative and quantitative data and used various sources, including academic journals, publications, books, articles, and reports. The National Bureau of Statistics (NBS) of Nigeria, the United Nations Development Programme (UNDP), the Human Development Report, the World Bank Indicators, and the Central Bank of Nigeria (CBN) Statistical Bulletin are all places where secondary statistical data comes from.*

Result — *Nigerian economy has experienced significant growth over the last two decades, but poverty rates in the country remain high. We also discovered that the Nigerian economy's high level of inequality, corruption, jobless growth, and monocity are some issues that have hindered the translation of economic growth into significant poverty reduction.*

Recommendation — *Based on the analysis of this research and the peculiarity of the Nigerian economy, this paper recommends that diversification of the economy, investment in public services, and policies that encourage pro-poor growth are effective strategies that would lead to more significant poverty reduction. In addition, there is a need to study the nature of inequality in Nigeria. An in-depth study needs to be done on income inequality and the multidimensional forms of inequality prevalent in the country.*

Contribution – *Research on economic growth and poverty in Nigeria mostly concentrated on the relationship between these variables. Only a few studies have investigated why the poverty rate continues to rise amid economic growth. This study tries to fill this gap and contribute empirically to the current literature on economic growth and poverty in Nigeria by studying the economic situations and factors surrounding the country's rising poverty rate.*

Keywords: *economic growth, poverty reduction, inequality, pro-poor growth, Nigeria*

INTRODUCTION

Poverty reduction has been a crucial issue at the centre of global policy development in recent years. Hence, the urgent drive to eradicate extreme poverty has drawn upon different approaches to poverty reduction (Ogun, 2010). One of which is the reduction of poverty through economic growth. The role of economic growth as a means to reduce poverty is one subject that has attracted a great deal of debate in the development sector. Persistent efforts to reduce the rate of poverty through economic growth and development, especially in developing countries, have not been effective in producing the desired result. This situation has raised many concerns and questions about the efficacy of economic growth in reducing poverty (Roemer and Gugerty, 1997). Several economists and scholars have given various assumptions and opinions on the subject matter. Many economists believe that economic growth benefits all citizens of a country by enhancing and improving living standards. Hence, growth is essential for poverty reduction (Dollar et al., 2013). Other critics believe that, instead of being an incentive for poverty reduction, economic growth has resulted in worse socio-economic outcomes that increase poverty (Stephen and Simoen, 2013). Still, others maintain that economic growth has no direct impact or contribution to reducing poverty (Aigbokhan, 2000; Sahn and Younger, 2003).

However, it is necessary to point out that these scholars and economists have reached their conclusions based on the theoretical and empirical studies conducted in countries with varied economic structures. As such, the result of findings may be peculiar to specific countries, regions, and continents. It is, therefore, essential to note that the prevailing economic situation in a country determines to a large extent, the effect and impact economic growth will have on poverty reduction in that country (Ebunoluwa and Yusuf, 2018). While some countries like South Korea, Malaysia, and Hong Kong have experienced a significant decrease in poverty as a result of rapid economic growth (Mulok et al., 2012), countries like Nigeria still battle with high rates of poverty despite significant economic growth.

Poverty is one of the main challenges facing the world today. It refers to an individual's inability to afford basic needs or attain a minimum standard of living (Oyekale, 2011). Most recent statistics on world poverty by the World Bank show that about 734 million individuals live below the poverty line of $1.90 per day (World Bank, 2020). The United Nations Development Programme (UNDP) also reports that nearly 1.3 billion individuals are multidimensionally poor with deprivations in health, education, standards of living, and economic opportunities (UNDP, 2018).

The poor and the economy of countries where the poor reside are affected by the consequences and effects of poverty (Ijaiya et al., 2011). For the poor, poverty results in physical, mental, and emotional suffering caused by a lack of resources to meet basic needs. While for economies, poverty has the potential to disrupt economic and social development through increased criminal activities and conflicts among individuals in the country (Ngbea and Achunike, 2014). Therefore, the importance of poverty alleviation in a country cannot be overstated. Economic growth generally was an important contributor to poverty reduction, and the ICT sector mattered substantially, with ICT-oriented, ICT-intensive and ICT-Allied enterprise incomes being especially important (Eke et al., 2021). The United Nations, in its formation of the Sustainable Development Goals (SDGs), sets poverty alleviation as its first and primary goal for global development (United Nations, 2015). This action shows the need for countries to effectively tackle poverty in order to able to attain sustainable growth and development.

Although Nigeria's economy is one of the rapidly growing economies in Africa, compared to other countries in the region, poverty reduction has been less responsive to economic growth (World Bank, 2016). Despite substantial growth in its economy, the rate of poverty in Nigeria is still very high, with more than half of its population (about 102 million people) living below the poverty line of $1.90 per day (National Bureau of Statistics (NBS), 2019; World Bank, 2020). In addition, it has been projected by the United Nations (UN) that Nigeria will experience a huge population boom that will make it become the third most populous country in the world by 2050 (United Nations, 2017). Hence, there is a need for Nigeria to take swift action to reduce the rising rates of poverty among its citizens.

Most of the research on economic growth and poverty in Nigeria (David et al., 2018; Ebunoluwa and Yusuf, 2018; Ijaiya et al., 2011; Stephen and Simoen, 2013) have mainly concentrated on finding the correlation that exists between them. Few have explored the reasons for the continuous increase in poverty rates amid economic growth. Dauda (2017) attempted to understand the paradox of the rising poverty amid high growth in Nigeria. However, not enough has been done to fully understand the structure or operations of the Nigerian economy and the economic situations that bring about rising poverty in the country. Also, his analysis covered the period between 1980 – 2010. Hence, a more recent analysis is needed to understand the current dynamics of economic growth and poverty in Nigeria. Therefore, this research aims to fill this gap and contribute empirically to the existing literature on economic growth and poverty in Nigeria by examining the economic situations and issues surrounding the rising rate of poverty in the country. This research seeks to identify some of the factors that hinder the translation of economic growth into a substantial reduction of poverty in Nigeria. Thus, the inference drawn from the analysis of this research can further enhance the ability of various stakeholders to effectively reduce the rising rates of poverty in the country.

LITERATURE REVIEW

Structure of the Nigerian economy

The structure of the Nigerian economy consists of three main sectors: the agricultural, industrial, and service sectors. The agricultural sector, also known as the primary sector, involves agricultural activities such as cultivating land to produce both food and cash crops. The industrial sector consists of secondary activities that include the manufacturing, mining, and processing industries. While the service sectors, also known as the tertiary sector, represent services such as transportation, telecommunication, and tourism. According to Sanusi (2010), structural dualism is a characteristic of the Nigerian economy. The agricultural sector is a mixture of commercial or modern and subsistence farming. The industrial and service sector also consists of big modern business enterprises or corporations, alongside a substantial number of micro-enterprises, located mainly in the informal sector with less than ten employees (Sanusi, 2010). These sectors each contribute to the overall welfare of the Nigerian economy.

The agricultural sector

Nigeria's agricultural sector consists of four primary economic activities: Crop production, Fishing, Livestock rearing and Forestry. The agricultural sector is vital to the Nigerian economy because it employs over 90% of Nigeria's rural population and two-thirds of the entire labour force (Aye, 2013; National Bureau of Statistics (NBS), 2016). The agricultural sector, therefore, is the primary source of livelihood for many Nigerians. Major crops that are produced include cocoa, groundnut, maize or corn, millet, cassava, and sorghum. These crops produced are for both local consumption and export. The government office responsible for developing the agricultural sector in Nigeria is known as the Federal Ministry of Agriculture and Rural Development (FMARD). The Federal Government primarily finances this organization and provides guidance and directions in establishing agricultural policies. The local and state governments ensure that these policies are implemented and maintained in their states and local communities (Olasode, 2019).

Before the early 1970s, the agricultural sector was the main backbone of the Nigerian economy. However, the discovery of oil and the global rise in oil price between 1973 – 1974 led to the neglect of the agricultural sector (Dutch Disease) and the emergence of the oil sector as the leading driver of economic growth (Aigbokhan, 2008). The neglect in the agricultural sector led to a decrease in its contribution to total GDP. The share of the agriculture sector as a percentage of GDP declined from 55.8% in 1970 to 40.3% in 2000 and then 20.6% in 2015 (World Bank, 2020). Between 2016 and 2019, the agricultural sector's contribution to total GDP has remained at an annual average rate of 21.2% (World Bank, 2020). The decline in the productive capacity of the agricultural sector, coupled with Nigeria's rapidly growing population (growing at an annual average rate of 2.8%), has diminished the ability of the sector to meet its traditional role of feeding the population, supplying raw materials to industries and provision of adequate surplus for export (Sanusi, 2010). According to the Food and Agricultural Organization (FAO, 2020), Nigeria has lost up to $10 billion in annual export opportunities for cotton, palm oil, cocoa, and groundnut alone due to the continuous decline in the production of these commodities.

Thus, this inadequacy in the agricultural sector has led to an increase in the importation of food crops from neighbouring countries (Cameroon, Ghana, South Africa) to satisfy the growing demand in the country (Country Watch, 2020). As a result, it has also resulted in declining levels of national food self-sufficiency (FAO, 2020). The decline in the agricultural sector can be related to the dominance of subsistence farming and low productivity of farmers; caused by reliance on local farm tools such as cutlass, hoe, sickle and axe; rather than improved technological farm equipment that can boost productivity (Ismaila et al., 2010). Therefore, the problem associated with the agricultural sector revolves around technology (limited adoption of technologies), capital (inadequate access to credit), and marketing (inadequate access to markets and storage facilities) (Abba, 2018; FAO, 2020). These constraints affect and impact agricultural productivity, thus, making production in this sector very slow. Therefore, the fundamental problem of the Nigerian agricultural sector lies in how to improve its overall production capacity.

The industrial sector

Nigeria's industrial sector is characterized mainly by manufacturing, electricity generation, construction, and mining (coal, tin, iron, and crude oil extraction) activities (NESG, 2020). The manufacturing sub-sector has only made minimal contribution to economic growth, despite intentional efforts made by the government to boost its output (Sanusi, 2010). The manufacturing sub-sector consists of both large, medium, and small enterprises yet accounts for only 9.65% of Nigeria's total GDP (Global Edge, 2020). Before the discovery of crude oil, solid minerals such as tin, coal and iron were the most prominent minerals in the mining sub-sector. However, the emergence of crude oil relatively diminished its importance to the Nigerian government and more focus was placed mainly on the extraction of crude oil.

Nigeria joined the Organization of the Petroleum-Exporting Countries (OPEC) as a member in 1971 (OECD, 2015). The Ministry of Petroleum and Department of Petroleum Resources (DPR) oversees and ensure the development of the oil and gas sector. These organizations, in line with regulated policies by the government, are responsible for the issuing of oil mining licenses (OMLs) and lucrative oil prospecting licenses (OPLs) to mining and extraction companies within the country (Campbell and Page, 2018). Nigeria is one of the leading global suppliers of oil. It is the 10th producer of oil in the world with an estimated production of 2.5million barrels per day (Campbell and Page, 2018; OECD, 2015); this is ahead of Angola (1.4million barrels) and Algeria (1.5million barrels); thus, making Nigeria the number one producer of oil in Africa.

The global rise in oil prices in the early 70s led to significant growth in the oil and gas sector and, thus, growth in the Nigerian economy. The share of oil and gas as a percentage of Nigeria's GDP rose from 7.1% in 1970 to 22% in 1980 (Aigbokhan, 2008). Between 1973 and 2000, Nigeria gained an estimated revenue of over $300 billion from oil export alone (Okonjo-Iweala et al., 2003; Oshewolo, 2010). This sector now accounts for 80% of Nigeria's budgetary revenue, 90% of total export and 95% of foreign exchange earnings (Anyaehie and Areji, 2015; Edo and Ikelegbe, 2014.; Global Edge, 2020). The oil sector has continued to influence growth performance in the country; GDP grew at an annual average rate of 7% between 2000 and 2014; as a result of the surge in the oil sector (World Bank, 2020). The oil sub-sector is, therefore, an essential driver of growth in the industrial sector and the Nigerian economy at large.

The service sector

Nigeria's service sector includes services such as transportation, communication, public utility services and services in health and education. It is one of the fastest-growing sectors in Africa (Ehigiator, 2017). It has grown to become the largest and most dominant sector in the Nigerian economy; it accounts for 52.5% of Nigeria's total GDP (Global Edge, 2020). The rebasing (change in base year from 1990 to 2010) of Nigeria's GDP in 2014 uncovered substantial growth in the service sector, especially in areas of telecommunication, banking or finance, and movie production. It also revealed growth in the informal economy, which previous official statistics omitted (Erick, 2017). The share of the service sector in total GDP increased from 27.5% in 2006 to 52.5% in 2018 (Ishola and Olusoji, 2020). According to Ehigiator (2017), this growth in the service sector owes to the rapid increase in the number of mobile phone subscribers recorded after the issuance of telephone licenses in 2002. Thus, the share of telecommunication as a percentage of GDP increased from 1.1% in 2003 to 8.69% in 2014 (Ehigiator, 2017). Retail and wholesale trade also play a vital role in the service sector. The informal market is the primary and main channel for most products in Nigeria, generally tailored toward the low-income segments of the population. About 40% of petty traders and local agents in the informal sector make up the total wholesale market in Nigeria (Erick, 2017). Retail and wholesale trade increased at an annual average rate of about 8% between 2010 – 2013. In 2014, it accounted for about 17.4% of GDP (Erick, 2017) and grew to about 26.1% in 2018 (World Bank, 2020). Thus, the Nigerian service sector has continued to thrive and has become a vital segment of the Nigerian economy.

Growth in the Nigerian economy

Economic growth indicates an increase in the total output of goods and services produced in a country. Nigeria has experienced steady economic growth over the years, as seen in figure 1. GDP (current US$) grew from $69.5billion in 2000 to $337billion in 2008. Although there was a slight decline to $291.9billion in 2009 due to the 2009 global financial crisis, GDP increased to $568.5billion in 2014. The fall in global oil prices between 2015/2016 led to a huge drop in GDP growth and resulted in an economic recession as GDP continued to decline between 2015 - 2017. This shows the volatility of the Nigerian economy as a result of overdependence on the oil sector. However, GDP growth picked up again and increased from $ 375.8billion in 2017 to $448.1billion in 2019. Overall, between 2000 – 2019, Nigeria's GDP grew at an annual average rate of 6% (World Bank, 2020), despite the fluctuations in the economy, thus, reflecting significant growth in the economy.

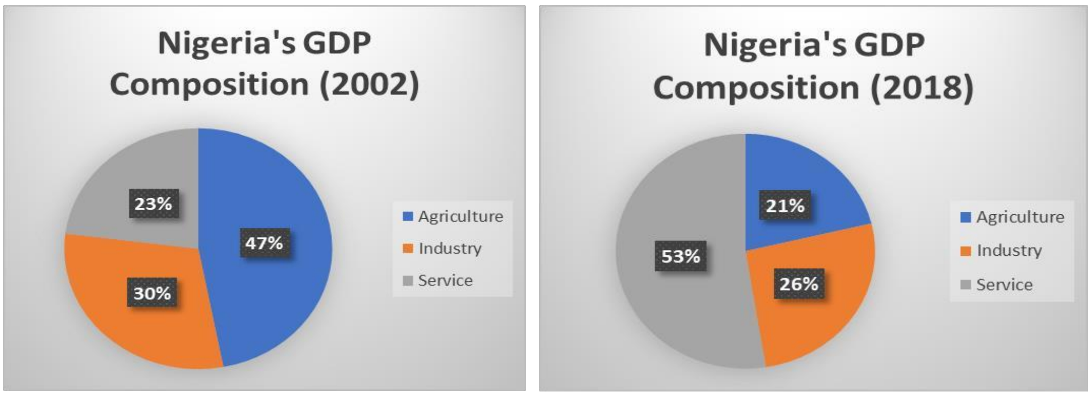
Figure 1. GDP (current US$) in Nigeria from 2000 to 2019

Source: World Bank (2020)

Nigeria's trade competitiveness in the global market is expanding; total export increased from $52,706.2M in 2015 to $61,552.2M in 2018 (Global Edge, 2020). The main drivers of export growth are oil, mineral fuels, and cocoa. This is because Nigeria has a comparative advantage in the production of these commodities compared to its trade partners and neighbouring countries. Nigeria's top trade partners include India, China, the Netherlands, and Spain (National Bureau of Statistics (NBS), 2016). In 2018, total trade accounted for 26% of Nigeria's GDP, with export alone contributing 15.5% (Global Edge, 2020). The Nigerian government derives its revenue from two main sources: the oil sector and the non-oil sector. As stated earlier, the oil sector alone accounts for 80% of government revenue, while the non-oil sector accounts for only 20% of oil revenue. This phenomenon shows that although the non-oil sector contributes more to GDP, there is a weak link between it and government revenue. As such, it implies that the government has not been able to generate enough taxes and other forms of revenue from the non-oil sector. This problem of generating government income from the non-oil sector could be because a large part of the Nigerian economy (about 65%) is informal (Ekine, 2019) and generating taxes from the informal sector could be problematic if proper structures are not in place.

The Nigerian economy has witnessed a shift from an agricultural-led growth trajectory to service-led industrialization (the service and industrial sectors being the main drivers of economic growth). Agriculture's share in GDP declined from 47% (2002) to 21% (2018), while that of the service sector increased from 23% (2002) to 53% (2018). This shift implies that the service sector drives globalization and industrial growth through the dynamic nature of information and communication technology (ICT) (Ishola and Olusoji, 2020). Many scholars have identified this opportunity provided by the service sector and its connection with the industrial sector as a driver of economic growth, especially in developing countries (Ishola and Olusoji, 2020).

Figure 2. Nigeria's GDP composition in 2002 and 2018



Source: author's elaboration from (Ehigiator, 2017)

This theory is valid in Nigeria's case, as the transition from an agricultural-led to a service-led economy has brought about significant economic growth. However, one challenge facing the Nigerian economy sequel to this transition is the reallocation of the factors of production, particularly labour. Consequently, it has led to a problem of structural unemployment as individuals do not possess the required skills needed for jobs in the service and industrial sectors. As such, about 43% of Nigeria's labour force is still dependent on agriculture for survival (World Bank, 2020). This circumstance reveals an economic weakness as almost half of Nigeria's labour force relies on agriculture for income, a sector that is susceptible to the effects of climate change and harsh weather patterns.

Nigeria's poverty profile

Poverty is one of the leading social and economic problems facing Nigeria today. Its high rate is becoming very alarming. From being among the 50 wealthiest countries in the early 1970s, Nigeria has retrogressed to become one of the 30 poorest countries in the world (Adeoti, 2014; Obadan, 2001). Nigeria's poverty headcount ratio based on national measures revealed that 46% of its total population lives in poverty. This national poverty rate is relative; calculated against the average living standard in Nigeria. This implies that 46% of Nigeria's total population lives below the average standard of living in the country. In absolute terms, 53.5% of Nigeria's total population lives below the poverty line of $1.90 per day (OPHI, 2020a; World Bank, 2020). This statistic indicates that more than half of Nigeria's total population (about 110 million individuals) live in extreme poverty (World Poverty Clock, 2020). Thus, the incidence of poverty in Nigeria is such that about 5 out of every 10 Nigerian is said to be extremely poor with insufficient income to afford basic needs like food, shelter, clean water, education and medical care; which are the minimum standard for well-being (Anger, 2010). Also, according to OPHI (2020), 77.6% of Nigeria's total population lives below the poverty line of $3.10 per day.

The condition of poverty in Nigeria shows regional variations. Reports from the analysis carried out by the National Bureau of Statistics (NBS) in 2019, using the national poverty line of ₦137,430 per annum (which is about $353.79; using the current exchange rate of ₦388 to $1), revealed that the Northern region had higher rates of poverty compared to the Southern region. The Northeast had the highest incidence of poverty at 71.9%, followed by the Northwest with 64.8% (NBS, 2019; NESG, 2019). The Southwest zone recorded the least poverty rate at about 31.8% (NESG, 2019). Sokoto State, located in the Northeast region of the country, recorded the highest poverty rate at 87.7%, thus making it the most impoverished state in the country (NBS, 2019; NESG, 2019). While Lagos State, located in the South-west region, recorded the lowest poverty rate at 4.5%. As such, the Northern states account for the highest share of Nigerian citizens living in poverty.

Also, studies show that poverty is more severe in rural areas compared to urban areas. According to (Oyeranti and Olayiwola, 2005), several attempts made by non-governmental and governmental institutions to put the rural areas on the path of development in Nigeria have proved abortive over the years. Between 2000 to 2019, rural poverty increased from 28.3% to 52.1%, while urban poverty increased by only 2% from 16.2% to 18% (Adeoti, 2014; NBS, 2019). This report, therefore, shows that the poverty incidence in Nigeria is increasing more rapidly in rural areas than in urban areas. This occurrence, however, could be partly due to the limited availability of social services and public infrastructures in rural areas (Adeoti, 2014).

Table 1. Selected poverty indicators in Nigeria (2010 – 2020)

Indicators	2010	2018/2020
Child Malnutrition	35.2%	43.6%
Human Development Index (HDI)	0.48	0.534
Infant Mortality (per 1,000 births)	60	65
Life Expectancy (both sexes)	50	54
Literacy (% of population age 15+)	69%	51.1%
Population living on less than $1.90 per day	42.7%	53.5%
Unemployment rate	5.10%	27.1%

Source: authors' elaboration from Ucha (2010), UNDP (2019), UNDP (2020), and CIA (2020)

Table 1 gives a summary of the trend of some selected poverty indicators in Nigeria. Poverty trends have continued to worsen, despite significant growth in the Nigerian economy.

METHOD

This paper adopted the desktop research method of both qualitative and quantitative data on poverty and economic growth in Nigeria. Desktop research review serves an important function in the assessments, providing a foundation upon which to build the subsequent steps. It includes scanning the literature, analyzing secondary data and creating a reference list so that all documents are organized and easily accessible. The study used various sources, including academic journals, publications, books, articles, and reports. Sourced secondary statistical data are from Nigeria's National Bureau of Statistics (NBS), United Nations Development Programme (UNDP), Human Development Report data, World Bank Indicators, and Central Bank of Nigeria (CBN) Statistical Bulletin. This study draws statistical data on Nigeria's poverty index, unemployment rates, inequality, multidimensional poverty index and Gross Domestic Product (GDP), which serves as a proxy for economic growth. The data collected spans the last two decades, ranging from 2000 – 2020.

RESULT AND DISCUSSION

Economic growth is often expected to bring about improvements in the social and economic well-being of individuals in a country; this is because economic growth necessitates the provision of economic inputs that advances the quality of life among individuals (Herrick and Kindleberger, 1983). Sadly, Nigeria's notable economic growth performance is not reconcilable with its low human development rates and high poverty trends. In an ideal society, one should expect that economic growth will produce a positive impact on the welfare of citizens and help reduce the rate of poverty in the country (Dauda, 2017). However, this is not the case in Nigeria; instead of reductions in poverty indicators, Nigeria has continued to experience increasing trends despite substantial growth in its economy. This phenomenon raises a fundamental question and concern regarding the reasons poverty trends have continued to increase amidst significant economic growth in the country. Therefore, this part seeks to identify the reasons and explore the factors hindering the translation of economic growth into reduced poverty in Nigeria.

Factors that hinder poverty reduction in Nigeria

The non-translation of economic growth into substantial poverty reduction in Nigeria could be due to several factors and situations surrounding the Nigerian economy. Firstly, the rate of inequality in Nigeria explains the ineffectiveness of economic growth on poverty reduction. A country may experience significant growth in its economy; however, if the earnings and resources gotten from growth are not distributed evenly among its citizens, then growth may not necessarily result in poverty reduction (Olasode, 2020). Thus, the impact of economic growth on poverty reduction is considerably dependent on the distribution variance of income and economic resources among households or individuals in the country (Olasode, 2020). Inequality shows the discrepancies in the allocation of economic resources among members of a society or nation (Béland et al., 2014). Studies carried out by Fosu (2017), Khan et al. (2014), and McKnight (2019) show that inequality plays a vital role in the translation of economic growth to poverty reduction. According to Khan et al. (2014), inequality increases poverty and prevents economic growth from benefiting the poor. Hence, poverty may continue to rise in countries with wide income gaps (Dauda, 2017). One of the fundamental challenges facing the Nigerian population is inequality. A large portion of the country's income lies in the hand of few individuals. The top 10% of Nigeria's population owns about 49.3% of its total income (World Inequality Database, 2020); this shows that income is not distributed evenly and fairly among its citizens. Inequality takes different forms and dimensions in Nigeria, from political to social, economic, geographic, and between genders. According to Kakwani and Pernia (2000), discrimination between groups, gender, and religion, as well as artificial barriers that prevent entry into certain professions and trade, hurts the poor more than the rich. These are some unaddressed issues in Nigeria; hence growth has continued to favour only a few rich. The impact of growth on poverty reduction, therefore, hinges on the creation of equal access to opportunities that allow the poor to also share in the benefits of growth (World Bank, 2001).

Furthermore, the high disparity in income among regions explains the reason for higher rates of poverty in one region compared to others. Archibong (2018) showed that inequality between regions exists in terms of access to social amenities and public services or infrastructures. In a survey carried out in 2018, the southern part of the country had more access to public services and accounted for about 50% of the country's overall GDP (Archibong, 2018); this disparity explains why the Northern part of the country has the highest number of poor people. As mentioned earlier, Sokoto state alone (located in the Northeast region) has the highest poverty rate at 81.2% (Oxfam, 2017). Compared to the southern states, the northern states have inadequate public infrastructures to meet the need of their population, which is about 51% (105 million people) of the country's total population. Located in the southern region are many of the top business hubs in the country; hence the southern region engages in more business activities than the North. In 2010, the average GDP per capita of the southern region was about $2,432, while that of the Northern Region was about $1,153 (Bloch et al., 2015); this shows that the southern region had a GDP per capita which was twice as much as that of the northern region.

The GDP per capita is often used as an indicator to measure the well-being and standard of living of citizens in a country because it breaks down economic output per person (Amadeo, 2020), usually calculated by dividing the country's real GDP for a given year by its total population. Based on the continuous increase in Nigeria's GDP per capita, one may assume that the standard of living in the country is improving; GDP per capita increased from $568 in 2000 to $1,268, $2,293, and $2,730 in 2005, 2010 and 2015 respectively (World Bank, 2020). However, it is essential to note that GDP per capita does not take into account the distribution of income among individuals and households in the country. An increase in a country's GDP per capita does not necessarily mean that all individuals in the country are better off; it could be that a larger share of income goes to the richer segment of the population (as described earlier in Nigeria's case) (Stiglitz et al., 2010). Therefore, GDP per capita alone should not be used as a yardstick to determine the actual well-being of individuals in a country. Consequently, for economic growth to effectively tackle poverty, income gaps among individuals and households need to be bridged. As a country experiences economic growth, if the share of income earned by the poorest segment of the population increases more proportionately than the rich, it will help improve the well-being of the poor and reduce the rate of poverty in the country (World Bank, 2001).

Secondly, evidence from the increasing rate of unemployment in the country shows that the growth in the economy did not result in the creation of new jobs for unemployed individuals. This type of unusual phenomenon was termed 'Jobless Growth' by Economist Nick Perna in the early 1990s.

Jobless growth is an economic occurrence in which an economy experiences growth while maintaining a constant or decreasing rate of employment (Meera et al., 2019). As mentioned earlier in the previous chapter, the unemployment rate in Nigeria has been on a continuous rise, growing from 3.95% in 2000 to 23.1% in 2018, indicating that as the growth rate increased, the unemployment rate increased also. This type of experience in Nigeria owes to the fact that most of the growth figures recorded in the country were driven by sectors like the oil and telecommunications sector, which employs only a small fraction of its labour force with about 18.5% (Dauda, 2017). Thus, growth that does not create employment and consequently improves the welfare and standard of living for individuals in a country may not facilitate a reduction in poverty.

The challenges of jobless growth in Nigeria are not only about the insufficient number of jobs created but also about the quality of jobs available for individuals. According to the (World Bank, 2015) and the Food and Agricultural Organization (FAO, 2020), about 70% of Nigeria's total population is either engaged in the agriculture sector (through subsistence farming) or a household enterprise. Thus, these sectors are the primary source of employment in the country (Price, 2019). Many Nigerian youths remain idle, not by choice but because they lack the opportunities to gain formal employment. As such, many of them work for themselves or in a family business with informal working conditions (FRN, 2017); hence, the employment problem in Nigeria manifests itself through underemployment in the informal sector.

Underemployment is a situation where an individual is engaged in a low-paying job that does not utilize his or her full skills and abilities. Hence, many individuals in Nigeria find themselves in informal jobs with low pay that is not sufficient enough to lift them out of poverty. As of 2018, about 20.21% of Nigeria's total labour force were underemployed (National Bureau of Statistics, 2018). The youth population (age 15 - 34) had a combined underemployment and unemployment rate of 55.4% (National Bureau of Statistics, 2018); this accounts for a total of 24.5million youths, of which 11.3million were underemployed and 13.1million unemployed (NBS, 2018).

Aside from the fact that there are insufficient jobs available for individuals in the formal sector, another factor that contributes to the high rate of unemployment owes to the level of literacy among Nigerians. Education provides a capacity that promotes an individual's ability to gain employment and thus determines his or her level of productivity and income (Stewart-Brown et al., 2009). Hence, education is essential because it not only impacts skills and proficiencies that enhance human development but also enhances the quality of life of an individual. In Nigeria, many individuals, especially those living in rural areas, lack the skills and ability to gain employment because of low levels of education. The rural population account for 49% of Nigeria's total population (Trading Economics, 2020; World Bank, 2020). As highlighted earlier, almost half of Nigeria's population is less likely to gain formal education due to various factors, including underinvestment in public services and infrastructures, economic barriers and cultural norms/practices that discourage attendance in formal education (UNICEF, 2020). A survey carried out by Fhi360 (Education Policy and Data Center) revealed that the out-of-school rate for children (age 7 -14) in rural areas is about 36%, while that of children in urban areas is only 12%. In absolute terms, about 7.1 million children are out of school in rural areas compared to about 1 million in urban areas. Figures also reveal that girls were more likely to be out of school compared to boys; of school rate for girls is 32% as against 25% for boys (UNICEF, 2012; UNICEF Data, 2020).

In addition, education deprivation is more prominent in the Northern region, which has a high out-of-school rate of 53% for girls only (UNICEF, 2020). These disparities in levels of education between regions, areas of settlement, and gender show the limitations in the social structure of the Nigerian economy. Due to the limited number of schools available in the northern region and rural areas, many children have to walk long distances to get to school. This incidence poses a threat to their education, as they may not be able to sustain the such practice for a long time. The high out-of-school rate for girls could be a result of early marriages. According to a recent report by UNICEF. 16% of Nigerian women aged 20-24 were married before the age of 15 and 43% were married before the age of 18 (UNICEF Data, 2020). The traditional ideology that the primary role of a female is to be a caretaker still exists in rural Nigeria (Nigeria British Council, 2012); as such, girls are saddled with the responsibility of taking care of a home at a very young age. Also, some of these children are deprived of formal education because they have to take up menial jobs like hawking or working on household farms during the day in order to contribute to the family income, which is vital for survival.

Consequently, as children grow to become adults, the ripple effect of the lack of formal education is reflected in the general adult literacy rate in the country. As stated previously, the most recent survey conducted by Nigeria's National Bureau of Statistics (2018) shows that the literacy rate for men is about 70.9% as against that of women (59.3%). In Nigeria, education is a prerequisite to gaining formal employment as it equips and prepares individuals with the necessary skills and abilities needed for work in the formal sector (NBS, 2016). Hence, although women account for about 49% of Nigeria's workforce (Oxfam, 2017), they are underrepresented in formal sector employment due to low levels of education. Thus, it may be difficult for households with just one male breadwinner to escape poverty as they have to depend on only one major source of stable income.

Government programs or policies and initiatives

Various poverty reduction programs and initiatives launched by the Nigerian government can be grouped into three distinct periods; The Pre-Structural Adjustment Program (SAP) era, The Structural Adjustment Program (SAP) era, and The Post-Structural Adjustment Program (SAP) era.

The Pre-Structural Adjustment Program (SAP) era

The Pre-SAP era was between 1960 – 1985. Programs introduced by the government in this period focused mainly on rural development, provision of basic needs, and economic growth. The main aim of this era was to build and revamp the Nigerian economy (Oshewolo, 2010). In order to achieve these objectives, emphasis was placed on boosting agricultural production by increasing the awareness of Nigerians regarding self-sufficiency in food production (Kehinde, 2010).

Hence the introduction of the Operation Feed the Nation (OFN) scheme, National Agricultural Land Development Agency (NALDA), and Agricultural Credit Guarantee Scheme (ACGS). These programs: were designed to promote the utilization of land resources, the supply of farm inputs, provision of credit extensions for farmers, provision of fertilizers, pesticides, and institutional support in order to enhance agricultural production (Obadan, 2001). The government believed that the development in the agricultural sector could help improve food production, increase food security in the country, and by extension, enhance the standard of living among farmers. These objectives led to the establishment of a National Credit Institution and a special Agricultural development scheme that employed the financial and managerial collaboration of the Federal and State governments in carrying out agricultural projects (Oyeranti and Olayiwola, 2005). However, according to (Iroegbu, 2009), these programs yielded minimal results and were short-lived because they did not focus on the poor; rather than benefit the poor, these programs enriched influential individuals who acquired agricultural lands for personal and financial gains.

The Structural Adjustment Program (SAP) era

During The SAP era (1985 - 2000), Nigeria experienced worsened socio-economic situation and reduced quality of life for citizens as a result of the severe economic crisis that hit the country in the mid-1980s (Hussaini, 2014). Thus, the government made conscious efforts to fight and alleviate poverty through the Structural Adjustment Program (SAP). Some of the programs introduced during this era include the National Directorate of Employment (NDE), the Directorate for Food, Roads and Rural Infrastructure (DFRRI), and Family Support Programs (FSP) (Oshewolo, 2010). The NDE's primary aim was to reduce unemployment with more emphasis on entrepreneurship and self-reliance (Kehinde, 2010). The DFRRI's main aim was to open-up rural areas to development by constructing roads and bridges and providing water supply (Kehinde, 2010). The target group for the FSP were mainly families in rural areas. The program aimed to improve the quality of health care delivery, youth development and child welfare (Omotola, 2008). Hence, the overall focus of these programs was job creation, education, health, improved standard of living, income generation and access to public facilities.

The Post-Structural Adjustment Program (SAP) era

The post-SAP era began with the launch of the Poverty Alleviation Programme (PAP) in 2000, under former President Olusegun Obasanjo's administration. The PAP, introduced as a temporary anti-poverty scheme, had the aim to reduce unemployment and boost economic productivity (Omotola, 2008). More specially, the program's goals were to provide 200,000 unemployed individuals with jobs, increase the adult literacy rate to 70% and establish a credit supply system that provides access to credit facilities for farmers (Obadan, 2001). Although some unemployed individuals were able to gain employment through this program, it still did not make much impact on poverty reduction in the country (Omotola, 2008). Following this program, the government established the National Poverty Eradication Programme (NAPEP) initiative in 2001 with the aim to completely eradicate poverty in Nigeria by 2010 (Oshewolo, 2010). To achieve its aim, the government identified and focused on four (4) main areas; 1) Youth Empowerment, 2) Social Welfare Services, 3) Rural Infrastructural Development, and 4) Natural Resources Development. Although the NAPEP appeared to be well thought out and drafted, it still did not produce the desired result as the prevalence of poverty and its multidimensional forms continued to increase in the country (Hussaini, 2014). Some other initiatives launched by the government include the National Economic Empowerment and Development Strategy (NEEDS from 2003 to 2007) and the Seven-Point Agenda, which was launched in 2007 under late president Umar Yar'Adua's administration. Although these programs incorporated a broad scope to address the various development challenges facing Nigeria, they could not achieve the desired result. According to (Hussaini, 2014), this is one of the shortfalls and limitations of these policies; the vast scope of these programs did not allow for efficient implementation and appropriate monitoring.

CONCLUSION

This research paper has explored the peculiar situation of the rising rate of poverty amidst economic growth in Nigeria and the issues that enhance such a phenomenon. This study assessed the structure of the Nigerian economy, its economic growth trends, poverty trends, factors that enhance poverty, and some of the previously employed poverty reduction policies or initiatives in the country. This paper argues that the high level of inequality, corruption, jobless growth and monocity of the Nigerian economy are some of the issues that have hindered the translation of economic growth into significant poverty reduction. This paper highlights that political systems and structures determine to some extent, the effectiveness and efficiency of these economic policies and initiatives in producing the desired results.

Having identified and assessed some of the factors that hinder the translation of economic growth into poverty reduction in Nigeria and some of the weaknesses or limitations of previously employed policies and initiatives. There is a need to take deliberate steps and measures to ensure and promote the reduction of the rising rates of poverty in the country. Highlighted below are some suggested policy recommendations given based on the inference drawn from the analysis of this research:

1. Government can take to reduce the rising rate of poverty in Nigeria lies in the diversification of its economy. Diversification of economic activities will help create opportunities for individuals and ensure the stability of the economy.

2. Government should invest in public services as its crucial element for improving living standards and reducing poverty among Nigerians.
3. For growth in the economy to benefit the poor, it has to be 'pro-poor'. Economic growth is pro-poor when it is accompanied by policies and programs that favour the poor by mitigating inequalities, facilitating income, and generating employment, particularly for people in traditionally excluded groups.

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