

Federal Republic of Nigeria  
Study for Poverty Profile (Africa)

Final Report

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Japan International Cooperation Agency (JICA)

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Mitsubishi UFJ Research and Consulting Co. Ltd.

## Poverty Indicators

	Basic data					
	Year	Population, total (million)	Population growth (annual)	GDP, PPP (billion US\$)	GDP per capita PPP (US\$)	Real GDP growth (annual)
Nigeria	2009	154.7	2	340.9	2,203	6

Source: world Bank, World Databank

Poverty						Inequality	
Poverty Incidence (%)			Poverty Gap Index (national)	Source	Survey Year	Gini Coefficient	Year
National	Urban	Rural					
54.41	43.19	63.27	0.2180	Poverty Profile for Nigeria	2004	0.4882	2004

Source: NBS (2005) Poverty Profile for Nigeria

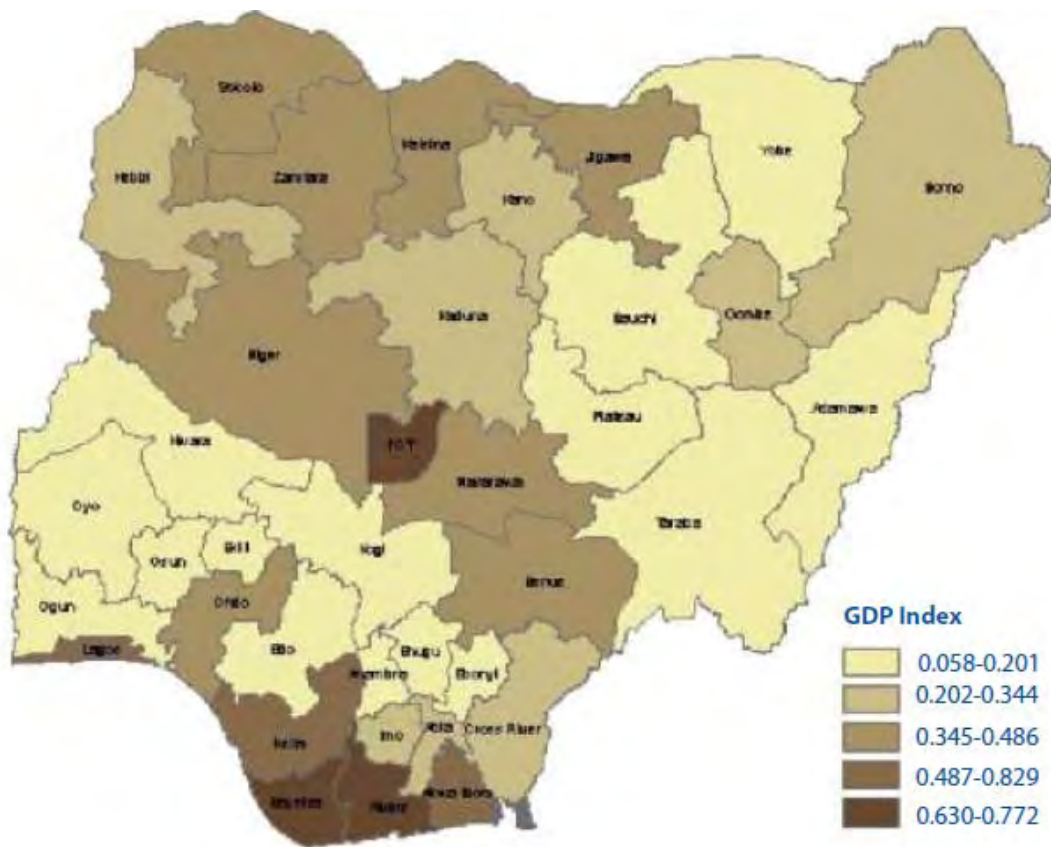
# Map of Nigeria



Source : Perry-Castaneda Library Map Collection (<http://www.lib.utexas.edu/maps/nigeria.html>)

## Social Indicators Map

## GDP Index by State

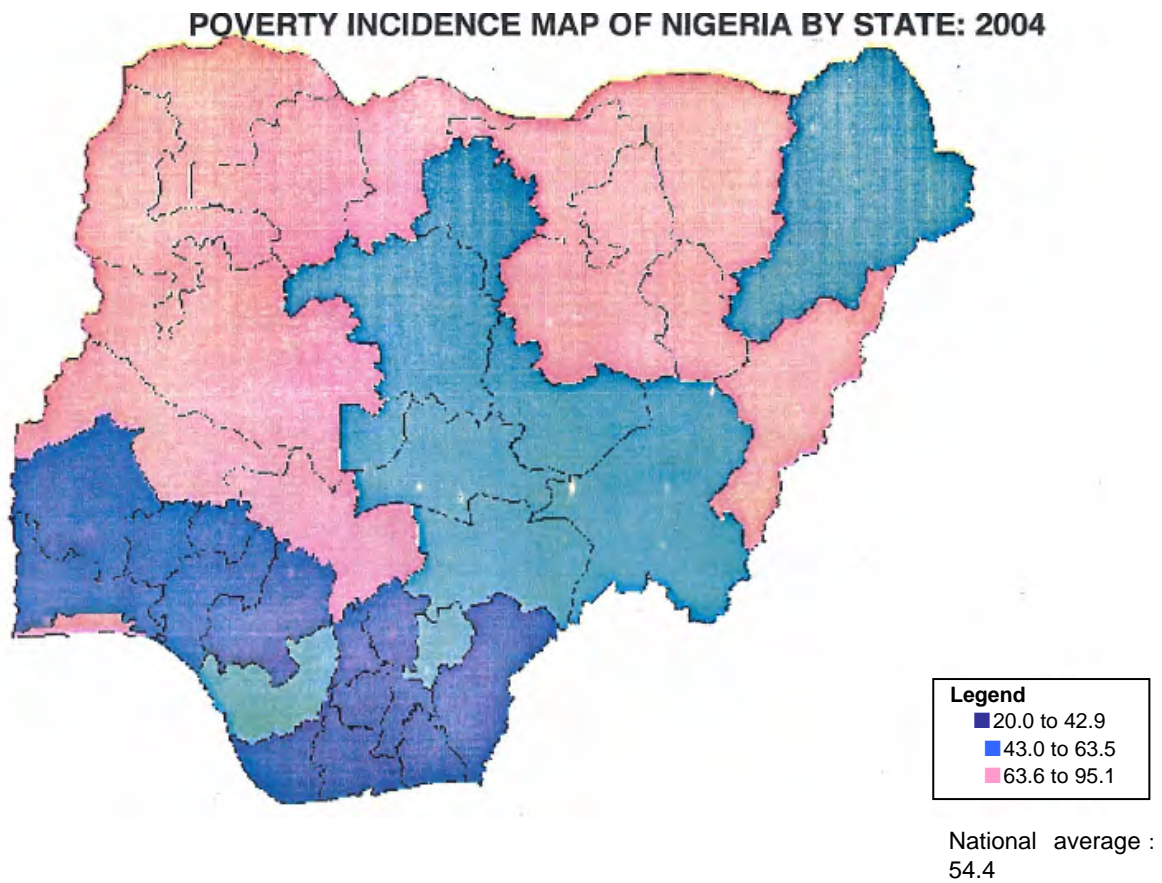


National average:  
0.409

\*GDP Index is based on per capita GDP.

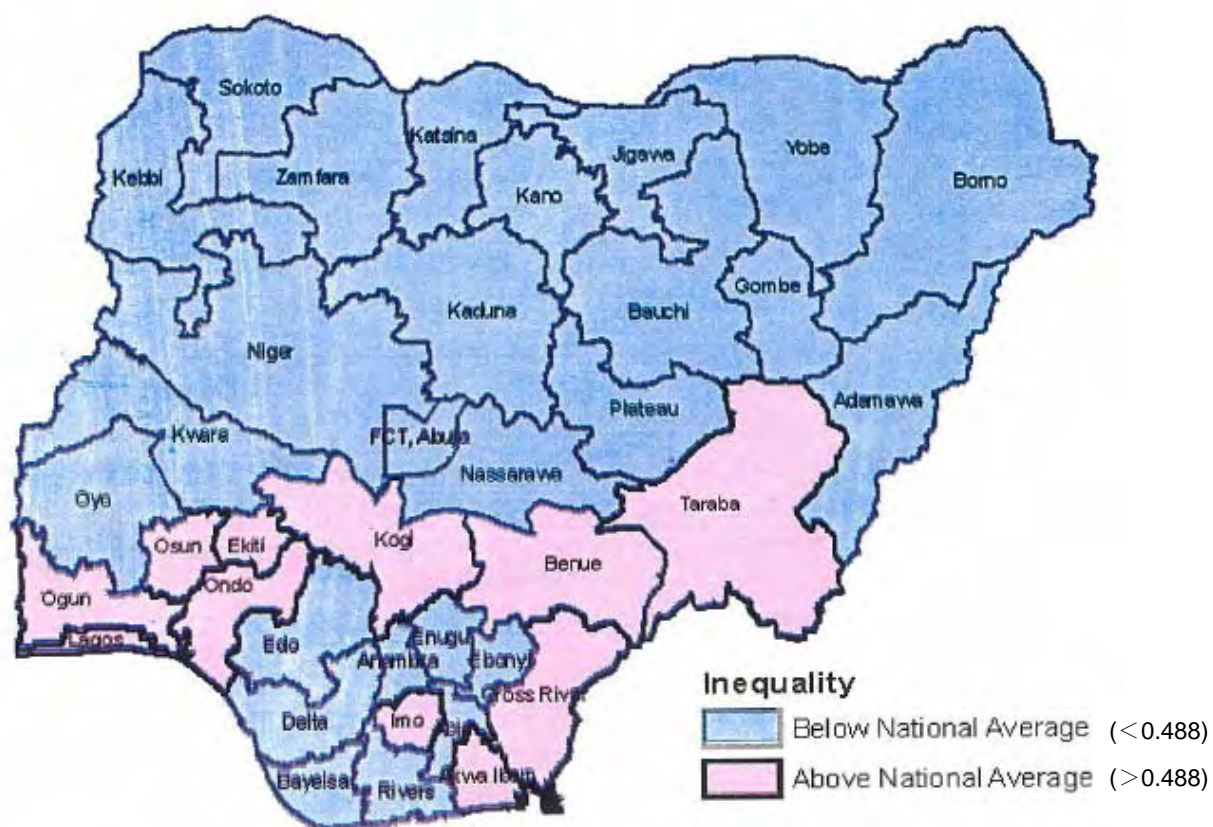
Source : UNDP (2009) *Human Development Report Nigeria 2008-2009*

## Poverty Incidence by State (2004)



Source: NBS (2005) *Poverty Profile for Nigeria*

Inequality by State (2004)  
(Gini Coefficient)



Source: NBS (2005) *Poverty Profile for Nigeria*

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## Abbreviation

AfDB	:	African Development Bank
AU	:	African Union
CCT	:	Conditional Cash Transfer
CEWS	:	Community-based structures to develop early warning systems
CPS	:	Joint Country Partnership Strategy
DAC	:	Development Assistance Committee
DFID	:	Department of International Development
DPC	:	Financial Sector and Public Financial Management Development Policy Credit
ECOWAS	:	Economic Community of West Africa States
EIA	:	U.S. Energy Information Administration
EPA	:	Economic Partnership Agreement
EU	:	European Union
FAO	:	Food and Agriculture Organization
FBOs	:	Faith Based Organization
FCT	:	Federal Capital Territory
FDI	:	Foreign Direct Investment
FERNA	:	Federal Road Maintenance Agency
FEWS NET	:	the Famine Early Warning System Network
GDP	:	Gross Domestic Product
GEP	:	the Girls Education project
GNI	:	Gross national Income
HDI	:	Human Development Index
IBRD	:	International Bank for Reconstruction and Development
IDA	:	International Development Association
IFC	:	International Finance Corporation
IMF	:	International Monetary Fund
IOM	:	International Organization for Migration
JIC	:	Joint Implementation Committee
LEAD	:	Leadership Empowerment, Advocacy and Development
MDGs	:	Millennium Development Goals
MFBs	:	Microfinance Banks
MTEF	:	Medium Term Expenditure Framework
NAPEP	:	National Poverty Eradication Programme
NBS	:	National Bureau of Statistics
NDE	:	National Directorate of Employment
NEEDS	:	National Economic Empowerment and Development Strategy
NEI	:	Northern Education Initiative
NEPA	:	National Electric Power Authority
NEPAD	:	the New Partnership for Africa's Development
NGO	:	Non-Governmental Organization
NHIS	:	Nigeria's National Health Insurance Scheme
NRC	:	Nigerian Railway Corporation
NSHDP	:	National Strategy Health Development Plan
NV20: 2020	:	Nigeria Vision 20: 2020
OECD	:	Organization for Economic Co-operation and Development
OPEC	:	Organization of Petroleum Exporting Countries
OSSAO-MDGs	:	the Office of the Senior Special Assistant to the President on MDGs
P1	:	Poverty Gap

P2	:	Poverty Severity
PHCN	:	Power Holding Company un Nigeria
PLP	:	Peace Keeper Programme
PPP	:	Purchasing Power Parity
PRSP	:	Poverty Reduction Strategy Paper
SEEDS	:	State Economic Empowerment and Development Strategy
SMEDAN	:	Small and Medium Enterprises Development Agency of Nigeria
SMEEIS	:	Small and Medium Enterprises Equity Investment Scheme
TFM	:	Trust Fund Model
TSHIP	:	Targeted States High Impact Project
UBE	:	Universal Basic Programme
UNDP	:	United Nations Development Programme
USAID	:	United States Agency for International Development
WB	:	World Bank
WHO	:	World Health Organization
WIPO	:	World Intellectual Property Organization
WTO	:	World Trade Organization

# I. National Poverty Information and Basic Information

## 1. General Information

(1) Land

◆923,768 square kilometers

(2) Geographic Information<sup>1</sup>

◆Latitudes 4° 16' and 13° 53' north and longitudes 2° 40' and 14° 41' east

(3) Population<sup>2</sup>

◆Population: 149,229,090 million (2009)

◆Population growth rates: 2% (2009)

◆Urban population ratio: 47% (2004)

◆Proportion of the population under the age of 15: 41.5% (2009)

Table 1.1 Population

Age Group	Male - 2000	Male - 2020	Female - 2000	Female - 2020
0-4	10,671,983	12,710,249	10,211,037	12,140,651
5-9	8,759,695	11,638,814	8,361,552	11,144,758
10-14	7,699,300	10,920,715	7,326,557	10,462,734
15-19	6,863,927	10,124,981	6,507,433	9,695,123
20-24	5,912,756	9,006,722	5,605,774	8,635,594
25-29	4,879,938	7,797,893	4,638,220	7,468,525
30-34	4,007,345	6,686,426	3,830,770	6,327,072
35-39	3,247,144	5,712,638	3,134,350	5,324,271
40-44	2,590,841	4,714,137	2,527,725	4,368,621
45-49	2,137,004	3,739,777	2,108,789	3,530,571
50-54	1,818,733	2,952,893	1,779,854	2,917,557
55-59	1,466,214	2,278,594	1,426,195	2,362,032
60-64	1,106,455	1,687,095	1,092,181	1,820,223
65-69	786,483	1,232,914	792,314	1,370,337
70-74	502,303	859,301	517,555	960,355
75-79	267,385	500,936	287,153	569,572
80-84	108,786	222,483	125,006	268,241
85-89	30,154	67,721	37,092	89,228
90-94	5,015	12,600	6,653	18,550
95-99	447	1,267	646	2,126
99+	21	66	33	129

<sup>1</sup> National Population Commission (2009) *Nigeria Demographic and Health Survey 2008* p1

<sup>2</sup> USAID (2009) *'USAID Country Health Statistical Report: Nigeria'* p4

Source: USAID (2009) USAID Country Health Statistical Report: Nigeria

(4) Religion<sup>3</sup>

◆ Muslim 45%, Christian 54% (12 percent Catholic), traditional religion 1%

## 2. Macro-economic and Donor Trends

### 2.1 Macroeconomic Trends

Table1.2 Macroeconomic Indicators (2007 - 2010)

	2007	2008	2009	2010 (estimates)
Actual Economic Growth rate	6.4	6.0	7.0	8.4
Growth in oil Sector	-4.5	-6.2	0.5	11.1
Growth in non-oil Sector	9.5	9.0	8.3	7.9
CPI (annual mean)	5.4	11.6	12.5	13.8
Domestic Saving/GDP	41.6	39.8	41.0	-
Investment/GDP	22.8	24.0	27.6	-
Treasury Budget/GDP	-0.4	4.6	-10.4	-6.9
Government Debt/nominal GDP	12.8	11.6	15.2	-
Foreign Reserves (billions)	51.3	53.0	42.4	34.1
Foreign Debt/GDP	2.4	2.2	2.3	-
Actual Effective Exchange Rate	109.5	123.8	109.7	-
Money Growth (%)	44.2	57.8	17.5	12.1

Source: IMF (2011) Nigeria; 2010 - Article IV consultation -

Since 1999 the Nigerian economy has been growing steadily, the rate of economic growth from 1999 through 2009 was 8.0 percent, and 2004 to 2009 was 7.0 percent respectively. These figures are based largely on non-oil sector growth. As the domestic prices have gradually settled, inflation rate from 1999 to 2003 was 11.9%, and from 2004 to 2009 has become 11.6 percent. This inflation rate seems low, comparing with the rate of 20 percent in 1980. Stable increase in foreign reserves have been increasing steadily, from the amount of 16.96 billion dollars in 2004 to 53 billion U.S. dollars in 2008. With the deregulation of foreign exchange market, the value of the Naira has stabilized, but has been kept at a significantly depreciated level<sup>4</sup>.

The Economic growth rate is not so high, when compared with the average growth rate of 9-12% in total emerging markets. The average annual rate of population growth from 1999 to

<sup>3</sup> Federal Republic of Nigeria(2009)*Social Statistics in Nigeria*, p397

<sup>4</sup> *Nigeria Vision 20:2020 The 1st NV20:2020 Medium Term Implementation Plan (2010-2013) Volume I: The Vision and Development Priorities (Draft)*, May 2010,



2009 was 3.2 percent, and per capita real economic growth was only 4.3 percent, which could not reach 7.0% which is said to be needed for sustainable growth<sup>5</sup>.

Table 1.3 Real GDP growths by sector (base year: 1990)

Sector	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average
Non-oil	4.4	2.9	10.0	33.8	5.8	13.2	8.6	9.4	9.5	9.0	8.3	10.4
GDP	0.4	5.4	8.4	21.3	10.2	10.5	6.5	6.0	6.4	6.0	6.7	8.0
Agriculture	5.3	2.9	3.9	55.2	7.0	6.3	7.1	7.4	7.2	6.3	5.9	10.4
Building, Construction and Real Estate	3.8	3.9	8.7	3.7	6.2	1.0	11.6	12.4	12.4	12.5	11.7	8.0
Oil and Gas	-7.5	11.1	5.2	-5.7	23.9	3.3	0.5	-4.5	-4.5	-6.2	-1.3	1.3
Health	1.7	1.6	1.6	0.8	2.0	1.8	10.0	10.3	10.3	10.3	10.0	6.3
Finance and Insurance	3.5	4.0	4.5	29.5	-9.6	2.7	2.8	5.0	5.0	4.8	4.0	5.1
Manufacturing	3.4	3.4	7.0	10.1	5.7	11.9	9.6	9.4	9.6	8.9	7.6	7.9
Mining and Quarrying	-7.4	11.1	5.3	-5.6	23.7	3.5	0.6	-4.3	-4.3	-5.9	-0.8	1.9
Other Service	16.2	7.0	4.3	12.5	3.7	29.1	9.9	10.8	10.9	10.9	13.5	11.5
Public Administration	1.7	1.6	1.6	18.1	0.0	10.8	4.0	4.5	4.5	4.4	4.4	5.1
Telecommunication And Postal Services	6.1	6.7	595.3	27.0	23.8	55.8	29.6	33.7	33.8	34.0	34.2	80.0
Transportation	4.0	3.5	4.7	17.4	1.2	49.9	6.3	6.9	7.0	7.0	6.9	10.4
Utilities	15.4	0.0	713.3	13.1	17.1	16.8	6.6	4.9	4.9	3.7	3.1	72.6
Wholesales and Retail Trade	2.5	1.6	2.5	6.5	5.8	36.7	13.5	15.3	15.2	14.0	11.3	11.3

Source: Nigeria Vision 20:2020 The 1st NV20: 2020 Medium Term Implementation Plan (2010-2013) Volume I: The Vision and Development Priorities (Draft), May 2010,

## 2.2 Industry

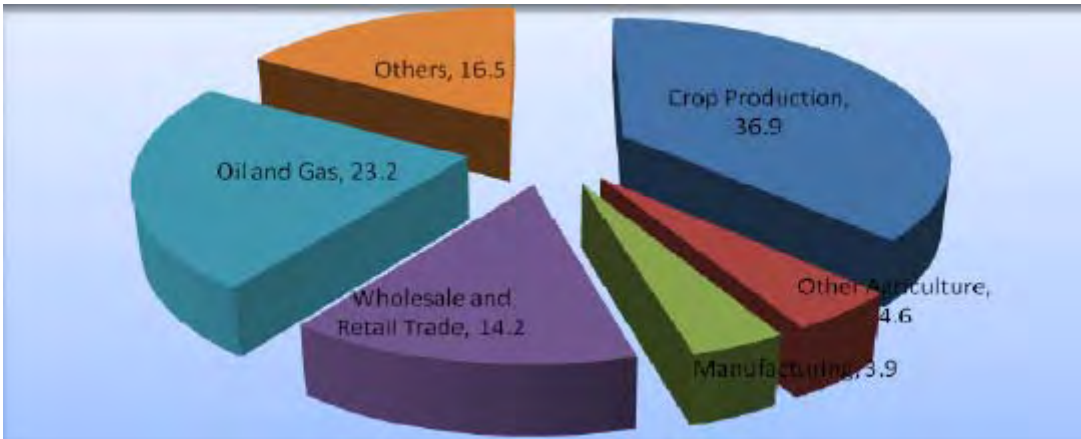
Main industries in the country are agriculture and oil production. At the time of Independence, 75% of the nation was engaged in agriculture, and it has become a major means to acquire foreign currency. The export of crude oil has replaced agriculture, and earned more than 90 % of the foreign exchange. It accounted for more than 80 percent of government revenues in 2007. More than 50 % of the workforce was in engaged in agriculture in 2007. However, it is predominantly subsistence farming, with poor technologies that cannot meet the demand of the present global economy<sup>6</sup>.

However, in the agricultural sector, production of fruit and vegetable, crops, livestock, fisheries, aquaculture, and rubber increased. The sector achieved an annual average growth rate of 6 % between 2004 and 2006. At the same time, the manufacturing sector contributed 4 percent to GDP. The sector achieved an annual growth rate of between 6 to 7 %, which was targeted by "Strengthening National Economic Development Strategy (NEEDS)"<sup>7</sup>.

<sup>5</sup> Same as above

<sup>6</sup> UNDP (2009) *Human Development Report Nigeria 2008-2009*

<sup>7</sup> IMF(2007) *Progress Report on the National Economic Empowerment and Development Strategy (NEEDS)*, Seeds Benchmarking Exercise (2006) and Millenium Development Goals(MDGs 2006) p9

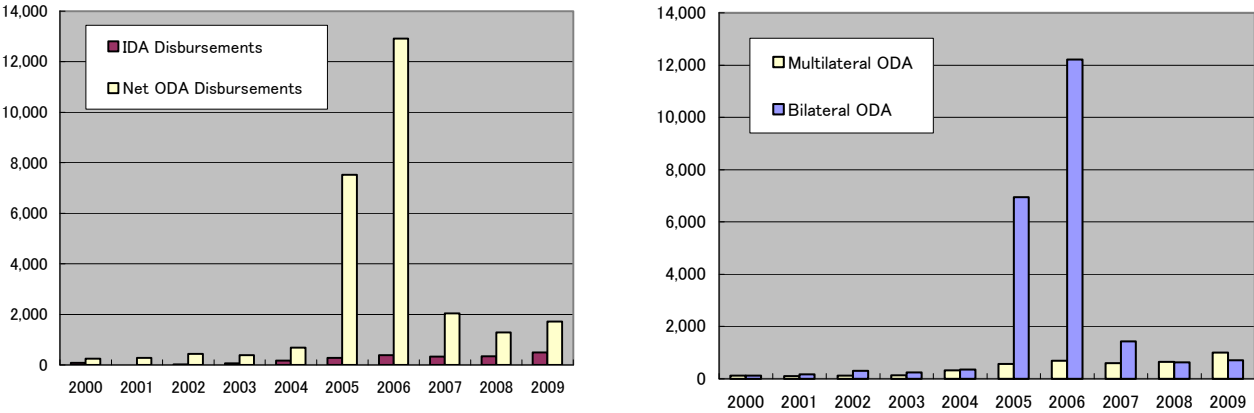


Source: *Nigeria Vision 20: 2020* (2010)

Figure 1.1 GDP Contribution by sectors (1999-2009)

**2.3 Donor Activities**

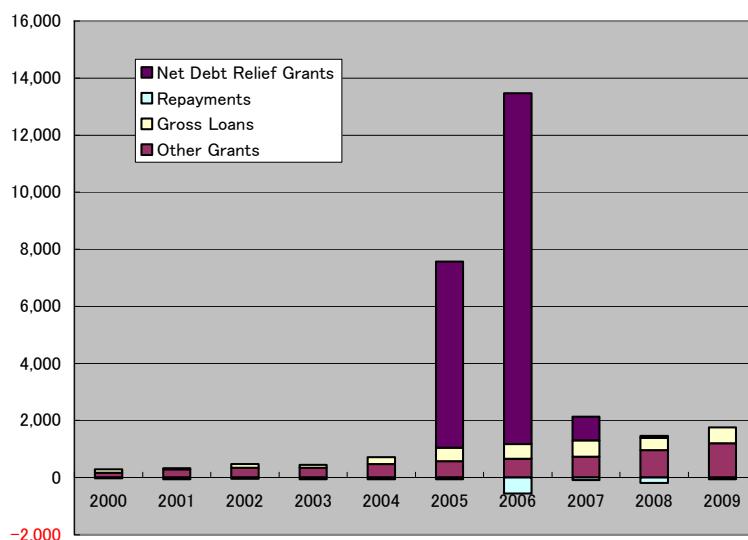
Net ODA Disbursement amount to Nigeria since 2000 are as follows.



Source: OECD DAC, aidflows

Figure 1.2 Net ODA Disbursement Trends to Nigeria (million 100 US \$)

Disbursements of bilateral ODA surged in 2005 and 2006, due to the huge amount of debt reduction implemented in each year: 6.5 billion dollars in 2005 and 12.3 billion dollars in 2006. Grant and loan provision gradually increased from 0.28 billion dollars in 2000 to 1.76 billion dollars in 2009.



Source: OECD DAC, aidflows

Figure 1.3 ODA breakdown by type of Disbursement (including repayment million US \$)

Table 1.4 Top 10 Donors in Disbursement Amount (net) 2007-2009

2007		2008		2009	
Country/Donor	\$,millions	Country/Donor	\$,millions	Country/Donor	\$,millions
Netherlands	344.0	U.S	363.9	World Bank	475.6
Austria	321.3	World Bank	333.0	U.S	354.0
World Bank	315.4	EU institutions	91.6	U.K	188.9
U.K	286.0	Denmark	81.6	EU institutions	81.9
U.S	240.6	U.K	47.2	Denmark	31.2
Denmark	95.6	Japan	29.0	Japan	28.8
EU institutions	78.5	Germany	27.5	Germany	26.7
Japan	26.8	Canada	26.7	Canada	18.5
Germany	25.5	Spain	25.4	UNDP	14.8
Canada	20.9	UNDP	14.5	Norway	9.2

Source: OECD DAC, aidflows

While the amount of ODA disbursement varies from year to year, in 2009, when the debt reduction was not implemented, the top three disbursement organizations/countries were the World Bank, US and UK. Japan ranks 6<sup>th</sup> after EU and Denmark.

When looking at the share by use of ODA, the majority share was devoted to debt reduction in 2005 and 2006. In 2009, on the other hand, 56,8 percent was devoted to health and population, followed by the social sector (17,0%) and economic infrastructure & services (10,6%).

Table 1.5 ODA Disbursement (gross) by Use (%)

Major Sector Name	2005	2006	2007	2008	2009
Action relating to debt	86.3	91.8	39.2	5.0	0.0
Administrative costs	0.0	0.0	0.2	0.2	0.1
Economic infrastructure and services	1.5	0.8	13.6	11.9	10.6
Education	1.1	0.6	3.5	7.1	8.6
Health and population	4.7	3.2	24.1	46.6	56.8
Humanitarian aid	0.4	0.0	0.1	0.2	0.4
Multisector/cross-cutting	0.2	0.3	1.6	2.4	1.7
Other social sectors	3.2	2.3	14.6	19.5	17.0
Production sectors	0.4	0.5	2.3	4.0	4.4
Program assistance	0.7	0.1	0.8	2.5	0.2
unallocated/unspecified	1.5	0.5	0.0	0.7	0.1
	100.0	100.0	100.0	100.0	100.0

Source: OECD DAC, aidflows

The following is an outline of assistance activities in Nigeria by major donors, namely UK, United States and the World Bank.

#### United Kingdom

In the United Kingdom, Department of International Development (DFID) acts as the center of support for Nigeria. There are 57 projects are in progress as of March, 2011.

DFID aims to build institutions and facilities, with which the Nigerian federal government, state governments and local authorities can cope with the peoples needs in transparent ways. Since 2005, in cooperation with the World Bank, the UK has been implementing the Joint Country Partnership Strategy (CPS), to which the African Development Bank (AfDB) and the United States Agency for International Development (USAID) will participate in 2013.

Of the total amount of ODA disbursement by DFID, approximately 75% is used for technical assistance, 20% for the MDGs related projects, and 5% is used for civic society organizations. 60% of total amount of ODA to Nigeria is devoted to the state-level policy support, because each state government has strong power for policy implementation. DFID has implemented an intensive strategy to concentrate investment in several states, and will maintain this strategy in the future<sup>8</sup>. Looking at the program level, DFID is in a leading position for gender education, showing the commitment to promote that issue at donor coordination level<sup>9</sup>.

#### United States

The United States has been supporting Nigeria through USIAD. The country has published “USAID / Nigeria Strategy 2010-2013”, and plans to support based on it. They have

<sup>8</sup> House of Commons, International Development Committee (2009) *DFID's Programme in Nigeria, eighth Report of session 2008-2009 Volume II* p14-15

<sup>9</sup> DFID (2006) *Evaluation of DFID's Policy and Practice in Support of Gender Equality and Women's Empowerment Country Case Studies Volume II India Nigeria Western Balkans* p137

four central support pillars: governing justly and democracy; investing people, particularly through health and education; enhancing economic growth and trade; and improving peace and security. In addition, policies of energy security, regional stability, and Muslim outreach are put priorities. These are reflected in strategy addressing five key issue areas: youth, conflict, anticorruption, gender and local institutional capacity<sup>10</sup>.

At the same time, “USAID / Nigeria Public Private Partnership Strategy and Workplan 2010-2013”, published in 2010, acknowledges that they will actively utilize public private partnership in terms of the scale, expansion of effect, and sustainability of the projects, as well as achieving objectives mentioned in the above strategy<sup>11</sup>.

Application of the selection process of assistance target areas resulted in the choice of Bauchi and Sokoto states for health, education and governance interventions<sup>12</sup>. Assistance in these states involves: “Leadership, Empowerment, Advocacy and Development” (LEAD) , which aims to improve governance through strengthening civil society and private sector entities; “Northern Education Initiative” (NEI) to improve the school enrollment rate in the northern region; and “Targeted States High Impact Project” (TSHIP) to improve health-related nutritional status<sup>13</sup>.

### World Bank

World Bank International Development Association (IDA) played a leading role in drawing up “Nigeria Country Partnership Strategy” (CPS II), which described following three themes of the assistance to Nigeria during the period from 2010 to 2013: improving governance; maintaining non-oil sector growth; and promotion of human development. The assistance along this partnership strategy accounts 80% of the total assistance to Nigeria<sup>14</sup>.

Until September 2010, the total lending by the World Bank amounted more than 10.5 billion dollars. Recent assistance projects include Second National Fadama Development Project (Fadama II)<sup>15</sup> and Financial Sector and Public Financial Management Development Policy Credit (DPC)<sup>16</sup>.

### **3. Poverty Information**

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<sup>10</sup> USAID (2010) *USAID/Nigeria Strategy 2010-2013* p3-5

<sup>11</sup> USAID (2010) *USAID/Nigeria Public Private Partnership Strategy and Workplan 2010-2013* p5

<sup>12</sup> USAID (2010) *USAID/Nigeria Strategy 2010-2013* p4

<sup>13</sup> USAID/Nigeria (<http://nigeria.usaid.gov/index.php>)

<sup>14</sup> The World Bank: Nigeria ‘Country Assistance Strategy (CAS)’

(<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/NIGERIAEXTN/0,,menuPK:368909~pagePK:141132~piPK:141105~theSitePK:368896,00.html>)

<sup>15</sup> The agriculture and rural development project aiming at improvement of the income of poverty farm households.

<sup>16</sup> IDA at work: Nigeria

(<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:22289452~pagePK:51236175~piPK:437394~theSitePK:73154,00.html>)

### 3.1 The Population Below the Poverty Line

The Millennium Development Goals (MDGs) requires that the percentage of the population living below one dollar a day in 2015 is 21.35% (Target 1.A). This was supposed to fall to 28.78 % in 2007, which was the mid-point for implementation. However, the data shows it remained 51.55% between 2004 and 2006. The figure that will be reported in 2011, however, is supposed to have partly reduced due to the effect of the government investment into the agricultural sector and infrastructure<sup>17</sup>.

Table 1.6 The Proportion of the Population Living Below One Dollar a Day

Indicator	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2015 target
1.1 Proportion of the population living on less than \$1 (PPP) per day (%)	NA	NA	NA	NA	NA	51.55	51.55 <sup>1</sup>	51.55 <sup>1</sup>	NA	NA	NA	21.4

Source: Millennium Development Goals (2010), p.13.

### 3.2 Life Expectancy at Birth

Life expectancy at birth was 46.9 years as of 2009. The number of live births in the same year was 5,469,246<sup>18</sup>.

Table 1.7 Childhood Mortality

Years preceding the survey	Approximate time period of estimated rates	Neonatal mortality (NN)	Post-neonatal mortality <sup>1</sup> (PNN)	Infant mortality ( <sub>1</sub> q <sub>0</sub> )	Child mortality ( <sub>4</sub> q <sub>1</sub> )	Under-five mortality ( <sub>5</sub> q <sub>0</sub> )
0-4	2003-2008	40	35	75	88	157
5-9	1998-2003	52	47	99	97	187
10-14	1993-1998	49	48	97	113	199

Note: Neonatal=born – 1 month, Post-Neonatal=1 month – 12 months, infant=born-12 months, Child=12months – 60 months, Under-Five=born – 60 months

Source: National Population Commission (2009), p119

Early childhood mortality rates based on data from the Nigeria Demographic and Health Survey (NDHS) 2008 are presented on the above table for three five-year periods preceding the survey. The under-five mortality rate for the five years preceding the survey was 157 deaths per 1,000 live births. This translates to about one in every six children born in Nigeria dies before

<sup>17</sup> Millennium Development Goals (2010) *Nigeria Millennium Development Goals Report 2010*, p.14.

<sup>18</sup> USAID (2009) *USAID Country Health Statistical Report: Nigeria* p4

their fifth birthday. The child mortality rate is 88 deaths per 1,000 children surviving to 12 months of age, but not to their fifth birthday. The infant mortality rate is 75 deaths per 1,000 live births, and the neonatal mortality rate is 40 deaths per 1,000 live births.

An examination of mortality levels across the three successive five-year periods shows that under-five mortality decreased from 199 deaths per 1,000 births during the middle to late 1990s (1993-1998) to 157 deaths per 1,000 births in the middle part of this decade (2003-2008). Most of the decrease in mortality occurred outside of the neonatal period.

Table 1.8 Trends in childhood mortality

Survey	Approximate time period of estimated rates	Neonatal mortality (NN)	Post-neonatal mortality <sup>1</sup> (PNN)	Infant mortality (Iq <sub>0</sub> )	Child mortality (Cq <sub>1</sub> )	Under-five mortality (Uq <sub>0</sub> )
NDHS 2008	2003-2008	40	35	75	88	157
NDHS 2003	1998-2003	48	52	100	112	201
NDHS 1990	1986-1990	42	45	87	115	192

Note: The 1000 per capita

Source: National Population Commission (2009), p120

Table 1.8 shows trends in under-five mortality for five-year periods before the 1990 NDHS, 2003 NDHS, and 2008 NDHS. The results indicate that there has been a decrease in neonatal mortality, although the decrease is small over the 18-year period between the 1990 and 2008, from 42 deaths per 1,000 births in the 1990 to 40 deaths per 1,000 births in the 2008. Post-neonatal mortality shows a decrease from 45 deaths per 1,000 births in 1990 to 35 deaths per 1,000 births in 2008. Infant mortality has decreased from 87 deaths per 1,000 births in 1990 to 75 deaths per 1,000 in 2008. Child mortality decreased by 24 percent over the 18-year period (from 115 to 88 deaths), and under-five mortality decreased by 18 percent over the same period (from 192 to 157 deaths).<sup>19</sup>

Table 1.9 Perinatal Mortality

Background Characteristic	Number of stillbirths	Number of early neonatal deaths	Perinatal mortality rate	Number of pregnancies of 7+ months duration
Residence				
Urban	72	221	35	8,431
Rural	156	649	40	19,898
Zone				
North Central	27	99	33	3,856
North East	41	140	39	4,616
North West	83	257	38	8,863
South East	30	109	50	2,760
South South	19	136	42	3,686

<sup>19</sup> National Population Commission (2009) *Nigeria Demographic and Health Survey 2008*, p118-120

South West	28	129	35	4,548
Mother's Education				
No Education	103	383	37	13,174
Primary	43	228	41	6,565
Secondary	68	218	40	7,064
More than Secondary	14	41	36	1,525
Wealth quintile				
Lowest	55	222	42	6,580
Second	47	202	39	6,442
Middle	36	155	35	5,454
Fourth	49	141	38	5,052
Highest	40	150	40	4,800
Total	228	870	39	28,328

Note: Stillbirth: fetal deaths - seven of gestation period on more than eight months.

Note 2: Early neonatal death: death of newborns within 7 days after birth.

Note 3: Perinatal mortality rate: (total of stillbirth and neonatal death early) / (duration of pregnancy over 7 months)

Note 4: The cycle of birth and taken from the period of the last pregnancy, less than 24 weeks 24 to 35 weeks, 36 weeks - 47 weeks, and at least 48 weeks.

Source: National Population Commission (2009), p126

Perinatal deaths include pregnancy losses occurring after seven completed months of gestation (stillbirths) and deaths within the first seven days of life (early neonatal deaths). The perinatal death rate is calculated by dividing the total number of perinatal deaths by the total number of pregnancies reaching seven months of gestation. The distinction between a stillbirth and an early neonatal death is a fine one, often depending on the observed presence or absence of some signs of life after delivery.

Table 1.9 presents the number of stillbirths, early neonatal deaths, and the perinatal mortality rates for the five-year period preceding the 2008 NDHS, by selected socio-economic characteristics. The perinatal mortality rate in Nigeria is 39 deaths per 1,000 pregnancies. This rate is higher in rural sector, South East and South South zones. It is also higher for the mothers with primary educations, and in the 'lowest' and 'highest' wealth quintiles. These trends do not necessary coincide with the pattern of poverty observed later, except for the rural-urban character.

### 3.3 Education

- ◆ Adult literacy rate: 66.8% (2002)<sup>20</sup>
- ◆ Adult literacy rate (female): 59% (2002)
- ◆ Adult literacy rate (men): 74% (2002)
- ◆ Gross enrollment rate (Primary Education): 96.2% (2006)
- ◆ Gender gap indicators (net enrollment ratio): 0.86 (2006)

<sup>20</sup> Following figures are from USAID(2009) 'USAID Country Health Statistical Report: Nigeria' p5.



Data on educational level obtained from the 2008 NDHS are as follows<sup>21</sup>.

Table 1.10 Educational Attainment of Female Household Population

Background Characteristic	No Education	Primary		Secondary		Secondary	Total	Median years Completed
		Some	Complete	Some	Complete			
Residence								
Urban	22.0	19.2	11.3	17.2	17.5	11.4	100.0	5.7
Rural	48.9	18.7	10.6	10.8	6.5	2.5	100.0	0.0
Zone								
North Central	39.3	23.8	10.9	12.4	7.1	4.8	100.0	1.7
North East	65.5	15.9	5.9	6.5	2.8	1.3	100.0	0.0
North West	67.5	13.1	6.8	4.6	3.1	1.5	100.0	0.0
South East	20.8	23.2	13.8	17.4	15.9	7.6	100.0	5.4
South South	14.9	22.0	15.7	22.3	19.2	7.9	100.0	5.7
South West	21.5	19.2	13.5	17.6	17.4	9.9	100.0	5.6
Wealth quintile								
Lowest	74.4	12.3	6.1	3.8	0.9	0.1	100.0	0.0
Second	58.6	19.2	9.7	7.5	2.4	0.3	100.0	0.0
Middle	39.0	23.4	13.0	14.1	7.1	1.4	100.0	1.9
Fourth	20.9	21.6	15.1	19.1	16.0	5.8	100.0	5.4
Highest	8.0	17.6	10.1	19.8	24.1	19.4	100.0	9.2
Total	39.9	18.9	10.9	12.9	10.2	5.4	100.0	2.1

Table 1.11 Educational Attainment of the Male Household Population

Background Characteristic	No Education	Primary		Secondary		More than Secondary	Total	Median Years Completed
		Some	Complete	Some	Complete			
Residence								
Urban	13.8	19.3	11.0	17.2	22.2	15.3	100.0	7.4
Rural	35.0	21.9	12.3	14.1	10.5	5.0	100.0	2.8
Zone								
North Central	25.3	24.5	10.4	17.2	12.6	8.8	100.0	4.6
North East	53.1	19.8	6.3	9.7	6.0	3.9	100.0	0.0
North West	48.8	18.4	9.4	9.1	6.6	5.5	100.0	0.0
South East	11.1	24.0	19.5	19.2	16.4	9.0	100.0	5.7
South South	7.5	22.2	14.2	21.9	22.0	11.4	100.0	7.3
South West	12.8	19.8	13.2	16.8	24.0	12.7	100.0	6.9
Wealth quintile								
Lowest	62.4	16.7	8.8	7.1	2.9	0.5	100.0	0.0
Second	41.6	23.5	12.4	12.3	6.9	1.7	100.0	1.0
Middle	23.0	26.9	14.2	18.1	12.2	4.4	100.0	4.9

<sup>21</sup> National Population Commission (2009), p13-14.

Fourth	11.2	21.9	14.4	19.9	21.2	10.3	100.0	6.3
Highest	4.4	16.3	9.4	17.4	27.5	24.1	100.0	11.1
Total	27.7	21.0	11.8	15.1	14.5	8.6	100.0	5.1

Note 1: The total number of 37 have not been over weight, which contains information about the case was lost educational achievement.

Note 2: Primary education completion means completing six years of primary education.

Note 3: Completed secondary education is meant to complete six years of secondary education.

Source: National Population Commission (2009), p15-16

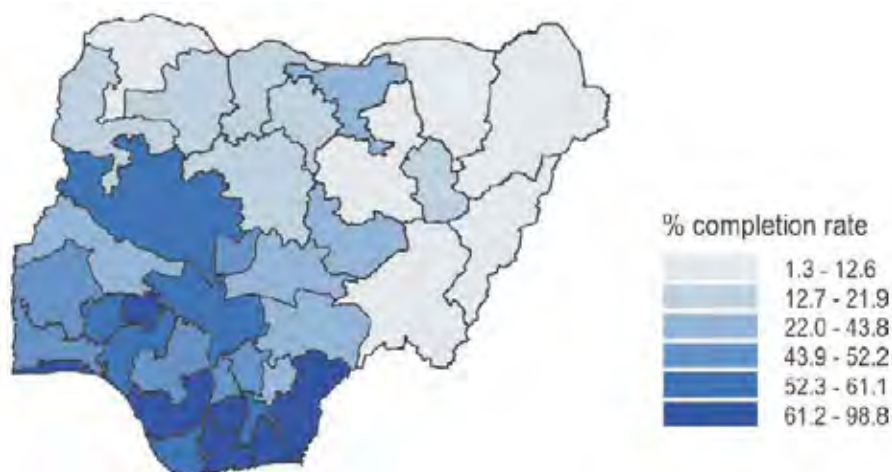
The above data on educational attainment for female and male household members age 6 and older. Results from both tables indicate that, overall, a larger proportion of females than males have never attended school (40 % compared with 28 %).

Whereas the proportion with no-education people is higher in the rural sector for both males and females, the proportion that has not completed primary education is higher in the rural sector among the males, and higher in the urban sector among the females. The proportion that has completed secondary education is higher in the urban sector for both males and females.

The proportion of the population that has attained any education varies across Nigeria's geopolitical regions (zones). The North West and North East have the highest proportion of persons with no education—51% in the North East for males and more than 65% in both the North East and the North West for females. On the contrary, the South South has the lowest percentage that have never been to school for both males and females, as well as the highest percentage that have completed secondary education.

As expected, educational attainment is linked to household wealth status. Females and males in the highest wealth quintiles are more likely to be educated than those in the lowest wealth quintiles. However, the percentages of females who have had no education is higher than males in this group.

Now, the MDGs' targeted rate of primary education completion in 2015 is 100%. Against this target, Nigeria has achieved 67.5% in 2007. The rate by state is indicated in the following map.



Source: Millennium Development Goals (2010) p.19

Figure 1.4 Primary Education Completion Rate by State (2007)

### 3.4 Health

- ◆ Health spending (of GDP): 5% (2003)<sup>22</sup>
- ◆ Number of physicians per 1000: 0.3 persons (1997-2004)
- ◆ Access to improved water sources (peripheral): 49% (2002)
- ◆ Access to improved water sources (urban areas): 72% (2002)
- ◆ Access to improved public health agencies (peripheral): 30% (2002)
- ◆ Access to improved public health agencies (urban areas): 48% (2002)
- ◆ Maternal mortality (DHS / Hill): 1,100 per 100,000 people (2005)
- ◆ Maternal mortality (DHS): 289 people per 100,000 people (1999)
- ◆ Antenatal care (at least one visit): 61% (2003)
- ◆ Antenatal care (twice or more visit): 58.4% (2003)
- ◆ Antenatal care (4 times or more visit): 47.4% (2003)
- ◆ Live birth assisted delivery by health professionals<sup>23</sup>: 36.3% (2003)
- ◆ Live birth assisted delivery by doctor: 6.6% (2003)
- ◆ Live birth assisted delivery by other health professionals: 29.7% (2003)
- ◆ HIV prevalence proportion (15 to 49 years): 3.1% (2007)
- ◆ Estimated number of people living with HIV (adults and children): 2.6 million (2007)
- ◆ Estimated number of people living with HIV (female 15 years old): 1.4 million (2007)
- ◆ Estimated number of people living with HIV (children 0-14 years old): 220,000 (2007)
- ◆ Males reporting condom use with last non-regular partner: 46.9% (2003)
- ◆ Females reporting condom use with last non-regular partner 23.2% (2003)

<sup>22</sup> USAID(2009) 'USAID Country Health Statistical Report: Nigeria' p.5-8.

<sup>23</sup> Doctors, nurses, midwives, etc

- ◆ TB Estimated number of cases: 460,149 (2007)
- ◆ TB case detection rate: 20% (2006)
- ◆ TB (DOTS) treatment success rate: 76% (2006)
- ◆ Malaria cases per 100,000: 1983 reviews (2003)
- ◆ Directly Observed Treatment, Short course (DOTS) coverage: 91% (2007)
- ◆ The cumulative number of human bird flu infection: 0.01 or less (2009)
- ◆ The cumulative death toll of bird flu : 0.01 or less (2009)
- ◆ Proportion of children sleep under insecticide-treated net : 1.2% (2003)

Table 1.12 HIV · AIDS Status and Trends

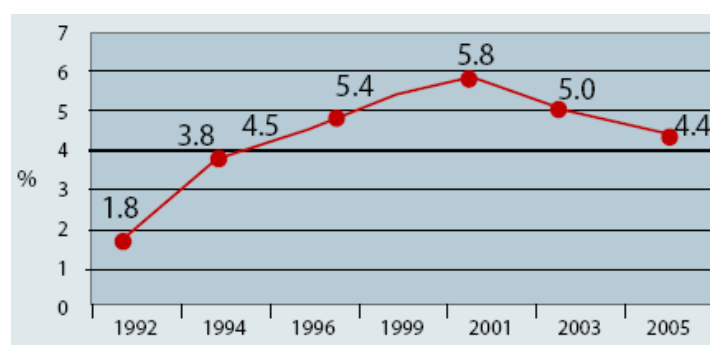
Indicators	1990	2000 <sup>a</sup>	2001	2002 <sup>b</sup>	2003	2004 <sup>c</sup>	2005	2006 <sup>d</sup>	2007 <sup>d</sup>	2015	Progress towards Target
HIV prevalence among 15 to 24-year-old pregnant women (%)		5.4	5.8	5.8	5.0	5.0	4.3	4.3	4.3	To be halted	Improving but Slowly
Percentage of young people aged 15-24 who both correctly identify ways of preventing the sexual transmission of HIV and who reject major misconceptions about HIV transmission					18.3	18.3	25.9	25.9	25.9	100	Improving but slowly
Percentage of young people aged 15-24 reporting the use of a condom during sexual intercourse with a non-regular sexual partner					43.9	43.9	63.8	63.8	63.8	100	Improving
Number of children orphaned by AIDS (millions)						1.8	1.97	1.97	1.97		Worsening

Source: UNDP (2008), p84

The HIV prevalence rate increased from 1.8 % to 5.8 % between 1991 and 2001. However, by 2003 the prevalence rate dropped to 5 % and later to 4.4 per cent in 2005. HIV prevalence among pregnant women aged 15-49 years has declined over the last few years: 5.8 percent in 2001; 5 percent in 2003; 4.4 percent in 2005. A similar trend has been observed among young pregnant women aged 15-24 years: 5.2 % in 2003; 4.3 % in 2005. These trends might suggest a modest decline in the number of new infections in the country.

The 2003 and 2005 NDHS reveal that the number of young people who correctly identify the ways of preventing the sexual transmission of HIV and rejected major misconceptions about HIV transmission is steadily increasing. Although the number of children who have lost their parent(s) to AIDS has increased, it is anticipated that the MDG 6 (“Have halted by 2015 and begun to reverse the spread of HIV & AIDS”) stands a good chance of being achieved<sup>24</sup>.

<sup>24</sup> UNDP (2008) *Mid-Point Assessment of the MDGs in Nigeria 2000-2007*, p84-85.



Source: UNDP (2008), p.84

Figure 1.5 HIV prevalence Trend (1992-2005)

### 3.5 Gender

The gender gap problem in Nigeria is typically reflected in employment circumstances and decision-making in households. With regard to the employment, the problem derives from inequality in education, legislations, occupational culture bias on gender, social attitude of women themselves, and so on. Decision-making in households, in particular, decisions on how to use their own earnings varies by regions and/or income levels. The variation of decisions-making is: mainly (done) by wife; husband and wife jointly; and mainly (done) by husband<sup>25</sup>.

Table 1.13 Poverty and Gender of Household Head (1980-2004 %)

Year	Male-Headed		Female-Headed	
	Non-Poor	Poor	Non-Poor	Poor
1980	70.8	29.2	73.1	26.9
1985	52.7	47.3	61.4	38.6
1992	56.9	43.1	60.1	39.9
1996	33.6	66.4	41.5	58.5
2004	41.8	58.2	56.5	43.5

Source: NBS (2005)

According to the above table, male-headed households are more likely to be living in poverty than female-headed ones. Other indices also show that female-headed households are smaller in size and their educational level is generally high. Most of the female-headed households are headed by widows, and the 50% of female-headed households have size 2-4 persons per household.

<sup>25</sup> National Population Commission (2009), p240-243. According the interviews with NGOs in Abuja, Nigeria, most women in Nigeria do not have access to lands, therefore, they tend to lose the production means when their fathers and/or husbands die.

Table1.14 Per Capita Expenditure by Sex of Head of Household (2004)

Expenditure Source		Household-head	
		Male	Female
Food	Total	0.825	0.729
	Own Consumption	0.263	0.228
	Household	0.562	0.501
Non-Food Expenditure		0.094	0.105
Health		0.150	0.151
Rent		0.340	0.420
Absolute Expenditure	Food	16,991	18,687
	Non-Food	17,746	22,521

Source: NBS (2005)

The above table shows that approximately 50% of total expenditure by both female- and male-headed households is allocated to food, and the share of food expenditure is higher in male-headed households, but in absolute terms, the female –headed households spent more on food and non-food items.

Most of the males were engaged in agriculture and forestry, while most of the females were either students, retired unemployed or inactive category. About 20 % of the females were engaged in agriculture and forestry. There were more females than males in sales and related activities. The quintile distributions show that the poorest of the males were engaged in agriculture and forestry, while the poorest females were students, retired and unemployed.

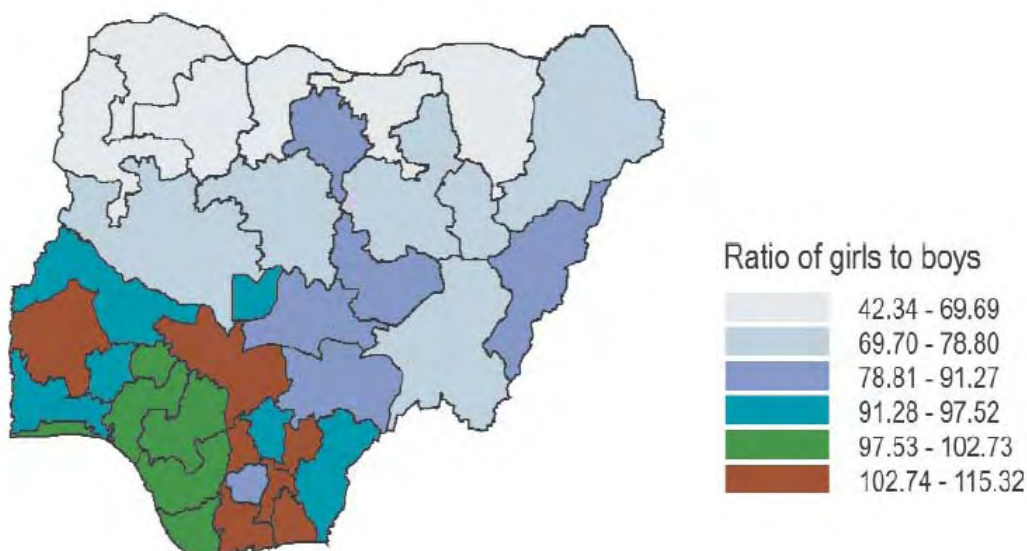
Table1.15 Occupational Group by Sex and Quintiles

Men Occupational Group	Quintile					
	1	2	3	4	5	Total
Student, Retired, Unemployed or Inactive	31.17	31.26	31.68	35.57	32.22	32.52
Professional or Technical	3.74	3.35	3.99	6.10	9.37	5.84
Administration	0.16	0.18	0.34	0.07	0.43	0.25
Clerical	3.61	3.42	3.88	5.54	7.48	5.15
Sales and related	4.66	5.61	6.87	8.37	11.93	8.09
Services and related	2.86	2.86	3.25	3.37	4.39	3.48
Agricultural and Forestry	47.49	47.36	42.21	32.35	22.32	36.06
Production and Transport	1.06	1.59	2.10	2.39	3.34	2.27
Manufacturing and Processing	1.62	1.25	1.99	2.20	2.67	2.05
other	3.63	3.12	3.68	4.05	5.85	4.28
Total	100.0	100.0	100.0	100.0	100.0	100.0
Women Occupational Group	Quintile					
	1	2	3	4	5	Total
Student, Retired, Unemployed or Inactive	47.91	48.26	47.61	42.45	42.25	46.16
Professional or Technical	1.13	1.59	1.80	2.43	5.56	2.79

Administration	0.09	Na	0.09	Na	0.17	0.07
Clerical	1.03	0.72	0.92	1.89	3.14	1.71
Sales and related	12.89	11.99	11.66	15.64	17.31	14.31
Services and related	15.12	15.04	12.69	9.47	7.57	11.39
Agricultural and Forestry	18.02	19.76	22.36	21.03	19.25	20.09
Production and Transport	1.77	2.26	2.48	3.52	4.08	2.98
Manufacturing and Processing	0.04	Na	Na	0.03	0.11	0.04
other	0.22	0.38	0.39	0.54	0.57	0.44
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: NBS (2005)

With regard to the MDGs' Target 3.A, 'ratio of girls to boys in primary education (girls per 100 boys), Nigeria has achieved only 85.4 in 2008, which is far from the targeted 100 in 2015. Looking at the distribution of this ratio by state, while some southern states achieved the target of 100, many of the northern states were far below the average ratio of 78.8.



Source: Millennium Development Goals (2010) p.24.

Figure1.6 Ratio of Girls to Boys in Primary Education by State

## II. Summary of Poverty Reduction and Related Policies

### 1. Overall Policy

The federal government formulated the “National Economic Empowerment and Development Strategy” (NEEDS) in May 2004, which is equivalent to the country's Poverty Reduction Strategy Paper. The objective is to achieve four goals: 1) wealth creation, 2) employment generation, 3) poverty reduction, and 4) value reorientation. To achieve these objectives, the government identified the following issues: i) empowerment of the people (enhancement of health and education, environment protection, regional development and gender equalization, etc); ii) private sector promotion; and iii) administration reform.

These goals and policies were realigned to be taken over to the “Seven Point Agenda” of the Yar'Adua Government established in 2007. In addition, the state governments and the local governments formulated “State Economic Empowerment and Development Strategy” (SEEDS) which complements NEEDS, and promoted both NEEDS and SEEDS<sup>26</sup>.

The government aims to enter into the ranking of the top 20 countries in the world economy by 2020. To achieve this, it created “Nigeria Vision 20:2020” (hereinafter NV20:2020) in 2009. NV20:2020 encapsulates the key principles and thrusts of NEEDS and the Seven Point Agenda, situating both within a single, long term strategic planning perspective. It has the three key pillars: 1) guaranteeing the productivity and wellbeing of the people; 2) optimizing the key sources of economic growth; and 3) fostering sustainable social and economic development. The strategic objectives relating to poverty reduction (eradicate extreme hunger and poverty, enhance access to quality and affordable healthcare, provide sustainable access to portable water and basic sanitation, provide accessible and affordable housing, build human capacity for sustainable livelihoods and national development, promote gender equality and empower women, improve access to micro-credit) are involved to the first pillar<sup>27</sup>.

### 2. Government Agencies

#### Ministry of Health

National Strategic Health Development Plan (NSHDP) 2010-2015 was formulated in 2010, and the nine overarching indicators were set up with eight priority areas. The overarching

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<sup>26</sup> SEEDS, based on NEEDS, is the strategy with the priorities put on agriculture, SMEs, rehabilitation and maintenance of infrastructure, and public finance reform. As such, synergy and complementary effect between NEEDS and SEEDS is secured. (National Planning Commission (2004)). According to IMF, all the 36 states had formulated SEEDS by 2006 and conducted monitoring the progress of SEEDS, utilizing common benchmarks in budget and financial management. (IMF (2007), p.2)

<sup>27</sup> *Nigeria Vision 20:2020 Economic Transformation Blueprint*, October 2009.



indicators include: 1) life expectancy at birth; 2) under 5 mortality rate; 3) infant mortality rate; 4) proportion of 1 year old immunized against measles; 5) prevalence of children under 5 years of age who are underweight; 6) percentage of children under 5 sleeping under insecticide-treated bed nets; 7) maternal mortality ratio; 8) adolescents birth rates; and 9) HIV prevalence among population aged 15-24 years. Furthermore, in eight priority areas, poverty sensitive items are include, such as: "improved gender responsive strategic planning," "review, cost, disseminate and implement the minimum package of care in an integrated manner," "improve financial access especially for the vulnerable groups "etc.<sup>28</sup>.

### Ministry of Education

The action plan until 2009, "Roadmap for the Nigerian Education Sector" was developed in April 2015, in identified four priority areas, namely: 1) access and equality, 2) standards and quality assurance, 3) technical and vocational education and training, and 4) funding, resource mobilization and utilization were set up. Among these, area number 1) deals with the problems that underpin poverty and gender inequality. Concrete measures are as follows.

#### **【Basic Education (ECCDE<sup>29</sup>, primary and secondary education)】**

- National campaign to increase school enrollment, review and update legislations, synergize with related agencies (SMEDAN, NDE, NAPEP) to provide incentives
- Encourage and support the establishment of more neighborhood schools by community, Voluntary Agency Organizations and Faith-based organizations
- Declare a national literacy emergency and creation of a program that utilizes youth corpers and volunteers as teachers in mass literacy programs
- provide meals, uniforms, transportation
- Gender equality
- Improve rural schools and establish "second chance" schools
- Improve sanitation facilities (toilets, water, etc.) in schools especially in rural areas

#### **【Post-basic education (senior secondary education, technical college and vocational enterprise institutions)】**

- Build and equip classrooms to accommodate more secondary school entrants
- Establish a National Council for Vocational Education, complete and development of the National Vocational Qualification Framework (NVQF)
- Intensify the implementation of the Girls Education Programme (GEP)

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<sup>28</sup> Federal Ministry of Health, *National Strategic Health Development Plan (National Health Plan) 2010-1015*, March 2010. According to the interview with a NGO in Abuja, Nigeria, the federal government diverts only 4-7% of the budget to the health sector, despite their commitment of 15% (Abuja declaration).

<sup>29</sup> Early Childhood Care Development and Education

- Provision of flexible schools, e.g., market schools
- Provide adequate infrastructure and facilities for the disadvantaged groups
- Integrate children with special needs, nomadic groups, migrant fisher-folks and farmers, those in difficult terrain and other excluded children

### Ministry of Agriculture

It is recognized that the agriculture sector has the critical role as it supports expansion in the industrial sector, enhances foreign exchange earnings, provides food for the teeming population, provides gainful employment, creates wealth and reduce poverty on a sustainable basis. The Agricultural sector is also critical for the attainment of a key pillar in the nation's Vision 20:2020<sup>30</sup>.

However, productivity in the agricultural sector is still lower than the global average, in spite of number of policy measures. Over the last 20 years, value added per capita in agriculture has risen by less than 1 % annually. In the background, there is the fact that Nigeria spends about 3 billion dollars annually on the importation of food commodities. Rising food and raw materials import bills is declining the levels of food self sufficiency, and is undermining the needed expansion and growth in the agricultural resource based industries expected to absorb the high labor force and boost foreign exchange earnings<sup>31</sup>.

Thus, the main strategic policy thrusts from 2011 to 2013 are set as followings<sup>32</sup>:

- Generation of national and social wealth, particularly in the rural communities through the creation of rural employment and infrastructure.
- Provide the right incentives for private investment inflow into the Sector
- Promote the use of certified and improved seeds of major important crops, fish fingerlings and seed stock.
- Reduce the present level of food import worth over US\$3.3 billion per year by 50 % by 2013
- Encourage the rehabilitation of all existing irrigation facilities to achieve an increase in the percentage of cultivable land from 1 per cent in 2010 to 10 per cent by 2013
- Achieve an efficient and effectual agricultural extension delivery system.
- Achieve the adoption of improved varieties/species of seed and broad stock by 50 % of farmers by 2013
- Distribute high yielding, disease resistance, fast growing varieties of cultivars of crops,

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<sup>30</sup> *Nigeria Vision 20:2020*, p.52

<sup>31</sup> *Nigeria Vision 20:2020*, p53

<sup>32</sup> *Nigeria Vision 20:2020*, p55-56

- Provide incentives for commercial seed and breeding companies to mass produce improved crops, livestock and fish seeds
- Ensure efficient exploitation and utilization of Agricultural Resources,
- Promote the use of Biotechnology, create a new generation of farmers, enhance the utilization of appropriate technology (home grown) promote agricultural production, processing and marketing in order to sustain the sector along the entire value chain.
- Adopt Agricultural Information System (AIS) and wireless technology to enhance effective mapping and classification of efficient allocation to crops, livestock and fish production
- Intensive use of satellite imagery to predict weather and/or climatic changes that affect
- agricultural production
- Use of Natural River and/or stream flow, solar and wind to generate electricity to power agricultural equipment

### III. Poverty Analysis

#### 1. Income Poverty Analysis

##### 1.1 Data Used for Poverty Analysis

The results of regular poverty survey by the federal government of Nigeria have been compiled by National Bureau of Statistics (NBS) in *Poverty Profile for Nigeria*<sup>33</sup>. The initiative to track poverty was implemented in the early 1990s by the then Federal Office of Statistics, which is the forerunner of NBS, and the World Bank. At inception, the National Consumer Survey data set (1980-96) was mainly analyzed. The result was culminated in a *Poverty Profile for Nigeria Report (1980-96)*, which has, since then, served as a benchmark for monitoring and evaluation of various government poverty reduction programs.

The present Poverty Profile is compiled based on the Nigeria Living Standard Survey conducted by NBS every five years. The most recent survey was conducted in 2004, and on which the *Poverty Profile for Nigeria* was created and published in 2005. Currently, the results of Nigeria Living Standard Survey 2009 are under analysis and compilation. The survey covers all 36 states and the Federal Capital Territory (FCT). It selects 10 Enumeration Areas (EAs) from each state and 5 EAs from the FCT. The data are collected on the following key elements: demographic characteristics, educational skill and training, employment and time use, housing, social capital, agriculture, income and consumption expenditure, and non-farm enterprises. The design of questionnaires for data collection was jointly conducted by NBS, the World Bank and the National Planning Commission. A World Bank mission team from Washington took part in the data monitoring exercise. In the data analysis and evaluation phase, a DFID consultant visited Nigeria to provide technical assistance, at the request of NBS, under the British Council Economic Management Capacity Building (EMCAP) project.

##### 1.2 Analysis Based on the Poverty Line

###### 1.2.1 Objective and Relative Measure of Poverty

In *Poverty Profile for Nigeria* (2005) by NBS, various indicators are used for poverty analysis. With regard to the analysis on the poverty line, two methods are adopted, namely objective measure and relative measure.

On the objective measure, an absolute poverty line is calculated as 30,123 Naira (509USD), which consists of annual food expenditure 21,743 Naira (367USD) necessary for

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<sup>33</sup> The following is based on NBS (2005) *Poverty Profile for Nigeria*, and an interview with NBS.

obtaining food to meet the minimum energy requirement of 2,900 calories per day defined by WHO, and annual average non-food expenditure 8,385 Naira (141USD)<sup>34</sup>. As the result of this analysis, the poverty incidences in urban/rural sectors and each zone are shown in the following table.

On the other hand, the relative poverty measure, that is adopted by NBS to obtain continuity with the preceding surveys, calculates a poverty line equivalent to 2/3 of weighted mean per capita household expenditure (for food and non-food)<sup>35</sup>. The relative poverty line set by this measure is 23,733 Naira (401USD) (mean per capita household expenditure in 2004 is 35,600 Naira (601USD)).

Trends of the poverty rate and poverty population based on this index are as follows<sup>36</sup>.

**Table 3.1 Poverty Rate by Urban/Rural Sector and Zone (2004)**

Poverty rate	
Sector	
Urban	43.1
Rural	63.8
Zone	
South South	51.1
South East	34.2
South West	43.0
North Central	63.3
North East	67.3
North West	63.9
total	54.7

Source: NBS (2005)

**Table 3.2 Poverty Head Count by Year(1980-2004)**  
(Unit:%, million)

Year	Poverty Rate	Total Population (estimate)	Population in Poverty
1980	28.1	65.0	18.26
1985	46.3	75.0	34.73
1992	42.7	91.5	39.07
1996	65.6	102.3	67.11
2004	54.4	126.3	68.70

Source: NBS (2005)

In addition, trends of the poverty rate by urban/rural sector and zone based on this relative index are as follows.

<sup>34</sup> In this chapter, the exchange rate is set \$ 1 = 59.2 Naira as defined in NBS (2005).

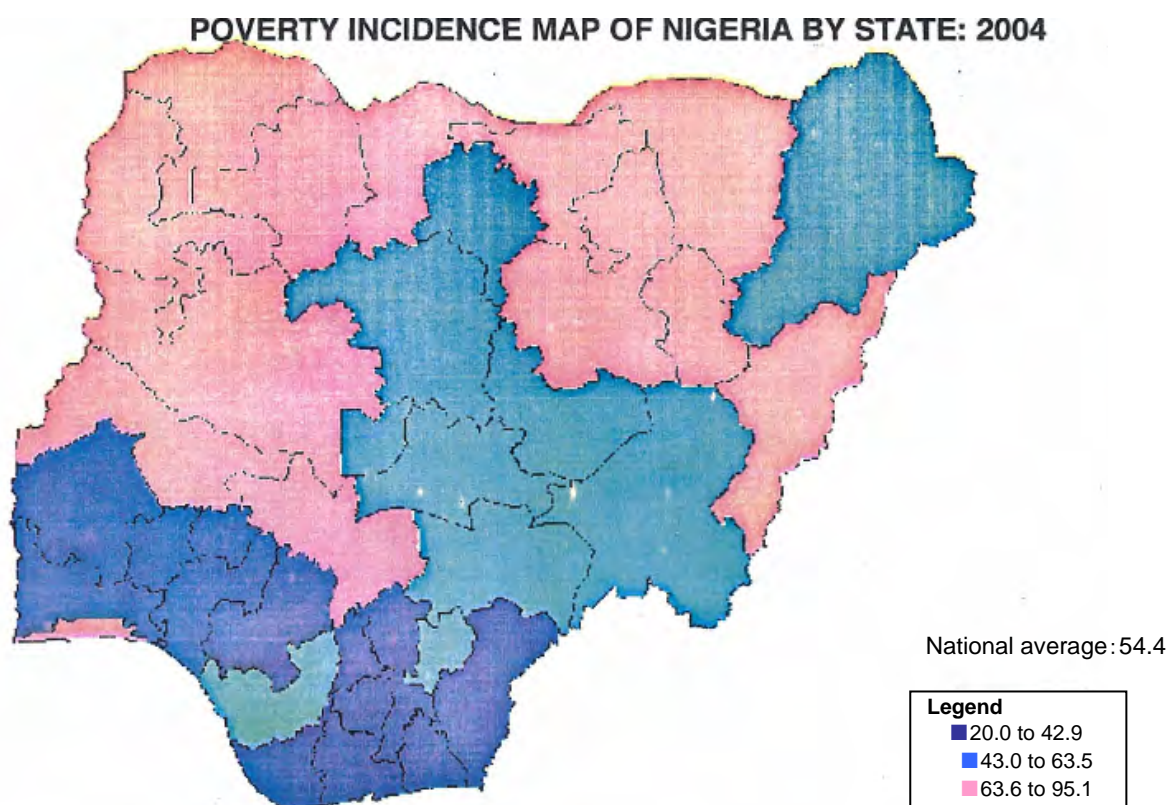
<sup>35</sup> Per capita household expenditure is calculated across 21,900 sample households, which are selected from: 1) 10 EAs from each state every month; 2) 5 households from each EA (25 from FCT). To adjust bias at EA level, weights are used to compute the figure.

<sup>36</sup> Sample size in 1980/1985/1992/1996 were 10,292/9,103/8,955/14,381, respectively. The survey methodologies for 1980-96 and for 2004 seem to be consistent.

Table 3.3 Trends in Relative Poverty Rate by Urban/Rural Sector and Zone (1980-2004)

Year	Sector		Zone					
	Urban	Rural	South South	South East	South West	North Central	North East	North West
1980	17.2	28.3	13.2	12.9	13.4	32	35.6	37.7
1985	37.8	51.4	45.7	30.4	38.6	50.8	54.9	52.1
1992	37.5	46.0	40.8	41.0	43.1	46.0	54.0	36.5
1996	58.2	69.3	58.2	53.5	60.9	64.7	70.1	77.2
2004	43.2	63.3	35.1	26.7	43.0	67.0	72.2	71.2

Source: NBS (2005)



Source: NBS (2005)

Figure 3.1 Poverty Rates by State (2004)

### 1.2.2 Analysis of Two Levels of Poverty

Relative poverty measure has another poverty line for “core poor”, which is 1/3 of weighted mean per capita household expenditure (for food and non-food). Core poor line in 2004 was calculated as 11,867 Naira (200USD). Persons whose expenditures falls between 11,867 and 23,733 Naira are considered “moderate poor”. Proportion of “core poor” increased from 6.2% in 1980 to 29.3% in 1996, then decreased to 22.0% in 2004.

Table 3.4 Trends in Two Levels of Poverty Rates (1980-2004)

Year	Core Poor	Moderately Poor
1980	6.2	21.0
1985	12.1	34.2
1992	13.9	28.9
1996	29.3	36.3
2004	22.0	32.4

Source: NBS (2005)

Table 3.5 Trends in poverty rates by zone for the two relative poverty lines

Zone	Core Poor		Moderately Poor	
	1996	2004	1996	2004
South South	23.4	17.0	34.8	18.1
South East	18.2	7.8	35.3	19.0
South West	27.5	18.9	33.4	24.2
North Central	28.0	29.8	36.7	37.2
North East	34.4	27.9	35.7	44.3
North West	37.3	26.8	39.9	44.4

Source: NBS (2005) (Original Source: Former National Consumer Survey (1996, 2004))

Looking at the trends in two types of poverty, while significant decrease of core poor and decrease of moderate poor to some extent are observed in every Southern zone, core poor increased in the North Central, and moderate poor increased in every Northern zone.

### 1.2.3 Dollar Per Day Poverty Line

NBS (2005) also set a poverty line at deflated dollar per day. This was conducted using an adjusted measure of the 2002 World Bank Purchasing Power Parity (PPP) for 2003 PPP with inflation rates and exchange rate changes. This computed to 59.2 Naira (PPP) to the dollar, which in turn was annualized to a total expenditure 21, 608 Naira. Those who fall below this expenditure threshold were considered poor.

This analysis gives the national poverty rate as 51.6%, and following poverty rates by urban/rural sector and zone.

Table 3.6 Dollar Per Day Poverty by Rural/Urban Sector and Zone

	Sector			Zone						
	Urban	Rural	Total	South South	South East	South West	North Central	North East	North West	Total
Poverty Rate	40.1	60.6	51.6	47.6	31.2	40.2	58.6	64.8	61.2	51.6

Source: NBS (2005)

Looking at the table above, the dollar per day poverty rate largely differs. Comparing rural and urban sectors, urban sector has lower poverty rate (40.1%) than rural sector (60.6%). From a zonal viewpoint, the highest poverty rate of 64.8% is recorded in the North East, followed by 61.2% in the North West. On the other hand, the lowest rate of 31.2% is recorded in the South East, followed by 40.2% in the South West.

Table3.7 Dollar Per Day Poverty by State

Zone	State	Poverty Rate	Zone	State	Poverty Rate
South West	Ekiti	35.51	North Central	Benue	42.84
	Lagos	64.05		FCT	46.98
	Osun	22.66		Kogi	87.46
	Ondo	41.47		Kwara	79.85
	Ogun	29.84		Nassarawa	48.17
	Oyo	19.28		Niger	56.01
South East	Abia	28.01	North East	Plateau	46.78
	Anambra	30.36		Adamawa	68.91
	Ebonyi	46.06		Bauchi	76.51
	Enugu	33.89		Borno	48.65
	Imo	26.46		Gombe	66.34
South South	Akwa Iborn	46.04	North West	Taraba	54.07
	Bayelsa	26.29		Yobe	74.12
	Cross River	51.64		Kaduna	37.72
	Delta	62.28		Katsina	60.42
	Edo	44.31		Kano	46.70
	Rivers	43.12		Kebbi	86.20
			Sokoto	70.54	
			Jigawa	89.54	
			Zamfara	73.38	
			total	51.55	

Source: NBS (2005)

When the poverty rates are taken by state, the difference becomes more distinct. The highest rate is 89.54% in Jigawa state, followed by 87.46% in Kogi state. On the contrary, the lowest rate is 19.28% in Oyo state, followed by 22.66% in Osun state. The general tendency is that the rate is low in the South and high in the North, however, it is noteworthy that some states in the Southern zones have quite high poverty rates, in particular the states of Lagos (64.05%) and Delta (62.28%).

#### 1.2.4 Poverty Gap Index (P1)

The poverty gap index is the measure incorporates the extent to which a poor person's expenditure level falls below the poverty line, or the measure to indicate the depth of poverty.

In Nigeria, the poverty gap tends to be deeper in the rural sector than the urban, and deeper



in the Northern areas than Southern areas. While the poverty gap index in the rural sector is 0.2582, it is 0.167 in the urban sector. It is the highest in the North Central zone with 0.2832, the lowest in the South East zone with 0.0996.

The state with the highest poverty gap 0.5346 is Kogi state, followed by Jigawa state with 0.4413. In the Southern area, Lagos state has extremely high poverty gap index. On the contrary, Oyo state has the lowest ratio 0.0585, followed by Osun state with 0.0757.

**Table 3.8 Poverty Gap Index (P1) by Sector and Zone (2004)**

	Total	Sector		Zone					
		Urban	Rural	South South	South East	South West	North Central	North East	North West
P1	0.2180	0.1670	0.2582	0.1696	0.0996	0.1821	0.2832	0.2743	0.2567

Source: NBS (2005)

**Table 3.9 Poverty Gap by State (2004)**

Zone	State	P1	Zone	State	P1
South West	Ekiti	0.1181	North Central	Benue	0.1543
	Lagos	0.3473		FCT	0.1787
	Osun	0.0757		Kogi	0.5346
	Ondo	0.1539		Kwara	0.4236
	Ogun	0.1023		Nassarawa	0.1582
	Oyo	0.0585		Niger	0.2099
South East	Abia	0.0904	North East	Plateau	0.2003
	Anambra	0.0768		Adamawa	0.3149
	Ebonyi	0.1806		Bauchi	0.3220
	Enugu	0.1118		Borno	0.1889
	Imo	0.0871		Gombe	0.2936
South South	Akwa Ibora	0.1584	North West	Taraba	0.2112
	Bayelsa	0.0994		Yobe	0.3178
	Cross River	0.1969		Kaduna	0.1155
	Delta	0.2222		Katsina	0.2351
	Edo	0.1568		Kano	0.1530
	Rivers	0.1498		Kebbi	0.3968
			Sokoto	0.3333	
			Jigawa	0.4413	
			Zamfara	0.3264	

Source: NBS (2005)

### 1.2.5 Poverty Severity (Squared Poverty Gap: P2)

Poverty severity is calculated as a squared deviation from the poverty line, therefore, a large deviation (poverty gap) is reflected in a higher poverty severity index.

As expected from the tendency in the poverty gap, the index tends to be higher in the

rural sector and the Northern zones, than urban sector and the Southern zones. Poverty severity index of the rural sector is 0.1406, and 0.0918 in the urban sector. The North Central zone has the highest index 0.1685, and the South East zone has the lowest 0.0455.

Looking at the different states, Kogi state has the highest index 0.3619, followed by Jigawa state with 0.2643. In the Southern area, Lagos state has a rather high index as 0.2200, on the other hand, Oyo state has the lowest 0.0244, followed by Anambra state with 0.0324.

**Table 3.10 Poverty Severity Index (P2) by Sector and Zone (2004)**

	Total	Sector		Zone					
		Urban	Rural	South South	South East	South West	North Central	North East	North West
P2	0.1191	0.0918	0.1406	0.0903	0.0455	0.1024	0.1685	0.1434	0.1374

Source: NBS (2005)

**Table 3.11 Poverty Severity by State**

Zone	State	P2	Zone	State	P2
South West	Ekiti	0.0479	North Central	Benue	0.0691
	Lagos	0.2200		FCT	0.0898
	Osun	0.0332		Kogi	0.3619
	Ondo	0.0694		Kwara	0.2778
	Ogun	0.0422		Nassarawa	0.0734
	Oyo	0.0244		Niger	0.1006
South East	Abia	0.0424	North East	Plateau	0.1082
	Anambra	0.0324		Adamawa	0.1768
	Ebonyi	0.0917		Bauchi	0.1676
	Enugu	0.0512		Borno	0.0891
	Imo	0.0373		Gombe	0.1568
South South	Akwa Ibom	0.0843	North West	Taraba	0.1022
	Bayelsa	0.0557		Yobe	0.1723
	Cross River	0.1039		Kaduna	0.0516
	Delta	0.1157		Katsina	0.1155
	Edo	0.0804		Kano	0.0778
	Rivers	0.0840		Kebbi	0.2135
				Sokoto	0.1839
				Jigawa	0.2643
				Zamfara	0.1752

Source: NBS (2005)

### 1.2.6 Wealth Quintile Analysis

The following quintile analysis was derived from ranking household consumption (or consumption per capita) and dividing the population in 20% increments. Minimum consumption, mean consumption, and maximum consumption are calculated for each quintile. According to this, the average expenditure of quintile 5, which is the highest income tier, is 8.84 times as

much as that of quintile 1, which is the lowest income tier. Moreover, the maximum expenditure of the quintile 5 remarkably amounts 2,600 times as much as the minimum expenditure of the quintile 1.

Table 3.12 Quintile Distribution of Annual per Capita Household Expenditure in Naira

Quintile	1	2	3	4	5
Mean	7,811	13,428	19,363	28,335	69,032
Minimum	850	10,510	16,000	22,713	34,736
Maximum	21,310	27,122	33,233	44,675	2,205,154

Source: NBS (2005)

### 1.2.7 Poverty Trends by Socio-Economic Characteristics

First of all, an examination was made into poverty contribution rates – the number of poor people in specific regions or groups divided by the number of poor people across the country as a whole. These are calculated using a poverty line based on figures for relative poverty.

Table 3.13 Contribution to Poverty by Zone and Sector

	Sector		Zone					
	Urban	Rural	South South	South East	South West	North Central	North East	North West
Contribution	35.0	65.0	9.7	5.9	15.5	17.7	17.7	33.6

Source: NBS (2005)

Table 3.14 Contribution to Poverty by Household Size

Household Size	1	2-4	5-9	10-19	20+
Contribution	0.6	19.4	58.9	20.5	0.6

Source: NBS (2005)

Table 3.15 Contribution by Educational Level of Head of Household

Level of Education	No Education	Elementary	Primary	Secondary	Tertiary	other
Contribution	47.6	1.2	3.7	30.1	4.3	13.1

Source: NBS (2005)

Looking at the figures by sector, it becomes clear that rural poverty in the North part of the country (particularly in the North West) is a significant contributor to overall domestic poverty. As for household size, the highest poverty contribution rate is found in households of between 5 and 9 people. Considering how the absolute numbers for households of 10 or more/20 or more people are not so high, the tendency seems to be for poverty contribution rates to rise as the size of the household increases.

As for educational levels, households where the head of household has never been received education account for the highest poverty contribution rate (47.6%). Next up are households where the head of household has received secondary or higher education, but these

figures seem highly questionable when considering the extremely low poverty contribution rates of households where the head of the household has received an elementary or primary education only.

The poverty rate was then analyzed from a number of perspectives, such as the size of the household as well as the education level and occupation of the head of household.

The following table makes it clear that relative poverty levels rise in tandem with the size of the household. In particular, 80.9% of all households of 20 or more people lived in relative poverty as of 1980, with this figure rising to 90.7% as of 2004.

**Table 3.16 Relative Poverty Rate by Household Size (1980-2004)**

Household Size	1980	1985	1992	1996	2004
1	0.2	9.7	2.9	13.1	12.0
2-4	8.8	19.3	19.5	51.5	39.3
5-9	30.0	50.5	45.4	74.8	57.9
10-19	51.0	71.3	66.1	88.5	73.3
20+	80.9	74.9	93.3	93.6	90.7
Total	27.2	46.3	42.7	65.6	54.4

Source: NBS (2005)  
 (Original Source: National Consumer Survey 1980, 1985, 1992, 1996, 2004)

Looking at the secular change between 1980 and 2004, it appears that the relative poverty rate for all household sizes rose during this period. The relative poverty rate for households of 2 to 4 people rose from 8.8% to 39.3% between 1980 and 2004

**Table 3.17 Relative Poverty Rate by Educational Level of Household Heads (1980-2004)**

	1980	1985	1992	1996	2004
No Education	30.2	51.3	46.4	72.6	68.7
Primary	21.3	40.6	43.3	54.4	48.7
Secondary	7.6	27.2	30.3	52.0	44.3
More than Secondary	24.3	24.2	25.8	49.2	26.3
Total	27.2	46.3	42.7	65.6	54.4

Source: NBS (2005)  
 (Original Source: National Consumer Survey 1980, 1985, 1992, 1996, 2004)

Though there was no clear correlation between relative poverty levels and the educational level of the head of household in 1980, as of 2004 the higher the education level of the head of household, the more relative poverty levels decreased. Though the relative poverty rate for households where the head of household received no education rose from 30.2% in 1980 to 68.7% in 2004, this figure only increased slightly during the same period for households where the head of household received a secondary education or higher (24.3% to 26.3%).

Table 3.18 Relative Poverty Rate by Occupation of Household Heads (1980-2004)

Occupation	1980	1985	1992	1996	2004
Professional & Technical	17.3	35.6	35.7	51.8	34.2
Administration	45.0	25.3	22.3	33.5	45.3
Clerical & related	10.0	29.1	34.4	60.1	39.2
Sales Workers	15.0	36.6	33.5	56.7	44.2
Service Industry	21.3	38.0	38.2	71.4	43.0
Agricultural & Forestry	31.5	53.5	47.9	71.0	67.0
Production & Transport	23.2	46.6	40.8	65.8	42.5
Manufacturing & Processing	12.4	31.7	33.2	49.4	44.2
Others	1.5	36.8	42.8	61.2	49.1
Student & Apprentices	15.6	40.5	41.8	52.4	41.6
Total	27.2	46.3	42.7	65.6	54.4

Source: NBS (2005)  
(Original Source: National Consumer Survey 1980, 1985, 1992, 1996, 2004)

Poverty levels are high in households where the head of household works in agriculture or forestry. In 2004, 67% of all households working in the agriculture or forestry sectors lived in relative poverty. Looking at secular change, it appears that poverty levels have been rising for all occupations, apart from the public sector, where poverty levels have only increased slightly since 1980.

### 1.3 Inequality Index (Gini index / index)

The Lorenz Curve is used when calculating the Gini coefficient. According to the NBS (2005), while the lowest 10% of earners accounted for only 1.6% of total national income, the highest 10% accounted for 40% of this figure<sup>37</sup>.

Table 3.19 Gini Coefficient by Urban/Rural Sector and Zone (2004)

	Total	Sector		Zone					
		Urban	Rural	South South	South East	South West	North Central	North East	North West
Gini Index	0.4882	0.5441	0.5187	0.5072	0.4494	0.5538	0.3934	0.4590	0.3711

Source: NBS (2005)

In 2004, the Gini coefficient for Nigeria as a whole was 0.4882. Looking at the figures by urban/rural sector, the coefficient for the urban sector (0.5441) is higher than that of the rural sector (0.5187). By zone, South West Nigeria has the highest coefficient (0.5538), followed by South South zone (0.5072).

<sup>37</sup> National Bureau of Statistics (2005) *Poverty Profile for Nigeria* p26

Table 3.20 Secular Change of Gini Coefficient (1985-2004)

Year		1985	1992	1996	2004
National		0.43	0.41	0.49	0.488
Sector	Urban	0.49	0.38	0.52	0.544
	Rural	0.36	0.42	0.47	0.519
Zone	South South	0.48	0.39	0.46	0.507
	South East	0.44	0.40	0.39	0.449
	South West	0.43	0.40	0.47	0.554
	North Central	0.41	0.39	0.50	0.393
	North East	0.39	0.40	0.49	0.469
	North West	0.41	0.43	0.47	0.371

Source: NBS (2005) (Original Source: NBS (2008) *Human Development Indicators*)

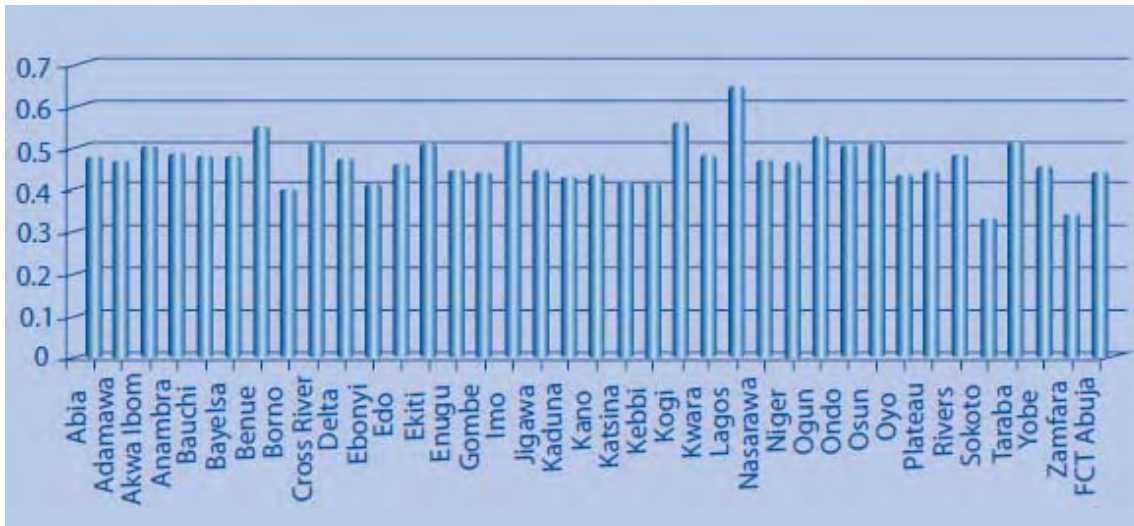
The Gini coefficient has been swinging upwards for Nigeria as a whole compared to 1985. The coefficient has increased in both the urban and rural sectors. By zone though, although the figure has increased across all zones in South Nigeria and in North East Nigeria, the coefficient has fallen in the North Central and North West zones.

Table 3.21 Gini Coefficient by State (2004)

Zone	State	Gini Index	Zone	State	Gini Index
South West	Ekiti	0.5074	North Central	Benue	0.5450
	Lagos	0.6429		FCT	0.4368
	Osun	0.5031		Kogi	0.5555
	Ondo	0.5038		Kwara	0.4783
	Ogun	0.5251		Nassarawa	0.4665
	Oyo	0.4315		Niger	0.4619
South East	Abia	0.4693	North East	Plateau	0.4390
	Anambra	0.4819		Adamawa	0.4696
	Ebonyi	0.4092		Bauchi	0.4782
	Enugu	0.4435		Borno	0.3947
South South	Imo	0.5125	North West	Gombe	0.4343
	Akwa Iborn	0.5003		Taraba	0.5118
	Bayelsa	0.4757		Yobe	0.4503
	Cross River	0.5046		Kaduna	0.4226
	Delta	0.4650		Katsina	0.4110
	Edo	0.4585		Kano	0.4318
Rivers	0.4792	Kebbi	0.4104		
			Sokoto	0.3253	
			Jigawa	0.4397	
			Zamfara	0.3366	
			Total	0.4882	

Source: NBS (2005)

Looking at the Gini coefficient by state, the highest figure is in Lagos in the South West zone (0.6429), followed by Kogi and Benue in the North Central zone (0.5555 and 0.5450 respectively) and Taraba in the North East zone (0.5118). Five of the six states in the South West zone have a Gini coefficient exceeding 0.5, including Lagos. On the other hand, the states with the lowest figures, Sokoto (0.3253) and Zamfara (0.3366), are both in the North West zone.



Source: UNDP (2009) *Human Development Report Nigeria 2008/2009* (Original source: NBS (2008) *Human Development Indicators*)

Figure 3.2 Gini coefficient by State (2004)



Source: NBS (2005)

Figure 3.3 Map of Gini coefficient by State (2004)

## 2. Analysis by Means Other Than Income Poverty

### 2.1 Subjective Poverty Indicators

This analysis is based on the assessment of individuals with regards to whether or not they think their lifestyles meet the minimum standards of living. This method is less generalized compared to other methods due to the fact that individuals often exaggerate in their assessment of their own circumstances. An NBS (2005) survey asked various heads of household to assess their own households.

Table 3.22 Self-Assessment of Poverty by Urban/Rural Sector and Zone (2004)

	Total	Sector		Zone					
		Urban	Rural	South South	South East	South West	North Central	North East	North West
Subjective poverty rate	75.5	70.7	79.2	74.8	77.6	71.5	80.0	81.8	71.9

Source: NBS (2005)

Table 3.23 Primary Coping Mechanism for Poverty (2004)

Coping Mechanism	%
Reducing number of meals	25.27
Piecework agricultural work	26.54
Substitute meals with fruits	10.83
Informal borrowing from friends	10.71
Reducing other household items	5.85
Other piece-work	5.17
Work on food-for-work programme	4.60
Asking from friends	4.21
Others	3.60
Wild food	3.16
Relief food supplies	2.87
Sales of assets	2.84
Formal borrowing	1.73
Religious assistance	1.56
Petty vending	0.86
Pulling children out of school	0.41
NGO assistance	0.14
Public begging	0.09
Total	100.00

Source: NBS (2005)



The subjective poverty rate for Nigeria as a whole stands as 75.5%. Interviewees were also asked why they thought they lived in poverty. 28.5% blamed the high cost of farm input materials, while 10% pointed to the lack of capital needed for business expansion, with a further 7.5% mentioning the lack of capital for an expansion of farming activities.

Furthermore, respondents were also asked what measures they were taking to deal with this poverty. The results were as follows..

## 2.2 Poor Areas/Groups Designated by the Government

Though there are no specifically-designated poor areas or groups in Nigeria, 109 regions across the country have been chosen as targets for the National Special Programme on Food Security.

## 2.3 Vulnerability Analysis

### 2.3.1 Designation of Vulnerable Groups According to NEEDS

NEEDS calls for the provision of a social safety net, particularly in light of the vulnerability of the following groups

Table 3.24 Target Instruments for Protecting Vulnerable Groups

Group	Instruments and interventions
Rural poor	Access to credit and land; participation in decisionmaking; agricultural extension services; improved seeds, farm inputs, and implements; strengthening of traditional thrift, savings, and insurance schemes
Urban poor	Labour-intensive public works schemes; affordable housing, water, and sanitation; skill acquisition and entrepreneurial development; access to credit; scholarships and adult education
Women	Affirmative action (to increase women's representation to at least 30 percent) in all programmes; education, including adult education; scholarships; access to credit and land; maternal and child health
Youth	Education, entrepreneurial development, skill acquisition, access to credit, prevention and control of HIV/AIDS and other sexually transmitted diseases
Children	Children's Parliament, juvenile justice administration, universal basic education, education for girls, care of orphans and vulnerable children (children affected by HIV/AIDS), prevention and treatment of childhood diseases
Rural communities	Water, rural roads, electricity, schools, health facilities, communications

Source: Nigerian National Planning Commission (2004), p.xvii

### 2.3.2 Food Security

The OECD (2009) has stated that Nigeria is facing a food security crisis due to low agricultural productivity, a growing population (particularly in rural areas) as well as the rising

cost of food and crude oil<sup>38</sup>.

With regards to food security, the Nigerian National Planning Commission (2004) has said there are concerns with regards to agricultural desertification, concentration of land usage, low agricultural productivity due to heavy rainfall, the ageing rural working population and the expansion of food imports<sup>39</sup>.

The issue of food security is a serious issue for rural communities in particular. After rainfall washed away nutrient-rich soil in 2007, Nigeria saw a 20% drop in sorghum production, with production levels for corn, rice, black-eyed peas and peanuts also falling by 10% each. This led to soaring grain prices, with corn prices rising 165% year-on-year in the Minna State (North Central zone) in 2008.

According to the CILSS/FAO/FEWSNET/SIMA/WFP Joint Market Assessment Mission to Benin, Niger and Nigeria (2008), Nigeria imports over 4.5 million tons of grain (particularly wheat and rice), though this accounts for less than 15% of domestic consumption<sup>40</sup>.

The Nigerian government is trying to ensure domestic food security through measures such as the National Special Programme on Food Security, a policy being implemented in 109 target villages.

Furthermore, special Initiative Programs have been established for each crop, with some success. A rice initiative saw an increase in arable land from 2.2 million hectares to 2.8 million hectares in 2006, while efforts were made to cultivate the high-yield NERICA rice crop in order to improve productivity. As a result, rice yields rose from 3.3 million tons in 1996 to 4.2 million tons in 2006. There have also been similar initiatives with regards to the production of commercial crops such as cassava and corn<sup>41</sup>.

As part of efforts to combat climate change, the government has also been working in tandem with Community-based structures to develop Early Warning systems (CEWS) to collect data across the Sahel region on rainfall and other factors related to food security. The Famine Early Warning System Network (FEWS NET), developed with USAID funding, works with partners from various social groups to provide precise information that may have an impact on food security.

## **2.4 Human Development Index**

The Human Development Index (HDI) for Nigeria as a whole has risen steadily from 0.425 in 1990 to 0.513 in 2008. Looking at the figures by zone for 2008/9, as shown below, the

<sup>38</sup> OECD(2009) *African Economic Outlook* p60

<sup>39</sup> Nigerian National Planning Commission(2004)*Meeting Everyone's Needs(PRSP)*

<sup>40</sup> CILSS/FAO/FEWSNET/SIMA/WFP Joint Market Assessment Mission to Benin, Niger and Nigeria (2008) *Special Report; Markets, Prices, Food Situation and Propects for Benin, Niger and Nigeria*

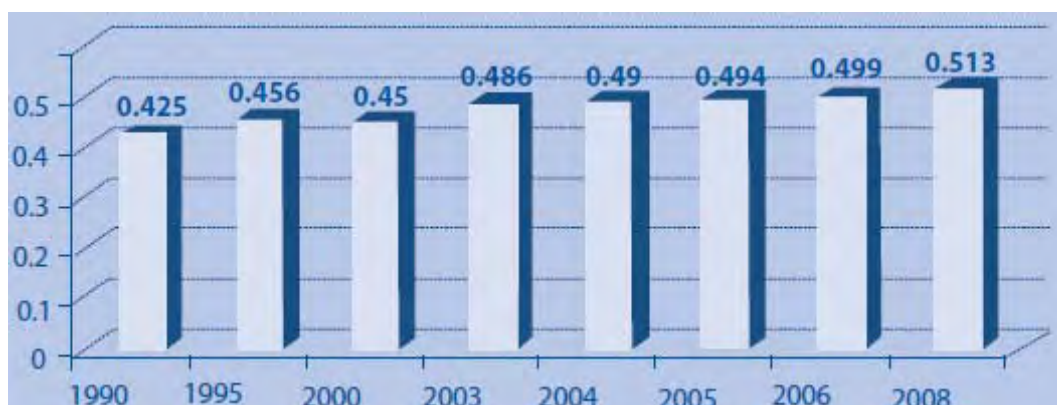
<sup>41</sup> Action Aid nigeria(2009)*Hunger Amidst Plenty: Studies on aspects of the Food Crisis in Nigeria*

highest HDI is found in the South South zone (0.573) while the lowest is in the North East zone (0.332).

Table 3.25 Human Development Index by Zone

	South South	South East	South West	North Central	North East	North West
HDI	0.573	0.471	0.523	0.490	0.332	0.420

Source: UNDP (2009), p10



Source: UNDP (2009) p.42 (Original Source NBS (2008) *Human Development Indicators*)

Figure 3.4 Trends in Human Development Index

This shows how Nigeria's HDI has been gradually improving. According to the UNDP though, if the current correlation between GDP growth and HDI continues, growth in excess of 4 percentage points will be necessary from hereon in order to accelerate the pace of poverty reduction<sup>42</sup>.

### 3. Factors that affect poverty

#### 3.1 Domestic Factors

##### 3.1.1 Finance

First to be noted is the volatility of government revenues. Oil revenues accounted for more than 70 percent of the total government revenue in 2006. As Government revenues fluctuate in accordance with international market oil prices, it is difficult to make a stable fiscal policy<sup>43</sup>. Corporation tax revenue accounted for less than 5% of current income, and Nigeria's average budget deficit to GDP ratio was 6.3% in 1990s<sup>44</sup>.

Delay in budget approval and weak implementation of projects prevail. For most projects,

<sup>42</sup> UNDP (2009) p. 42

<sup>43</sup> Nigerian National Planning Commission (2004) p17-18

<sup>44</sup> *Nigeria Vision 20:2020 Volume I (draft)* p.28.

money spent on projects exceeds original budget. Many plans are implemented without enough medium to long term planning, yet hundreds of projects lie incomplete or abandoned<sup>45</sup>. More than 100 billion dollars is needed to complete those projects. Doubts mount over the effectiveness of government resource allocation<sup>46</sup>.

To mitigate the instability of government revenues caused by price volatility in oil market, Government has implemented fiscal reform such as adopting oil price-based rule, and has introduced Medium-Term Expenditure Framework (MTEF) in fiscal expenditure planning. As a result, the federal government deficit of 7.7 percent of GDP in 1999 decreased to 1.1% in 2008. Foreign debt of 64% of GDP in 2000 decreased to 11.7% in 2009 as Paris Club and London Club<sup>47</sup> implemented debt waiver for Nigeria<sup>48</sup>.

### 3.1.2 Governance

Fragile governance, including corruption, has terrible impact on poverty in Nigeria. Governance problem is what are believed to be the main reason that have prevented effective implementation of past poverty reduction program<sup>49</sup>.

Table 3.26 Freedom Index and the Corruption Perception Index in Nigeria

Table 6 – Freedom in Africa in 2008, countries sub-scores <sup>50</sup>				
Country	Political Rights	Civil Liberties	Status	2007
Nigeria	4	4	Partly Free	=

Table 8 - Corruption Perception Indexes (CPI) for African Countries, 2007 and 2008				
Country	Global Rank 2008	CPI 2008	Global Rank 2007	CPI 2007
Nigeria	121	2.7	147	2.2

Note1: Score of political rights and civil liberties; 1 represents the most free and 7 the least free rating.

Note2: The Corruption Perception Index (CPI) Score relates to perceptions of the degree of corruption as seen by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).

Source: OECD (2009) *African Economic Outlook* p69

Among others, corruption has hampered growth potential, and it has prevented poverty eradication and disparity reduction in Nigeria. Many wealthy people in Nigeria are believed to have gotten its wealth from the state power. In other words, they gain wealth from resources irrelevant to production activity, such as political bribery, government contracts, and

<sup>45</sup> According to the interview in Abuja, it is pointed out that implementation rate of budget by the federal government is less than 50%.

<sup>46</sup> Nigerian National Planning Commission (2004) p17-18

<sup>47</sup> Paris Club is an informal meeting to discuss measures to reduce the burden of public debt between the two countries, as well as meetings of the London Club of private creditors institutions.

<sup>48</sup> *Nigeria Vision 20:2020 Volume I (draft)* p.29.

<sup>49</sup> *Nigeria Vision 20:2020*, p.32.

concessions such as import licenses. As a result, accumulation of wealth has not contributed to formation of productive capitalistic firms.

The root of this problem is that Nigeria depends on oil and gas export revenues, and this enables a part of political elites to dominate for huge economic benefit. Also, economic sabotage to maximize gains from corruption disrupts regional oil refining industry, destroys power generation and distribution system, and degrades the railroad. Besides, corruption causes crime, unemployment, religious and tribal conflicts, Niger Delta riot, police brutality, and other social injustice and dysfunction<sup>50</sup>.

### 3.1.3 Infrastructure

Physical infrastructure improvement in Nigeria is not progressing well as a whole, and there is great disparity between in urban and rural areas. This section deals with drinking water circumstances, sanitation, power supply, and transport infrastructure.

#### 1) Drinking Water Circumstances

The following table shows that the proportion of households who have direct access to processed water is only 56%; 40% of households depend on non-processed water. And the following table also implies that the rate of development of water infrastructure is very different in urban and rural areas<sup>51</sup>.

Table 3.27 Water Development Environment

Background Characteristic		Household-based			Population-based		
		Urban	Rural	Total	Urban	Rural	Total
Treated	Bottled	6.0	0.4	2.4	4.4	0.3	1.6
	Other <sup>1</sup>	75.1	45.3	55.9	75.4	43.6	54.2
Non-treated	Bottled	0.9	0.2	0.5	0.7	0.1	0.3
	Other <sup>2</sup>	14.6	53.4	39.6	16.9	55.5	42.6
Other		3.3	0.7	1.7	2.7	0.5	1.2
Total		100.0	100.0	100.0	100.0	100.0	100.0

Note 1: Other Processed = Piped water into dwelling / yard / plot, Public tap / standpipe, Tube well or borehole, Protected dug well, Protected spring, Rainwater

Note 2: Other outstanding = Unprotected dug well, Unprotected spring, Tanker truck / cart with small tank, Surface water

Source: National Population Commission (2009) Nigeria Demographic and Health Survey 2008

Water improvement projects are underway in various places. As of 2007, Gombe waterworks project have been completed, and Gurara waterworks project in Abuja, Ero waterworks project, and Buyuk waterworks project are underway<sup>52</sup>.

<sup>50</sup> UNDP (2009), p. 105-108.

<sup>51</sup> National Population Commission (2009) p20-21

<sup>52</sup> IMF(2007) 'Progress Report on the National Economic Empowerment and Development Strategy (NEEDS), Seeds Benchmarking Exercise (2006) and Millennium Development Goals(MDGs 2006) p14

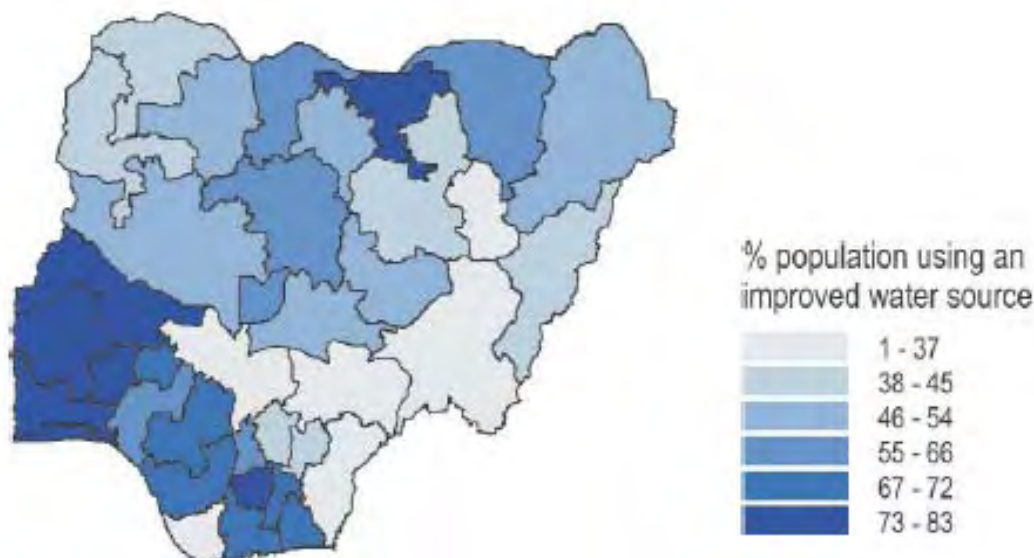
Table 3.28 Processed Water Supply Rate

Zone	State	2005	2006	2007	2008	Zone	State	2005	2006	2007	2008
South South	Ekiti	26.1	11.1	14.4	26.9	North Central	Benue	6.8	1.7	2.2	0.0
	Lagos	48.7	46.4	12.8	8.4		FCT	33.1	25.6	14.4	10.6
	Osun	33.1	21.5	11.9	20.4		Kogi	8.8	9.6	10.0	6.9
	Ondo	6.4	6.5	0.5	0.5		Kwara	22.1	14.9	8.2	7.3
	Ogun	27.2	10.7	9.4	10.2		Nassarawa	7.5	9.8	14.3	14.6
	Oyo	13.2	11.6	11.4	9.4		Niger	16.4	13.3	16.1	13.2
South East	Abia	1.5	0.6	0.0	1.3		Plateau	9.1	9.5	4.0	5.9
	Anambra	0.8	7.9	3.1	0.0		North East	Adamawa	0.9	1.7	6.4
	Ebonyi	5.8	3.9	6.1	4.2	Bauchi		10.1	3.3	0.5	3.9
	Enugu	18.3	9.2	14.9	12.4	Borno		6.3	1.0	4.8	4.0
Imo	9.7	1.6	4.9	1.3	Gombe	3.7		9.6	5.8	6.0	
South West	Akwa Ibom	3.3	3.0	3.8	2.8	Taraba		1.8	0.4	1.2	0.8
	Bayelsa	4.8	7.5	7.7	2.0	Yobe		19.1	3.4	2.0	1.8
	Cross River	11.3	11.9	7.9	8.8	North West		Kaduna	33.1	14.4	15.0
	Delta	3.1	6.1	5.4	3.3		Katsina	17.1	5.0	5.4	7.7
	Edo	1.1	2.0	4.1	4.1		Kano	16.0	2.5	9.6	12.3
	Rivers	7.1	7.0	3.1	10.7		Kebbi	8.8	3.0	5.4	5.2
					Sokoto		13.1	16.0	23.6	12.5	
					Jigawa		6.5	2.4	14.9	16.2	
					Zamfara		16.6	8.9	3.6	6.9	
					Total		12.7	-	8.1	7.7	

Source: National Population Commission (2009)

Table above shows the rate of processed drinking water supplied through waterworks in each region from 2005 to 2008. The fact that total supply rate decreased from 12.7 percent in 2005 to 7.7% indicates underdevelopment of the water infrastructure in Nigeria. Area with most water supply in Nigeria in 2008 is Ekiti State and supply rate is 26.9 percent. Almost no people in Anambra State and Benue State enjoy access to processed water.

"Proportion of people available to safe water (improved water)," MDGs target 7.C, is 58.9 percent in 2009. The Percentage increased from the lowest rate of 49.1 percent in 2007, but was still below the maximum rate 66.25% in 2003 and much below the 2015 target rate of 77%. Figure below shows "Safe water" utilization rate in each states in 2009.



Source: MDGs Nigeria (2010) (original source: Harmonized Nigeria Living Standard Survey (HNLSS), 2009)

Figure 3.5 Utilization of "Safe Water" by State (2009)

## 2) Power supply

While Power supply is one of the major goals stated in NEEDS, its achievement seems difficult judging from the figure in 2006. The maximum power output in 2004 was 4,200 megawatts, but in 2006 it dropped to 3,500 megawatts. The maximum amount of electric transformation increased from 5,838 MVA to 9,430MVA, but still below the target.

However, it deserves to be highlighted that National Electric Power Authority (NEPA) were split into 18 firms and Nigerian Electricity Regulatory Commission was established after NEPA lost monopoly status. Between 2005 and 2006, transformation loss and transmission loss decreased from 15% to 10% and from 35% to 26% respectively. Nevertheless, there are still many problems to be solved to achieve NEEDS goals, such as imbalance between supply and demand, inefficiencies in power transmission substations, and delays in privatization of power sector.

Table 3.29 Power Supply Environment

Zone	State	Only PHCN		No Electricity		Zone	State	Only PHCN		No Electricity	
		2007	2008	2007	2008			2007	2008	2007	2008
South South	Ekiti	56.7	61	41.3	32.1	North Central	Benue	15.7	22.8	78.6	72
	Lagos	67.3	57	0.2	0.3		FCT	36.6	38.3	31.3	26.9
	Osun	67.6	63.6	29.9	33.9		Kogi	52.1	39.5	43	48.1
	Ondo	58	50.3	29	41.9		Kwara	54.9	56.4	38.3	38.5
	Ogun	71.3	69.8	27.1	20.4		Nassaraw	27.7	21.3	63.6	70.6

							a				
	Oyo	57.3	47.5	29.8	38.8		Niger	42.5	35.6	55.9	56.6
South East	Abia	44.5	45.7	33.8	31.1		Plateau	23.8	18.8	65.6	71.3
	Anambra	58	61.9	30.9	24.8	North East	Adamawa	22.3	22.6	71.4	69.8
	Ebonyi	14.7	12.3	73.5	68.1		Bauchi	38.7	31.4	58.5	60.2
	Enugu	45.6	44.9	44.8	45.8		Borno	19.4	15.2	64.5	77.3
	Imo	68.5	69.5	20.8	12.6		Gombe	50.7	39.5	49.3	55.4
							Taraba	3.7	2.8	91	88.8
South West	Akwa Ibom	46.3	40.6	38.3	44.6		Yobe	16.2	18.1	82.9	78.0
	Bayelsa	10.3	21.6	22.2	36.9	North West	Kaduna	53.5	46.2	41.8	42.4
	Cross River	54.1	40.6	37.1	46.3		Katsina	31	36.2	62	59.7
	Delta	62.7	56.8	30.2	29.6		Kano	59.6	42.6	39.6	56.2
	Edo	80.7	77.7	16.9	15.2		Kebbi	44.2	42.7	52.6	54.4
Rivers	24.6	41	36.6	21.7	Sokoto		35.7	29.8	60.3	69.5	
						Jigawa	39.4	41.6	60	56.5	
						Zamfara	24.7	21.5	72.7	77.1	
						Total	47.3	40.4	41.4	48.0	

NOTE: PHCN: Power Holding Company in Nigeria  
Source: National Population Commission (2009)

According to the table above, the proportion of people depending on Power Holding Company in Nigeria (PHCN) is 47.3 percent in 2007, 40.4 percent in 2008. Despite the various reforms mentioned above, the percentage of people not receiving sufficient power supply widens from 41.4 percent in 2007 to 48 percent in 2008.

### 3) Transport Infrastructure

Transport infrastructure in Nigeria, despite a large investment by the government, has not seen much improvement. Only several locomotives and freight cars are available, most of the inland waterways are unavailable for use, port infrastructures are inadequate, the management conditions of road network and airport are poor, and the interconnection between the transit systems is awful<sup>53</sup>.

For transport infrastructure, NEEDS set concrete goals for road, seaport, and railway. To complete construction of 3,000km total road network is first priority, and new construction plan will start after financial assistance become available. Newly established Federal Road Maintenance Agency (FERMA) take charge of road maintenance, while participation of the private sector is expected in road management.

Nigeria has coastline in the southern part of Nigeria, and aims to make seaports in coastline important hub of Economic Community of West Africa States (ECOWAS). There is a

<sup>53</sup> *Nigeria Vision 20: 2020*, p.30.



need to develop facilities for large ship transportation as well as build port for inland ship transportation.

For domestic transportation of large heavy goods and movement of people, it is important to develop the railway network. Railway business contributes to achieve one of the NEEDS goals, "providing an inexpensive means of transportation," and in 2006 railway was opened between Lagos and Kano. While gradual privatization of railway transportation sector (managed by Nigerian Railways at present) is the medium-term goals, rebuilding and improving the infrastructure should remain one of the task of Nigerian Railway Corporation (NRC)<sup>54</sup>.

### 3.1.4 Industrial Structure

Table 3.30 Sectoral Contribution to GDP (1999-2009)

	GDP share(%)	Growth rate (%)	Contribution to GDP growth(%)
Large sectors			
Crops	36.9	7.70	40.88
Mining & quarrying	23.2	2.23	-4.49
Oil & gas	14.2	15.96	28.78
Medium sectors			
Finance	3.93	2.16	1.79
Manufacturing	3.88	9.05	5.20
Power & Electricity	3.28	24.46	3.91
Stockbreeding	2.67	6.19	2.62
Transport	2.26	13.90	3.35
Building	1.66	8.70	2.38
Telecommunication	1.62	50.90	6.62
Real Estate	1.47	9.67	2.20
Fishery	1.38	5.51	1.92

Source: *Nigeria Vision 20: 2020 (2009)*, p.41

Between 1999 and 2009, agriculture (crops), oil and gas, and wholesale and retail were the leading economic sector in Nigeria. Of these, the growth rate of oil and gas sector is low compared with other industry, as a result, it has made a negative contribution to economic growth in this term<sup>55</sup>. Particularly in recent years, turmoil caused by young generation in Niger Delta region prevented the sector from taking advantage of high oil international market prices. The percentage of oil and gas sector contribution to GDP decreased from 33.4 percent in 1999 to 17.3 percent in 2009<sup>56</sup>.

<sup>54</sup> IMF(2007) *Progress Report on the National Economic Empowerment and Development Strategy (NEEDS)*, Seeds Benchmarking Exercise (2006) and Millennium Development Goals(MDGs 2006) p13-14

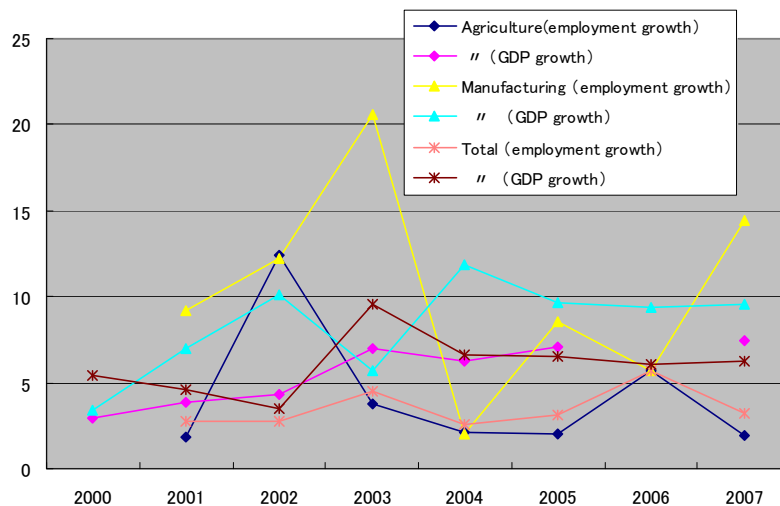
<sup>55</sup> *Nigeria Vision 20:2020 Economic Transformation Blueprint*, October 2009, p.41-42.

<sup>56</sup> *Nigeria Vision 20:2020 The 1<sup>st</sup> NV20:2020 Medium Term Implementation Plan (2010-2013) Volume I: The Vision and Development Priorities (Draft)*, May 2010, p.22-23.

While GDP share of manufacturing and telecommunications industry is not large, they have given relative contribution to GDP growth. In particular, plastic export to ECOWAS countries and other international market grow steadily, so it has become a strong driving force in the manufacturing sector in Nigeria. Among others, Elimu Petrochemical Industry is one of the major players in plastic industry, and its sales are estimated to 80 million dollars per year<sup>57</sup>.

According to the model analysis conducted by UNDP, while Nigeria’s economic growth and poverty rates are negatively correlated, correlation between poverty rate and poverty severity and correlation between poverty rate and Gini coefficient are both negative. This means that economic growth in Nigeria contributes to a decline in overall poverty in the country, but it exacerbates the extent of poverty and economic disparity<sup>58</sup>.

There are several reasons for it: disconnect between economic growth and employment growth; little impact of economic and employment growth on poor people; lack of improvement of total factor productivity; lack of value-added; lack of inter-sectoral linkages; growth brought by high-technology; offset effect of economic reform to employment growth; allocation policy spoiled by corruption, and so on<sup>59</sup>.



Source: Compiled from UNDP (2009) p.84.

Figure 3.6 Employment and Economic Growth (2000-2007,%)

Analysis between economic growth and employment from 2000 to 2007 reveals that employment growth in major sector, including agriculture and manufacturing sector, are below the growth rate of each sector in most of the years<sup>60</sup>. Also in general, employment growth is always lower than the rate of economic growth. Thus, it is reasonable to suppose that there is a

<sup>57</sup> IMF(2007) ‘Progress Report on the National Economic Empowerment and Development Strategy (NEEDS), Seeds Benchmarking Exercise (2006) and Millennium Development Goals(MDGs 2006) p9

<sup>58</sup> UNDP (2009), p.79-82.

<sup>59</sup> Same as above p.82-83

<sup>60</sup> Nigeria Vision20:2020 (2010), p.23-24.

structure which connects economic growth to poverty disparity adversely<sup>61</sup>.

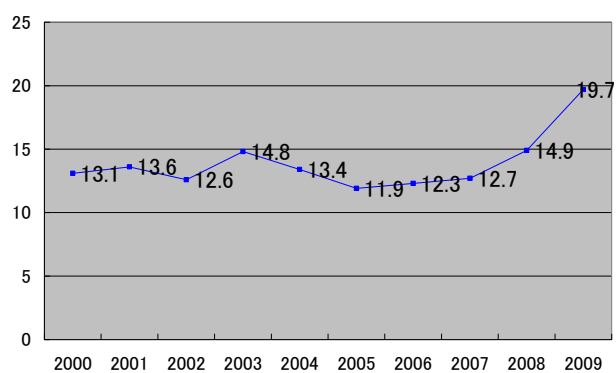
The agricultural sector of Nigeria is not competitive because of low productivity, rainfed farming, lack of transport infrastructure, and lack of preservation and processing facilities. For the manufacturing industry, lack of infrastructure such as power supply instability and non-developed road network, security issues, weak legal force to ensure the contract implementation, corruption, high cost of financing become the bottleneck to foreign company investment to Nigeria and bring drainage of national asset and skilled people.

Furthermore, poverty reduction are also prevented by the gaps between each economic sector: agriculture and commerce (wholesale and retail); agriculture and manufacturing (agro-industry); oil and gas and manufacturing (petrochemicals), manufacturing and commerce<sup>62</sup>.

### 3.1.5 Employment

While unemployment rate fell to 11.9 percent in 2005, it has increased to 19.7 percent in 2009.

Unemployment rate of those with secondary education experience is 26.4 percent, those with secondary education experience in rural area is 25.3 percent, and those with less than primary education experience is 22.9 percent, respectively. By age, unemployment of 15-24 years old in city is 49.9%, highest in every age, same age group in rural area follows it, 39.6%. By gender, rate of female unemployment exceeds that of male unemployment in every age. To summarize them, data above implies that rate of unemployment of "15-24 year-old woman with less than primary education experience in rural area<sup>63</sup>" is the highest, and they suffer from poverty.



Source: NBS, Labour Force Survey, March 2009

Figure 3.7 Change in unemployment rate (%)

<sup>61</sup> Nigerian National Planning Commission (2004) *Meeting everyone's Needs* p9-10

<sup>62</sup> Nigeria Vision20: 2020 (2009), p.43. Linkages between these industries might be the key to economic growth accompanied by poverty reduction for the future of Nigeria.

<sup>63</sup> Females experienced secondary or higher education are very few. See page paper.

Table 3.31 Unemployment Rate by Education Group, Age and Sex  
(March 2009, %)

	Urban	Rural	Total
Total	19.2	19.8	19.7
<b>Educational Group</b>			
No Education	20.6	20.0	20.1
Less than primary	18.4	22.9	22.3
Primary	15.1	14.7	14.8
Secondary	21.4	25.3	23.8
More than Secondary	13.9	26.4	21.3
<b>Age Group</b>			
15–24	49.9	39.6	41.6
25–44	16.3	17.3	17.0
45–59	10.0	12.1	11.5
60–64	18.2	16.2	16.7
<b>Sex</b>			
Male	17.2	16.9	17.0
Female	21.7	23.9	23.3

Source: NBS, *Labor Force Survey*, March 2009

Table 3.32 Unemployment Rate by State  
(March 2009, %)

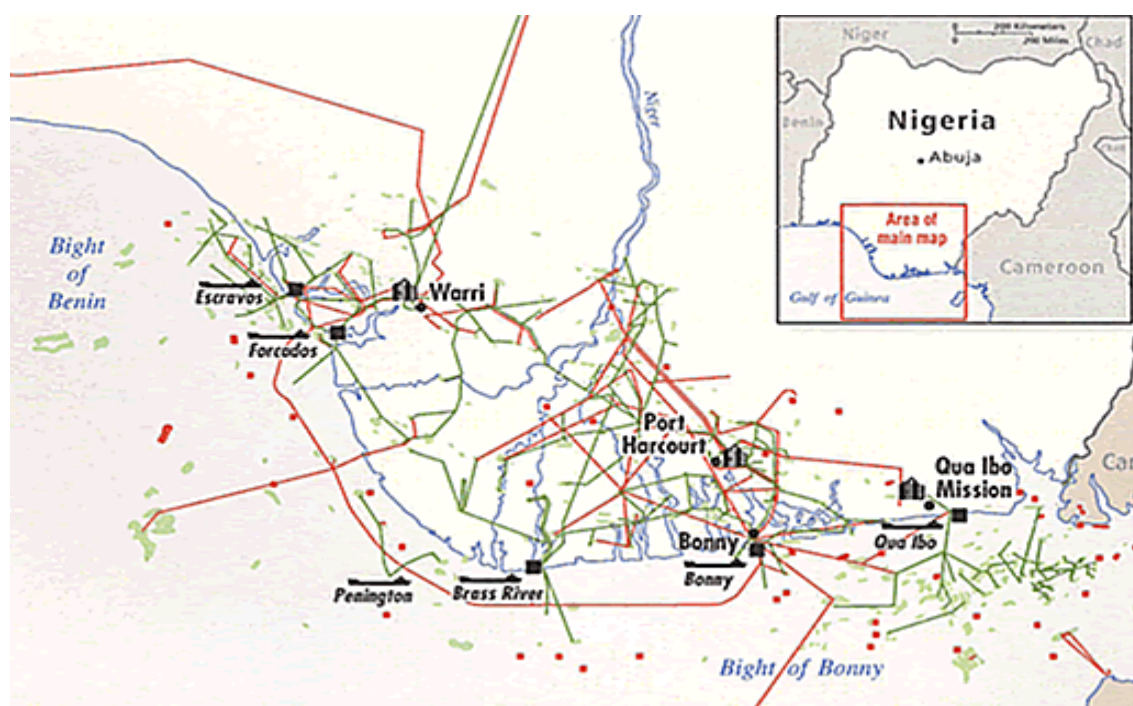
Zone	State	Unemployment rate	Zone	State	Unemployment rate
South West	Ekiti	20.6	North Central	Benue	8.5
	Lagos	19.5		FCT	21.5
	Osun	12.6		Kogi	19.0
	Ondo	14.9		Kwara	11.0
	Ogun	8.5		Nassarawa	10.1
	Oyo	14.9		Niger	11.9
South East	Abia	14.5	North East	Plateau	7.1
	Anambra	16.8		Adamawa	29.4
	Ebonyi	12.0		Bauchi	37.2
	Enugu	14.9		Borno	27.7
	Imo	20.8		Gombe	32.1
South South	Akwa Iborn	34.1	North West	Taraba	26.8
	Bayelsa	38.4		Yobe	27.3
	Cross River	14.3		Kaduna	11.6
	Delta	18.4		Katsina	37.3
	Edo	12.2		Kano	27.6
	Rivers	27.9		Kebbi	12.0
			Sokoto	22.4	
			Jigawa	26.5	
			Zamfara	13.3	
			Total	19.7	

Source: NBS, *Labor Force Survey*, March 2009

Looking at the breakdown by state unemployment rate, the highest is the Bayelsa state in the South South (38.4%), and Katsina state in the North West (37.3%), Bauchi state in the North East state (37.2%), Akwa Ibom state in the South South (34.1%), respectively. On the other hand, unemployment rate in the Plateau state in the North Central (7.1%), Ogun state in the South West (8.5%), Benue state in the North Central (8.5 percent) are not high. Whereas simple comparison is dangerous due to different survey year, the unemployment rate does not match the pattern of poverty indicators by state mentioned earlier.

### 3.1.6 Resources

Nigeria is one of the most resource-rich countries in Africa, and its oil reserve is the world's eighth largest, and natural gas reserve is the world's seventh largest. On the other hand, its dependence on export earnings makes Nigerian economic structure vulnerable. While exporting crude oil and natural gas bring the Nigerian government in over 80% of government revenues and 90% of foreign earnings, only about 1% of total workforce is employed in those sectors and its effect on economic growth seems limited because of almost no forward linkage effects and backward linkage effects.



Source: US Energy Information Administration (EIA) Nigeria  
 (Http://www.eia.doe.gov/cabs/Nigeria/Background.html)

Figure 3.8 Oil-related Infrastructure in the Niger Delta

As the above figure shows, because the oil and gas fields are located in the south coast, it is reasonable to think that contribution of oil and gas sector to poverty reduction in the northern

part of Nigeria is very limited<sup>64</sup>.

### 3.1.7 Ethnicity

For the ethnic composition of the country, Hausa (22%), Yoruba (18%), Igbo (16 percent) are the three dominant ethnic groups. Although 500 or more languages and dialects have been identified in Nigeria, Hausa, Yoruba and Igbo languages spoken by each tribe are allowed to be used in the National Assembly in addition to English as the official language<sup>65</sup>.

As a multi-ethnic nation, Nigeria is supposed to have 250 or more than 300 ethnic groups. The domestic issue over ethnic minorities has been always focused on<sup>66</sup>. According to Ochiai (2005), the issue is understood as "the allocation of resources and power among ethnic groups in Nigeria, and the issue over the federal system closely related to it". He also says that "the institutional engineering" was implemented to give a major impact on this ethnic issue, during the military regime between 1966 and 1999 (excluding the Third Republic regime between 1979 and 1983).

It could be summarized as: the drastic centralization of financial resources allocation system triggered by rapid increase in oil revenues; the fragmentation of administrative division (establishment of local government areas (LGAs)) and their distribution to various communities and ethnic groups; and the reflection of regional and ethnic diversity to the public position in the federal government.

As a result, rivalry between the dominant ethnic groups of Hausa, Yoruba and Igbo, and rivalry between minority and dominant ethnic groups in the same region were eased, however, so called "community conflict", that includes various forms of conflicts and violent incidents frequently occurred. In particular, the ethnic issue has been escalated into riots in the Southern Niger Delta where minority ethnic groups are get frustrated due to unfair allocation of oil revenue and environment devastation, multi-ethnic cities like Lagos and Kano, and the Middle Belt area where various minority ethnic groups and religious communities are mixed. It is also pointed that the flashpoints are unevenly and widely distributed around the country<sup>67</sup>.

In addition, NEEDS states "Political corruption stemming from interethnic rivalry and aimed at the control of the state machinery for private or sectarian interests is at the root of pervasive social conflict in Nigeria<sup>68</sup>".

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<sup>64</sup> UNDP (2009) *Human Development report Nigeria 2008-2009* p27

<sup>65</sup> National Population Commission (2009) *Nigeria Demographic and Health Survey 2008* p31

<sup>66</sup> Mochizuki Katsuya "Social activism and its background in the oil-producing areas of Nigeria (review of literature)", edited by Shigetomi Shinichi (2007), *Development and social activism – review of previous study – study report*, Institute of Developing Economies.

<sup>67</sup> Takehiko Ochiai (2005), "Ethnic issues in Nigeria and institutional engineering – centering military regime period", Institute of Developing Economies (2005), *Asian Economy XLVI-11 ·12*.

<sup>68</sup> Nigerian National Planning Commission(2004) *Meeting everyone's Needs*, p.47.

## 3.2 geopolitical factors

### 3.2.1 Surrounding Area

Nigeria is surrounded by the Republic of Benin on the west, Republic of Niger on the north, Republic of Cameroon on the east, and the Atlantic Ocean on the south side.

For economical connection with the surrounding countries, refer to “3.3.6 Influence of the Surrounding Countries and Regional Integration to Nigeria”, and for migration of labor, refer to “3.3.3 Migration of labor”.

### 3.2.2 Political, Economical, Social, and Environmental Relationship with Major Nations

Refer to “3.3.6 Influence of the Surrounding Countries and Regional Integration to Nigeria”.

## 3.3 Factors of Globalization

### 3.3.1 Trade Liberalization

Nigeria is currently a member of the World Trade Organization (WTO) and ECOWAS. In ECOWAS, abolition of tariffs and free trade programme is under review<sup>69</sup>. For details, refer to “3.3.6 Influence of the Surrounding Countries and Regional Integration to Nigeria”.

It is considered that trade liberalization in a global level can lead to price reduction of agricultural goods, especially rice, due to increase of import rice. Additionally, textile industry will weaken due to inflow of cheap textile products, which may lead to further poverty<sup>70</sup>.

Below Table shows the trend of import of food in the 1990s. It can be observed that increase has become obvious after mid 2000s.

Table 3.33 Imports of Food and Growth Rate

Year	1990-1992	1995-1997	2000-2002	2005-2007
Food Import (\$,millions)	7,370	8,115	7,511	24,021
Growth rate (%)		1.9	-1.5	23.3

Source: FAO, Country Profile Food Security Indicator, Nigeria

([http://www.fao.org/fileadmin/templates/ess/documents/food\\_security\\_statistics/country\\_profiles/eng/Nigeria\\_E.pdf](http://www.fao.org/fileadmin/templates/ess/documents/food_security_statistics/country_profiles/eng/Nigeria_E.pdf))

Trend of import volume and cost of main food shows large share of wheat, which is not produced in Nigeria, contributing to the increase of both figures. With regard to rice, although the import volume reduced tremendously like the other foods in 2008, it is leveling around 1 million ton / 300 million dollar (however, slightly less than 400 million dollar in 2007). This is

<sup>69</sup> ECOWAS Revised Treaty, article35‘Liberazation of Trade’, article36‘Custum Duties’ (<http://www.worldtradelaw.net/fta/agreements/ecowasfta.pdf>)

<sup>70</sup> Based on the interview in Abuja.

enough to give impact to the domestic rice production, which is around 3 to 4 million ton, but so far from the data, damages to the domestic production as described above cannot be observed. However in the future, if the domestic productivity is to reduce or level out, and the import volume is to increase, concerns described in 2.3.2 “Food Security” may arise.

Table 3.34 Trend of Import by Product (2004-2008, million ton)

Imports	2004	2005	2006	2007	2008
Wheat	2.61	3.71	3.24	7.80	1.13
Sugar	0.47	0.46	0.29	0.15	0.40
Rice	1.35	1.04	0.96	0.97	0.19
Palm oil	0.27	0.30	0.31	0.38	0.46

Source: FAOSTAT, Nigeria

(<http://faostat.fao.org/desktopdefault.aspx?pageid=342&lang=en&country=159>)

Table 3.35 Trend of Import by Product (2004-2008, million dollar)

Imports	2004	2005	2006	2007	2008
Wheat	476.0	654.3	653.4	2,179.0	671.2
Sugar	105.0	130.0	105.5	56.5	170.1
Rice	297.0	319.2	291.3	394.5	85.2
Palm Oil	279.0	343.6	351.5	444.0	538.5

Source: FAOSTAT, Nigeria

Table 3.36 Trend in Rice Production in Nigeria

	2000	2004	2005	2006	2007	2008
Production (\$, thousand)	679,959	683,612	730,784	834,882	653,280	864,799
Production (1,000MT)	3,298	3,334	3,567	4,042	3,186	4,179

Source: FAOSTAT, Nigeria

### 3.3.2 FDI

The foreign direct investment (FDI) to Nigeria is targeted mainly to natural resources. Countries with large scale petroleum related industries such as U.S. or England have traditionally invested a large amount to Nigeria. In the recent years, China is actively investing in Nigeria, which made Nigeria the second largest China's FDI country in Africa, following South Africa<sup>71</sup>.

Based on the balance of payments by the Central Bank of Nigeria (CBN), the inward direct investment (net, flow) to Nigeria in 2009 was 5.85 billion dollar due to the severe financial crisis, which reduced 14.1% from the previous year.

Regarding the resource industry, emerging countries such as Russia and China are increasing their investment amount, for example, Gazprom, which is a natural gas company of

<sup>71</sup> Corporate Guide International (2010) *Corporate Nigeria 2010/2011* p46-47



the Russian government, established a joint company with Nigerian National Petroleum Corporation (NNPC), while the Chinese major petroleum and gas company, China National Offshore Oil Corporation, is reviewing whether to acquire the rights for a block for an oil development field in Nigeria. The non-resource fields are also targeted for investment by Asian companies such as China and India<sup>72</sup>.

However as described above, these FDI to natural resources hardly have ripple effect to the national industries or employment, therefore is being a factor for poverty in Nigeria.

Table 3.37 Amount of Inward Direct Investment

	2007	2008	2009
FDI (\$,millions)	6,086.73	6,814.40	5,850.73

Note: based on balance of international payments, net, flow  
Source: JETRO (2010) (Original source: CBN)

### 3.3.3 Migration of labor

Nigeria is an important host nation for immigrants in West Africa. The number of immigrants in 1991 was 477,135 persons, but increased to 971,450 persons in 2005, and more than 1.1 million is expected in 2010. Many of those immigrants are from the ECOWAS, including Republic of Benin or Republic of Ghana, consisting 74% of the total. Even accepting such a large number of immigrants, their share in the total population is only around 0.7%.

Table 3.38 Data of Immigrants in Nigeria

Table 12: Population and migration characteristics of Nigeria: 1990, 2000 and 2005

	1990	2000	2005	2010
Estimated total population at mid-year ('000)	97,338	124,842	140,879	158,259
Estimate of international migrants at mid-year ('000)	447	751	972	1,127
International migrants as % of total population	0.5	0.6	0.7	0.7
	1995–2000	2000–2005	2005–2010	
Net number of international migrants ('000)	-19	-34	-60	
Net migration rate (per 1,000 people)	-0.2	-0.3	-0.4	

Source: UNPD, 2008 and 2009.

Source: IMO (2009)

At the same time, Nigeria is accepting many immigrants for intellectual workers. Of all the immigrants, 2.73% are general managers, 0.89% are company presidents, and 0.43% are engineering specialists or mathematicians. However, many of the immigrants occupied in these jobs are from Europe, which consists of 47.36% of the intellectual workers<sup>73</sup>.

Conversely, immigrants from Nigeria to other countries are increasing in the recent years,

<sup>72</sup> JETRO (2010) *Global Trade and Investment Report – Nigeria –*

<sup>73</sup> IOM (2009) *Migration in Nigeria; a country profile 2009* p15

indicating negative values for rate of immigrants after 2000, continuously (2000: -0.2, 2005, -0.3, 2010: -0.4). According to Development Research Centre on Migration, Globalization and Poverty (DRC), 1,041,284 Nigerians were working overseas in 2000, which most live in Sudan (24%), U.S. (14%), and England (9%), etc.

Although acquiring detailed data is difficult, according to the survey in 2000, 10.7% of the Nigerians with higher education in Nigeria are working overseas<sup>74</sup>.

As described in below “3.5.3 Disparity Issues”, the immigrants from the surrounding nations have come to the north of Nigeria, metropolitan area (Abuja), or major cities in the south (Lagos, etc.), and may possibly have worsened the poverty or disparity issues in these areas. Additionally, the outflow of intelligence to overseas may be accelerating the poverty of Nigeria.

### **3.3.4 Migrant / Overseas Remittances**

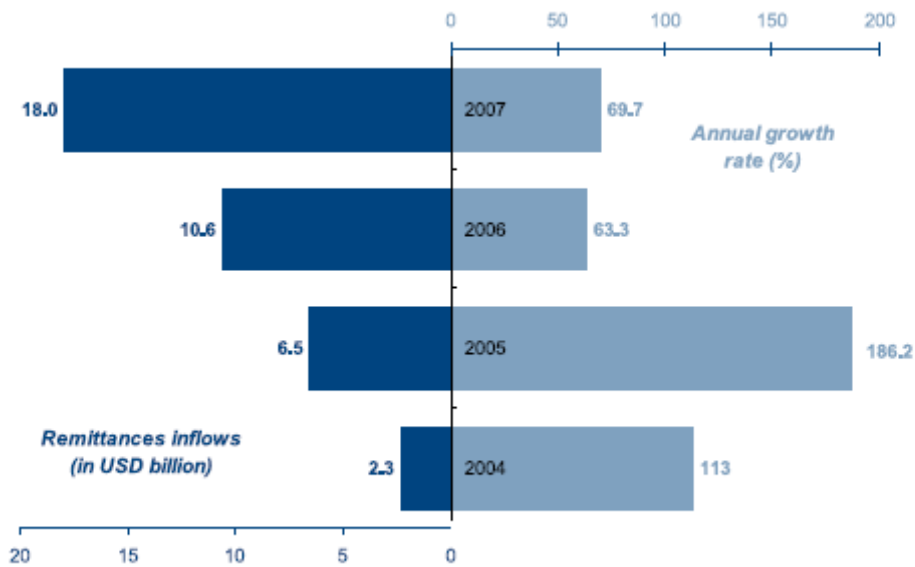
The inflow of overseas remittance into Nigeria before 2004 was less than 2 billion dollar, however, it increased to 2.3 billion dollar in 2004, 6.5 billion dollar in 2005, 10.6 billion dollar in 2006, and marked 10.8 billion dollar in 2007. The growth rate from 2005 to 2007 was 186.2%, 63.3%, and 69.7%, consecutively. According to CBN, the estimated overseas remittance to Nigeria in 2008 was 19.2 billion dollar.

With regard to the financial flow to GDP from 2003 to 2007, the figures increased from 1.4%, 2.6%, 5.7%, 7.4%, and to 9.8%, consecutively. Below Figure also describes that the total cost of overseas remittance in 2004 was higher than the FDI of the same year, and was also higher than the FDI in the financial flow to GDP.

The reason for such increase of financial flow from overseas is due to the advance of economic reform in the Nigeria, stock market and international market, and, development of housing loan market, etc.

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<sup>74</sup> Same as above.



Source: IMO (2009)

Figure 3.9 Inflows of Overseas Remittances to Nigeria (2004-07)

Table 3.39 Ratios of Selected Financial Flows to GDP (1996-2007 %)

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Personal home remittance	0.4	0.9	0.8	2.3	2.4	2.0	2.0	1.4	2.6	5.7	7.4	9.8
Foreign direct investment	1.0	1.0	1.0	2.0	2.0	2.0	2.8	2.6	2.1	4.4	9.8	6.8
Portfolio investment	0	0	0	0	1.0	1.0	0.3	0.2	0.2	2.6	1.6	2.7
Oil export	8.0	8.0	5.0	25.0	28.0	28.0	20.7	29.6	38.6	47.9	39.5	34.7
Non-oil export	0.2	0	0	0	0	0	1.2	0.9	1.0	0.7	0.7	0.7

Source: IMO (2009)

The data provided by the World Bank shown in the below Table indicates slightly lower value compared to the above, due to the difference in calculation method. However, trend that the amount is increasing from 2000 to 2008, is indicated in both. Additionally, the outflow of money from Nigeria to overseas has also increased during the same period. The total amount overseas remittance from Nigeria which was 600,000 dollar in 2001, increased to 1.3 million dollar in 2008.

Table3.40 Worker remittance flows from and to Nigeria (2000-2009, millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Inward remittance flows	1,392	1,167	1,209	1,063	2,273	3,329	5,435	9,221	9,980	9,585
% of GDP	–	–	–	–	–	3.4	2.8	6.7	4.7	–
Outward remittance flows	1	1	1	12	21	18	18	103	103	–

Source: IMO (2009)

In general, overseas worker remittance in developing countries such as in Philippines is considered in a positive way, as a part of stable current revenue<sup>75</sup>. Conversely, a negative correlation for overseas worker remittance and GDP per capita is indicated in some studies, or, is pointed out that overseas remittance does not impact significantly for the economic growth of developing countries<sup>76</sup>. While these studies do accept the advantages of the overseas worker remittance influence the poverty reduction directly through increase of income of the recipient household, and, from the consumption of the household, a new employment and demand is created (multiplier effect), and that the remittance improves the trustworthiness and financial sustainability, it also points out that overseas worker remittance give negative impact to direct employment in the country or investment in their own country, tends to increase the poverty disparity, trigger increase of real exchange rate (Dutch disease effect), and tends to weaken the fiscal discipline of the government. Therefore, these studies advice to not consider overseas remittance as an engine for a general long-term economic growth such as export or FDI

### 3.3.6 Influence of the Surrounding Countries and Regional Community to Nigeria

Nigeria is currently a member of five international organizations related to economy; African Development Bank (AfDB), Organization of Petroleum Exporting Countries (OPEC), ECOWAS, WTO and World Intellectual Property Organization (WIPO)<sup>77</sup>.

Of the above, for ECOWAS, approaches are made for tariff liberalization in the region from 1981. The subject of tariff liberalization was extended to industrial products after 1999, and by the end of 2009, tariff in the region is planned to be eliminated<sup>78</sup>. Additionally, regarding the monetary union in the region, all member countries are targeting to employ ECO by 2020,

<sup>75</sup> *Report of the Stocktaking Work on the Economic Development in Africa and the Asian Growth Experience*, JICA (2008) positions “strategic dispatching of overseas workers” by the Philippines as a case of development strategies to create a new comparative advantage.

<sup>76</sup> For example, Juthathip Jongwanich (2007), “Worker’s Remittances, Economic Growth and Poverty in Developing Asia and the Pacific Countries” (UNESCAP Working Paper WP/07/01); Ralph Chami, Adolfo Barajas, Thomas Cosimano, Connel Fullenkamp, Michael Gapen and Peter Montiel (2008), “Macroeconomic Consequences of Remittances” (IMF Occasional Paper 259).

<sup>77</sup> Japan External Trade Organization (JETRO) *Situation of WTO and other member countries – Nigeria* – ([http://www.jetro.go.jp/world/africa/ng/trade\\_01/](http://www.jetro.go.jp/world/africa/ng/trade_01/))

<sup>78</sup> OECD (2009) *African Economic Review* p22

by employing step by step in each country. Promotion of free trade programme or establishment of Community Court of Justice, and community tax is planned at the same time<sup>79</sup>.

On the other hand, Nigeria had denied the Economic Partner Agreement (EPA) with EU in 2007, due to dissatisfaction of tariff rate<sup>80</sup>.

The main trading countries including both import and export for Nigeria are EU nations, which was 25.5% of the export value and 32.8% of the import value in 2009. As for the ECOWAS nations, Ivory Coast is at 6<sup>th</sup> for export and 8<sup>th</sup> for import, and Ghana is at 7<sup>th</sup> for export, but both are only around 2% of the share. Additionally, unification of food market in West Africa is underway, therefore export of food to Niger from Nigeria or Benin is expected<sup>81</sup>. Hence, free trade in ECOWAS may give minor advantage to Nigeria, but is not a threat.

Table 3.41 Main Trade Countries and Regions of Nigeria (2009)

The Major Imports Partners				The Major Export Partners			
Rk	Partners	Mio euro	%	Rk	Partners	Mio euro	%
	World (all countries)	30.851,7	100,0%		World (all countries)	37.112,6	100,0%
1	EU27	10.116,9	32,8%	1	United States	12.694,8	34,2%
2	China	4.313,2	14,0%	2	EU27	9.467,4	25,5%
3	United States	2.890,9	9,4%	3	India	3.647,2	9,8%
4	India	1.103,8	3,6%	4	Brazil	3.385,3	9,1%
5	Brazil	842,1	2,7%	5	South Africa	1.361,1	3,7%
6	South Korea	642,7	2,1%	6	Ivory Coast	936,6	2,5%
7	Thailand	625,5	2,0%	7	Ghana	816,2	2,2%
8	Ivory Coast	565,6	1,8%	8	China	572,0	1,5%
9	South Africa	534,8	1,7%	9	Cameroon	562,1	1,5%
10	United Arab Emirates	528,1	1,7%	10	Turkey	393,9	1,1%

Source: Trade website-Trade Statistics-Nigeria

([http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113427.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113427.pdf))

Table 3.42 Trade Partners and Trade Value in ECOWAS (100 million EUR)

Export		Import	
Country	Amount	Country	Amount
Ivory Coast	565.6	Ivory Coast	936.6
Niger	95.2	Ghana	816.2
Ghana	50.6	Senegal	273.5
Togo	32.1	Niger	56.5
Guinea-Bissau	29.1	Benin	32.6
Benin	20.4	Togo	18.3
Senegal	13.1	Guinea	5.0

Source: Trade website-Trade Statistics-Nigeria

([http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113427.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113427.pdf))

<sup>79</sup> Website of Ministry of Foreign Affairs Japan *Economy Community Of West African States (ECOWAS)* (<http://www.mofa.go.jp/mofaj/area/africa/ecowas.html>)

<sup>80</sup> It was reported that Nigeria had requested for 50% higher tariff compared to the conventional rate for common external tariff to the West African Economic and Monetary Union (WAEMU), which is the member of tariff and monetary in ECOWAS.

<sup>81</sup> WFP (2008) *Special Report – Market, Prices, Food, and Prospects for Benin, Niger and Nigeria*.

Although most agricultural goods and important non-agricultural goods are exempt from the free trade for Africa (and Caribbean, Pacific nations) in the EPA with EU, and that a development aid package is included<sup>82</sup>, Nigeria continues to deny the offer. This is assumed that although to a limited extent, if food and wide range of industrial products are liberalized from EU, domestic industries in Nigeria are threatened. Or another theory is that this is a political maneuver, attempting for a dominant position as an exporter of mineral resources and agricultural goods (cacao, sesame, etc.).

Table 3.43 Nigeria imports from EU (2009)

SITC Sections	Value (millions of euro)	Share of Total (%)
<b>TOTAL</b>	<b>9.197</b>	<b>100,0%</b>
Machinery and transport equipment	3.221	35,0%
Mineral fuels, lubricants and related materials	3.062	33,3%
Manufactured goods classified chiefly by material	840	9,1%
Chemicals and related prod, n.e.s.	671	7,3%
Food and live animals	623	6,8%
Miscellaneous manufactured articles	399	4,3%
Commodities and transactions n.c.e.	110	1,2%
Beverages and tobacco	76	0,8%
Crude materials, inedible, except fuels	52	0,6%
Animal and vegetable oils, fats and waxes	11	0,1%

Source: Trade website-Trade Statistics-Nigeria  
([Http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113427.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113427.pdf))

Table 3.44 Nigeria exports to EU (2009)

SITC Sections	Value (Millions of euro)	Share of Total (%)
<b>TOTAL</b>	<b>10.414</b>	<b>100,0%</b>
Mineral fuels, lubricants and related materials	9.571	91,9%
Food and live animals	545	5,2%
Manufactured goods classified chiefly by material	106	1,0%
Crude materials, inedible, except fuels	93	0,9%
Machinery and transport equipment	67	0,6%
Commodities and transactions n.c.e.	14	0,1%
Miscellaneous manufactured articles	7	0,1%
Beverages and tobacco	4	0,0%
Chemicals and related prod, n.e.s.	2	0,0%
Animal and vegetable oils, fats and waxes	0	0,0%

Source: Trade website-Trade Statistics-Nigeria

<sup>82</sup> Nobuyo Tanaka, "Economic Partnership Agreement between EU and ACP nations", Institute for International Trade and Investment *International trading and investment* Spring 2009.

### **3.4 Impact of Private Investment on Poverty Reduction**

See “3.3.2 FDI”.

### **3.5 Other Relevant Country Specific Factors**

#### **3.5.1 Decentralization**<sup>83</sup>

In the federal system of Nigeria, state and regional governments have been growing in response to requests for delegation of power to lower-level governments since the independence in 1960 to the present day, when the country has 36 states and the Federal Capital Territory, further divided into 774 Local Government Areas. Currently the expenditure of the state and local governments accounts for as much as 45% of the consolidated expenditure of the governments.

Although the federal government has the authority to enact economic laws and formulate policies superior to lower-level governments as well as the authority of extensive tax collection, it lacks the legal authority to control expenditure of state and local governments. Therefore, federal and state/regional governments carrying out redundant policies and competing with each other, the original effective and complementary functions of the federal system are impaired. In 2005 there was a plan to introduce the Law to Monitor Revenue Allocation to Local Governments to ensure fiscal discipline in local governments, but the Supreme Court made a ruling invalidating the law at the request of state governments. Therefore, it has become even more difficult to take actions for poverty reduction and disparity correction, which require a higher level cooperation among governments.

#### **3.5.2 Disparity**

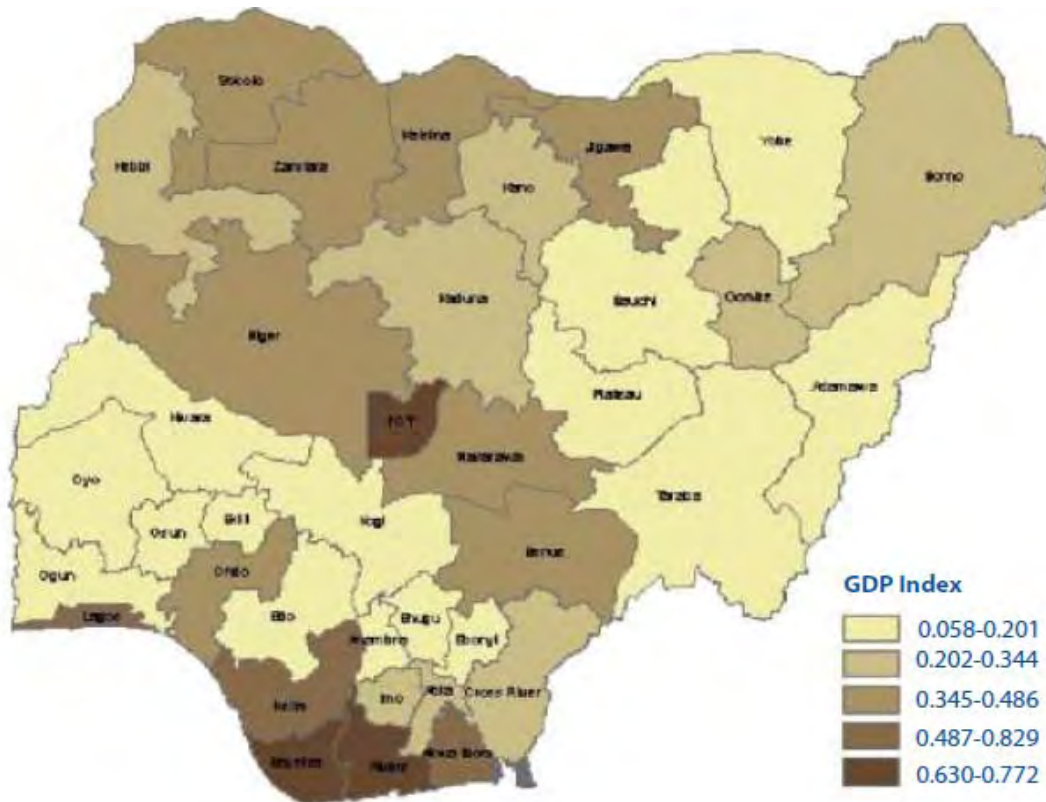
Figure 3.10 is a map showing GDP index (index of GDP per capita) of each state. Table 3.45 shows GDP per capita, HDI, poverty index and inequality measure of each state (all data from UNDP) and the top/bottom five of such indexes are shaded.

This table shows the following characteristics.

- 1) The top five states in GDP per capita are all in the southwestern and southernmost areas except the Federal Capital Territory (FCT), which is located in the north central area. On the other hand, the bottom five states are spread in the northeastern, north central, southwestern and southeastern areas. For example, the disparity in GDP per capita between the state with the lowest number, Taraba state (North East), and Anambra state (South East) is only 1.15 times. The disparity between Taraba and FCT, which has the highest GDP per capita, is 72 times.

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<sup>83</sup> UNDP (2009) p. 103-105.



Source: UNDP (2009) (Original Source: NBS (2008) *Human Development Indicator*)

Figure 3.10 GDP Index in State

Table 3.45 Disparity Indices by State

Zone	State	GDP per capita (US\$)	HDI	Human Poverty Index	Inequality Measure
South West	Ekiti	316.56	0.528	22.1	0.40
	Lagos	2,554.98	0.621	14.5	0.48
	Osun	183.07	0.480	22.1	0.50
	Ondo	1,688.34	0.594	23.9	0.50
	Ogun	247.28	0.471	24.5	0.50
	Oyo	280.29	0.484	21.9	0.50
South East	Abia	407.75	0.530	21.9	0.30
	Anambra	163.14	0.441	22.8	0.40
	Ebonyi	197.68	0.418	34.3	0.40
	Enugu	307.67	0.505	28.6	0.40
	Imo	412.32	0.512	22.7	0.40
South South	Akwa Ibom	3,813.01	0.624	27.1	0.34
	Bayelsa	5,388.02	0.613	32.5	0.40
	Cross River	604.58	0.550	31.9	0.40
	Delta	2,325.23	0.598	23.6	0.40
	Edo	327.62	0.481	21.7	0.40



	Rivers	5,210.69	0.639	22.8	0.50
North Central	Benue	1,434.43	0.541	36.0	0.40
	FCT	10,208.50	0.717	21.0	0.64
	Kogi	147.01	0.422	34.4	0.46
	Kwara	320.21	0.440	33.3	0.47
	Nassarawa	1,226.65	0.510	38.5	0.48
	Niger	1,687.79	0.485	42.8	0.48
	Plateau	194.57	0.403	36.5	0.50
North East	Adamawa	209.34	0.380	42.4	0.33
	Bauchi	166.82	0.305	48.8	0.40
	Borno	529.52	0.353	55.9	0.40
	Gombe	352.35	0.364	45.0	0.40
	Taraba	141.78	0.385	43.4	0.50
	Yobe	261.00	0.292	58.0	0.50
North West	Kaduna	707.00	0.470	34.3	0.40
	Katsina	994.28	0.418	49.9	0.44
	Kano	683.76	0.447	43.0	0.40
	Kebbi	508.50	0.388	50.2	0.46
	Sokoto	1,488.98	0.489	40.5	0.50
	Jigawa	996.01	0.376	48.4	0.40
	Zamfara	1585.21	0.434	42.6	0.51
	Total	1,156.82	0.513	32.3	0.44027 (mean)

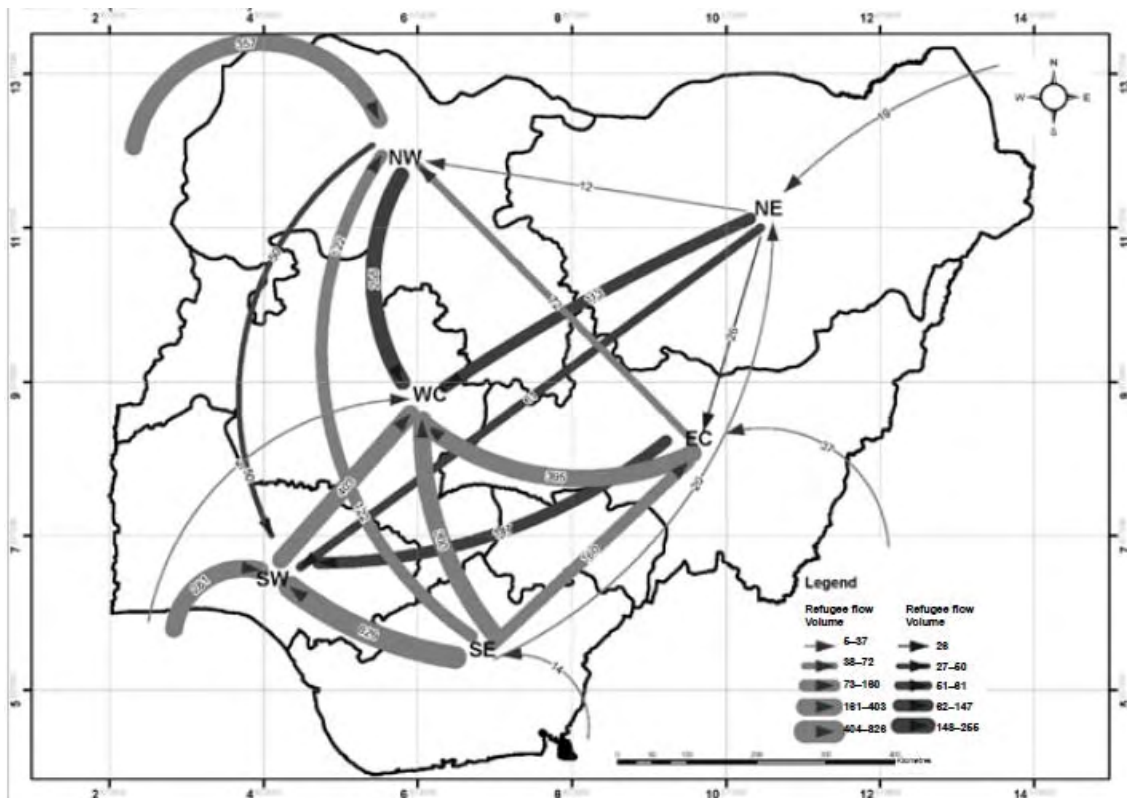
Source: Compiled from UNDP (2009)

- 2) HDI shows a tendency similar to that of GDP per capita. Southern states with higher-level economy have high HDI and northern states with lower-level economy have low HDI.
- 3) As for the poverty index, the top five states (that is, the poorest) are all in the northern areas and some overlap the states with the lowest HDI. On the other hand, although the five states with the lowest poverty index are spread across the southern area, HDI and GDP per capita are not especially high in these states except Lagos.
- 4) The inequality measure, which shows internal disparity, is relatively high in many states of the southwestern area and relatively low in many states of the southeastern and southernmost areas. On the other hand, in the northern areas the index is high in some states and low in others.
- 5) There is a strong association among the four indexes in some states. It is most noticeable in FCT, which has the highest GDP, HDI and inequality measure and is in the bottom five in poverty index. That is, although FCT is the economically and socially richest, it also has the largest internal disparity, which implies it is in the state of so-called urban poverty. A similar tendency is seen in Lagos state (South West) and

Rivers state (South South).

- 6) On the other hand, it is highly likely that wealth and welfare are properly distributed in Akwa Ibom state and Bayelsa state in the South South zone as they have the highest-level GDP and HDI and relatively low inequality measure. On the contrary, Yobe state (North East) seems to be in extremely serious poverty with the lowest HDI, the highest poverty index and a high-level inequality measure.

The map below shows population shifts among internal zones and from abroad between 1988 and 1993. As for the shifts within the country, population inflow into the north central zone (described as WC in the map) including FCT (Abuja City) from other zones is noteworthy. Other major shifts are from the southernmost and southeastern zone (SE) to the southwestern zone (SW) including Lagos State and from the northeastern zone (NE) and the southernmost/southeastern zone (SE) to the northwestern zone (NW). It is assumed that such population shifts are mainly caused by economic disparities and, as a result, disparities in large urban areas including FCT and Lagos have increased.



Source: IMO (2009), p107

Figure 3.11 Population Shifts among Zones (1988-1993)

The ratio of urban population in Nigeria increased from 10.21% in 1950 to 42.52% in 2000, showing a similar tendency to the whole region of West Africa. It is expected that three in four people will live in urban areas in 2050. The population growth of Metropolitan Lagos is especially significant. The urban population of the area increased to 8,767,000 in 2005 and is expected to reach 15,810,000 in 2025, compared with 5,966,000 in 1995. The number of cities with a population of more than 10,000 increased to 438 in 2000 and is expected to be 574 in 2020, compared with 133 in 1960<sup>84</sup>. However, some point out that such estimation is too low as the economic zone of each city has become larger than the city itself<sup>85</sup>.

#### **4. Medical Insurances and Services Available to the Poor**

##### **4.1 National Health Insurance Scheme**

Nigeria's National Health Insurance Scheme (NHIS) has been in operation since 1999. The purpose of the scheme is to provide the whole population of the country with quality healthcare in a way that does not make people conscious of financial difficulties in receiving it. The scheme was improved by the President Obasanjo and has been in operation since 2005. Now all employees in the public service sector are covered by this insurance<sup>86</sup> and the government plans to expand the scope to the whole population by 2015<sup>87</sup>. The cost to carry out the scheme will be covered by a fund created by the federal government, and private sectors and NGOs are also paid<sup>88</sup>.

NHIS provides more than one programmes after segmentation so that all the population will have access to healthcare services, including the followings<sup>89</sup>.

- 1) Formal Sector Social Health Insurance Programme
- 2) Urban Self-employed Social Health Insurance Programme
- 3) Rural community Social Health Insurance Programme
- 4) Children Under-Five Social Health Insurance Programme
- 5) Permanently Disabled Persons Social Health Insurance Programme
- 6) Prison Inmates Social Health Insurance Programme
- 7) Tertiary Institutions and Voluntary Participants Social Health Insurance Programme

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<sup>84</sup> UN-Habitat (2010) *State of African Cities 2010, Governance, Inequalities and Urban Land Markets* p103

<sup>85</sup> Katsuya Mochizuki (2010) "False Image and Real Image of an Emerging County – Actual Economic Situation of Nigeria" JMC 2010.12

<sup>86</sup> IMF(2007) *Progress Report on the National Economic Empowerment and Development Strategy (NEEDS), Seeds Benchmarking Exercise* (2006) and Millenium Development Goals(MDGs 2006) p12

<sup>87</sup> USAID(2009)*Nigeria Demographic and Health Survey* 2008 p44

<sup>88</sup> National Health Insurance Scheme Decree, No 35 of 1999

<sup>89</sup> NHIS web page (<http://www.nhis.gov.ng/index.php>)

## 8) Armed Forces, Police and other Uniformed Services

Individuals need to register at the Health Maintenance Organization (HMO), established in the country. The insurance premium is around 15% of per-capita salary. (The premium for students varies depending on the school fee.) The insurance covers wide areas including outpatient treatment, prescription and vaccination.

The following table shows the percentage of those with health insurance by sex. However, NHIS is not mentioned and the operation status is not known. The table shows that only a very low percentage of men and women have health insurance. Employee health insurance has a larger share than any other type of health insurance, but the rate of those with this type of insurance stays as low as 2% for men and 1% for women. The percentage of those with health insurance is the highest in urban areas and in the wealthiest population both for men and women. The level of education has a great influence on the rate of people with health insurance<sup>90</sup>.

Table 3.46 Health Insurance Coverage: Female (%)

Background Characteristic	Employer-based Insurance	Mutual health organization/ community-based insurance	Privately purchased commercial insurance	Other	No health insurance	Number of Women
Residence						
Urban	2.8	0.2	0.4	0.2	96.4	11,934
Rural	0.5	0.1	0.1	0.1	99.2	21,451
Zone						
North Central	2.0	0.2	0.2	0.2	97.4	4,748
North East	0.3	0.1	0.0	0.0	99.5	4,262
North West	0.4	0.2	0.0	0.0	99.3	8,022
South East	0.4	0.1	0.1	0.0	99.3	4,091
South South	2.0	0.2	0.5	0.7	96.6	5,473
South West	2.3	0.1	0.3	0.0	97.3	6,789
Level of Education						
No Education	0.1	0.0	0.0	0.0	99.9	11,942
Primary	0.4	0.1	0.1	0.0	99.3	6,566
Secondary	1.3	0.1	0.3	0.3	98.0	11,904
More than Secondary	8.1	0.6	0.9	0.6	89.8	2,974
Wealth Quintile						
Lowest	0.0	0.0	0.0	0.0	99.9	6,194
Second	0.0	0.0	0.0	0.0	99.9	6,234
Middle	0.2	0.1	0.1	0.1	99.5	6,341
Fourth	0.9	0.2	0.2	0.1	98.6	6,938
Highest	4.5	0.3	0.6	0.5	94.0	7,678
Total	1.3	0.1	0.2	0.2	98.2	33,385

Source: National Population Commission (2009)

<sup>90</sup> National Population Commission (2009) *Nigeria Demographic and Health Survey 2008* p44-46

Table 3.47 Health Insurance Coverage: Male (%)

Background Characteristic	Employer-based Insurance	Mutual health organization/ community-based insurance	Privately purchased commercial insurance	Other	No health insurance	Number of Women
<b>Residence</b>						
Urban	3.4	0.3	0.4	0.8	95.0	5,215
Rural	1.0	0.1	0.3	0.2	98.5	8,593
<b>Zone</b>						
North Central	2.1	0.1	0.3	0.2	97.2	2,065
North East	9.0	0.0	0.0	0.0	99.0	1,645
North West	1.2	0.4	0.2	0.2	97.9	3,237
South East	1.6	0.4	0.7	0.0	97.6	1,448
South South	3.3	0.1	0.7	0.8	95.2	2,437
South West	2.1	0.1	0.3	0.8	96.7	2,977
<b>Level of Education</b>						
No Education	0.1	0.0	0.2	0.0	99.8	2,597
Primary	0.6	0.0	0.2	0.0	99.3	2,761
Secondary	1.4	0.3	0.3	0.4	97.7	6,470
More than Secondary Education	7.9	0.7	1.1	1.5	89.0	1,979
<b>Wealth Quintile</b>						
Lowest	0.1	0.0	0.1	0.1	99.8	2,275
Second	0.3	0.0	0.1	0.0	99.6	2,332
Middle	0.6	0.2	0.3	0.0	98.8	2,570
Fourth	2.0	0.2	0.4	0.3	97.2	3,163
Highest	5.1	0.5	0.7	1.2	92.5	3,468
Total	1.9	0.2	0.4	0.4	97.1	15,486

Source: National Population Commission (2009)

#### 4.2 Integrated Maternal, Newborn and Child Health

From the viewpoint that the health condition in childhood is closely linked with the mother and the condition at birth, the Integrated Maternal, Newborn and Child Health (IMNCH) was introduced in 2007 to improve child health by providing information and skills to families and communities. With the purpose of communicating necessary information about health of mothers and infants to a wider range of areas and people, the program has set goals that 75% of Family Care Givers will gain knowledge concerning the healthcare for babies in the womb and children at home, 55% of Family Care Givers will take training concerning childbirth and child care, etc. Specifically, the first group will take a course concerning the provision of care to pregnant and postpartum women and the second group will learn about building relationship

with the husband, mother-in-law and siblings<sup>91</sup>.

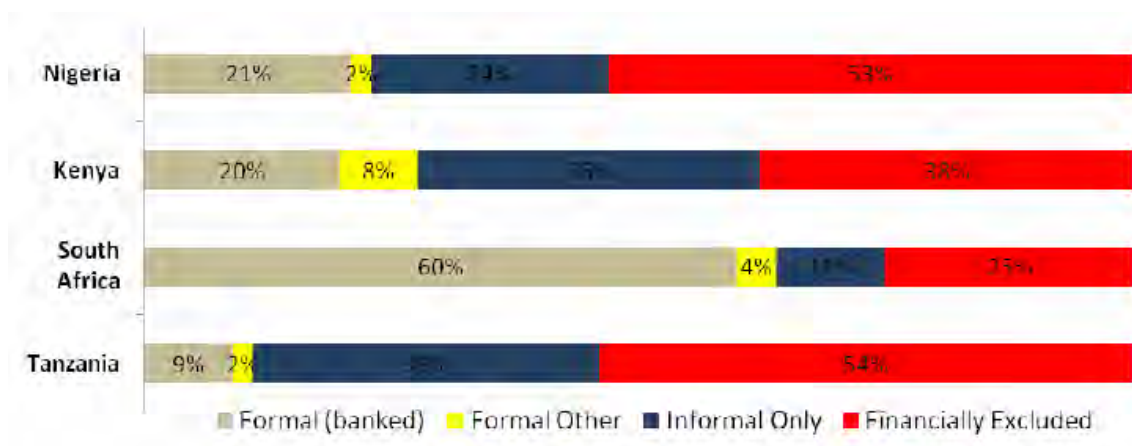
The Federal Ministry of Health supervises the programme. Considering the fact that 55% of doctors belong to the private sector, public-private partnership is also underway<sup>92</sup>. The Core Technical Committee is a branch agency in charge of PR, collaboration with related organizations and supervision of organizations that conduct project evaluation etc.

## 5. Financial services available to the poor (microfinance, etc.)

### 5.1 Microfinance

#### 5.1.1 Overview<sup>93</sup>

According to a survey called Finscope conducted by Enhancing Financial Innovation and Access (EFInA), 74 percent of adults have never made a deal with banking, and the figure goes up to 85 percent for women. Only 15% of farmers have experience in banking whilst 71% of employed workers use the banking service. Only 3% of them use microfinance banks (MFBs) as their main financial institution, which is only about 2.6 million of the whole population.



Source: CGAP (2009) Access to Finance in Nigeria

Figure 3.12 Country Comparison on Financial Experience

The table below shows the number of the financial institutions including those that provide not only the microfinance but also consumer loans and mortgage loans. If you take a look at the numbers only, the number of microfinance banks towers high above other financial institutions.

<sup>91</sup> IMNCH (2009) *Communication for Behaviour and Social Change Strategy*

<sup>92</sup> IMCH (2007) *Integrated Maternal, Newborn and Child Health Strategy*

<sup>93</sup> Information based on CGAP (2009) Access to Finance in Nigeria.

Table 3.48 Number of financial institutions approved by the Central Bank of Nigeria

Banks	24
Discount Houses	4
Development Finance Institutions	5
Bureaus de Change	610
Primary Mortgage Institutions	90
Finance Companies	76
Microfinance Banks	744

Source: CGAP (2009)

NGOs are the main operators of microfinance institutions and especially two large NGOs, COWAN and LAPO loan out 2.2 billion naira (18.6 million US dollars), and 2.0 billion naira (16.5 million US dollars) respectively with the number of loanees at 228,000 and 130,972.

Local banks have started the microfinance service and 232 banks have already received approval and 375 banks are under the final review as of 2007. Rapid growth has been noticed at the local banks due to the high expected growth of the whole banking industry and the influence of the stricter standards in establishing the commercial banks.

The Central Bank of Nigeria requires 20 million naira (169,000 US dollars) of assets or more than 2,000 loanees. 175 new applications for opening up a new microfinance service have been filed by June 2008, and they are either operating already or under consideration for approval. For example, ACCION International<sup>94</sup> cooperates with Citibank Nigeria or International Finance Corporation (IFC). K-REP in Kenya and BRAC in Bangladesh have also been considering going into this market or have already been in the market.

Table 3.49 NGOs Providing Microfinance and Related Indicators (December 2007)

	COWAN	LAPO	SEAP	DEC	FADU	TOTAL
Total Portfolio	\$18,612,528	\$16,452,193	\$1,339,097	\$2,739,040	\$1,458,922	\$40,601,780
Borrowers	228,000	130,972	24,276	31,705	134,538	549,491
Savers	84,000	35,215	-	-	156,064	275,279
Financial Revenue	na	36.7%	42.8%	30.3%	27.6%	
Financial Expenses	na	6.8%	2.1%	2.9%	2.1%	
Net Financial Margin	na	29.9%	40.7%	27.4%	25.5%	
Operating Costs	na	21.6%	36.5%	24.7%	25.2%	
RoA	na	8.3%	4.3%	2.7%	0.4%	
RoE	na	39.1%	53.1%	-0.7%	0.5%	

Source: CGAP (2009)

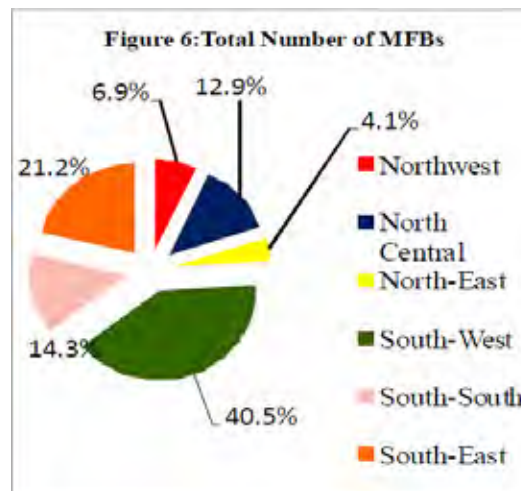
<sup>94</sup> NPO which established in 1961 with headquarter in the U.S. It established 62 microfinance institutions in the world since it had started microfinance in 1973.

Table 3.50 Key indicators of Local and Microfinance Banks

	2008 June	2007	2006	2005
[Equity + Deposits] / Assets	85%	83%	85%	85%
Loans / Assets	34%	30%	30%	32%
Investments / Assets	44%	49%	53%	50%

Source: CGAP (2009)

The figure below shows the geographic distribution of microfinance banks. Most of them are located in the South and less than 25% of them are located in the North.



Source: CGAP (2009)

Figure 3.13 Breakdown of Microfinance Banks by Region

The following figure is the balance sheet of the microfinance and local banks from 2005 to June 2008. The assets increased by 136% whilst on the other hand, there was a 248% increase in invested capital. It is apparent that there was a lot of capital investment in this industry.

Table 3.51 Balance Sheet of the Microfinance and Local Banks

	2008 June	2007	2006	2005
Exchange rate (NGN to US\$1)	115.00	120.00	134.00	130.00
<b>Total Assets</b>	838,174	629,583	410,866	354,329
Loan Portfolio	282,929	190,419	123,124	111,903
<b>Total Liabilities</b>	563,123	447,826	315,727	275,277
Deposits	437,180	343,481	253,797	220,950
<b>Equity</b>	275,051	181,757	95,139	79,052

Source: CGAP (2009)

The following describes the efforts toward the microfinance service by the Central Bank



of Nigeria and National Poverty Eradication Programme (NAPEP).

### 5.1.2 Central Bank of Nigeria

According to the Central Bank of Nigeria, the official financial system has been providing its service to only 35% of the population and the remaining 65% has been utilizing the informal financial services such as microfinance<sup>95</sup>. Therefore, the Central Bank set up the "Framework of microfinance policy, regulations and supervision<sup>96</sup>" in 2005 and began to supervise the microfinance service. The Central Bank carried out SMEEIS (Small and Medium Enterprises Equity Investment Scheme) where each financial institution invested 10% of the profit after the tax reduction. However, this scheme was abolished in 2007 due to the small number of bankable projects. The balance of these investments and new investments from private financial institutions (expected to accumulate 100 billion Naira (0.7 billion US dollars) by 2010<sup>97</sup>) are used to establish the microcredit fund.

A microcredit fund has been operated by the private sector (Banker's Committee) and if the state government wishes to use this fund it is obliged to provide 1% of its budget. Primarily, this fund is used by the state government to loan to the small scale enterprises, however, if it does not work well enough, microfinance banks (MFBs<sup>98</sup>) or NGO microfinance institutions (NGO- MFIs<sup>99</sup>) get a loan from this fund and loan to small scale enterprises<sup>100</sup>. The annual interest rate on loans from the funds by the state government and financial institutions is 1% and the annual interest rate on loans from them to private enterprises has to be less than 8%.

Table 3.52 Microfinance Indicators (as of September 2010)

Number of Microfinance Banks	888
Total credit (Naira, thousands)	82,831,516
Total assets (Naira, thousands)	185,612,559
Total loans (Naira, thousands)	59,011,223
Number of accounts	2,153,498
Number of loans	144,076

Note : \$1=147.6 naira as of the end of fourth quarter in 2009

Source: CBN; Financial Policy & Regulation Department

<sup>95</sup> Considering the research result by Finscope, this figure is apparently excessive. In fact, there seem to be quite a large number of people who have never used the informal finance (microfinance institutions).

<sup>96</sup> Microfinance Policy, Regulatory and Supervisory Framework for Nigeria, Dec. 2005.

<sup>97</sup> Quoted from CBN, Statistical Bulletin. Exchange rate at the end of the fourth quarter in 2009 (\$ 1 = 147.6 Naira) is used for calculation.

<sup>98</sup> There were 768 MFBs at the end of May, 2008, of which 607 community banks turned into MFBs by meeting the requirement for minimum capital of 200 billion naira (1.4 billion US dollars) (the rest of the application was new) Central Bank of Nigeria, The Nigerian Microfinance Newsletter, Vol.6, Jan-Jun. 2008.

<sup>99</sup> MFBs by NGOs do not have to be under the supervision of the Central Bank yet they are not allowed to collect deposits. In addition, to convert to MFBs, they have to meet the requirements by the Central Bank. MFBs are required to provide the services of deposits, loan and payment. They do not differentiate the owner and user of the service by individuals or organizations, and domestic or foreign entity. Central Bank of Nigeria, "Micro Finance Policy, Regulatory and Supervisory Framework for Nigeria", Dec. 2005.

<sup>100</sup> Central Bank of Nigeria, "Guidelines for the Operations of the Micro Credit Fund," Feb. 2008.

The most recent data from the Central Bank in Nigeria on the microcredit market is shown in the above table. NAPEP directly allocates the fund whilst the Central Bank promotes its utilization mainly by providing guarantees. They provide guarantees to 75% of the loan amount to agriculture and 80% to industry.

### 5.1.3 National Poverty Eradication Programme (NAPEP)

NAPEP is a governmental agency founded in 2001, with major operations of coordination and monitoring of poverty eradication activities<sup>101</sup>. Using both channels of MFB and MFI, microcredit by NAPEP is financing the projects (Anchor Project and Capacity Widening Project) selected by the Joint Implementation Committee (JIC) of the state government. It focuses on agriculture but not limited to it.

Village Economic Development Solution Scheme (Village Solution) was started as the microcredit program in 2007 and it was a scheme to support the expansion of rural economic activities, and achievements are as follows<sup>102</sup>.

Table 3.53 Village Economic Development Solution Scheme (Unit: Naira)

Anchor Projects		Capacity Widening Activities		Village Solution
Number of projects	total	Number of projects	total	total
2,085	4,341,138,405	3,615	2,282,820,500	6,623,958,905

Note : \$1=147.6 naira as of the end of fourth quarter in 2009

Source : NAPEP (2010), p8

Meso Credit started last year which is a program to financially support large scale agro projects (0.5 million to 50 million naira (3,875 - 33,875 US dollars) by microcredit (this program is not running practically). Also, there is an ongoing project called Promise Keeper Programme (PKP) since 2005. It is a grant targeting Faith Based Organizations (FBOs) such as churches and mosques and is intended to serve as a revolving fund.

### 5.2 Mobile Banking

The Central Bank of Nigeria adopted "Regulatory Framework for Mobile Payment System in Nigeria" and has put in much effort on dissemination of mobile banking in the country. In this framework, 3 main providers of mobile banking are (1) banks, (2) consortium lead by banks, and (3) non-bank institutions. Moreover, information to be provided by users and the credit limits vary depending on the service providers.

<sup>101</sup> NAPEP is the secretariat of National Poverty Reduction Committee (NAPEC) and led by the Senior Special Assistant to the President for Poverty Eradication.

<sup>102</sup> NAPEP (2010) *National Press Briefing; Journey So Far* p6-7

Table 3.54 Requirements of Limit by Mobile Banking Operates

BANKING STATUS	KYC/CDD LEVEL	VERIFICATION REQUIREMENT	MOBILE PAYMENT TRANSACTION LIMIT
Un-banked	Least KYC	Name and Phone Number	Maximum transaction limit of N3,000 and Daily limit of N30,000
Semi-banked	Partial KYC	Refer to CBN KYC Manual and Money Laundering (Prohibition) Act.	Maximum transaction limit of N10,000 and Daily limit of N100,000
Fully-banked	Full KYC	Refer to CBN KYC Manual and Money Laundering (Prohibition) Act.	Maximum transaction limit of N100,000 and Daily limit of N1,000,000.

Note: KYC; Know Your Customer CDD; Customer Due Diligence  
 Source: CBN, Regulatory Framework for mobile Payment System in Nigeria

There are four main providers of mobile banking service namely eTranzact M-Teller Mobile Money Service, Monetise Group's Monetise, Pagatech's Paga, and E-Soft's M-NAIRA. Tranzact M-Service Money Mobile Teller already has 50,000 agents in Nigeria, and it is possible to register and carry out transactions at each agent. Monetise Group's Monetise, and Pagatech's Paga were granted the operating license from the Central Bank of Nigeria in December 2010, and the former will launch a pilot program in spring of 2011<sup>103</sup>.

## 6. Life Support Scheme for the Poor and Poor Households

NAPEP carries out the Conditional Cash Transfer (CCT) programs called In Care of the People (COPE). Targeting the poor households (households of the widows, elderly and disabled) in the selected 12 states<sup>104</sup> based on the Human Capacity Development Index (composed mainly of the school enrollment rate of the girls and the English literacy rate of the adult), Basic Income Guarantee (BIG) (5,000 naira per month (34 US dollars)), and Poverty Reduction Accelerator Investment (84,000 naira (569 US dollars is provided after receiving BIG for one year) are provided.

<sup>103</sup> Information provided by Executive Research Associate

<sup>104</sup> Nassarawa and Niger (North Central), Borno and Yobe (North East), Jigawa and Kebbi (North West), Ebonyi and Enugu (South East), Bayelsa and Cross River (South South); and Ogun and Oyo (South West)

So far, during the phase I and II of the pilot project, a total of 2,266.344 million naira (15.34 million US dollars) has been provided to 22,342 households. As a result of this support, it is reported that more than 109,210 children did not have to drop out of the school and the utilization rate of the medical service was increased.<sup>105</sup>.

Table 3.55 In Care of the People (COPE)

	Source of Investment			Number of targeted households	Number of Targeted population
	MDGs (Naira, millions)	Government (budgets)	Government (operation)		
Phase I	900	888	444	8,850	61,950
Phase II	2,265	1,800	na	13,492	94,444
Total	3,165	2,688	444	22,342	156,394

Note : \$1=147.6 naira as of the end of fourth quarter in 2009

Source: NAPEP (2010), p12-13

## 7. Poverty Monitoring

### 7.1 MDGs<sup>106</sup>

Millennium Development Goals (MDGs) set by the UN in 2000 shares the basic principles with the development targets based on the Constitution of the Federal Republic of Nigeria established in 1999. Both of them have put safety and well-being of the human being as the greatest goal. The illegal government at that time which had the right of economic and fiscal policy management also actively took part in this movement and played an important role in various fields especially basic education, medical treatment for infants, children, and pregnant women, gender difference, agriculture and food security, improvement of water and sanitary environment, and eradication of poverty.

The National Planning Commission has carried out planning and management of concrete policies to achieve MDGs. As a concrete policy, there is a NEEDS policy which was started in 1998 and a state-level policy of SEEDS. In 2005, the Presidential Committee on the MDGs and the Office of the Senior Special Assistant to the President on MDGs (OSSAP-MDGs) which aimed at achieving MDGs were established. These have strongly supported the policy planning and loan management to achieve MDGs.

There are two steps for evaluation. The first step is an evaluation done by NBS using main indicators. The second step is a monitoring and evaluation of the ongoing programs and projects to achieve MDGs.

<sup>105</sup> NAPEP (2010), p9-14

<sup>106</sup> UNDP(2008) *Mid-Point Assessment of the MDGs in Nigeria 2000-2007*

The achievements already confirmed in Nigeria are shown in the next table.

Table 3.56 Achievement of MDGs in Nigeria

Status at a Glance					
GOAL	1990	2000	2007	Target 2015	Progress Towards Target
<b>1. Eradicate Extreme Poverty and Hunger</b>					
Absolute PPI (US\$/day) %				21.4	Slow
Relative (%)	42.7	66	54.4	21.4	Slow
-Population (million)	91.5	91.5	140.0		Slow
-Population under poverty (m)	39.07	39.07	67.11		Slow
Percentage of population below minimum level of dietary energy consumption	13	13		5.2	Good
Percentage of underweight under-5 children.	35.7	31	25	18	Slow
<b>2. Achieve Universal Education</b>					
Net enrolment ratio in primary education	68	95	89.6	100	Good
Proportion of pupils starting Grade 1 who reach Grade 5	67	97	74	100	Good
Primary six completion rate	58	76.7	67.5	100	Good
Literacy rate of 15-24 years old	70.7	64.1	81.4	100	Good
<b>3. Promote Gender Equality and Empower Women</b>					
Ratio of girls to boys in primary education (girls per 100 boys)	76	78	93.6	100	Good
Ratio of girls to boys in secondary education (girls per 100 boys)	75	81	97.6	100	Good
Ratio of girls to boys in tertiary education (girls per 100 boys)	46	66		100	Good
Share of women in wage employment in the non-agriculture sector	66.3	79		100	Lack of data
Seats held by women in national parliament	1.0	3.1	7.7	30	Slow
<b>4. Reduce Child Mortality</b>					
Infant mortality rate (per 1000 live births)	91	81.38	110	30.3	Worsening
Under-5 mortality rate (per 1000 live births)	191	183.75	201	63.7	Worsening
Percentage of one-year-olds fully immunized against measles	46	32.8	60	100	Good
<b>5. Improve Maternal Health</b>					
Maternal mortality ratio		704 <sup>a</sup>	800 <sup>c</sup>	100	Worsening
Births attended to by skilled health personnel	45	42 <sup>a</sup>	36.3 <sup>c</sup>	100	Worsening (data problem)
<b>6. Combat HIV &amp; AIDS, Malaria and Other Diseases</b>					
HIV prevalence among pregnant young women aged 15 to 24		5.4 <sup>a</sup>	4.3 <sup>a</sup>		Slow

Status at a Glance					
GOAL	1990	2000	2007	Target 2015	Progress Towards Target
Young people aged 15-24 who both correctly identify ways of preventing the sexual transmission of HIV and who reject major misconceptions about HIV transmission			25.9*	100	Slow
Young people aged 15-24 reporting the use of a condom during sexual intercourse with a non-regular sexual partner				100	Slow (Lack of data)
Children orphaned by HIV & AIDS			1.97*		Lack of data
Prevalence and death rates associated with malaria					Slow (Lack of data)
Prevalence and death rates associated by tuberculosis					Slow (Lack of data)
<b>7. Ensure Environmental Sustainability</b>					
Land area covered by forest		14.6	12.6	20	Worsening
Gas flared	68	53	34	0	Slow
Energy use (kg oil equivalent) per US\$1 GDP (PPP)			1.5		Slow (Lack of data)
Carbon dioxide emissions (per capita)		4799	2500*		Improving
Total population with access to safe drinking water (%)	54	54	49.1	100	Worsening
Total population with access to basic sanitation (%)	39	42.9	42.9	100	Worsening
People with access to secure tenure (%)		38.4	61.2	100	Improving
Residential housing construction index (ACI) (Proxy)		53	31*		Worsening
<b>8. Develop a Global Partnership for Development</b>					
Per capita official development assistance to Nigeria (in US\$)	3.0	1.47	81.67		Improving
Debt services as a percentage of exports of goods and services		9	1.2		Good
Private Sector Investment (US\$ million)	50	75	8100		Improving
Tele-density (per 1000 people)	0.45	0.73	27.41		Good
Personal computers (per 1000 people)		6.38	6.74		Lack of data
Internet access (%)	0.1	0.1	1.9		Slow

Source: UNDP (2008)

## 7.2 Poverty Profile and Other Policy Initiatives

As stated already, NBS compiles the Poverty Profile for Nigeria by collecting and analyzing the poverty related data periodically. According to NBS, upon preparing the profile in 2005, the following progress and issues were noticed<sup>107</sup>:

<sup>107</sup> NSB(2005) p.67-68.

- As the research data of Nigeria Living Standard Survey which is a basic data for profile preparation covering the large range, issues which they had not been able to tackle due to the lack of data and analysis of socio-economic information could be considered and discussed.
- On the other hand, the data entry was cumbersome in view of the volume of data collected in the survey. It is necessary to improve the items in the questionnaire. By doing so, the quality of the data can be expected to increase.
- As sufficient PR activities had not been done prior to the survey, adequate cooperation from the respondents could not be received. By informing the respondents by paper or electronic media, the survey can be completed within the designated timeline.
- Staff who carried out the survey have pointed out the issues such as allowances for the trips and medical expenses were low, bags to carry the survey sheets were not provided, no reward for the respondents by answering the survey etc.
- From the technical view of the survey, ambiguity of the questions, overlapping questions, no questions on the income or expense of the family members beside the heads of households etc. have been pointed out. Questions on HIV/AIDS had low response, which is another issue to improve for the future surveys.

On the other hand, due to the large scale technical support by the World Bank, DFID, British Council, EU and so forth, not only the management and analytical ability of the NBS survey was improved but also the credibility of the analysis results was increased. It is considered that the Nigerian statistic system will be further developed by the ongoing technical support.

Monitoring on the policy initiatives on poverty reduction has been carried out based on the policy papers by MDGs, NEEDS, SEEDS, Nigeria Vision 20:2020 and related governmental agencies. International organizations have also carried out evaluation by creating both regular and irregular survey reports or monitoring reports taking the monitoring result of Nigerian government into consideration.

Table 3.57 Papers, Documents and Data on the Policies for Poverty Reduction

Papers, Documents and Data	Publisher	Last Updated	Interval of Updating
Federal Government of Nigeria			
Poverty Profile for Nigeria	National Bureau of Statistics	2005	Irregular
Nigeria living Standard Survey	National Bureau of Statistics	2004	5 year
Social Statistics in Nigeria	National Bureau of Statistics	2009	5 year
NEEDS	National Planning Commission	2004	—
Nigeria Vision 20:2020	(National Planning Commission)	2009-10	—

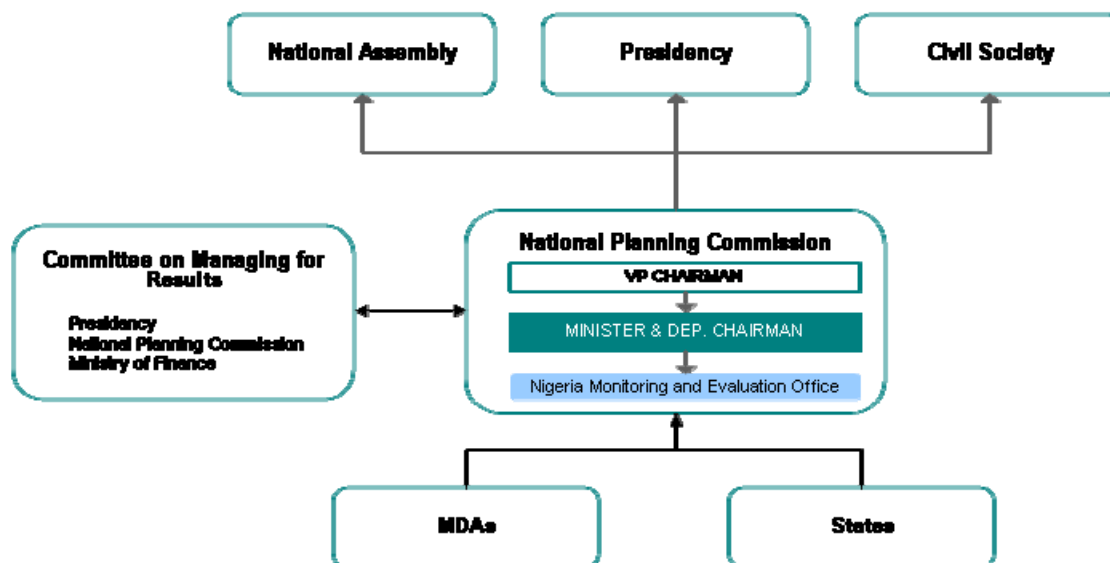
Millennium Development Goals Reports	National Planning Commission / Office of the Senior Special Assistant to the President on MDGs (OSSAP-MDGs)	2010	Annual
Demographic and Health Survey	National Population Commission	2009	5 year
Population and Housing Census of the Federal Republic of Nigeria	National Population Commission	2009	5 year
National Policy on Integrated Rural Development	Federal Ministry of Agriculture and Rural Development	2001	Unknown
New Agricultural policy Thrust	Federal Ministry of Agriculture and Rural Development	2001	Unknown
National Strategic Health Development Plan (NSHDP) 2010-2015	Federal Ministry of Health	2010	5 year
Roadmap for the Nigerian Education Sector	Federal Ministry of Education	2009	5 year
One Year Strategy for the Development of the Education Sector	Federal Ministry of Education	2010	Annual
Statistics of Education in Nigeria: 1999-2005	Federal Ministry of Education	2007	Unknown
Agric Filling Data Gap	National Bureau of Statistics	2006	Irregular
Building and Construction Statistics	National Bureau of Statistics	2007	Irregular
CPI and Inflation	National Bureau of Statistics	2011	Irregular
Labor Force Survey	National Bureau of Statistics	2010	Annual
Price Statistics	National Bureau of Statistics	2006	Irregular
National Account of Nigeria	National Bureau of Statistics	2007	Irregular
The Middle Class in Nigeria, Analysis of Profile, Determinants and Characteristics	National Bureau of Statistics	2007	Irregular
International Organizations and Donors			
Human Development Indicator	UNDP	2010	As needed
Human Development Report	UNDP	2009	Irregular (2 – 4 year)
Progress Report on the National Economic Empowerment and Development Strategy (NEEDS), Seeds Benchmarking Exercise (2006) and Millennium Development Goals(MDGs 2006)	IMF	2007	Irregular
Country Health Statistical Report Nigeria	USAID	2009	Irregular
Migration in Nigeria	IOM	2009	Irregular
Communication for Behavior and Social Change Strategy	IMNCH	2009	Irregular
The State of African Cities	UN-HABITAT	2010	2 year
World Government Indicator	World Bank	2010	As needed
African Economic Outlook	AfDB	2010	Annual

Source: Compiled from above materials by MURC.

NEEDS pointed out the framework and priorities of initiatives from 2003 to 2007 and evaluation by IMF was done. However, NEEDSII that was supposed to show the initiatives from 2008 was not prepared. Practically speaking, Vision 20:2020 took over NEEDS and



provides the frameworks of the government for poverty eradication. Systems of monitoring and evaluation of Vision 20:2020 are shown below. “Nigeria Monitoring and Evaluation Office” plays a role as an “administrator” of the system coordination and related framework and directly reports to the Chairman of the National Planning Commission. “Committee on Managing for Results” which consists of the Presidency, National Planning Commission, and the Ministry of Finance supervises the office<sup>108</sup>.



Note : MDAs "Ministries, Departments and Agencies"  
 Source : Nigeria Vision 20:2020 (2009), p.181.

Figure 3.14 Governance Framework for Monitoring and Evaluation

## 8. Suggestions on Updating the Poverty Profile.

As stated previously, the poverty profile for the year 2010 by NBS will be prepared based on the results of the Nigeria Living Standard Survey in 2009. To promptly reflect the results of the profile including the abundant data of the poverty analysis, the poverty profile by JICA may be updated based on the profile by NBS, which should be published in 2010 or 2011. Considering the updating interval of 5 years, it is natural for us in Japan to update the poverty profile according to that timing.

On the other hand, if the results of the policies by Vision 20:2020 shall be included, the First National Implementation Plan which is for the period of 2010 to 2013 has just began and it is considered that the poverty profile may be revised after the completion of the plan and evaluation. If it needs more time, there is a possibility of updating the poverty profile that

<sup>108</sup> Nigeria Vision 20:2020 (2009), p.181

includes the results of MDGs projects which would be completed in 2015 and the most updated result of the NSB's poverty profile.