

EFFECT OF POVERTY ON SOCIO-ECONOMIC DEVELOPMENT IN NIGERIA: A CONCEPTUAL FRAMEWOK APPROACH

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ABSTRACT

Poverty is a global phenomenon, which affects continents, nations and people differently. It afflicts people in various depths and levels, at different times and phases of existence. The purpose of this study is to propose a conceptual framework that will investigate the effect of poverty on socio-economic development. However, the nature and existence of this relationship are found to be mixed and inconclusive (i.e., positive and negative relationship between the study variables). These have prompted scholars, experts, and authorities to re-examine the relationship between effect of poverty and socio-economic development. This study addresses the research deficit and proposes a conceptual framework to measure the effects of poverty on socio-economic development, which could be used by government and non-governmental organizations. Furthermore, a recommendation for future research in this area also suggested.

Keywords: Poverty, Social, Economic, Development, World bank

JEL CODE: O11, 12, P3

1. INTRODUCTION

According to a report from World Bank (2022) on poverty in Nigeria, as many as 4 in 10 Nigerians live below the national poverty line. Many Nigerians especially in the country's north, also lack education and access to basic infrastructure, such as electricity, safe drinking water, and improved sanitation. Their report further notes that jobs do not translate Nigerians' hard work into an exit from poverty, as most workers are engaged in small-scale household farm and non-farm enterprises; just 17 percent of Nigerian workers hold the wage jobs best able to lift people out of poverty.

It is evidently clear that much needs to be done to help achieve the social economic development in Nigerians. When this is done, it will help to go out of poverty, including boosting health and education, bolstering productive jobs, and expanding social protection" Shubham Chaudhuri (2022).

It is also evident that in curbing the effect of poverty on socio-economic development in Nigeria, the government has made some progress in socio-economic terms in recent years, its human capital development ranked 150 of 157 countries in the World Bank's 2020 Human Capital Index. The country continues to face massive developmental challenges, including the need to reduce the dependency on oil and diversify the economy, address insufficient infrastructure, build strong and effective institutions, as well as address governance issues and public financial management systems. but this challenge still remains substantial.

In view of the above, the following objective are advanced for this study (1). Examine the effectiveness of the macroeconomic reforms in Nigeria (2). Examine the viability of policies geared towards boosting the productivity of farm and non-farm household enterprises (3). Examine if improving access to electricity, water, and sanitation while `bolstering information and communication technologies can lead to social economic development. (4) Discuss important lessons learned about reducing poverty and highlights several areas that need to be emphasized in the future.

2. LITERATURE REVIEW

2.1 Conceptual Framework

The Concept of Poverty

In discussing any issue that relates to poverty, one must cast back his mind to the days of the early scholars who contributed immensely on the topic (poverty and poverty alleviation). For instance, (Anikpo, 1999) posited that, poverty is the history process of individuals or groups being forcefully eliminated from control of the decision-making machinery that determines the production and distribution of resources in a society. He further explains that poverty manifest in various forms such as hunger, lack of food, good drinking water, clothes, shelter, good health, poor education and distribution of resources coupled with monopoly of the machinery of decision-making through coercive state apparatus. Furthermore, many researchers sees poverty as a multidimensional concept. For instance, (OECD Publications, 2006) reports that poverty encompasses different dimensions of deprivation that relate to human capabilities, including consumption and food security, health, education rights, voice, security, dignity, and decent work.

2.2 Review of empirical studies on poverty

Oloyede (2014) Observed that government policy on poverty does not follow multispectral approach where all the stakeholders are given specific roles to play. Those likely to participate in poverty reduction programmes do not undergo capacity building and ethical orientation training. There was another research conducted by Sule Babayo& Sambo(2020) which focused at the feature and implication of social policies on poverty eradication and development in Gombe state. Although the study addressed the relevance of social policies in poverty eradication, it failed to extensively address opportunity, commitment of the poverty alleviation agency as well as co-ordination factors which this research intended to look at. The problem with their research was its failure to take into consideration the religious and socio-cultural background of the area of study. As for Mahi (2015) programmes like housing, health and education bring significant effect in terms of increasing the income of people and social empowerment, especially in rural areas. They also observed the dearth of research in measuring the impact of development programmes particularly in rural areas as it relates to poverty alleviation. Bello (2019) shared a different opinion to Mahi's,

he opined that the expected achievements of poverty alleviation programmes are marred by misplacement of priority that emanates from the pattern of the programmes and this being the reason for policy target or objective being at variance with the outcome of the policies. They recommended that government needs to do a kind of performance evaluation towards appraising and adjusting the instruments employed by the programmes by redirecting or focusing more on sectors which make significant contribution to the economy i.e. poverty alleviation programmes. Igbokwe and Ibeto (2020) In their study, he shared a complete different opinion to others, he explained that amongst the reasons for the failure to transform the abject poverty of the Nigerian population is largely due to poor conceptualization of the poverty alleviation programmes and also the lack of 'fit' between the intended beneficiaries and the programmes and that there is no synergy between beneficiaries and the assisting organizations. They also revealed poor governance, prevalence of conflicts and civil unrest, prevalence of disease, especially communicable and non-communicable disease as some of the challenges to successful implementation of poverty reduction programmes in Nigeria. They concluded that the aim of policy should be to be to promote growth conducive to the pursuit of poverty reduction, which includes employment generating growth coupled with massive investment in human capital.

2.2.1 Social Issue in Social Economic Development

Study by International Bank for Reconstruction and Development (IBRD) shows that since 2011, at the infancy stage of Dr. Goodluck Jonathan's government, the security architecture has been shaped by the war against Boko Haram and other terrorist groups in the northeast in addition to incessant cases of banditry and kidnappings in the north-west and parts of the southwest. The southeast continues to witness unrest resulting from separatist agitations. Social service delivery is key to achieving the social issues at the state level by fostering macroeconomic resilience and advancing structural reforms for private sector-led, non-oil growth and also empowering women and girls and increasing their human capital and economic opportunities, increasing domestic revenue mobilization, and improving the quality of public expenditures and strengthening debt management.

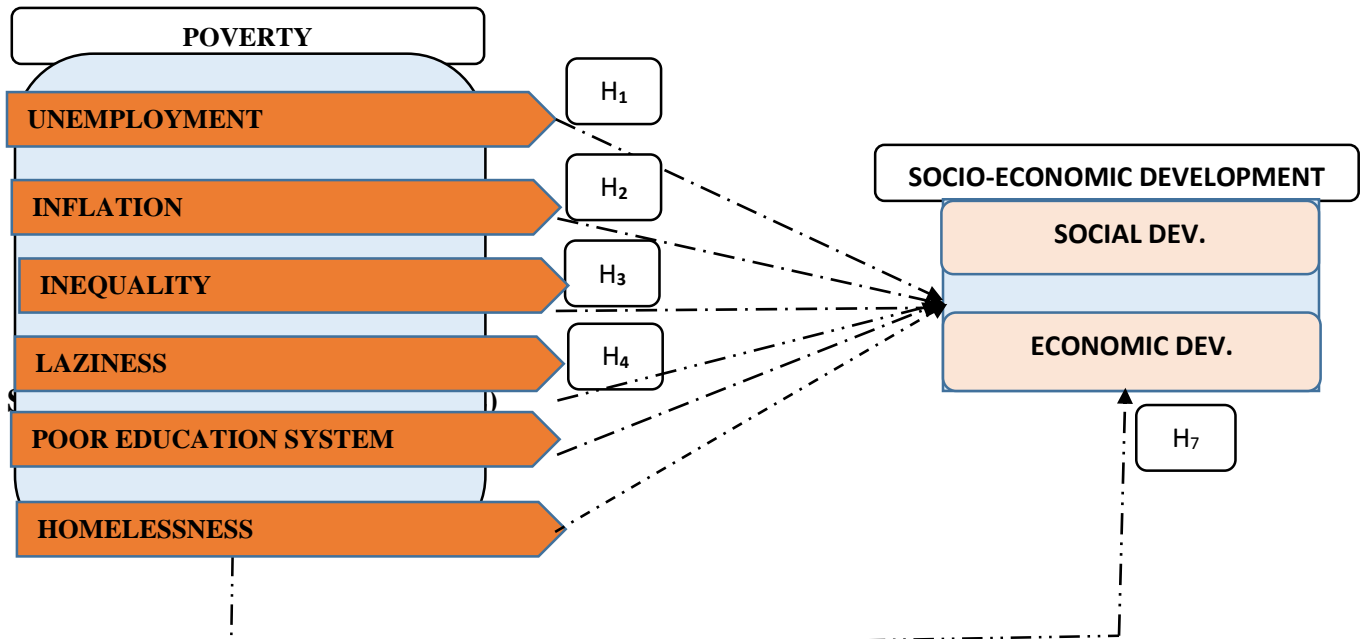
2.2.2 Economic Issue in Social Economic Development

As a result of the pandemic induced recession in 2020, Nigeria's economic growth recovered but macroeconomic stability weakened. Amidst global commodity shocks, a depreciating currency, trade restrictions, and monetization of the deficit, inflation is surging and pushing millions of Nigerians into poverty. Since 2021, Nigeria is also unable to benefit from the surging global oil prices, as oil production has fallen to historic lows and petrol subsidy continues to consume a larger share of the gross oil revenues.

National Bureau of Statistics (NBS) statistics shows that in 2018, 40% of Nigerians (83 million people) lived below the poverty line, while another 25% (53 million) were vulnerable. With Nigeria's population growth continuing to outpace poverty reduction, the number of Nigerians living in extreme poverty is set to rise by 7.7 million between 2019 and 2024.

2.2.3 Development issue in social economic development

A new Framework Government People's Community (GPC) model is design to examine core issues in this paper.



The lack of **job** opportunities is at the core of the high poverty levels, regional inequality, and social and political unrest.. The High **inflation** has also taken a toll on household’s welfare and high prices in 2020-2022 are likely to have pushed an additional 8 million Nigerians into poverty. **Inequality**, in terms of income and opportunities, remains high and has adversely affected poverty reduction and social economic development. The World Bank Group enjoys a strong partnership with Nigeria through a strategy to support the government in its development’s objectives to end extreme poverty and increase shared prosperity. **Laziness** has to do with reducing fragility and building resilience and **poor educational system** entails investing in human capital and harnessing Nigeria’s demographic dividend, if this is done it leads to promoting jobs and economic transformation and diversification.

2.3 Under-Pinning Theories

2.3.1 Macroeconomic models

Macroeconomic models are typically populated by a large number of identical worker-consumers, who supply labor along the intensive margin in a spot market. In this setting, it is easy to define the wage: it is the current payment at time t for an extra unit of labor supplied in the same period. If the world were as simple as the model, “the wage” would be easy to measure. Unfortunately, nearly all of the assumptions about the labor market noted above are violated in important ways in the data, making the effort to measure wage behavior far more complicated.

First, workers are not homogeneous, second, since most workers are in long-term relationships with their employers, the labor market is not a spot market. Thus, their spot wages are not necessarily what the firm perceives as the marginal cost of labor, which is the key concept for most macroeconomic purposes. Barro (2019) and that the principal contribution of the contracting approach to short-run macro-analysis may turn out to be its implication that some frequently discussed aspects of labor markets are a facade with respect to employment fluctuations. All these macroeconomic models of structural unemployment assume that unemployed workers are not able or willing to get jobs by underbidding the prevailing wages of incumbent workers. The

most obvious microeconomic explanation of the absence of wage underbidding is perhaps *minimum wage laws*. But there seems to be rather general agreement among labor market economists that minimum wages have not been high enough in developed countries to explain much of aggregate structural unemployment in that part of the world. We have been able to find that in some countries, minimum wage laws are binding for specific types of workers, such as inexperienced, unskilled, and physically or mentally handicapped people. (In the special case when a firm has a monopolistic position in a local labor market minimum wages may, up to a certain wage level, increase rather than reduce employment.

2.3.2 Examine the viability of policies geared towards boosting the productivity of farm and non-farm household enterprises; and

The debate about the impacts of social protection on people participation is on-going. While critics argue that cash transfers may result in labour disincentives and dependency on public support, there is also empirical evidence, such as the one from the From Protection to Production project, a joint effort of FAO and UNICEF, the shows that cash transfer programmes in Nigeria have positive impacts in terms of increases in productive activities among beneficiary households. Moreover, in Nigeria, cash transfers programmes have given households more flexibility with their time, and there is evidence that some shift from precarious, agricultural wage labour of last resort to their own on-farm activities Asfaw et al., (2014)

2.3.3 Examine if improving access to electricity, water, and sanitation while `bolstering information and communication technologies can lead to social economic development.

The initial consequences of amenities and the onset of a global food crisis appear to jeopardize the success, so far, in fighting hunger and reaching the other MDGs. The study opined that the international community should act swiftly to protect the most vulnerable against the rapid increase in food prices, while strengthening efforts over the medium to long term, to promote rural and agricultural development. For the medium and long term, high food prices, together with the heightened threat of infrastructural deficit, require well-coordinated, coherent programmes to promote sustainable rural development, featuring agricultural productivity improvement. Some of the key aspects of the medium- to long-term responses include: increase in agricultural productivity; investment in infrastructure; provision of social protection; and investment in science and technology.

2.3.4. Discusses important lessons learned about reducing poverty and highlights several areas that need to be emphasized in the future.

Why has poverty in Africa stayed so stubbornly high despite record economic growth? According to the Loise Fox (2022) three main reasons has account for these

- (i) less of Africa's growth translates into poverty reduction because of high initial poverty, including low asset levels and limited access to public services, which prevent households from taking advantage of opportunities;
- (ii) Africa's increasing reliance on natural resources for income growth rather than agricultural and rural development excludes the 85 percent of the poor population living in rural areas; and
- (iii) (iii) Africa's high fertility and resulting high population growth mean that even high growth translates into less income per person—a point too often ignored in discussions on the sub-continent and in Washington.

The study model depict these areas as key for the livelihoods and welfare of the poor, and it is great to see a further study that sets a few priorities as opposed to requiring Nigeria governments to undertake a laundry list of initiatives at once.

4. CONCLUSION

Based on the extant literature discussed, the research findings depend on the results of the empirical test from the models. However, this study reviews and theoretically examines the effect of poverty on socio-economic development in Nigeria. Also, having an understanding of the importance of the effect of poverty on socio-economic development, it will enable the various parties such as government and non-governmental organizations (NGOs) to formulate policies and make appropriate decisions and implementation. This study will add to the scanty literature and serve as a reference point to the researchers in academia who are interested on issues of poverty. More so, intended scholars in this area of research can empirically provide evidence on the established relationship between the variables selected in this study. Other additional control variables such as environmental factors as it relates to poverty, etc. can be considered by future researchers.

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