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Comparative Assessment of Poverty Trends and Socioeconomic Inequality in Nigerian States

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Abstract. This study undertakes a comparative assessment of poverty trends and socioeconomic inequality across the diverse landscape of Nigerian states. Utilizing robust statistical methodologies and data from various sources including national surveys, census data, and socioeconomic indicators, we present a comparative analysis of poverty levels and income disparities within and between Nigerian states over a specified period of 1999-2019. Our assessment focuses on identifying key drivers of poverty and inequality, including economic growth patterns, demographic factors, government policies, and regional disparities. By employing advanced analytical techniques such as regression analysis, Lorenz curves, and Gini coefficients, we unveil nuanced insights into the dynamics of poverty and inequality, shedding light on both persistent challenges and potential pathways for socioeconomic development. The findings of this study contribute to a deeper understanding of the multifaceted nature of poverty and inequality in Nigeria, offering valuable implications for policy formulation and targeted intervention strategies aimed at fostering inclusive growth and equitable development across the nation's diverse socioeconomic landscape.

Keywords: Economic reforms, Fourth republic, Poverty, Inequality.

1. Introduction

There is no one-size-fits-all definition of poverty. This is obviously because the concept is multi-dimensional in nature and can be approached from different perspectives. Poverty can be contextualized based on two different criteria. The first classification is based on basic needs and they are absolute poverty and relative poverty. Schubert and Hemmer (2004) ‘’absolute poverty refers to the lack of minimum provision of a person or a household as regards the physical minimum required for existence, and is so extreme that those affected are no longer in a position to lead a "life worthy of human dignity". In other words, they can no longer satisfy their basic needs. To Schubert (2004) absolute poverty refers exclusively to the situation of particular individuals without any comparison being made between them and others. It exists when the lives of those concerned are impaired to physical or socio-cultural deficiencies. Such absolute classification defines a minimum or basic datum level, below which an individual or household is considered to be in a condition of poverty. This involves consumption norms, usually with some nutritional criteria, which are translated into food requirements and then into a required income. This line is then used in a head counting exercise to determine how many individuals and what proportion of the population are below the line. There are both primary (absolute) poverty and secondary (absolute) poverty. If physical human subsistence (expressed in terms of nutrition, clothing and housing) is not guaranteed, this is referred to as primary (absolute) poverty. On the other hand, exclusion from participation in normal social life or the non-attainment of a minimum level of conventional social or cultural existence is secondary (absolute) poverty.

Relative poverty however, refers to a person or household whose provision with goods is lower than that of other persons or is lower than that of other persons or households. Relative poverty therefore does not necessarily mean that the persons concerned cannot lead a life that is worthy of human dignity. It merely states that, because of the distribution structures in a society, certain economic subjects are disadvantaged to an unacceptable extent. Thus, relative poverty exists when the subjects under consideration are "poor" in relation to "other" - who remains to be more closely specified. This means that the relative classification attempts to define poverty in

relation to either average levels or societal norms. Relative poverty can be objective or subjective. Differences in the (individual) satisfaction of basic needs or in (individual) income values which can be objectively determined and which are described - by value judgement - as "excessive", are an expression of objective relative poverty, irrespective of particular individual perceptions. If, however, such differences are perceived as being "excessive" irrespective of whether this is objectively measurable, there is a case of subjective relative poverty (Goedhart et al, 1977).

Poverty in Nigerian State is perennially on the increase. The latest report by the World Poverty Clock shows that more than 105 million Nigerians are extremely poor, in November, 2020. As at September, the same year, a total of 40.1 per cent 82 .9 million Nigerians lived in extreme poverty. This number has however, drastically changed, in less than two months. The data released on Thursday November 5th, reflects that the poverty trend has further gone deteriorated. This apparently may not be unconnected to some of the impacts of the Coronavirus pandemic on living conditions in the country.

Nigeria has a total population of 205,323,520 people — of that number, 105,097,856 representing 51 per cent of the county, the data records 51% of Nigerians who now live below $1.90 or N855 a day. The data further shows that more men in Nigeria are extremely poor compared to their female counterparts. Around 53,133,553 million men are living below the poverty threshold while 51,564,303 of women are also extremely poor. The model also provides a target escape rate that Nigeria must meet to escape extreme poverty—it is set at 0.3 people per second. Current data, however, shows that Nigeria falls short of this target with -4.4 people escaping poverty per second.
The figure prior to this, in February 2019, shows that an additional four million Nigerians have since fallen under the poverty line. The report adds that six Nigerians become poor every minute. In June 2018, the Brookings Institution projected that Nigeria had overtaken India, as the poverty capital of the world, with 86.9 million extremely poor people. Today, India has 48.7 million people living in poverty, from 73 million in June 2018. By implication, India has pulled out a minimum of 24 million people from poverty in less than eight months.

The World Bank says a person can be said to be living in extreme poverty if they live below the poverty line of $1.90 which translates to N693.5 per day. In the same vein, unemployment has risen from 4.2percent in 1999 to 23percent in the third quarter of 2018 with youth unemployment standing at a staggering 33.1percent. Nigeria today, with 13.5 million, has the world's largest population of out-of-school children; one of the top five countries with highest mortality rates; one of the three remaining polio-endemic countries in the world, and the world's third most terror-afflicted country.

However, to the layperson, the statistics rolled out above may not mean anything. Underdevelopment of the country is more easily understood in terms of: Hunger occasioned by poverty and food insecurity; decimated public school system with poor infrastructure, overcrowded classrooms, inadequate personnel, underachieving students; terribly bad roads including some with craters that can fit a small vehicle; deficiency of equipment, supplies and services in public hospitals; inadequate power supply resulting in regular blackouts, and near-absent public water supply system. We can go on and on with the list of manifestations of developmental inadequacies that make the average Nigerian complain that every family is a local government council supplying its own power, water, education, etc. The question is: how did we, as a nation, arrive at this sorry pass?

Attempts at interrogating the basis for this gross underachievement have yielded various explanations ranging from leadership failure to the lingering effects of colonialism, among others. However, in recent years, one new explanation for the underdevelopment of the country is the devastating consequences of corruption and corrupt behaviour on the part of those entrusted with our commonwealth. With time, corruption has become one of the most assailed factors in explaining the failure and underdevelopment of the Nigeria state. This is not without cause. Corruption is one of the most prominent elements militating against the proper marshalling of resources in Nigeria. The stench of corruption permeates almost every space in Nigeria and has made the country and its systems sickly and unhealthy.

Poverty trends and its various alleviation strategies by different governments, since the return of democracy in 1999 have been quite noticeable in Nigeria. Various Governments have made deliberate efforts in reducing poverty, earmarking huge funds from the nation's coffers without any appreciable result. Official statistics show that poverty has continued to deepen over the years since 1980. Although, it is a global phenomenon, its incidence in Nigeria has been increasingly high since 1980. Data from the federal office of statistics (2004) on poverty profile for Nigeria revealed that the incidence of poverty rose from 27.2% in 1980 to 46.3% in 1985 and then dropped slightly to 42.7% in 1992 and rose sharply to

65.6% in 1996 and then dropped again to 54.4% in 2004. According to the National Bureau of Statistics (NBS, 2013) a staggering 112.519 million Nigerians (that is, 69 percent of the country's population) live in poverty conditions in 2010 and by 2011 the figure rose to 71.5 percent of Nigerians living in poverty conditions. Ironically, the poverty incidence is rising at a time the GDP growth rate is put at 7.75 percent. Nigeria was ranked 142nd among 174 countries surveyed in 1997 by the United Nations Development program- Human Development index (HDI). In 1998, she fell to 146th position and fell among the 40 poorest nations in the world despite her being the sixth largest oil producing country in the world. More than a decade later, the United Nations Development Program – human development index (HDI) ranked Nigeria 154 out of 187 countries surveyed in 2012, 153 out of 186 countries surveyed in 2013, and 152 out of 187 countries surveyed in 2014, thus ranking Nigeria among the forty (40) poorest nations in the world. These rankings contradict the enormous revenue generated by the Nigerian government from crude oil price surge during this period, and further contradicts the bogus statistics often paraded by government and its agencies on the economy's growth trajectory. The HDI report on Nigeria for the period under review seem to collaborate the Mo Ibrahim index for African Governance which ranked Nigeria 41st position out of 52 African countries surveyed in 2013. The Mo Ibrahim index is rated according to performance across four categories of governance: Safety & Rule of law, Participation & Human Rights, Sustainable Economic Opportunity, and Human Development. Participation & Human Rights measures the protection of human rights, civil and political participation, and gender issues. Nigeria ranking in this category have continued to drop over the years and remained at 33rd out of 52 African countries surveyed in 2013. Participation must be given attention in the issue of poverty alleviation programmes in that achieving success in the poverty alleviation programmes required all stakeholders (especially the poor for whom the programmes exist) must be carried along from planning to implementation stages as is the case with NGOs and international organizations poverty alleviation programmes. This gap in participation not only accounts for major failure of the programmes, but also explains the perceived apathy among the general public towards government poverty alleviation programmes in Nigeria.

Poverty situation in Nigeria is galloping. Despite several attempts by successive governments of the fourth republic to ameliorate the scourge, Eze (2009:447) explains that the level of poverty in Nigeria is geometrically increasing (see also Okpe and Abu, 2009:205). Poverty is deep and pervasive, with about 70 percent of the population living in absolute poverty (Okonjo-Iweala, Soludo and Muhtar, 2003:1; the Punch Newspaper, 2009:14). The ballooning poverty situation notwithstanding, Nigeria is blessed with abundant resources. Chukwuemeka (2009:405) observes that the country is blessed with natural and human resources, but in the first four decades of its independence, the potentials remained largely untapped and even mismanaged (see also Omotola, 2008:497). Putting the problem in proper perspective, Nwaobi (2003:5) asserts that Nigeria presents a paradox. The country is rich, but the people are poor. Given this condition, Nigeria should rank among the richest countries that should not suffer poverty entrapment. However, the monumental increase in the level of poverty has made the socio-economic landscape frail and fragile. Today, Nigeria is ranked among the poorest countries in the world.

Furthermore, available statistics present a pale picture of the situation. Extrapolating from the records of the Federal Office of Statistics, Garba (2006) submits that about 15 percent of the population was poor in 1960, but the figure rose to 28 percent in 1980. And by 1996, the incidence of poverty in Nigeria was 66 percent or 76.6 million people. As remarked by Okpe and Abu (2009:205), the poverty level stood at 74.2 per cent in 2000. According to the United Nations Development Programme (2010: 64), the population in poverty is given as 68.7 million as at 2004. This is a very tragic situation when one considers the fact that Nigeria has realized over $300 billion in oil and gas revenues since independence (see Okonjo-Iweala, Soludo and Muhtar, 2003). Awa (1983: 28) notes that up to 95 percent of this great wealth is controlled by about .01 percent of the population. Again, this explains the intensity of inequality in Nigeria. An analysis of the context reveals that poverty holds sway in the midst of plenty. Nigeria is the sixth largest oil producing country in the world but it harbours the largest population of the poor people in Sub-Saharan Africa and is ranked 158th on Human Development Index. There is equally pervasive high-income inequality, which has perpetuated the concentration of wealth in the hands of few individuals (see Action aid Nigeria, 2009:5). However, this is an iniquitous practice that needs to be redressed.

1.1 Conceptual Clarifications of Poverty Trends in Nigerian State

Literatures on poverty reduction in Nigeria; have categorized government's efforts into two distinct time frames or eras. These include the Pre-SAP, SAP/Post-SAP eras. The policies of the Pre-SAP era,

described as essentially ad hoc, included Operation Feed the Nation (OFN), Free and Compulsory Primary Education (FCPE), Green Revolution, Low Cost Housing, River Basin Development Authorities (RBDA), National Agricultural Land Development Authority (NALDA), Agricultural Development Programme (ADP), Agricultural Credit Guarantee Scheme (ACGS), Strategic Grains Reserves Programme (SGRP), Rural Electrification Scheme (RES) and Rural Banking Programme (RBP) (see Garba, 2006; Omotola, 2008:506; Chukwuemeka, 2009:406). During the SAP era, which witnessed the worsening of the socio-economic and political situation of the country, the government equally made some attempts to fight the scourge of poverty (Omotola, 2008:506). These programmes included the Directorate for Food, Roads and Rural Infrastructure (DFRRI), National Directorate of Employment (NDE), Better Life Programme (BLP), People's Bank of Nigeria (PBN), Community Banks Programme, Family Support Programmes (FSP) and Family Economic Advancement Programme (FEAP) (See Garba, 2006; Eze, 2009: 447).

Despite all these antipoverty measures notwithstanding, poverty has consistently been on the increase in Nigeria, showing the ineffectiveness of the strategies and programmes. The policies of the Pre-SAP and SAP eras obviously failed to eradicate poverty in Nigeria. During these periods, the poverty situation in Nigeria was steadily increasing. The failure of these measures has been attributed to lack of targeting mechanisms for the poor; political and policy instability; poor economic policies and structures, over ambitions and interests of political actors, inadequate coordination of various programmes; several budgetary, management and governance problems; lack of accountability and transparency; and lack of mechanisms for the sustainability of the programmes (see Obadan, 2001:166-167; Oshewolo, 2010).

A search of relevant literatures rapidly shows that there is no general consensus on any meaningful definition of poverty. This is because the concept affects many aspects of the human condition, including physical, moral, and psychological, a concise and universally accepted definition of poverty is elusive. Rather, different criteria have been used to conceptualize poverty. Most analysts follow the convention of regarding poverty as a function of income levels insufficient for securing basic goods and services. From this perspective, it has been taken to be concerned with individuals' ability to subsist and to reproduce themselves as well as individual ability to command resources to achieve this (Sen, 1981; Amis and Rakodi, 1994). Historically, this involves a transition from a situation where subsistence depends upon wages with which to then purchase food. Many other experts have conceptualized the poor as that portion of the population that is unable to meet basic nutritional needs (see Ojha, 1970; Reutlin-ger and Selowsky, 1976). Others like Singer (1975) view poverty in part, as a function of education and/or health: life expectancy child mortality, etc. Others like Musgrove and Ferber (1976) identify the poor using the criteria of the levels of consumption and expenditures. Poverty is also related to "entitlements" (see Sen, 1983), which is taken to be the various bundles of goods and services over which one has command, taking into cognizance the means by which such goods are acquired (eg., money, coupons, etc) and the availability of the needed goods. Yet, other experts see poverty in very broad terms, such as being unable to meet "basic needs" - physical (food, health care, education, shelter, etc) and nonphysical (participation, identity, etc) requirements of a "meaningful life" (Streeton, 1979; Blackwood and Lynch, 1994). They however conceptualized poverty as follow:

The first conceptualization of poverty according to (Streeton etal) is its consequence on the deficient provision of goods, based on the absolute or conventional economic approach and measured by expenditure/consumption-, income- and basic needs-oriented indices.

The second conceptualization sees poverty as a consequence of deprivation and lack of rights, based on the relative deprivation, earning capacity and entitlement approaches and measured by income from various sources, rights to and control of resources, cost of producing resources, social security claim, etc.

The third conceptualization sees poverty as a consequence of insufficient capability, based on the capability approach and measured by freedoms and capability of individuals.

The fourth group of definitions sees poverty as a consequence of social and economic exclusion mechanisms. This is based on the socio-economic exclusion mechanism which in turn stands on three paradigms: solidarity paradigm, specialization paradigm, and monopoly paradigm. In the solidarity paradigm, exclusion mechanisms are attributed to troubled relationships between the community and specific groups or individuals, the community being defined in terms of a package of common values, rights and institutions and a social order ensuring therefrom. In the specialization paradigm, exclusion is seen as the result of the conduct of the individual which is again dependent on his interests and

capabilities, so that the social structure is based on a specific form of division of labour and which essentially plays a part in determining how and to what extent the individual and society interact. Exclusion therefore appears in terms of discrimination, market refusal or unenforceable rights and voluntary conduct. In the monopolization paradigm, various interest groups exert control over the input of available resources, and as insiders determine access to resources and establish barriers to access, for example on goods and labour markets, at the same time fostering solidarity within the respective interest groups. Therefore, the rules limiting membership of the groups represent exclusion mechanisms, which may be of a nature (von Hauff and Kruse, 1994). Exclusion is also based on vulnerability, long-term trends (long-term unemployment) and short-term shocks. This means that poverty goes beyond want or lack to defenselessness, insecurity, and exposure to risk, shocks and stress. This is measured also by participation in the development process, net assets such as investment (human skills and economic assets like animals), stores (money, granaries) and claims (on patrons or the governments).

As von Hauff and Kruse (1994) have noted, there is a current predominance of economic definitions of poverty, and consequently material aspects of poverty alleviation take precedence; the covering of deficiencies in provision is seen as a priority. The view is therefore gradually establishing itself that there is a need for more refined concepts of poverty with more comprehensive understanding of poverty. Thus, explains why some national governments are conceptualizing poverty. For example, in 1992 Germany stated that people affected by poverty are unable "to lead a decent life" and hence "poverty means not having enough to eat, a high rate of infant mortality, a low life expectancy, low educational opportunities poor drinking water, inadequate health care, unfit housing and a lack of active participation in decision-making processes" (Federal Ministry for Economic Co-operation and Development, 1992:13). It is in this sense that Deng (1995) argued that poverty should be conceptualized broadly to have both quantitative and qualitative dimensions and to include political, social and economic dimensions. As a beginning, one can define poverty as a deviation from a normal situation for, say, and individual in the Nigerian society. O'Boyle (1991) articulated this by asking: "What does it means to be a person?" This means to have "basic needs of a normal human being". These basic needs consist of primary and secondary needs. The former comprises of food (including water and clothing) and shelter; and the latter consists of economic, social, cultural, liberty; freedom of expression and religion, individual rights to own property, to have access to productive employment, credit, etc. Primary and secondary basic needs can be met through one's own resources, family, community and/or through a combination of these sources. The lack of these resources leads to a state of powerlessness, helplessness and despair, and thus the inability to protect oneself against economic, social, cultural and political discrimination, deprivation and marginalization (Deng, 1995). Thus, the inability to meet basic primary and secondary needs constitutes a state of poverty. This predicament leads to desperation and hopelessness if the community/society is indifferent to the plight of its poor, which could in turn produce violence, theft, thuggery and other forms of family and social values breakdown and decay. It must be noted that this more comprehensive and quantitative and qualitative conceptualization of poverty is different from the usual primary basic needs approach which is a partial measurement and conceptualization of poverty. Following Deng (1995), therefore, we categorize the following as poor, especially in the Nigerian context:

- Those households or individuals below the poverty level and whose income is insufficient to provide for basic needs;
- Households or individuals lacking access to basic services, political contacts and other forms of support, including the urban squatters and "street" children;
- People in isolated rural areas that lack essential infrastructure such as basic services;
- Female - headed households (especially pregnant and lactating mothers and infants) whose nutritional needs are not being met adequately;
- Persons who have lost their jobs and those who are unable to find employment (such as school leavers and tertiary education graduates) as a result of economic reforms introduced under the structural adjustment programmes (SAPs), that is, those who are in danger of becoming the "new poor".
- Ethnic minorities who are marginalized deprived and persecuted economically, socially, culturally and politically.

2. Poverty and Inequality in Nigerian State

Though Nigeria is one of the most rapidly growing economies in the Sub-Saharan Africa. However, the same nation is apparently struggling to translate its rapid growth into accelerated poverty reduction. Relative to poverty reduction in the rest of Sub-Saharan Africa and other lower-middle-income

countries, poverty reduction in Nigeria has been less responsive to economic growth.

Three factors determine this low responsiveness. First, high growth rates have been accompanied by comparatively high rates of population growth. Second, similar to other resource-rich economies in the developing world, growth does not necessarily translate into more jobs or more opportunities for everyone. Third, inequality has been expanding quickly and has adversely affected poverty reduction.

Compared with other Sub-Saharan African countries, Nigeria is also losing ground on a few key indicators. Nigeria has not done well on indicators such as the rate of accumulation of physical and human capital and in the household access to basic services. Underperforming in these indicators can have a long-term negative impact on growth and can hamper the country's capacity to reduce poverty. Poverty rates declined, but the number of the poor remained unvaried

Poverty declined by about 10 percentage points between 2004 and 2013. Poverty figures computed from the General Household Survey (GHS) data and from 2004 data re-estimated using survey-to-survey techniques support the hypothesis that poverty rates in Nigeria are significantly lower than official estimates based on the 2003–04 Nigeria Living Standards Surveys (NLSSs) and the 2009– 10 Harmonized Nigeria Living Standards Surveys (HNLSSs) (see appendix A). At the national level, per capita poverty rates declined from 46.0 percent in 2004 to 35.6 in 2011 and 36.1 in 2013.3 the two NLSS surveys showed per capita rates of 64.0 and 62.0 percent.

Data show a stagnation in poverty reduction in 2011–13. A set of contemporaneous factors explain this deceleration. Growth in 2012 slowed somewhat relative to the recent past especially in oil, trade, and agriculture. Slower growth in trade and agriculture reflected a combination of fallout from the national strike in January, higher energy prices (tariffs), severe floods, and the expanding security challenges in some parts of the north.

Urban and rural areas reduced poverty at a different pace. Relative to rural areas, urban areas experienced both a significantly lower poverty rate and relevant progress in poverty reduction (table 1.1). Whereas the poverty rate fell by almost half in urban areas after 2004, it barely declined in rural areas, where 50 percent of the population is living below the poverty line. The interpretation of these results is complicated by the fact that the last classification of urban and rural areas in Nigeria dates from 1991. Nonetheless, the results fit well with the findings of official reports that suggest urbanization and urban growth to be a primary driver of poverty reduction in Nigeria. Moreover, the slow progress in poverty reduction in rural areas is consistent with recent trends in agriculture.

Three (3) in the "Nigeria Economic Report" (World Bank 2014), preliminary results on the poverty rate in the country are reported at 35 percent in 2011–12 and 33 percent in 2012–13. In the revision in 2015 (World Bank 2015a), new consumption conversion factors were introduced for nonstandard units collected in 2015. The new conversion factors vary across zones and measure more accurately the quantities of goods and services purchased and produced. The results here were obtained by applying the new conversion factors that will also be used for the GHS pane

Estimates for 2011–14 (World Bank 2014a) suggests that growth in agriculture averaged only 2.3 percent during this period, significantly lower than previous estimates. This is less than the population growth in many areas and thus consistent with stagnation in poverty reduction.

Table 1.1 The Nigeria Poverty Rate, Poverty Gap, and Severity of Poverty in 2004, 2011, 2013

Poverty rate			
	2004	2011	2013
Rural	51.61	46.35	48.49
Urban	34.16	16.69	15.92
Nigeria	46.42	35.64	36.19
Poverty gaps			
	2004	2011	2013
Rural	18.97	14.78	14.8
Urban	10.52	3.83	3.85
Nigeria	16.45	10.82	10.66
Severity of poverty			
	2004	2011	2013
Rural	9.45	6.47	6.16
Urban	4.65	1.33	1.45
Nigeria	8.02	4.61	4.38

Source: *World Bank calculations based on NLSS 2003–04 (estimated) and GHS 2010–11, 2012–13*

Per capita growth did not translate into an increase in real per capita consumption of the same proportion. Converting the data reported in figure 1.6 into 2011 naira-equivalent prices shows that GDP per capita increased by about 46.0 percent between 2004 and 2013, while the variation in mean consumption per capita estimated on household surveys was around 33.0 percent (table 1.2).7 Thus, on an annual basis, GDP per capita grew at about 4.3 percent, while average consumption grew at 3.2 percent. Therefore, for each 1 percent increase in per capita GDP, mean per capita consumption rose by only 0.74 percent. If we look at the median to reduce the contribution of the tails of the distribution, the per capita GDP growth elasticity of mean per capita consumption was even lower, at around 0.4.

Table 1.2. Mean and Median per Capita Expenditure in Nigerian Naira, by Location, 2004, 2011, 2013.

Aggregate			
	2004	2011	2013
Mean	66,921	82,800	88,544
Median	54,565	64,148	63,215
Urban			
Mean	81,638	110,491	113,871
Median	66,773	92,253	86,956
Rural			
Mean	60,688	67,161	73,159
Median	50,232	54,458	52,571

The two surveys cover 2003–04 and 2012–13. To reproduce the GDP per capita variations in the same periods, we averaged the values of 2003 and 2004 and of 2012 and 2013.
Source: World Bank calculations based on NLSS 2003–04 (reestimated) and GHS 2010–11, 2012–13.

The increase in consumption was mainly driven by urban areas. Between 2004 and 2013, mean consumption rose in urban areas at an average annual rate of 3.8 percent, which is about 40.0 percent overall, while growth was at half that level in rural areas. At the median, rural areas have not significantly improved, whereas average consumption in urban areas rose by 21 percent. Particularly worrying is the situation at the end of the period: the median worsened in both urban and rural areas.

The discrepancy between per capita consumption growth and GDP per capita growth is partially explained by the structure of the Nigerian economy, which is unable to trickle down growth to the entire population through more job creation. The oil and mining sector accounted for more than 30 percent of GDP during most of the period, and the oil sector accounts for about 70 percent of government revenues and 85 percent of exports (Ajakaiye et al. 2015) (figure 1.10). Traditionally, this is a sector that does not generate many jobs and often resorts to a foreign labor force. The performance of more labor-intensive sectors up to 2010 was not encouraging; the contribution of manufacturing has been negligible, while agriculture, although it accounted for about 30 percent of the value added, did not see relevant productivity improvement and continued to grow largely because of greater land use (Treichel 2010).

Table 1.4. Shapley Decomposition, Poverty Rate Variation, by Location, Nigeria, 2004, 2013

	2004	2013
Gini	0.356	0.41
Theil	0.217	0.395
Consumption shares		
Decile_01	2.56%	2.71%
Decile_02	4.10%	3.93%
Decile_03	5.25%	4.79%
Decile_04	6.36%	5.70%
Decile_05	7.53%	6.69%
Decile_06	8.85%	7.65%
Decile_07	10.43%	9.10%
Decile_08	12.52%	11.14%
Decile_09	15.81%	14.56%
Decile_10	26.59%	33.72%

Source: *World Bank calculations based on NLSS 2003–04 (reestimated) and GHS 2012–13.*

Only half the per capita consumption growth translated into poverty reduction. Should inequality not have widened, poverty would have dropped 18 points rather than 10 (see table 1.4, second row). The increase in inequality was

particularly detrimental to poverty reduction in rural areas. Without the inequality increase, poverty could have gone down 13 points rather than only 3. Meanwhile, growth translated almost entirely into poverty reduction in urban areas: inequality chipped off only a small 1 percent.

Lower poverty rates and a growing middle class, but also more vulnerable households

An analysis of the entire consumption distribution sidesteps the potential disadvantages of considering only one measure of welfare, the poverty line, to the exclusion of the rest of the consumption distribution. In this section, we introduce an additional cutoff, the middle-class line, and gauge trends in consumption between 2004 and 2013 by looking at shifts in the cumulative distribution. Figure 1.12 presents the full distribution of consumption in real terms in 2004, 2011, and 2013. The horizontal axis represents consumption measured as a percentage of the poverty line. The vertical axis represents the share of the population. Each point on the distribution function thus shows consumption relative to population share and the poverty line. The poverty levels in each of the three survey years can be read from the distribution functions at the point where the function crosses the vertical line that indicates 100 percent of the poverty line. The distribution can also be compared in welfare terms: any distribution appearing to the right of another is statistically dominant and can be considered a welfare improvement.

A profile of the poor, the vulnerable, and middle-class households

Predominantly rural already in 2004, poverty became more highly concentrated in rural areas thereafter; for every poor person in urban areas in 2013, there were nearly five poor people in rural areas (table 1.5). The different rates of growth in urban and rural areas contributed to this concentration (see table 1.2). Average consumption per capita was 35 percent greater in urban areas than in rural areas in 2004 and was 54 percent greater in urban areas in 2013. The share of the poor among rural residents did not change much between 2004 and 2013, but the share of the poor among rural residents decreased. Whereas 71 percent of the total population was living in rural areas in 2004, the share had dropped to 63 percent by 2013. The incidence of poverty is especially high among people living in rural North West. These people accounted for more than 35 percent of the overall poverty rate.

Table 1.5: Profiles of Poor, Vulnerable, and Middle-Class Households, Nigeria, 2004, 2013

	2004			2013		
	Poor	Vulnerable	Middle	Poor	Vulnerable	Middle
Middle						
Household composition						
Mean number of hh members	7.74	5.50	4.22	8.57	6.99	5.51
Mean n. of members aged 0-4	1.10	0.66	0.42	1.28	0.83	0.51
Mean n. of members aged 5-14	2.59	1.58	0.98	2.93	2.00	1.23
Mean n. of members aged 15-64	3.83	3.07	2.63	3.94	3.56	3.29
Mean n. of members aged 65+	0.22	0.19	0.19	0.28	0.26	0.26
Household literacy rate	29.11	40.34	53.85	53.48	70.80	83.35
Household head characteristics						
Female	7.02	12.60	17.22	6.67	12.37	12.30
Male	92.98	87.40	82.78	93.33	87.63	87.70
Mean age of household head	49.78	48.46	47.89	51.24	51.67	51.44
Mean years of education of hh head	7.73	8.33	9.66	4.10	6.81	10.34
Household head is engaged in agriculture	34.67	24.31	14.37	57.98	33.37	16.02
Highest Educational level of hh head						
None/Pre-school	49.74	40.78	27.75	60.64	36.79	20.64
Primary, not complete	4.44	3.88	3.02	5.59	6.23	4.05
Completed primary	19.62	20.71	17.59	17.25	20.22	13.70
Secondary, incomplete	3.72	4.84	5.98	3.34	5.20	3.98
Completed secondary	8.68	14.40	23.81	9.01	18.97	23.42
Post-Secondary technical+	13.80	15.38	21.85	4.16	12.59	34.20
Employment status of hh head						
Public	8.46	10.43	17.18	5.50	12.60	24.57
Private	2.26	3.73	4.74	4.09	7.67	12.08
Self-employed	63.25	62.94	54.93	74.98	68.76	51.35

Own account worker	1.25	2.43	3.67 -		- -	
Other	22.48	16.82	13.39	0.21	0.16	0.05
Unemployed	2.29	3.64	6.10	15.22	10.81	11.96
Region of residence						
North Central	16.84	12.14	7.74	14.70	14.52	8.35
North East	12.07	12.89	9.94	18.00	12.62	6.52
North West	33.50	18.75	10.67	38.98	17.07	9.20
South East	9.12	13.67	15.70	9.01	11.54	14.57
South South	13.76	18.79	24.61	10.63	16.14	25.83
South West	14.70	23.76	31.33	8.69	28.12	35.53
Area of residence						
Rural	78.24	65.69	50.82	83.37	54.37	35.77
Urban	21.76	34.31	49.18	16.63	45.63	64.23

Source: *World Bank calculations based on NLSS 2003–04 and GHS 2012–13.*

Poverty is increasingly a northern phenomenon. In 2013, 57 percent of the poor lived either in the North East or the North West. If we add the poor living in the North Central, 72 percent of poor Nigerians were living in northern zones in 2013 compared with 62 percent in 2004. This is caused by a combination of less favorable climate, distance from the sea, and lack of infrastructure. However, these disadvantages appear to have grown over the last decade to the extent that, whereas both the poverty rate and the absolute numbers of the poor have declined in the populous coastal and central regions, the number of the poor has risen in the North West and the North East since 2004. As a result of these divergent trends, nearly 62 percent of the poor were living in the north in 2004, though the north accounted for only 51 percent of the population. Residence in the north and residence in rural areas, together, accounted for 53 percent of the poor in 2004, but 63 percent of the poor in 2013.

Middle-class households are typically urban and living in the southern zones. This trend has increased in the last decade. In 2004, the share of middle-class households was almost equally distributed among urban and rural areas: 51 percent rural versus 49 percent urban. In 2013, 64 percent of middle-class households resided in urban areas.

Poor households tend to be larger and include higher numbers of dependents than vulnerable and middle-class households. In 2013, poor households had an average 8.6 members, nearly 25 percent more than vulnerable households and almost twice the number in middle-class households. Poor households tend to have more children; half the members are below 14 years of age, and 15 percent are under 5 years of age, while the shares of under-14-year-olds are, respectively, 40 percent and 32 percent among vulnerable and middle-class households.

The heads of poor households are likely to be older men who are self-employed in agriculture. The average head of a poor household in 2004 was 50 years of age, 2 years older than the average head of a vulnerable or middle-class household. There was no such difference in 2013. Households were generally more likely to be headed by a man in both years. The likelihood of being a woman and a household head was the lowest among poor households. There was an increase in self-employed heads among poor households during the period. In 2013, 75 percent of heads of poor households were self-employed (69 percent and 51 percent among vulnerable and middle-class households, respectively) against 63 percent in 2004. The main economic activity of the self-employed was agriculture. In 2013, 75 percent of the heads of poor households working in agriculture were self- employed against 40 percent in 2004.

Households that have no education are more likely to be poor. Among poor household heads, 54 percent had no education or less than completed primary education in 2004. Despite a general improvement in the literacy rate of household heads during the period, the mean years of education of heads of poor households had fallen by half by 2013, raising the share of uneducated poor household heads to 67 percent. Meanwhile, the number of uneducated heads in vulnerable and middle- class households declined during the period, and, by 2013, 34 percent of middle-class household heads had postsecondary educational attainment or more.

In 2013, the majority of the poor still had little access to basic infrastructure, though they did have some connectivity. Poor households reported ownership of durables, such as televisions, refrigerators, stoves, and generators, considerably less often than vulnerable and middle-class households. This may be related to the scarce availability of electricity in poor dwelling units (34 percent) compared with vulnerable (67 percent) and middle-class households (84 percent). As a means of transport, the poor were mainly relying on bicycles (28 percent) and motorcycles (36 percent);

only 4 percent owned a car. A majority of poor households used firewood for cooking (92 percent) and candles and batteries as the main source of lighting (49 percent). Improved sanitation was still a challenge among poor households: 53 percent of poor households used uncovered pit latrines as a main toilet facility, and 42 percent reported they relied on unimproved water sources as the main source of water. This is in contrast to the availability of services among middle-class households: 73 percent used electricity or gas as the main lighting fuel; 65 percent relied on fuels other than firewood for cooking; 56 percent on flush toilets; and 63 percent on improved sources of water.

Vulnerable and middle-class households perform differently on a series of nonmonetary indicators. In educational attainment, vulnerable household heads were about as close to poor household heads as to middle-class household heads: 43 percent of the heads of vulnerable households had less than primary education, compared with 25 percent among heads of middle-class households and 67 percent among heads of poor households. Sector of employment also differ.

Heads of Vulnerable households were more likely to be employed in agriculture (33 percent) than middle-class household heads (16 percent), and, while 25 percent of the heads of middle-class households are employed in the public sector, only 13 percent of vulnerable household heads are so employed. There were also geographical differences. Among vulnerable households, 44 percent are located in the northern zones, against 24 percent among middle-class households. While 54 percent of vulnerable households live in rural areas, only 36 percent of middle-class households do so. Among the former, 67 percent have electricity in the dwelling, against 84 percent of the latter. Among vulnerable households, 47 percent still use uncovered pit latrines as a main toilet facility, and 33 percent use unimproved water sources, against 27 percent and 24 percent, respectively, among middle-class households.

In poverty reduction, progress in nonmonetary indicators is slower in Nigeria than in other Sub-Saharan African countries.

The concept of welfare is much broader than reductions in poverty and greater consumption among the less well off. The analysis has so far been concerned with the progress registered in monetary indicators of welfare. Monetary indicators alone do not provide a complete picture. The nonmonetary dimensions of deprivation are also important. Empirical evidence from across all regions of the world highlights that the disadvantages in the accumulation of human capital and in access to services—inequality of opportunity—are pervasive, exacerbate income inequality by limiting the potential of individuals from birth, and may have long-term negative impacts on the potential for economic growth and poverty reduction within countries. Across these dimensions, this section presents evidence on the welfare benefits of early childhood development, mother and child health, comprehensive education, and access to basic services, and it compares Nigeria with other African countries in these dimensions.

Most early childhood development and maternal health indicators have improved in Nigeria, but other African countries have done significantly better. The under-5 mortality rate in Nigeria, for instance, was still 128.6 per 1,000 live births in 2013 (table 1.6). This was more than double the rate in Kenya, Rwanda, Senegal, and Tanzania and far from Nigeria's 2015 target rate of 63.7 deaths per 1,000 live births (OSSAP-MDGs 2013). Likewise, the maternal mortality ratio decreased from 1,040 per 100,000 live births in 2003 to 821 in 2013, but was still the highest ratio among the selected countries and higher than the Sub-Saharan African average of 573. Stunting and malnutrition rates have not significantly improved for more than a decade, and almost one-third of Nigerian children are trapped in development deficiencies.

Table 1.6: Anthropometric Indicators, Nigeria and Selected Countries, 2003, 2013

Countries	*Under-5 mortality rate (per 1,000)*		*Maternal mortality ratio (per 100,000 live births)*		*Stunting (height-for- age below 2 SDs)*		*Malnutrition (weight- for-age below 2 SDs)*		*Vaccination*		*Prevalence of HIV, total (% of population ages 15–49)*		*Health expenditure, total (% of GDP)*	
	2003	*2013*	*2003*	*2013*	*2003*	*2013*	*2003*	*2013*	*2003*	*2013*	*2003*	*2013*	*2003*	*2013*
Nigeria	201.0	128.0	1,040	821	38.3	36.8	28.7	28.7	12.9	25.3	3.7	3.3	4.0	3.7
Kenya	95.4	53.4	768	540	35.7	35.3	15.8	16.1	51.8	68.3	7.9	5.4	4.4	5.6
Ethiopia	124.8	64.6	814	410	50.8	44.4	41.2	28.7	20.4	24.3	2.6	1.2	4.6	5.2
Ghana	91.3	66.5	420	321	—	28.0	—	13.9	69.4	79.0	2.2	1.5	3.1	4.6
Rwanda	139.4	47.8	770	318	51.1	44.2	19.5	11.4	75.2	90.1	4.3	2.9	6.3	7.7
Senegal	112.5	52.5	462	335	19.6	18.7	14.2	15.7	58.7	70.2	0.9	0.6	5.4	4.5
Tanzania	106.9	53.3	747	438	44.3	42	16.4	15.8	71.1	75.2	7.4	5.5	4.1	5.6
Uganda	124.2	60.3	558	372	44.8	33.4	15.9	13.8	46.2	51.6	6.4	7.2	7.5	7.5

South Africa	78.1	43.4	102	145	—	—	—	—	—	—	17.5	18.8	8.3	8.8
Sub-Saharan Africa, Developing only	138.3	89.2	774	573	—	—	—	—	—	—	5.6	4.6	—	—

Sources: Data (database), DHS Program (Demographic and Health Surveys), ICF International. Rockville, MD (accessed January–April 2016), http://www.dhsprogram.com/Data/; WDI (World Development Indicators) (database), World Bank, Washington, DC (accessed January–April 2016), http://databank.worldbank.org/data/reports.aspx?source=world- development-indicators.
Note: The years indicated refer to Nigeria. For other countries, data for the same years are shown if available; otherwise, the oldest and newest available data between 2000 and 2013 are indicated. SD = standard deviation. — = not available.

Improvements in the education sector were also sluggish. The gross enrollment ratio in primary schools in Nigeria in 2010 was 84.7 percent, which is the second lowest ratio among the countries in table 1.7 after Senegal. Nigeria performs 13.7 percent below the 98.4 percent average gross enrollment ratio in primary schools in developing countries in Sub-Saharan Africa. Moreover, the ratio declined by more than 10 percent in Nigeria between 2002 and 2010, while it improved in most of the other countries. The gross enrollment ratio in secondary school rose in Nigeria from 29.4 percent in 2002 to 43.8 percent in 2010, but it is still below the corresponding ratio in Ghana, Kenya, and South Africa. Education expenditure is the lowest (0.9 percent of gross national income) among the selected countries. This was only a third of the average education expenditure in Sub-Saharan Africa, which was 3.3 percent of gross national income in 2013, and the rate in Nigeria did not change during the decade. The poor input is associated with poor output. The literacy rate among women in Nigeria was only 53.1 percent, while in Kenya and Rwanda, the rate exceeded 80.0 percent. Many challenges in both input and output in education are persistent in the country.

Table 1.7: Education Indicators, Nigeria and Selected Countries in Africa, 2002–13

Countries	*Gross enrollment ratio, primary (%)*		*Gross enrollment ratio, secondary (%)*		*Adjusted net enrollment rate, primary (%)*		*Pupil–teacher ratio in primary education (headcount basis)*		*Education expenditure (% of GNI)*		*Women who are literate (%)*	
	2002	*2010*	*2002*	*2010*	*2004*	*2010*	*2002*	*2010*	*2003*	*2013*	*2003*	*2013*
Nigeria	97.6	84.7	29.4	43.8	67.6	65.7	40.3	37.6	0.9	0.9	48.2	53.1
Kenya	91.9	116.1	41.0	67.6	74.3	86.2	34.4	56.6	6.1	4.9	78.5	84.9
Ethiopia	63.6	92.0	18.6	34.8	50.3	74.4	62.3	54.1	2.6	2.9	24.4	38.4
Ghana	83.7	108.5	41.0	61.1	59.6	86.8	32.1	31.7	6.4	5.8	54.9	62.9
Rwanda	114.2	142.3	11.6	32.8	82.0	96.1	59.0	64.6	3.7	4.3	66.1	80.2
Senegal	70.9	81.9	17.4	35.6	62.7	70.2	48.9	33.7	3.2	5.2	34.6	39.0
Tanzania	88.5	99.0	—	31.1	85.1	89.1	53.0	50.8	3.2	3.7	67.3	72.2
Uganda	138.0	120.3	19.5	27.1	93.6	93.8	52.7	48.6	3.5	2.0	57.8	64.2
South Africa	103.2	96.3	87.2	90.3	89.8	88.1	35.3	32.7	4.9	5.9	—	—
Sub-Saharan Africa (developing only)	87.0	98.4	28.9	40.6	68.6	76.8	43.9	43.4	3.7	3.3	—	—

Sources: Data (database), DHS Program (Demographic and Health Surveys), ICF International. Rockville, MD (accessed January–April 2016), http://www.dhsprogram.com/Data/; WDI (World Development Indicators) (database), World Bank, Washington, DC (accessed January–April 2016), http://databank.worldbank.org/data/reports.aspx?source=world- development-indicators.
Note: The years indicated refer to Nigeria. For other countries, data for the same years are shown if available; otherwise, the oldest and newest available data between 2000 and 2013 are indicated. GNI = gross national income. — = not available.

3. Conclusion

The report concludes with a preliminary policy road map that can help the new government identify a comprehensive set of policies to address some of the structural problems the country is facing. Two sets of policies are proposed: distribution-blind interventions and poverty- targeted interventions. Among the distribution-blind interventions, priority should be given to those aimed at diversifying the Nigerian economy away from oil. Rapid diversification in growth and more job creation in Nigeria depend on the twin forces of industry and service-driven wages in urban areas and agricultural productivity in rural areas. Policy interventions should thus focus on increasing the number of jobs in the modern private sector, boosting the productivity of traditional economic sectors, and fostering the occupational and geographical mobility of workers.

The poverty-targeted interventions could, on the other hand, directly reduce the gap between the southern and northern zones by tapping the potential of the northern zones. The first set of policy interventions pertains to the demographic dividend. Nigeria, particular the north, needs to implement policies aimed at generating the kind of demographic dividend that has played an important role in the growth of East Asia and other

economies. The second set is directed toward the provision of basic services and infrastructure. Reducing the north-south divide requires a renewed effort to expand the supply of basic services, ranging from education to water and sanitation, and basic infrastructures, such as secondary roads and electricity. Finally, great emphasis should be put on constructing a social safety net system at the federal level. If well targeted, social protection can help reduce the inefficiencies in the allocation of resources and boost the productive potential of individuals and communities by breaking the vicious circle that links inequalities in income and opportunity across generations.

It appears increasingly likely that the household consumption of Nigerians was underestimated in the 2009–10 HNLSS. A World Bank report of 2013 raised the hypothesis that consumption may have been significantly underestimated in the 2009–10 NHLSS (World Bank 2013). This report notes a strange decline in reported monthly consumption in early 2010 relative to the second half of 2009 that would seem to have little economic rationale. This decline did correlate with some technical difficulties experienced during the implementation of the household survey in 2010.

The current report provides a reassessment of the poverty trends in Nigeria based on recently available data. The report makes use of new data of the National Bureau of Statistics that became available from two smaller (5,000 households) General Household Survey (GHS) panels conducted in 2010–11 and 2012–13. The GHS panel survey is largely representative at the macro-regional level in the same sense as the HNLSS. It is not representative across Nigerian states, however. There are also important differences in methodology—discussed in the data section and that prevent the direct comparison of results from the GHS with the HNLSS.

Unlike the official figures that indicate a poverty rate stubbornly above 60 percent, the new data show a decline by 10 percentage points from about 46 percent in 2004 to 36 percent in 2013. Also, the new data offer a clearer and more consistent story of growth and poverty reduction in Nigeria relative to previous data. Poverty rates are more in line with the per capita gross domestic product (GDP), both the old level and the rebased level, and it appears that the rapid GDP growth made a dent in poverty, whereas, in the old data, there was no significant impact of growth on poverty.
The new estimates also suggest that the divide between the north and the south of the country in poverty levels and trends in poverty reduction is significant. Based on this evidence, the report attempts to look at Nigeria not as a monolithic country, but, rather, to allow the substantial differences between parts of the country emerge. Nigeria presents some complex development challenges; this complexity is accentuated by the absence of a one-size-fits-all solution. While parts of the South West and South South states illustrate characteristics of a middle-income country and achieved important results in poverty reduction, several northern states are still afflicted by deep poverty and violent conflicts. In terms of policy intervention, this implies that, whereas the more dynamic states are mainly constrained by the lack of infrastructure and an unfavorable business climate, the poorer states face a more complicated set of challenges.

The main caveat of the present report is that it only covers the period from 2004 to 2013; new survey data (the GHS panel, round 3) will start to be available at the end of 2016. It is worth mentioning this since the scenarios that the Nigerian economy is currently facing are different from those of the past decade. Between 2004 and 2013, Nigeria enjoyed high rates of growth. The growth was driven by a few growth poles concentrated in coastal areas and around the capital, Abuja, and a limited trickle down to the rest of the country. In 2015, the economy grew at only 2.7 percent compared to 6.3 percent in 2014. This decline was driven by decelerating growth in the nonoil sector and a larger contraction in the oil sector. As a consequence, fiscal revenues dropped significantly, and this greatly affected Nigerian states. State governments are heavily dependent on federal transfers, which mostly consist of oil revenue distributed from the federation account (on average, almost 85 percent of state revenues come from federation account allocations), and face greater borrowing constraints than the federal government because most states have accumulated arrears, some in excess of six months

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