CREATING WEALTH THROUGH POVERTY ALLEVIATION: 
AN ASSESSMENT OF THE NATIONAL ECONOMIC 
EMPOWERMENT DEVELOPMENT STRATEGY IN NIGERIA

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The National Economic Development Strategy (NEEDS) was launched in 2004 as Nigeria’s home-grown poverty reduction strategy (PRSP). NEEDS is a medium term strategy (2003-07) but which derives from the country’s long-term goals of poverty reduction, wealth creation, employment generation and value re-orientation. NEEDS is a nationally coordinated framework of action in close collaboration with the State and Local governments (with their State Economic Empowerment and Development Strategy, SEEDS) and other stakeholders to consolidate on the achievements of the last four years (1999-2003) and build a solid foundation for the attainment of Nigeria’s long-term vision of becoming the largest and strongest African economy and a key player in the world economy (NPC, 2004). This paper critically evaluates this programme and makes suggestions for improved implementation.

INTRODUCTION

The issue of Poverty Alleviation is a continuing major subject of concern in national and international development. Hitherto, global attempts to ease the problem had been largely in terms of provision of basic needs (mainly food, shelter) in the early 1980s and “safety net” for the poorest of the poor since the mid-1980s within the context of economic reforms. The focus of economic development, particularly in the less development countries in the mid 1980s, was dominated by growth oriented Structural Adjustment Programmes (SAP). After the mid 1980s, however, the concern for poverty and adoption of Poverty Alleviation strategies has become universal in scope. This concern has been reflected in national and international policy statements about unintended side effects of adjustment policies and the need for such policies to have “a human face”. The concern has also been brought about apparently by occasional remembrance by some economists and policy makers that the ultimate objective of economic management is to improve the general standards of living of the citizenry.

Poverty affects many aspects of the human condition, including physical, moral and psychological. It is often defined as a situation of low income and/or low consump-

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tion, and people are considered poor when their measured standard of living is below a minimum acceptable level of poverty level, known as poverty line (Ukpong, 1999).

Nigerian government embarked on elaborate process of producing a Poverty Reduction Strategy Paper (PRSP) amidst various criticisms particularly its failure to address the long term economic development of the country. The National Economic Development Strategy (NEEDS) was launched in 2004 as Nigeria’s home-grown poverty reduction strategy (PRSP). NEEDS is a medium term strategy (2003-07) but which derives from the country’s long-term goals of poverty reduction, wealth creation, employment generation and value re-orientation. NEEDS is a nationally coordinated framework of action in close collaboration with the State and Local governments (with their State Economic Empowerment and Development Strategy, SEEDS) and other stakeholders to consolidate on the achievements of the last four years (1999-2003) and build a solid foundation for the attainment of Nigeria’s long-term vision of becoming the largest and strongest African economy and a key player in the world economy (NPC, 2004). The NEEDS, in collaboration with the State SEEDS, constitutes the reasoned response to the challenges of underdevelopment (NPC, Ibid).

The people will be mobilized around the core values, principles and programmes of the NEEDS and SEEDS. A coordinated implementation of both programmes is expected to create at least seven million new jobs over the period, reduce poverty, and lay the foundation for sustained development. The President has expressed his determination to implement the NEEDS and leave lasting legacies. There are abundant human and natural resources to initiate and sustain high and broad-based growth and development. Already, most aspects of the agenda are being implemented, or the enabling legislation being awaited or arrangements already advanced to commence implementation. The president has constituted a competent team and cabinet to drive the reforms. The National legislature is equally more responsive. It has a full set of relevant legislations for effective implementation of the NEEDS. NEEDS will also become the basis for annual budgetary allocation.

**NEEDS STRATEGIES**

NEEDS according to CISCOPE (Opct) rests on four key strategies: reforming the way government works and its institutions; growing the private sector; implementing a social charter for the people; and re-orientation of the people with an enduring African value system as discussed below.

(a) **Reforming Government and its Institutions**: The goals are to restructure, down-size, re-professionalise and strengthen government and public Institutions to deliver effective services to the people. It also aims to eliminate wastes and inefficiency, and free up resources for investment in infrastructure and social services by Government. A key aspect of the institutional reforms is to fight corruption, ensure greater transparency, promote rule of
law and stricter enforcement of contracts. An explicit Service Delivery Programme to re-orientate government agencies towards effective delivery of services to the people is being introduced in government for the first time. In a summary, the goal is to make government and public institutions serve the people: to make government play a developmental role rather than a haven for corruption and rent-seeking. Part of the reforms at this level is to ensure a predictable and sustainable macroeconomic framework, especially through a sustainable fiscal policy framework.

(b) Growing the private sector: NEEDS is a development strategy anchored on the private sector as the engine of growth — for wealth creation, employment generation and poverty reduction. The government is the enabler, the facilitator, and the regulator. The private sector is the executor, the direct investor and manager of businesses. The key elements of this strategy include the renewed privatization, de-regulation and liberalization programme (to shrink the domain of the public sector and buy up the private sector); infrastructure development especially electricity and transport; explicit sectoral strategies for agriculture, industry/SMEs; services (especially tourism, art and culture, and information/communication technology), oil and gas, and solid minerals. Other elements of this agenda include the mobilization of long-term capital for investment; appropriate regulatory framework; a coherent and consistent trade policy and regional/global integration regime; and specific interventions to encourage the development of some sectors. For instance, in order to enhance rapid industrial growth and efficient exploitation of resources, Government shall encourage strong linkage between Science and Technology Parks (STPs), industry and R&D Institutions. In addition, there shall be deliberate efforts made to promote technology acquisition from within as well as across national boundaries.

In collaboration with the States, a key strategy is to promote the emergence and flourishing of industrial clusters. In a global economy characterized by increasing agglomeration of industries, promotion of clusters to ensure economies of scale is an important element of the strategy. The small and medium enterprises (SMEs) are critical for employment generation, and therefore receive special attention under NEEDS. In addition, NEEDS seeks to promote the emergence of medium and large commercial farms, plantations, and industrial conglomerates that would harness the economies of scale and effectively compete in today’s global market.

(c) Implementing a social charter: NEEDS is about people: it is about their welfare, their health, education, employment, poverty-reduction, empowerment, security and participation. This is the overarching ultimate goal of NEEDS. With about 50 percent of the population as children, education is seen under NEEDS as the most impor-
tant bridge to the future and a powerful instrument of empowerment. The HIV/AIDS epidemic is not just a social problem; it is a major threat to productivity and the economy. Effective health care delivery system, especially aspects directed at combating the scourge of HIV/AIDS and other preventable diseases (malaria and tuberculosis) is a key strategy for preserving a healthy workforce. Explicit programmes are directed at youth re-orientation and employment. The existing pension scheme which is in crisis is being replaced by a contributory pension scheme to give the senior citizens a better retirement life. Under NEEDS, reforms are ongoing to promote the emergence of a vibrant mortgage and housing development system that is led by the private sector. The priority to agriculture (especially to improve the productivity of peasant farmers) is a key element of the poverty reduction strategy since over 50 percent of the poor are in agriculture. The continuing investment in water resources not only provides a key social service — water to the people — it also provides irrigation for increased agricultural productivity. Industry, especially the SMEs, is also expected to provide a boost to employment, particularly to the urban labour force. In collaboration with the States (under SEEDS) and local governments, an integrated rural development programme is a major strategy to stem the rural-urban migration. Another key strategy of the social charter is inclusiveness and empowerment. This is not just on the economic front, but deliberate programmes to give voice to the weak and the vulnerable groups through increased participation in decision-making and implementation, and laws and programmes to empower women, children, the handicapped, and the elderly. For example, NEEDS aims for a minimum of 30 percent representation for women in all aspects of national life wherever feasible.

(d) Value Re-Orientation: The key message of the NEEDS is that ‘it is not business as usual’. The privatization programme is designed to shrink the domain of the state and hence the pie of distributable rents which have been the haven of public sector corruption and inefficiency. The act of privatization will release a few thousands of appointed Board members of parastatals to go into productive engagements. Public sector reforms would also aim to emphasize professionalism, selfless service, and efficiency (value-for-money). The anti-corruption measures, flight against the advance fees fraudsters, and strive towards greater transparency in public and private sector financial transactions will help to ensure accountability, and send the message that those who make money through illegal and illegitimate means have no hiding place. Part of the reform agenda is to ensure that hard work is rewarded and that corruption and rent-seeking are punished. The people will be empowered to hold public officials accountable through some Bill of Rights (especially the Right to Infor-
mation Act). The people will be mobilized to re-emphasize the virtues of honesty. Hard work, selfless service, moral rectitude, and patriotism. The National Orientation Agency (NOA) and their state counterparts will be strengthened to actively lead the campaign. Government will also encourage the civil society organisations, Community-based organisations, NGOs, private sector organisations, religious and socio-cultural-traditional organisations, etc. to provide leadership in the campaign for a new value system. Agencies and organisations will be encouraged to take specific steps to reward excellence as the demonstration effect could help to motivate imitation of exemplary behaviour by others.

IMPLEMENTATION OF THE NEEDS

Over the years, ineffective implementation of plans has been a major issue. NEEDS is poised to be different: it is a plan on the ground. Already, a number of the programmes of the current administration are consistent with the major policy thrusts of NEEDS. The coordination of the implementation is headed by the President and there is a systematic process of monitoring and evaluation. At the federal level, commitment to the implementation of NEEDS is total. There will be periodic (quarterly) review of performance —— assessment of achievements, constraints and prospects. In addition, there is an Independent Monitoring Committee made up of men and women of sterling qualities most of whom are directly involved in the reform process and will report directly to the President based on targets and objectives set for the various reforms. The National Assembly will also play their constructive and complementary oversight roles.

A key element of the implementation relates to a system of collaboration and coordination between the Federal and State Governments, donor agencies (through more effective donor coordination), the private sector, civil society, NGOs and other stakeholders. Given the federal structure of Nigeria and the fact that the states and local governments will increasingly control more resources than the federal government, only a coordinated approach can produce the intended results. All the statutory institutions for inter-governmental coordination of development programmes such as the National Council of State; National Economic Council; National Council on Development Planning; and the Joint Planning Board will be actively deployed for the coordination function. All the sectoral councils such as the National Council on Education, Health, Agriculture, etc will be more proactive than before in coordinating sectoral strategies.

Financing

NEEDS requires a heavy investment programme to jump start the economy in a manner that is pro-poor and poverty-reducing. Aside from the projected investment by the federal and state governments as well as the private sector, there is still a residual financing gap which requires special efforts to mobilize the required finance. The President has already set up a stand-
ing committee on funds Mobilization to assist in mobilizing some of the funds that are required.

**TOWARDS IMPROVED IMPLEMENTATION**

NEEDS is designed as a medium term strategy (2003 – 2007) for the attainment of Nigeria’s long term vision of becoming the “largest and strongest African economy and a key player in the world’s economy”. It rests on four pillars namely; the reform of government and governmental institutions, the growing of the private sector, charter, the implementation of a social charter with the people and Value-Re-orientation. How has it fai red and what else can be done to improve the situation?

The first pillar of the programme is the reforming of government and its institutions. This aspect includes, according to the plan, the downsizing and re-professionalizing of government bureaucracy, elimination of waste and inefficiency in government, infusion of greater transparency, reduction of corruption, promotion of the rule of law and stricter enforcement of contracts. Ostensibly towards these ends, the President approved the current efforts to lay-off staff in the civil service, introduced due process checks on government contracts, and the monetization policy. How effective have these measures been? Not very, unfortunately.

The down-sizing of staff of the civil service has not been accompanied by any integrated plan to absorb the laid-off staff in alternative employment. It is very important to have an integrated reform programme in which the adverse consequences of one set of measures have been anticipated, and remedial measures to alleviate these consequences built into the over-all plan. As desirable as the trimming of the civil service staff strength is, doing it without the provision for those who will be laid-off has only raised the unemployment and poverty level, contrary to the goals of the over all NEEDS programme, and increased to level of social discontent.

Today, re-professionalisation of the service remains a dream. Lateness to work is still the norm. Absenteeism is rampant. The ‘not on seat’ syndrome continues unabated amongst very senior officers, with their secretaries completely unaware of their whereabouts. What should be working hours is spent more in idle loitering, social gossips and entertainment of friends and visitors. These habits cannot be changed without a serious effort at turning around the prevailing value system and attitudes to work.

Furthermore, the attempt at monetisation of the benefits of public servants has suffered a severe set-back and seems to have been quietly abandoned, simply because the president’s experts and advisers failed to calculate and make adequate provision for its cost implications. So, in so far as the goal of reform of government and its institutions are concerned, the only area where partial success has been recorded is in the setting up of a due process outfit to minimize waste accompanying indiscreet award of contracts. But even here, while the due process requirement has compelled confor-
mity with necessary procedures, it cannot be said that it has stopped the inflation of contracts and receipt of kickbacks. In any event, the end of achieving stricter enforcement of contracts is negated by the official tardiness to reform an obviously outdated and severely compromised judicial system. Thus, according to Ibeanu (2004) there has not been an adequate legal framework for actualizing NEEDS.

The second pillar of NEEDS, which is the growing of the private sector. Elements of the plan under this pillar are the privatization of publicly owned enterprises, deregulation and liberalization, infrastructural development especially electricity and transport, employment generation, poverty reduction and explicitly sectoral strategies for agriculture, industry, SME’s, etc. In virtually all of these areas, there have been considerable motions but very little movement. The privatization programme has lacked transparency and seems to have run out of steam. It is common knowledge that some highly placed public officials have used their positions to acquire good number of the privatized public companies for themselves, using stolen public funds. Deregulation has succeeded in the telecommunications sector, possibly because all it required of government was to sell licenses to private operators. In the downstream sector of the petroleum industry, it has brought misery to the people. The government passes for deregulation, a policy that merely allows NNPC to import fuel at high international prices and sell it to marketers at government determined prices, sufficiently high to yield a profit to the importer. The marketers then pass on the high cost to the people. Unlike in the telecommunication sector, there is no competition among marketers, who have in fact constituted themselves into a cartel against the people.

The nation’s four refineries remain in poor state as funds appropriated for their maintenance are corruptly diverted and because of government’s obsession against so called subsidies, Nigerians face the irony that the wealthier their nation becomes through enhanced international oil prices, the poorer they become through ever higher pump prices for fuel. It appears the government’s planners never anticipated this outcome in their plans, and never provide for ways of cushioning the impact of their policy on the people, until the NLC rose in their defence. It is an admission to callous indifference to the plight of the people he governs for the president, who is the high priest of deregulation, and his own Minister of Petroleum, to have to admit publicly that he was unaware that kerosene was costing more than N60 per litre, and selling at a higher price than petrol.

As for infrastructural development, even the most unrepentant government apologist cannot give this regime a pat on the back for its performance in this sector. Nigerians were promised uninterrupted electricity supply within nine months from may 1999, but today, more than six years later the electricity supply to homes and factories is more epileptic than ever before, and this is inspite of the appropriation and expenditure of over N300 billion over the period.
The transport sector remains the subject of much talk, but little action. With the moribund state of infrastructure, it is hardly surprising that the industrial sector has received very little boost. We continue to hear about the importance of Small and Medium Scale Industries, SMEs. Lots of seminars and workshops are held. Officials make huge profits from these, but there is little to show on the ground, because the necessary conditions for the sprouting of SME’s have simply not been met. The much anticipated employment generation and poverty reduction remain targets which are in fact receding further and further away as the years roll by. Clearly, NEEDS is yet to deliver on its promises.

An examination of the new employment opportunities that have been created between the times Obasanjo first assumed office in 1999 and the present shows that a few new jobs have been created. However, for each one of those new jobs, hundreds of new entrants to the job market have also emerged which swells the pool of unemployed. Worst still is the thousands that become jobless as a result of government policy of downsizing as a means of achieving efficiency and effectiveness. Thus, the obvious reality is that in spite of the government seeming effort at reducing unemployment rate, the situation is even becoming worse than it was met without any prospect of improvement.

Majority of Nigerians have lost their jobs as a result of decaying and privatized industries and while the few ones employed are experiencing decline in their purchasing power. All these conditions escalate poverty. It is on this note that Ibeanu (2004) opined that:

because there was no debate in the formulation and finalization of NEEDS, the document is a very poor reflection of the realities of many segments of the Nigerian society and that despite the fact that it speaks expansively about poverty reduction and wealth creation, there is little on control and redistribution of wealth.

In order to really reduce poverty and generate adequate employment, there is need to provide for a sustainable SME with stable public power supply. Since the inception of the current regime, the state of public power supply is epileptic than ever before. Hence, the SME cannot be efficient if they have to rely on private generators and bear the high operating costs given the incessant increase in prices of diesel and petrol. Apart from inadequate power supply, for SMEs to grow, the government need to establish serviced industrial estates, provides the necessary, and needed infrastructure for their successful growth. This infrastructure include mini factory buildings in order to allow the limited capital available to small scale industrialists to be invested on machinery and running costs and expedite quick take off of the industries.

As to the transport sector, there is lack of a well-designed and effectively implemented transport policy. In spite of good advice and proposals, decisions concerning this sector are always characterized by lack of patriotism and inadequate concern for the
welfare of the people by the policy makers. Most a times, our government often prefers importation of cars rather than encouraging home-production.

In respect of long term capital mobilization for investment. While the government efforts in this regard is commendable in her attempt to restructure the banking system to enable it grant long term loans required for industrial development, contradictorily, the government has not given adequate attention to the substantial amount of investable funds that are corruptly taken or repatriated abroad by Nigerians. In spite of the hugeness of these amounts Nigerian government is busy applying for debt cancellation and forgiveness.

In the case of agricultural production and development, cosmetic promises and projections are made without any concrete attempts and plans to realize them. The government is in the habit of making weightily pronouncements whose implementation will either be delayed or not implemented at all. For instance, target revenue of $5 billion from cassava production in 2006 is still not certain as no definite plan has been put in place for the realization of this target. Most of the needed requisites for enhanced increase productivity such as good storage, marketing and distribution facilities, appropriate feasibility study vis-a-vis soil and vegetation analysis, better agricultural land policies, good training programmes for the would-be farmers, good processing facilities, guaranteed stable prices, aids, grants, loan and subsidy. All these will guarantee self-sufficiency, food security and employment.

Events in the construction sector are nothing to write home about. The sector, if well funded and developed, has the greatest potential for employing many Nigerians. Unfortunately, the reverse is the case in Nigeria. The sector has been dominated by foreigners who offer lucrative deals especially in foreign exchange. They have become a major contractor to the government who have penchant for given those foreigners undeserved preference. This situation has been put into perspectives by Bulama (2004) that;

90 percent of the jobs in the construction industry in Nigeria are being done by foreigners, and that is in a country where thousands of well trained engineers, technicians and craftsmen are roaming the streets, unemployed.

Given the much talk about tourism, arts and culture, no concrete and decisive actions have been taken in this regard beyond mere dancing, foot thumping, drumming and singing. There is need to provide, develop and maintain better infrastructures and attractive facilities such as accommodation, world class restaurants, sporting, entertainment and cultural facilities which are fundamental to the promotion of tourism, arts and culture. By the same token implementing a social charter as one of the key strategies of NEEDS involves provision of welfare, education, health, employment and poverty-reduction facilities for the purpose of empowering the people. A cursory examination of each of these indices portrays a rhetoric use of words only rather than real action. For example, the health sector has long been in serious crisis characterized by
not only no drugs but incessant industrial crisis and strikes. There have been budgetary crisis as allocation to the sector always fall short of WHO standard for developing countries. Hospital and health centres have become death centres in spite of the seeming lofty ideals of NEEDS.

The Education sector described by NEEDS as “the most important bridge to the future and a powerful instrument of empowerment” is manacled by ASUU strikes over the last five years due to the uncaring attitude of the President and the official involved in appropriately solving the legitimate issue of the strike. This has been worst by government reneging on the agreement legitimately reached by the partners. Not only this, academic environment is no more conducive to learning as facilities are deteriorating and the universities are not well funded.

The last strategy which is value orientation emphasizes anti-corruption measures and seeks to mobilize and empower people to hold public officials accountable through some bill of Rights. It is concerned with the promotion of “virtues of honesty, hard work, selfless service, moral rectitude ad patriotism” An examination of the present regime’s anti-corruption crusade seems to “exist on the tongues of officials and on paper, but not in their hearts and souls”. The government did not make the environment quite hospitable to the emergence of a polity committed to probity accountability and transparency (Egose, 2004). The National Orientation Agency accorded the responsibility of leading the anti-corruption campaign is probably nothing but a puppet of the federal government.

All told, the NEEDS is a bold and imaginative policy leaves but it still leaves much more to be desired in its implementation. There is a real recognition that wealth creation and poverty alleviation must go together, and that these in turn need to be integrated with other aspects of government policy and institutional improvement. But while the concept is one thing, making this real through implementation is quite another.

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