

Economic empowerment: A panacea for poverty reduction and improved standard of living in Nigeria.

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Abstract

The complex challenges facing governments in developing countries especially those in Africa are how to reduce poverty and improve the standard of living across the continent. This study examined the effectiveness of economic empowerment in reducing poverty rates and improving the standard of living in Nigeria. The objective of the study was to identify the major economic empowerment programmes in Nigeria and their effects on poverty reduction and low standard of living. The study utilized the empirical studies of previous researchers in its content analysis. The findings from the empirical studies first revealed that N-power, the Youth Empowerment scheme, and Tony Elumelu Foundation (TEF) amongst others are the major economic empowerment programmes in Nigeria. Further, it was observed that several beneficiaries of these programmes were able to combat poverty with considerable improvement in their living standards. Conclusively, the study showed that economic empowerment can be an effective solution for poverty reduction and improved standard of living in Nigeria. The study recommended the establishment of more economic empowerment programmes, an increase in funding and the elimination of corruption to enhance the impact of these programmes on the populace.

Key Word: Economic Empowerment; Poverty; Standard of Living; Nigeria.

J.E.L Classification: E24, I38, J24, L26

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I. Introduction

Nigeria as a nation is facing various challenges in its quest for development. One of the major challenges facing the country is poverty. According to the World Poverty Clock (WPC, 2022), Nigeria is the second global capital of poverty with about a 70million of its citizens living below the poverty line. Poverty in the views of Watts (2018) can be interpreted as the lack of either control of goods and services or a certain type of consumption that is seen as equivalent to a living standard in society. Poverty can also be defined in terms of lack of power, insecurity, low self-esteem, malnutrition, lack of primary health facilities and low social relations (Akire, 2015). It is mostly presumed that having improved living standards in position for these factors would lead to an improvement in the quality of life, health, capability and effective capacity of people.

Poverty is also the lack of ability to acquire a minimum standard of living (World Bank, 2020). The Standard of living here relates to the level of income, satisfaction, important possessions, and basic and indispensable needs available to a distinct socio-economic class or geographic region. Nigeria is blessed with various resources such as crude oil, gas, mines, agricultural products, forestry and land, just to mention but a few. It is the most populous country in the West African Continent, and currently the seventh most populous in the world (World Bank, 2021). Despite this large population, the rate of poverty in Nigeria has been devastatingly high, thus, constantly posing a threat to the growth and development of the country. According to the World Bank Group (WBG, 2020), one of the ways to reduce and alleviate poverty is by investing in human capital, expanding access to basic education, quality water and sanitation services, developing primary health care, and enhancing the coverage and effectiveness of social assistance programs that will help promote and facilitate empowerment.

Empowerment means helping and encouraging people to fully get involved in activities that have to do with production, cultural practices, economic factors, and governance of the communities, states and world in which they occupy. According to the World Bank report (2018), empowerment is an approach developed to

expand and improve the economic and social life of a certain group of people. Ekanem (2020) views empowerment as a way of extending the benefits of socio-economic and political development in the economy to the deprived, underprivileged, and the poorest among those who struggle for a livelihood in all parts of the country, most especially people in rural areas.

Economic empowerment is one of the major types of empowerment. Economic empowerment provides access to financial aid, skill acquisition, training, etc. Economic empowerment helps in giving poor people access to economic opportunities that will positively transform their lives, enlarge assets, build their capacity, reduce the rate of poverty, and also improve their standard of living (Adams, 2020). Since poverty involves various aspects, poor people require a variety of assets and also improved capacity both at a personal level and a group level. The areas where empowerment is needed the most are areas with a high rate of poverty. Based on this, this study was initiated using empirical studies to discuss economic empowerment as a solution to poverty and the low standard of living in Nigeria.

The main objective of this study is to identify the various economic empowerment programmes in Nigeria (government and private sector), and also examine their impact on poverty reduction and standard of living improvement.

II. Conceptual Framework

The Concept of Poverty

Poverty is an economic condition or situation, whereby a person experiences insufficiency or the absence of a particular kind of commodity that is necessary for his or her well-being, like money and material things (Milanovic, 2018). Therefore, poverty has various concepts, including social, economic and political elements.

The word poverty emanates from the French word “poverté” meaning poor. Statistically, in 2019, most of the world’s population lived in poverty. According to the World Bank report (2020), more than 40% of the poor live in countries affected by conflict. Even when countries undergo economic development, the poorest citizens of middle-income countries oftentimes do not gain a reasonable share of their countries’ increase in wealth, they end up experiencing poverty. According to the United Nations Development Programme, there are several types of poverty:

Absolute Poverty: Also called extreme poverty or abject poverty, it pertains to the absence of fundamental things like food, clean water, health, shelter, education and information. Those who are found in absolute poverty tend to strive to live; they also go through a lot of child deaths from preventable diseases like malaria, cholera and water-contamination-related diseases. Absolute Poverty is usually generally not common in developed countries. According to Robert McNamara, the former president of the World Bank, poverty is a condition described by malnutrition, illiteracy, disease, filthy environment, increased infancy mortality rate, and low life expectancy.

Relative Poverty: It is defined from the social aspect, that is, the living standard as it relates to the economic standards of the population living in its surroundings. Hence, it can be used to calculate income inequality. For example, a family can be seen as poor if it cannot afford to pay for vacations, cannot take the family on a shopping spree, or cannot send its children to private universities.

Situational Poverty: It is a short-term type of poverty that is a result of an occurrence of an adverse event like an environmental disaster, job loss, or severe health situation. People can help themselves even with small assistance, as poverty comes because of tragic events.

Generational Poverty: It is transferred to individuals and families from one generation to another. This is more complex, as there is no escape because the people are trapped in it, and they are unable to access the tools required to get out of it.

Families living in this type of poverty are not equipped with the tools to change their situation” (Jensen, 2019).

Rural Poverty: It occurs in rural areas with populations below 50,000. It is an area where there are limited job opportunities, limited access to services, less support for disabilities and a lack of quality education opportunities. People are managing to live mostly on farming and other menial work available to the surroundings. The rural poverty rate is rising and has surpassed the urban rate every year since data collection began in the 1960s. The difference between the two poverty rates has averaged about 5 per cent for the last 30 years, with urban rates near 10–15 per cent and rural rates near 15–20 per cent (Jolliffe, 2019).

Urban Poverty: It occurs in municipal areas with a population of more than 50,000. These are some key challenges encountered by the Urban Poor:

Restricted access to health and education.

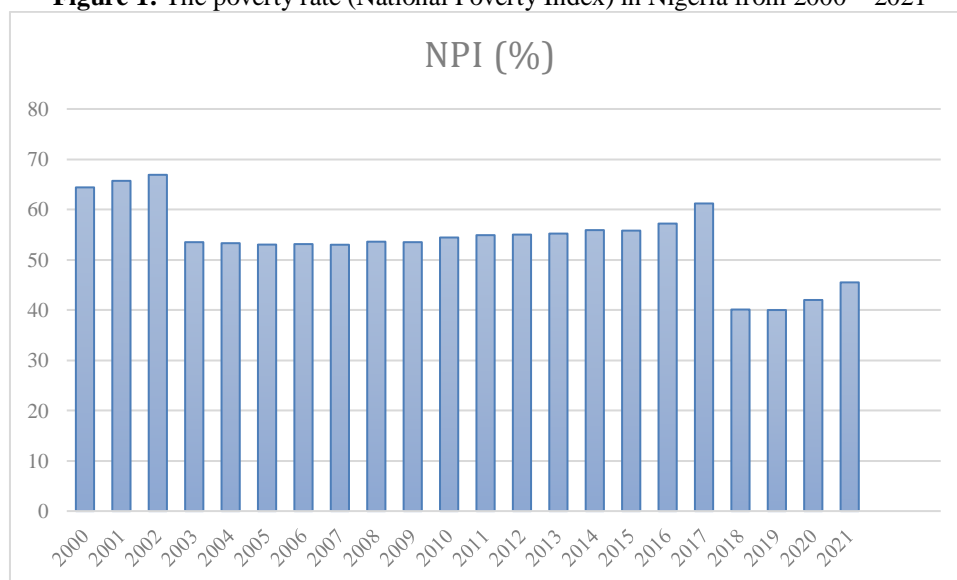
Not enough housing and services.

Violent and unhealthy environment as a result of overcrowding.

Little or no social protection mechanism.

The government and several non-governmental organizations have attempted several different policies and programs for poverty reduction. Some of these programmes were accomplished while others were huge failures.

Figure 1: The poverty rate (National Poverty Index) in Nigeria from 2000 – 2021



Sources: World Bank Group (www.worldbank.com)
CBN Statistical Bulletin (www.cbn.group)

The Concept of Standard of Living

The Standard of living can be defined as the quantity and quality of material goods and services made available to a given population (UNDP, 2019). Standard of living commonly pertains to wealth, satisfaction, material goods, and necessities of specific statuses in specific areas. The factors that influence the standard of living are similar to the ones that influence GDP. The most crucial aspect of the standard of living is consumer spending. When people can purchase groceries, gasoline, and clothing, their lives become better. That activity helps businesses grow, and as a result of this, more workers are hired.

The other three components of GDP are a business investment, government spending, and net exports. The business investment comprises new plants and machinery, real estate, and products. If companies are investing, the economy enhances. The same goes for government spending. When governments make provisions for capital good roads, bridges, and public transportation, their citizens gain from a higher standard of living. People's lives are improved by these benefits. Net exports enhance a country's standard of living in less visible ways. If a country exports goods and services to other countries more than it imports from other countries, it creates room for the availability of jobs.

The United Nations uses the Human Development Index as the metric for measuring the standard of living. The Human Development Index (HDI) incorporates the following four data points:

Life expectancy at birth.

School enrollment.

Adult literacy.

Gross national income per capita.

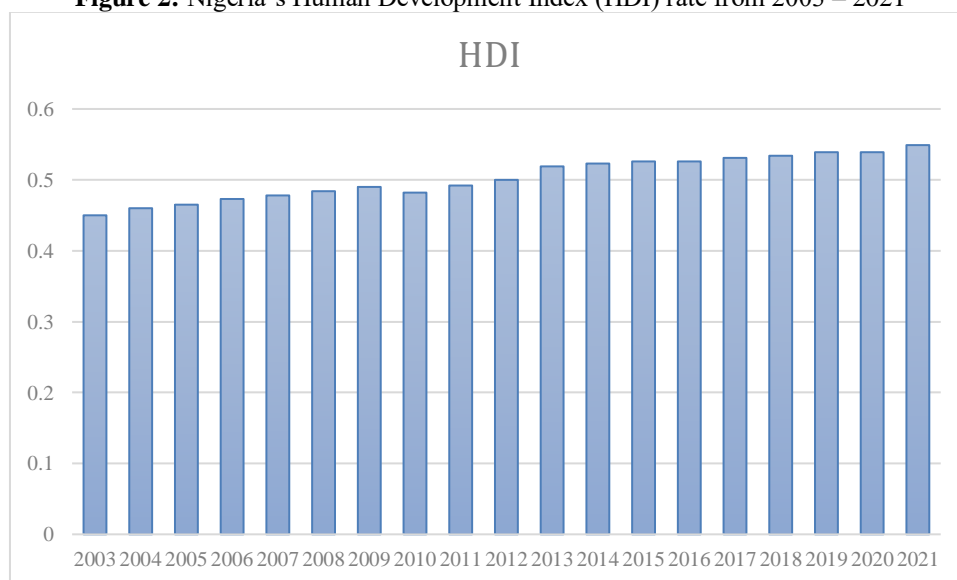
The Human Development Index (HDI) is an index that measures major dimensions of human development. The three major dimensions are:

A long, active and healthy life; is measured by life expectancy.

Access to education; is measured by the anticipated years of schooling of children at school-entry age, and the average number of completed years of schooling of the adult population.

And a decent standard of living; measured by Gross National Income (GNI) per capita modified to include the price level of the country.

Figure 2: Nigeria's Human Development Index (HDI) rate from 2003 – 2021



Source: countryeconomy.com

The Concept of Economic Empowerment

The word empower emanates from the Old French prefix 'en'-meaning in, into and the root 'power' which emanates from the early 1300s, meaning ability, strength, and might. Though the word empowers has been used in the past in literary works, its modern usage dates from around 1986. Zimmerman (2020) defined empowerment as the process of obtaining basic opportunities for insignificant people (people of lower status), either directly, or through the aid of people of higher status who share their access to these opportunities. It also includes actively countering attempts to withhold those opportunities. Empowerment entails encouraging and improving the skills for, self-sufficiency, with a priority on advocating the need for charity or welfare in the individuals of the group (Burton, 2016). This process is sometimes difficult to begin and execute successfully. Empowering people economically means giving them opportunities to become independent and cater for themselves irrespective of the situation of the country. Economic empowerment is the act of granting access to financial resources. (Golla et al., 2015). It involves empowering people with resources that are needed for them to survive and live beyond the subsistence level. Aside from economic empowerment, there are other types of empowerment; Educational empowerment involves giving scholarships to people to further their education, Social empowerment involves providing opportunities to speak up against negative aspects of society, and Political empowerment involves granting access to political participation. All these types of empowerment tend towards poverty reduction and eradication.

Empirical Studies

Enyioka&Chukwunonye (2021) studied the impact of N-Power programmes on poverty alleviation in Rivers State, Nigeria. A survey design was used in the study to generate data. The study population comprised the youths in all the twenty-three Local Government Areas of Rivers State. Descriptive and Inferential statistics were used to analyze data, and Pearson's Product Moment Correlation Coefficient (r) was used to test the hypotheses. The study found that N-Power programmes generate empowerment for the youths in Rivers State, also the study found that there is a significant relationship between N-Power programmes and poverty alleviation in Rivers State

Ikegwu (2020) studied the impact of human empowerment through skills acquisition in Nigeria using a questionnaire method to collect primary data that were analysed using descriptive statistics, chi-square, and Friedman rank test. Results show that most correspondents have learnt one skill or the other. It also demonstrated that skill acquisition has significantly contributed to society. The study concluded that skills acquisition contributes greatly to eliminating joblessness in Nigeria, development of positive attitudes toward work, developing entrepreneurial ability, building self-reliant young people, technological advancement, reducing the crime rate, reduction in the poverty rate, which in turn increases the living standard of the people in the society.

Ido & Udokang (2020) examined the effect of the Youth Empowerment programme on poverty alleviation in Akwa Ibom State, Nigeria. With the help of questionnaires, data were collected and analysed using inferential statistics. The findings showed that Youth Empowerment Programmes (YEP) is a veritable tool for poverty alleviation in Akwa Ibom State, Nigeria.

Solaja (2019) examined youth empowerment as a means to overcome poverty in Oyo state, Nigeria. Qualitative and quantitative data were used through the use of questionnaires and in-depth interviews. In carrying out analysis on the data collected, descriptive and inferential statistics were adopted. The findings of the study showed that the Youth empowerment initiative is an antidote to the problem of youth unemployment, poverty and crime in Oyo state, Nigeria.

Isiaka (2018) conducted a study to examine the impact of the Youth Empowerment Scheme (YES) on poverty alleviation between 2011 and 2015 in Kwara State, Nigeria. Primary data were majorly employed in the study and collected through questionnaires and interviews. In carrying out analysis on the data collected, descriptive and inferential statistics were adopted. The findings of the study showed that Youth Empowerment Scheme has a statically significant impact on the standard of living of the respondents, and equally reduces the level of poverty in Kwara State, Nigeria.

Fiderikumo (2017) studied Empowerment strategies and poverty reduction in Bayelsa State, Nigeria using a questionnaire method to collect primary data that were analysed using descriptive and inferential statistics. The findings stated that Economic empowerment strategies should be enhanced to significantly reduce poverty in Bayelsa state, Nigeria.

Economic Empowerment Programmes in Nigeria

Over the years, various economic empowerment programmes have been introduced in Nigeria, by the private sector, government sector, and individuals. Some of these economic empowerment programmes are no longer in existence for one reason or the other, either because their proposed objectives have been fulfilled, or because of a lack of continuity in government, for example, the Youth Enterprise with Innovation in Nigeria (YouWin) introduced during President Goodluck Jonathan's tenure, ended when a new president emerged. While some economic empowerment programmes are still in progress (for example, the N-power programme).

These economic empowerment programmes have succeeded in impacting positively the lives of every beneficiary, Okorie (2020). Irrespective of the problems encountered in the process of carrying out these economic empowerment programmes in Nigeria, these programmes still go a long way in reducing poverty and increasing the standard of living of every participant.

According to Nigeria Economic Report (2022), below are the most popular economic empowerment programmes in Nigeria:

N-Power- N-power is a youth empowerment programme established by President Muhammad Buhari in 2015, with a Motto, "Empowering Nigerian Youths for Prosperity. It was designed to provide a structure for the acquisition of skills as well as personal and career development thereby enabling the beneficiaries to work and earn. The beneficiaries get job training and a monthly stipend of thirty thousand naira. The programme is still ongoing and has empowered thousands of Nigerian youths at large. There are benefits to this programme, they include;

N-power helps in Empowering and equipping young Nigerians with important skills and certifications, so they can emerge as innovators in both domestic and global markets as well as impacting positively in improving Nigeria's economy.

N-power recruitment helps to curb unemployment in Nigeria. With this opportunity, Nigerian youths tend to hold on to something, rather than stay at home being frustrated and depressed.

N-power is a great opportunity for Nigerian fresh graduates to save up capital to start up a small business.

Aside from the thirty thousand naira monthly stipends given to the N-power participants by the federal government, participants are also provided with a credit device facility under the scheme.

Despite these benefits, there are also downsides to this programme;

The whole recruitment process is stressful. Errors are likely to occur when carrying out the online registration process.

The thirty thousand naira monthly stipend in today's economy is too small. Enough funds are not allocated to this programme.

This programme was established by President Muhammad Buhari, and it is likely to stop when a new government emerges, and this can lead to a high rate of unemployment among youths.

Agricultural Credit Guarantee Scheme Fund (ACGSF) –The Agricultural Credit Guarantee Scheme Fund was established by the Federal Military Government by Decree No. 20 of 1977, and took action in April 1978. This is a grant-based empowerment programme for Nigerian farmers. It was established to provide financial support to farmers to ensure the economic viability of farming and also food security. The Fund is under the supervision of the Agricultural Credit Guarantee Scheme Fund Board and the Central Bank of Nigeria is the controlling body for the administration of the scheme. The Fund aims to give a guarantee regarding loans granted by lending banks for agricultural purposes under the scheme to expand the level of bank credit to the

agricultural sector. This programme was set up to aid the federal government's focus on agricultural development, to make diverse the economic base.

This programme is of great benefit to farmers only, as they can plant crops and expand their farms with the loan provided, at the end, when the crops are harvested they can store some for consumption and sell others to generate income, this will, in turn, reduce poverty and increase their living standard. In as much as this programme is beneficial to farmers, ACGSF grants loans and not financial assistance to farmers, and beneficiaries are expected to pay back after some months.

Government Enterprise and Empowerment Programme (GEEP) – The Government Enterprise Empowerment Programme was launched in 2016 with the sole aim to offer interest and collateral-free credit to the millions of Micro Small and Medium enterprises operating at the lowest level of the Nigerian economic pyramid. This is an empowerment programme created to provide micro-credit facilities for people to reduce poverty among rural area dwellers. GEEP aims to provide capital to beneficiaries in an easily accessible way for their business. This is achieved through the provision of skills development training and business support. The programme has leveraged three loan products so far, to provide support to small and medium-sized businesses. The various loan products associated with this programme are; MarketMoni, TraderMoni, and FarmerMoni.

MarketMoni; was the first loan product launched by GEEP. It is a 6-month interest-free loan, starting from #50,000 for small businesses under the supervision of their cooperative societies or market associations. This loan product has assisted small-scale business owners while giving them a convenient repayment period.

TraderMoni; is the entry-level loan product for GEEP. It is a 6-month interest-free loan, starting from #10,000 aimed at petty traders and artisans. This loan is aimed at helping the everyday market trader who makes a living from what they sell daily and whose product record ranges from #2,000 to #5,000.

FarmerMoni; is a loan product directed at smallholder farmers in the agricultural sector. This product is a 6-9 months interest-free loan, starting from #250,000 for farmers within farming clusters.

Every beneficiary has a 2 weeks deferment period before they begin to repay their loan. In repaying the loan, they are given a period of three to six months. This programme has helped farmers and traders.

The downside of this programme is that it provides loans and not financial assistance, beneficiaries are expected to pay back after some months. Also, the loan provided for traders is not sufficient enough when compared to today's economy.

Tony Elumelu Foundation (TEF) - This is probably the most popular privately funded empowerment programme in Nigeria, the programme was founded in 2010 by Tony Elumelu. It is an initiative from Tony Elumelu to provide entrepreneurial training and financial support to young entrepreneurs in Nigeria and across Africa, the objective of this programme is to empower women and men across the continent, catalysing economic growth, driving poverty eradication and ensuring job creation. Beneficiaries of the programme get free business training and a \$5,000 grant to kick-start their innovative ideas.

This programme has empowered more than fifteen thousand young African entrepreneurs. The Tony Elumelu Foundation is open to Africans from all 54 African countries with scalable business ideas or a business that has been functional for at most five years. This empowerment programme not only provides funds to beneficiaries, but it also gives training called the Start-up enterprise toolkit, this training is provided to support young and dynamic entrepreneurs through their business journey, paying major attention to the successful implementation and execution of their business plans and ideas. The Tony Elumelu Foundation (TEF) works towards the overall enhancement of Nigeria's Economy. With this programme, young people are provided with capital to startup businesses, and also they are placed under trained mentors to guide them throughout the journey, this generally reduces poverty and increases the living standard of beneficiaries.

Challenges affecting economic empowerment programmes in Nigeria

According to Brookings Institute, there are several challenges affecting economic empowerment programmes in Nigeria, Brookings Institute (2021).

Corruption: Corruption is a critical issue in Nigeria. Funds allocated by the federal government for the establishment of various economic empowerment programmes are usually syphoned by top government officials, thereby reducing the amount distributed to each beneficiary, and also reducing the total number of intended beneficiaries.

Lack of continuity in government: Some empowerment economic programmes introduced during a particular administration, end when a new administration sets in, (for example the YouWin empowerment programme ended when President Goodluck Jonathan's tenure ended). This shortens the programme's lifespan, thereby reducing the total number of beneficiaries expected to be empowered by the programme.

Absence of advisory services to beneficiaries of empowerment programmes: Most economic empowerment programmes fail to include advisory services to beneficiaries of these programmes, these advisory services can only be included when a follow-up is carried out on each beneficiary of the empowerment programmes. Lack of follow-up can lead to;

- Financial misappropriation: this happens when the fund provided to beneficiaries of the programme is used for something else, instead of using it for the main purpose it was issued for.
- Problems encountered by beneficiaries: in the course of setting up a business with the funds provided to beneficiaries of empowerment programmes, problems may certainly arise at one point or the other. The absence of advisory services at this point may lead to an early dissolution of the business.

Limited emphasis on Digital Empowerment programmes in Nigeria: Most economic empowerment programmes in Nigeria lay more emphasis on providing loans for entrepreneurs to startup businesses, and also for farmers to boost agriculture. The world is going digital, yet, limited emphasis is placed on digital empowerment programmes in Nigeria.

III. Conclusion

This study was initiated to examine economic empowerment as a panacea to poverty and the low standard of living in Nigeria. The study identified and empirically evaluated the various economic empowerment programmes in Nigeria including N-power, Youth Empowerment Scheme among others. Based on the findings, economic empowerment is considered to be an effective solution to poverty and the low standard of living in Nigeria.

IV. Recommendations

To enhance the role of economic empowerment towards poverty reduction and low standard of living in Nigeria, the following are recommended:

Creation of more economic empowerment programmes- The government at all levels should focus on the development of new economic empowerment programmes to cater for the needs of underserved demographics in Nigeria like artisans, workers in the road transport sector and students in tertiary institutions.

Sufficient Funding - More funding should be provided to existing economic empowerment programmes for them to reach out to more people.

Tackling Corruption - The government should also establish financial control measures for monitoring the disbursement of funds meant for economic empowerment programmes to eliminate corrupt practices and ensure the prudent usage of funds allocated.

Providing advisory services to beneficiaries of empowerment programmes: Every economic empowerment programme should make provision advisory services for every beneficiary, to prevent misappropriation of funds, and also help beneficiaries in handling problems arising in the course of starting a business.

Emphasis on Digital empowerment programmes: More training on digital skills should be made available in Nigeria. Economic empowerment programmes in Nigeria should include digital empowerment programmes.

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