

# **CONCEPTUAL AND THEORETICAL ISSUES IN POVERTY, AND A REFLECTION ON THE POVERTY AND COMPETITIVE SITUATION IN NIGERIA**

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## **Abstract**

*Poverty is major way of describing economic hardship and degradation of human dignity: it is a major socio-economic ill which afflicts a great number of people across the world. This paper highlights some major conceptual, theoretical and mythological issues, and it reflects on the poverty and competitive situation in Nigeria. The paper employs verbal constructs and tabular presentations in its exposition. Poverty affects many aspects of human condition including physical, psychological, social and even spiritual. Thus a concise and universally accepted definition of the menace has been elusive. However, the commonest and the most popular practice is to conceptualize poverty in absolute terms which implies the inability to afford basic necessities of life at minimum acceptable levels. The theories of poverty in general show that the phenomenon is multidimensional or multifaceted. This paper points out that Nigeria is plagued with pervasive poverty, high level of underdevelopment, poor performance of the manufacturing sector and poor level of competitiveness, among others. The paper therefore recommends, among other things, that adequate investment be made on human capital development and steps be taken to boot Nigeria's manufacturing sector so that absolute poverty be eliminated and economic sustained.*

*Key words: poverty, competitiveness, performance, conceptualizes, underdevelopment*

## INTRODUCTION

Poverty is a major way of describing economic hardship and degradation of human dignity. Poverty may be said to be the root of virtually all socio-economic and political ills of the society particularly in recent times. Poverty has made many people to engage in illicit and detestable activities such as drug/human trafficking, suicide and rape. Even religious fundamentalism and fanaticism which often breed disastrous religious riots in many parts of the world are apparently associated with poverty. Indeed, poverty is a principal symptom of underdevelopment and its alleviation or obliteration is generally considered to be synonymous with development (Anyanwu, 1997; Todaro and Smith, 2003; Fajingbesi and Uga, 2003).

It is instructive to state, at this juncture, that poverty has been a global phenomenon since the end of the second world war and it has been afflicting over 21 percent of the world's population in recent times (Job, 1998; Ogwumike, 1998). Recent estimates reveal that the number of people in poverty has been rising significantly in recent times (World Bank, 2001, 2006 and 2007). Even the rapid and unprecedented wave of globalization – which is said to have enriched the world scientifically, culturally and economically – has not sufficed to abate the increase in the number of people who wallow in the obnoxious ocean of poverty. Tables 1 and 2 show clearly that despite the rapid and unprecedented wave of globalization, poverty has not reduced significantly in all regions of the world over the years. For instance, while the number of poor people reduced almost throughout between 1981 and 2002 in East Asia and Pacific, it increased throughout in Sub-Saharan Africa in the period under reference (see Table 1). And while the proportion of people living in extreme poverty reduce almost throughout in East Asia and Pacific it increased in Sub-Saharan Africa for most of the years in the period under reference (see Table 2). Unfortunately, most of the poor live in the less developed regions of the world – Africa, Asia and Latin America, Sub-Saharan African is evidently worst hit by the menace of poverty (World Bank, 2001, 2006 and 2007). In fact, as shown in tables 1 and 2, in this region, poverty has become pervasive, afflicting a tremendous proportion of the population.

Table 1: Number of People Living in Extreme Poverty (ie less than \$1 a day (in Millions).

Region	1981	1984	1987	1990	1993	1996	1999	2002
East Asia and Pacific	796	562	426	472	415	287	282	214
Europe and Central Asia	3	2	2	2	17	20	30	10
Latin America and Caribbean	36	46	45	49	52	52	54	47
Middle East and North Africa	9	8	7	6	4	5	8	5
South Asia	475	460	473	462	476	461	429	437
Sub-Saharan Africa	164	198	219	227	242	271	294	303

Source: World Bank (2006)

Table 2: Proportion of People Living in Extreme Poverty (ie on less than \$1 a day) (in %)

Region	1981	1984	1987	1990	1993	1996	1999	2002	1998-2005
East Asia and Pacific	57.7	38.0	28.0	29.6	24.9	16.6	15.7	11.6	9.1
Europe and Central Asia	0.7	0.5	0.4	0.5	3.7	4.3	6.3	2.1	0.9
Latin America and Caribbean	9.7	11.8	10.9	11.3	11.3	10.7	10.5	8.9	8.6
Middle East and North Africa	5.1	3.8	3.2	2.3	1.6	2.0	2.6	1.6	1.5
South Asia	51.1	46.8	45.0	41.3	40.1	36.6	32.2	31.2	31.7
Sub-Saharan Africa	41.6	46.3	46.8	44.6	44.0	45.6	45.7	41.1	41.1

Source: World Bank (2006); World Bank (2007)

Interestingly, in recent years, great and unprecedented efforts have apparently been made – both at global and local levels – to reduce/ eradicate poverty. For instance, at the global level, the United Nations as part of its efforts towards poverty alleviation /extermination, declared 1996 as “International Year for the Eradication of Poverty”, it has set October 17 each year as “International Day for the Eradication of Poverty” worldwide; and it declared the decade 1997 – 2006 as United Nations Decade for Eradication of Poverty” (Ogwumike, 1998). The above efforts were made based on the fact that poverty is considered to be a global socio-economic malady which threatens the survival of humankind. It is instructive to state at this point, that in cooperation with the World Bank and the United Nations, the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) had produced indicators that set global targets for the wider goals of development to be reached by 2015 or earlier. One of these goals is reduction of extreme poverty by 50 percent between 1990 and 2015 (World Bank, 2001; Sahn and Stifel, 2003). The above is a further manifestation of the concern for poverty reduction/eradication at the global level. Unfortunately, despite all the efforts made at the global level to address the menace of poverty, the phenomenon has not significantly reduced in all regions. At the local levels, many governments, organizations and individuals particularly in the less developed countries of the world have apparently made great efforts toward poverty alleviation/extermination. For instance in Nigeria, the government has seemingly been making enormous efforts to ameliorate the deteriorating condition of the poor by channeling huge public expenditure towards poverty reduction. Various poverty alleviation programmes and projects have been used by the government in Nigeria to reduce the extent of immiseration in the country (CBN Research Department, 2003). Examples of efforts by organizations and individuals in Nigeria towards poverty alleviation/obliteration in the country include the following. The Nigerian Economic Society (NES) – a professional body of economists and allied professionals – pinned its 1975 and 1997 annual conferences on the

themes “Poverty in Nigeria” and “Poverty Alleviation in Nigeria” respectively. During the conferences, seasoned economists and policy analysts made profound analyses of the problem of poverty in the country and went ahead to proffer solutions. The Central Bank of Nigeria (CBN), as part of its efforts in addressing the problem, pinned the seventh annual conference of the zonal research units of the bank in 1998 on the theme “Measuring and Monitoring Poverty in Nigeria”. And in 2001, the bank organized an in-house seminar on the theme “Poverty Alleviation: A More Pragmatic Approach” for its executive staff. Indeed, the Central Bank of Nigeria has apparently shown great concern towards poverty reduction/elimination in the country particularly in recent times. Various philanthropic Nigerians have also made great efforts towards checking the problem of poverty in the country – through cash and kind donations, moral support and spiritual intercessions (by fasting and prayers). It is regrettable, however, that despite the apparent multifarious efforts made by various governments, organizations and people in Nigeria towards alleviating or obliterating poverty in the country, the country has continued to experience worsening conditions of living. This therefore calls for more concerted and pragmatic efforts towards addressing the detestable malady efficiently. This paper highlights some major conceptual and theoretical issues in poverty, and reflects on the poverty and competitive situation in Nigeria. The next section contains some major conceptual issues while section three contains some major theoretical and methodological issues. Section four contains a brief reflection on the Nigerian poverty situation and the state of competitiveness in the country. And section five contains some recommendations and a brief conclusion.

### **CONCEPTUAL ISSUES ON POVERTY**

The conceptualization of poverty is highly problematic. Poverty affects many aspects of human condition including physical, psychological, social and even spiritual. This has made it impossible for there to be any general consensus on the definition of poverty. Indeed, a concise and universally acceptable definition of poverty has been elusive. In the words of Aboyade (1975), poverty, like an elephant, is more easily recognized than defined. However, for there to be any meaningful analysis of a problem with a view to finding solution to it, the problem must be defined or conceptualized no matter how roughly this is done. Aboyade himself subscribed to the above. He opined that it is not altogether a semantic escapism or academic obscurantism for economists to search for an objective means of identifying poverty or of separating it from its opposite phenomenon of non-poverty (Aboyade, 1975). As a matter of fact, before we will be able to answer the question “what are the solutions to poverty?” we must, among other things, answer the question “what is poverty?” Ogwumike and Ozughalu (2001) observed that the literature is replete with multifarious conceptualizations of poverty. However, the commonest

(and perhaps the most celebrated) practice is to conceptualize poverty in absolute terms (Ogwumike, 1987; Odusola, 1997; Afonja and Ogwumike, 2003). In the words of Pope John Paul II, absolute poverty is a condition in which life is so limited by lack of food, malnutrition, illiteracy, high infant mortality and low life expectancy as to be beneath any rational definition of human decency. In line with the above Papal definition, the World Bank sees absolute poverty as a condition of life degraded by diseases, deprivation and squalor, among other things. In general, absolute poverty refers to lack of adequate resources to afford a commodity basket that guarantees the attainment/maintenance of an objective minimum acceptable standard of living (Olowononi, 1997). The above conceptualization has some problems. It is difficult to determine what to include in the so-called objective minimum. It is also difficult to set minimum standard for basic needs such as transportation and clothing which depend largely on taste and the prevailing socio-economic conditions within a given society. And even if a given minimum commodity basket is accepted as the norm such a minimum is most unlikely to be relevant over time even when relevant adjustments are made for price changes (Afonja and Ogwumike, 2003). Despite the foregoing difficulties, it is noteworthy that conceptualizing poverty in absolute terms is most appropriate for policies/programs which are aimed at reducing the degree of deprivation/immiseration and the number of people who suffer from such.

It is instructive to state at this point that absolute poverty is sometimes defined in terms of approximate maximum proportion of total expenditure (or total income that is spent) by a household on certain subsistence commodities. Thus in conformity with Engel's Law, any household that spends more than a specified maximum percentage of its income on basic needs such as food, housing and healthcare is considered as poor (Odusola, 1997; FOS, 1999). Poverty may also be viewed in relative terms. Relative poverty connotes the inability of certain regions of a society to earn adequate income to satisfy their basic needs according to what obtains in the better-off regions (UNDP, 1997). A major advantage of conceptualizing poverty in relative terms is that it reflects changing perceptions of acceptable minimum standard of living (Odusola, 1997). However, the approach has been severely criticized for being too much of a moving target. It is very difficult to reduce relative poverty and also virtually impossible to assess the effectiveness of transfer programs when poverty is conceptualized in relative terms. Besides, the setting of relative poverty lines is highly arbitrary (Afonja and Ogwumike, 2003).

There are also material and subjective poverty. Material poverty means lack of ownership and control of physical assets such as land, machinery and animal husbandry (UNDP, 1997). Subjective poverty conceptualization requires individuals (the poor inclusive) to define what they consider to be a decent or minimally adequate standard of living. The concept of

subjective poverty is difficult to apply because of the divergence in responses due to differences in individual utility functions and circumstances (Afonja and Ogwumike, 2003).

Poverty can be chronic (Structural) or transient. Transient poverty may be conceptualized as the contribution of consumption variability to expected poverty overtime while the chronic component is the poverty that remains after inter-temporal variability in consumption has been smoothed out (Ravallion, 1998, Jalan and Ravallion, 1998; Jalan and Ravallion, 2000). Chronic poverty connotes persistent or permanent socio-economic deprivations and is linked to various factors such as limited productive resources, lack of education/skills for gainful employment and endemic socio-political and cultural factors. Transient poverty is transitory/temporary and is linked to natural and man-made disasters such as wars, loss of jobs, conflagration and flood (Ajakaiye and Adeyeye, 2001; Job, 1998).

From the foregoing, it is obvious that poverty no matter how it is defined, implies some degree of deprivation. In recognition of the above, Aku, Ibrahim and Bulus (1997) categorized poverty along five dimensions of deprivation namely: personal and physical deprivation, economic deprivation, social deprivation, cultural deprivation and political deprivation. Personal and physical deprivation is experienced in nutritional, educational, health and literacy deficiency and lack of self-confidence. Economic deprivation includes lack of access to properties/assets, income/finance and means of production. Social deprivation is shown in impediments to full participation in social, political and economic life. Cultural deprivation refers to a situation when people are deprived in terms of values, beliefs, attitudes, knowledge, orientation and information; this makes them (the people) unable to take advantage of economic and political opportunities. Under political deprivation, ignorance poses as a fundamental barrier to the eradication of poverty because it complements the conditions of domination, exploitation and deprivation. Ignorance, among other things, undermines access to legal institutions. The poor lack political voice. Those who are politically deprived occupy lowly positions and are often subjected to humiliation through economic and/or physical threat.

## **THEORETICAL AND METHODOLOGICAL ISSUES**

It is perhaps most unfortunate to observe that despite the pervasiveness of poverty and the economic importance of the phenomenon, economists have not been able to formulate an integrated body of knowledge to tackle important issues relating to the malady. In other words, no organized theory has been postulated by economist to guide the organization and analysis of facts pertaining to poverty (Edozien, 1975). Though many economists like Adam Smith, Karl Marx, A. C. Pigou and Alfred Marshall focused on various aspects of poverty, there is still no sophisticated and robust theory of poverty in economics. However, what appears like a

sophisticated theory of poverty in economics is the vicious circle theory. The vicious cycle theory implies that poverty breeds poverty, occurs through time, and transmits its effects from one generation to another (Haralambos and Heald, 2001; Jhingan, 2001). The theory posits that the various conditions of the poor combine to make them (the poor) remain in poverty; the poor are so entrapped in the web of poverty that there is little or no chance of escape. Indeed the vicious circle theory has both demand side and supply side. The demand side shows that low productivity leads to low income and low income brings about low demand; low demand leads to low investment and low investment leads to capital deficiency which in turn brings about low productivity. On the supply side of the cycle, low productivity leads to low income and low income leads to low saving which in turn leads to low investment; low investment brings about capital deficiency and this in turn brings about low productivity.

Political economists and radical sociologists/psychologists have postulated some theories of poverty. These theories include the necessity theory, the individual attributes theory, the natural-circumstantial theories and the power theory (Akeredolu-Ale, 1975). The necessity theory has three major variants. The first attributes poverty to the inequality caused by the functionality of the institution of division of labor. The second is the capitalist entrepreneurial version which states that the crude exploitation of workers by means of low wages and poor conditions of service allows for a possible rise in saving at the supper end of the society. This results in inequality in income and could increase the level of poverty at the lower and of the society (Tella, 1997). The third variant – called the evolutionist variant – posits that gross poverty and inequality act as eliminators of those who are least fit and thus perform an evolutionary function (Akeredolu-Ale, 1975).

The individual – attributes theory tells us that people’s location in a society’s hierarchy of wealth/income is determined by their aptitudes, motivations and abilities. Therefore, poor people could be said to be the architects of their own misfortunes. The natural circumstantial theories have in general identified some variables as determinants of poverty. These variables include geographical location and natural endowment of the environment in which people live, unemployment, physical and mental disabilities and old age. The power theory says that the structure of political power in a society is the determinant of the extent and distribution of poverty among the population (Akeredolu-Ale, 1975; Tella, 1997). The power theory also suggests that political powerlessness can breed and perpetuate poverty.

The foregoing theories are very narrow for they each touched on limited aspects of poverty. However, they all show that poverty is multidimensional/multifaceted. As stated earlier, poverty affects various aspects of human condition.

In the analysis of poverty a dividing line known as “the poverty line” is put in place. This line is a set of minimum acceptable standard of living (Onah, 1996). Those who are below the line are considered to be poor and those who are above the line are regarded as non poor.

There are basically three major approaches used in designing the poverty line. These are food poverty (i.e food-energy), overall poverty (ie cost-of-basic-needs) and arbitrary-choice-of-index approaches (Onah, 1996). After the poverty line has been established, the next line of action will be to measure poverty. A good poverty measure must satisfy the monotonicity and the transfer axioms as well as the focus axiom (Sen, 1976, Anyanwu, 1997). The monotonicity axiom states that given other things, a reduction in the income of a person (who is) below the poverty line must increase the poverty measure. The transfer axiom states that other things remaining the same, a pure transfer of income from a person below the poverty line to anyone who is richer must increase the poverty measure. The focus axiom requires that the poverty index should be dependent only on the income of the poor.

There are many poverty measures and four out of these are widely used; these are the headcount ratio, the poverty gap index, the Foster-Greer-Thorbecke (FGT) index and the Sen index (Srinivasan, 2000). The headcount index is the proportion of the poor in the population. It is the commonest and the simplest of all the poverty measures in existence. It pinpoints variations in the percentage of the population living in poverty. However, it is insensitive to the severity of poverty and to changes below the poverty line. The poverty gap measure is the difference between the poverty line and the mean income of the poor, expressed as a ratio of the poverty line (World Bank, 1993). The poverty gap index takes account of the extent to which households are below the poverty line hence it is a good measure of the depth of poverty. However, it is not sensitive to the distribution of the standard of living among the poor; it does not capture the severity of poverty (Anyanwu, 1997). The FGT index is a composite measure, based on a single formula, capable of incorporating any degree of concern about poverty through the “poverty aversion” parameter,  $\alpha$  (Adeyeye, 2001). The FGT index incorporates the headcount measure, the poverty gap measure and the poverty severity measure. Suffice it to say that the headcount ratio, poverty gap (or depth of poverty) and poverty severity can be measured from the index by setting  $\alpha = 0, 1$  and  $2$  respectively. It is instructive to state here that by incorporating the poverty measure. Another major merit of the FGT index is that it is additively decomposable among population subgroups (Datt, 1998). The Sen index is another composite measure of poverty. It shows the degree of impoverishment and the distribution of income among the poor as well as the number of the poor. It does the above by incorporating the headcount index, the income shortfall (i.e. the poverty gap) and the Gini coefficient thus it satisfies the monotonicity, transfer and focus axioms (Anyanwu, 1997). A major demerit of the



Sen Index is that it is more responsive to improvements in the headcount than it is to reductions in the income gap or to improvements in the distribution of income among the poor. Thus it implies that the efficient way to reduce poverty is to help the least needy first and the neediest last (Anyanwu, 1997). This is repugnant to equity and good conscience.

It is worthwhile to state, at this juncture, that the FGT index appears to be the most fashionable of all the poverty measures. Suffice is to say that various statistical bureaus – such as the World Bank, the United Nations Development Programme and the Federal Office of Statistics of Nigeria (now called National Bureau of Statistics) – use the index frequently.

### **REFLECTION ON THE NIGERIAN POVERTY SITUATION AND THE STATE OF COMPETITIVENESS OF THE COUNTRY**

Nigeria is said to be the “Giant of Africa”. The country is richly endowed with natural resources. The country has a very large arable land and the climatic condition of the country is most suitable for agriculture. The country also has very rich forest resources and tremendous reserves of oil and gas as well as other mineral resources. The country has over the years been one of the largest exporters of crude petroleum, a major cocoa exporter, one of the largest producers of bitumen, iron, steel, coal, tin ore, columbite, marble, tantalite, uranium and kaolin to mention only but a few. The bountiful flora and fauna in Nigeria create a very rich source of biodiversity that serves as a reservoir for the growth and development of the pharmaceutical industry in the country and a sustainable source of genetic materials for immensely improving the nation’s food production potentials. In terms of human population, Nigeria in great force to reckon with. The country is currently the most populous country in Africa and one of the ten most populous countries in the world (PRB, 2007). And of the ten most populous countries in the world, Nigeria has the highest population growth rate thus indicating that in future the country has a very large domestic market which could serve as a spring board for entering export markets thus could make the country to be a super economic power. Indeed, the foregoing great national assets have the potentials to pave the way for Nigeria to optionally reap the many development opportunities that come with the rapid and increasing wave of globalization; and with skillful/prudent national economic management, such opportunities could be converted into very high per capita income, immense job opportunities and tremendous reduction in poverty (Ozughalu, 2009).

Unfortunately, despite these enormous material and potential human resources in Nigeria, the country has been wallowing in severe poverty. It is disheartening to note that in recent times, poverty has become pervasive in Nigeria, engulfing an overwhelming proportion of the country’s population. Indeed the country has in recent times been characterized by screams

of fear, shrieks of despair, yells of rage, screams of insecurity and expressions of agony by millions of Nigerians who are entrapped in the inglorious web of poverty and mad with the fury of the malady (Ozughalu, 2009).

In 1960 when Nigeria got political independence the poverty level in the country was estimated as 15% FGN, 2001). Twenty years after (i.e. in 1980), the poverty level in the country increased enormously to about 27.2%; and sixteen years after this period (i.e. in 1996) the poverty level in the country increased greatly to about 66% (see FOS, 1999; Tables 3 and 4). Furthermore, at the commencement of the present century it was estimated that about seven out of every ten Nigerians lived below the poverty line (Obadan, 2003; NPC, 2004). Indeed, the country's per capita real income has been declining over the years and has become very low in recent times and this is why the country has been classified as a low income economy where as it was a middle income economy in the early post independence era. Even though recent estimates (NBS, 2005 and 2006; Tables 3 and 4) show that the level of poverty declined significantly (in general) in the country under the democratic regime of President Olusegun Obasanjo, the number of people in the web of poverty has continued to rise significantly. It is noteworthy here that estimates from eminent and highly reliable foreign statistical bureaus such as the Food and Agriculture Organization (FAO) and the World Bank show that even under the democratic government of President Olusegun Obasanjo poverty remained highly pervasive in Nigeria. FAO (2005) and World Bank (2006) estimate that about 70% of Nigerians lived below the poverty line in 2003 and 2004.

Table 3: Poverty Level in Nigeria: 1980-2004

Year	Poverty Level	Estimated Total Population	Population Poverty
1980	27.2%	65 million	17.7 million
1985	43.6%	75 million	34.73 million
1992	42.7%	91.5 million	39.07 million
1996	65.6%	102.3 million	67.11 million
2004	54.4%	126.3 million	68.7 million

Sources: FOS (1999); NBS (2005 and 2006).

Table 4: Urban and Rural Poverty in Nigeria: 1980-2004

Year	Urban Poverty level	Rural poverty level
1980	17.2%	28.3%
1985	37.8%	51.4%
1992	37.5%	46.0%
1996	58.2%	69.3%
2004	43.2%	63.3%

Sources: FOS (1999); NBS (2005).

The pervasive poverty in Nigeria is a clear indication that the country has very low degree of competitiveness. The country's economic growth performance over the years has not been too impressive (see Table 5). The manufacturing sector has performed poorly over the years as shown by frequent low average growth rates of manufacturing production and relatively low capacity utilization rates in the sector (see table 5). The poor performance of the Nigerian manufacturing sector is evidently impacting negatively on the nation's competitiveness. Suffice it to say that the performance of manufacturing sector is a major determinant of the competitiveness of a nation. Poor performance of the manufacturing sector could bring about many socio-economic ills such as: unemployment; low/poor rate of economic growth; low real income per capita; increase in poverty incidence, depth and severity; and increase in the level of underdevelopment (Ozughalu, 2009).

Table 5: Average Growth Rates of Real GDP and Manufacturing Production, and Capacity Utilization Rates in the Manufacturing Sector

Year/Period	Average Growth Rate of Real GDP (in %)	Average Growth Rate of Manufacturing Production (in %)	Average Capacity utilization in the Manufacturing Sector (in %)
1971-1974	11.25	10.57	-
1975-1978	2.23	16.9	76.4
1979-1982	-4.81	20.22	69.63
1983-1986	0.51	-6.16	42.33
1987-1990	6.26	14.65	41.73
1991-1994	2.92	-2.64	36.93
1995-1998	2.75	-1.94	31.14
1999-2002	3.48	4.13	39.43
2003	3.78	0.55	46.13
2004	6.54	-0.95	45
2005	6.5*	0.069	52.78
2006	5.6*	-1.57	53.3

Sources: Obioma and Ozughalu (2005); CBN (2005 and 2006).

*Note: In the first column of the table the starred figures are growth rates based on 1990 constant prices; the rest figures in the column are based on 1984 constant prices.*

Nigeria has a weak knowledge base and the rate of human capital development in the country is evidently low; a clear manifestation of this is the gross malfunctioning of all levels of the country's educational institutions. As contained in World Bank (2008), Nigeria scored very low in Knowledge Economy Index (KEI) for 2008. The KEI is developed by the World Bank as a

measure of the strength of knowledge base of nations. The Knowledge Economy Index is based on other indices which include: Economic Incentive Regime; Innovation; Information and Communication Technology; and Education. Nigeria scored very low in all these indices. Table 6 shows the score card for Nigeria and some selected countries in the above mentioned indices. The table shows that Nigeria ranked lower than small African countries like Tunisia and Morocco in all the indices; South Africa ranked far higher than small African the indices. It is instructive to state here that the extent of knowledge base is a major competitive factor. In general, countries with strong knowledge base are more competitive, economically stronger and more prosperous than countries with weak knowledge base (World Bank, 2008 and 2008a; World Economic Forum, 2007). Indeed weak knowledge base breeds and perpetuates poverty and underdevelopment.

Table 6: Knowledge Economy Index (KEI) & Related Indices for Selected Countries (for 2008)

Countries	Rank (out of 132 countries)	KEI	Economic Incentive Regime	Innovation	ICT	Education
Denmark	1 <sup>st</sup>	9.58	9.66	9.57	9.32	9.79
Sweden	2 <sup>nd</sup>	9.56	9.18	9.79	9.83	9.44
Finland	3 <sup>rd</sup>	9.37	9.47	9.66	8.59	9.77
Canada	6 <sup>th</sup>	9.14	9.42	9.43	8.47	9.24
USA	8 <sup>th</sup>	9.10	9.16	9.45	9.02	8.79
Singapore	21 <sup>st</sup>	8.41	9.71	9.56	9.19	5.16
Malaysia	46 <sup>th</sup>	6.16	6.18	9.82	7.30	4.35
South Africa	51 <sup>st</sup>	5.79	5.81	6.91	5.38	5.04
Tunisia	72 <sup>nd</sup>	4.69	5.26	4.56	4.89	4.04
Morocco	92 <sup>nd</sup>	3.40	3.80	3.64	4.15	1.99
Kenya	106 <sup>th</sup>	2.68	3.31	3.85	2.01	1.52
Senegal	107 <sup>th</sup>	2.58	4.07	2.74	2.60	0.92
Ghana	110 <sup>th</sup>	2.35	3.97	2.06	1.56	1.81
Nigeria	117 <sup>th</sup>	1.91	1.16	2.72	1.95	1.82
Rwanda	128 <sup>th</sup>	1.32	2.80	1.47	0.68	0.35
Sierra Leon	132 <sup>nd</sup>	0.85	0.87	1.67	0.29	0.56

Source: World Bank (2008)

In a recent UNDP report, the Human Development Index (HDI) for Nigeria was estimated at 0.470 and this gave the country a rank of 158<sup>th</sup> out of 177 countries with relevant data (UNDP, 2007). Thus Nigeria was shown to be one of the countries with very low HDI. In fact, Nigeria has

over the years scored very low in many indices of development. For instance, in 2004, the probability of not surviving beyond the age of 40 years in Nigeria was about 40%; the proportion of people without access to improved water source was 52%; and the proportion of children between 0 and 5 years that suffered underweight was about 30% (UNDP, 2007). As further example, in 2005, the life expectancy at birth in Nigeria was only 46.5 years; the adult literacy rate was 69.1%; the combined primary, secondary and tertiary gross enrolment ratio was only 56.2%; and the Gross Domestic Product per capita in purchasing power parity United States of American Dollar was mere US \$1, 128 (UNDP, 2007).

The severe state of underdevelopment in Nigeria further shows that the country has very low degree of competitiveness. A recent Global Competitiveness Report of the World Economic Forum shows that Nigeria's competitiveness is very low (World Economic Forum, 2007). Table 7 shows Nigeria's performance with regard to the Global Competitiveness Index and the various pillars of the index. As can be seen from the table, Nigeria's performance is generally low. The country scored and ranked low in the Global Competitiveness Index and in virtually all pillars of the Index. This validates the other indicators that show weakness of Nigeria in competitiveness.

Table 7: Nigeria's Performance with regard to Global Competitiveness and the Various Pillars of the index (2007)

Indices	Overall Rank (out of 131 countries)	Score (1-7 points)
<b>Global Competitiveness Index</b>	95	3,7
<b>A. Basic Requirements</b>	108	3.6
1 <sup>st</sup> Pillar: Institutions	103	3.3
2 <sup>nd</sup> Pillar: Infrastructure	119	2.2
3 <sup>rd</sup> Pillar: Macroeconomic stability	28	5.6
4 <sup>th</sup> Pillar: Health and Primary Education	124	3.6
<b>B. Efficiency Enhancers</b>	77	3.8
5 <sup>th</sup> Pillar: Higher Education and Training	109	3.0
6 <sup>th</sup> Pillar: Goods Market Efficiency	65	4.2
7 <sup>th</sup> Pillar: Labor Market Efficiency	75	4.2
8 <sup>th</sup> Pillar: Financial Market Sophistication	56	4.5
9 <sup>th</sup> Pillar: Technological Readiness	97	2.6
10 <sup>th</sup> Pillar: Market Size	52	4.0
<b>C. Innovation and Sophistication Factors</b>	69	3.6
11 <sup>th</sup> Pillar: Business Sophistication	74	4.0
12 <sup>th</sup> Pillar: Innovation	66	3.2

Source: World Economic Forum (2007)

## RECOMMENDATIONS AND CONCLUSION

Given that Sub-Saharan Africa is worst hit by the menace of poverty, the region should take urgent steps to optimally check the menace. The region should analyze the several of poverty in the area and set adequate machinery in motion to efficiently address the problem.

Nigerian, which is the most populous country in Africa, should in particular, devise efficient ways to optimally address the problem of poverty in the country. The country should ensure that it achieves very high degree of competitiveness. The country should task steps to sufficiently boost its manufacturing sector and adequate investment should be made on human capital development. Suffice it to say that manufacturing sector growth/development and human capital development hold major keys to high level of competitiveness as well as to rapid and sustainable growth and development. Indeed, with highly efficient and competitive manufacturing sector and sufficient human capital development, significant poverty reduction or even eradication will be guaranteed.

In conclusion it is worthwhile to state at this point that competitiveness is highly correlated with economic growth and development. Poverty and underdevelopment are antithetical to competitiveness. Nigeria should therefore ensure that it urgently sets adequate machinery in motion to obliterate absolute poverty and underdevelopment in the country. This is the only way to make the country to become one of the leading economies in the world within a short time. Suffice it to say that with pervasive poverty and high level of underdevelopment in Nigeria, the country's vision of becoming one of the twenty leading economies in the world within a few years will only be a mirage.

There is no doubt that this paper provides important insights on the level of poverty and competitive situation in Nigeria, it however, seeks to stimulate further research on the causes of the high incidence of poverty in Nigeria and appropriate policy measures to be undertaken by the government so that poverty and underdevelopment could be reduced if not decimated in the country and economic growth achieved.

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