THE IMPACT OF GOVERNMENT POLICIES INTERVENTION ON POVERTY REDUCTION IN NIGERIA

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UNIVERSITI SAINS MALAYSIA

2023

THE IMPACT OF GOVERNMENT POLICIES INTERVENTION ON POVERTY REDUCTION IN NIGERIA

by

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Thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy

April 2023

ACKNOWLEDGEMENT

Undertaking a journey of PhD programme for three to four years resembles an army that goes to the battlefield and wins the battle and return home. He needs to thank Allahu Ta'ala, who spares his life, therefore, thanks to the Almighty God for sparing my life with this success. I wish to register my wholehearted gratitude to my one and all amiable supervisor, Prof. Dr. Nor Asmat Ismail, for her guidance in my text and constructive criticism, patience with my slow learning ability, encouragement during meeting hours and contribution towards the success of this study. I expressed my profound gratitude to the school Dean, the lecturers who taught me during my Master Degree Programme and the entire members of the management of the school of social sciences Universiti Sains Malaysia due to the precious and extraordinary knowledge I acquire from you. For the time we share, I will forever remember my postgraduate friends. I met what I expected in Malaysia, especially USM, which makes me proud. My special gratitude goes to my family, Iklimah (wife), Sa'adiya and Hasnah (daughters), for what we went through when I left. It is a worthy sacrisfice. I will continue to pray for the departed souls of my parents who died before the completion of this programme. May Allah sw forgive you all, ameen. I do also thank Mal. Ahmad B. Madugu for his words of encouragement. Finally, I salute Col. Sani Bello (Rtd), who places his confidence and sponsorship toward the programme success. I will forever remain loyal, respectful and obedient to you. I have nothing to repay instead to pray that may Allah SW compensates you in manifolds. Ameen thummah ameen.

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LIST OF ABBREVIATIONS

ADF	Augmented Dickey-Fuller
AIC	Akaike Information Criteria
ARDL	Autoregressive Distributed Lag
CUSUM	Cumulative Sum
CUSUMQ	Cumulative Sum of Square
CB	Central Bank
DFFRI	Directorate for Food, Road and Rural Infrastructure
ECT	Error Correction Term
FEAP	Family Economic Advance Programme
FDII	Foreign Direct Investment Inflows
FGT	Foster Green Thorbeck
FSP	Family Support Programme
GNP	Gross National Product
GDP	Gross Domestic Product
GMM	General Methods of Moment
HQIC	Hannan and Quinn Information Criterion
LEEDS	Local Economic Empowerment Development Strategy
LDC	Lower Development Country
MDG	Millennium Development Goals
NACB	Nigerian Agricultural Cooperation Bank
NPEP	National Poverty Eradication Programme
NEEDS	National Economic Empowerment and Development Strategy
NDP	National Development Plan
NDE	National Development Employment
OLS	Ordinary Least Square
PP	Phillips Perron
PPP	Purchasing Power Parity
PAP	Poverty Alleviation Programme
PBN	People's Bank of Nigeria
REM	Random Effect Model
SEEDS	State Economic Empowerment Development Strategy

SVAR	Structural Vector Auto Regressive
SIC	Schwarz Information Criterion
UBE	Universal Basic Education
USD	United State Dollars
US	United State
VAR	Vector Auto Regressive
VECM	Vector Error Correction Model

IMPAK INTERVENSI DASAR KERAJAAN TERHADAP PENGURANGAN KEMISKINAN DI NIGERIA

ABSTRAK

Tesis ini mengkaji kesan dasar kerajaan sebagai campur tangan dalam pengurangan kemiskinan di Nigeria. Pertama, ia mengkaji hubungan antara perbelanjaan kerajaan untuk latihan, pendidikan dan infrastruktur pelaburan mengenai pengurangan jumlah kemiskinan menggunakan model Autoregressive Distributed Lag (ARDL) dan data siri masa dari tahun 1980-2019 selama 40 tahun. Kedua, ia menggunakan kaedah regresi kuantil untuk memahami hubungan median antara bantuan kewangan, hutang jangka pendek dan panjang dan kadar pertukaran benar bagi pengurangan kemiskinan. Oleh itu, ia menganalisis kesan campur tangan kerajaan atau dasar kerajaan untuk mengurangkan jumlah kemiskinan. Ketiga, ia mengkaji peranan keterbukaan perdagangan, aliran masuk pelaburan asing, kadar inflasi dan bantuan kewangan terhadap pengurangan kemiskinan. Hasil kajian data siri masa menunjukkan terdapat kesan jangka panjang dan jangka pendek yang positif terhadap pengurangan kemiskinan. Selanjutnya, ia mendedahkan bahawa sebahagian besar daripada variasi dalam dasar atau campur tangan kerajaan boleh menjelaskan pengurangan bilangan kemiskinan. Khususnya, perbelanjaan kerajaan dalam latihan, infrastruktur pelaburan dan aliran masuk pelaburan asing mempunyai keseragaman dan memberi kesan positif kepada pengurangan kemiskinan. Pada masa yang sama, hutang asing memberi kesan negatif kepada pengurangan jumlah kemiskinan dalam jangka pendek. Selain itu, median kuantil mendedahkan hubungan positif dan negatif antara bantuan kewangan dan hutang asing dalam jangka pendek dan hubungan positif dan signifikan antara kadar pertukaran benar terhadap pengurangan jumlah

kemiskinan dalam masa pendek dan panjang (turun naik). Di samping itu, keterbukaan perdagangan dan kadar inflasi mempamerkan hubungan jangka panjang (tidak konklusif) dan varians pada pengurangan jumlah kemiskinan. Tesis ini juga mendapati bahawa kesan dinamik dasar atau campur tangan kerajaan terhadap pengurangan jumlah kemiskinan berbeza-beza mengikut keterbukaan perdagangan dan kadar inflasi kerana ketiadaan kelebihan daya saing dalam negara. Oleh itu, pembolehubah makroekonomi ini menandakan bahawa kerajaan memerlukan modal dan pelaburan domestik untuk merangsang produktiviti dan menurunkan inflasi dan kemiskinan. Begitu juga, campur tangan kerajaan seperti permulaan dasar akan meningkatkan pengurangan jumlah kemiskinan, seperti modal domestik dan pelaburan. Salah satu faktor makroekonomi utama yang mengekalkan ekonomi, berdasarkan kajian ini adalah peningkatan dalam perbelanjaan kerajaan untuk pendidikan atau peningkatan kemahiran dan bantuan kewangan selepas latihan bagi membolehkan pelatih yang mempunyai modal untuk pelaburan mendapat manfaat dan berdikari.

THE IMPACT OF GOVERNMENT POLICIES INTERVENTION ON POVERTY REDUCTION IN NIGERIA

ABSTRACT

This thesis examines the impact of government policies as an intervention in poverty reduction in Nigeria. First, it examines the relationship between government expenditure on training, education and investment infrastructure on poverty headcount reduction using the time series Autoregressive Distributed Lag (ARDL) and data from 1980-2019 for 40 years. Second, it employs the quantile regression method to understand the median relationship between financial assistance/aid, short and long-term debt and the real exchange rate on poverty reduction. Hence, it analysis the effects of macroeconomic factors such as government intervention or policies on reducing poverty headcount. Third, it examines the role of trade openness, foreign investment inflows, inflation rate and financial assistance/aid on poverty reduction. Evidence that suffices from the time series data indicates a positive long and short-run impact on poverty reduction. Further, it reveals that a more significant part of the variation in government policy or intervention can explain the peculiarity in poverty headcount reduction. In particular, government training expenditure, investment infrastructure, and foreign investment inflows have homogeneity and positively impact poverty headcount reduction. At the same time, foreign debt negatively affects poverty headcount reduction in the short run. Also, the quantile median reveals a positive and negative relationship between financial assistance/aid and foreign debt in the short term and a positive and significant relationship between real exchange rates on poverty headcount reduction in the short and long time (fluctuation). In addition, trade openness and inflation rate exhibit a long-run (inconclusive) and variance relationship

on poverty headcount reduction. Furthermore, the thesis realizes that the dynamic effect of government policy or intervention on poverty headcount reduction varies with trade openness and inflation rates due to the absence of competitive advantage in the country. Therefore, these macroeconomic variables signify that the government needs domestic capital and investment to spur productivity and lower inflation and poverty. Similarly, government interventions such as policy initiation would enhance poverty headcount reduction, such as domestic capital and investment. One of the primary macroeconomic factors that sustain an economy, based on this research, is an increase in government expenditure on education or skills acquisition and financial assistance after training to enable the trainees with capital for investment to benefit and become self-reliant.

CHAPTER 1

INTRODUCTION

1.1 Introduction

The importance of government policy intervention in poverty reduction cannot be overemphasized without looking at the Foster Greer Thorbeck three index that describes poverty reduction. He has decomposed poverty reduction into three indices: poverty severity, gap and headcount. Poverty severity deals with inequality among poor people, and the gap describes people below the poverty line. In contrast, the headcount ratio is the people percentage living below the national poverty line. Nevertheless, the federal poverty line is the benchmark that estimates a country's specific and social circumstances. It also reveals the level of consumption or income needed to be non-poor.

However, this study/research concentrates on reducing poverty headcount because, in Nigeria, it has become prevalent and is seen as an obstacle hindering economic development. According to the World Bank Development indicator, poverty is a measure based on the world standard of $1.90 per day that will rise to $2.15 in 2030, which is the goal of ending extreme poverty. The poverty reduction or alleviation strategies by the government in Nigeria have been quite noticeable in Table 1.1 because it has made considerable efforts to alleviate poverty in the past.

Although Africa as the second largest economy and Nigeria as the giant of the African economy, poverty has kept rising and reducing to the extent that it has been on 4 of each 10 Nigerians (household/headcount) living below the national poverty line. Many people in the country also lack education and basic amenities, and government support for households or headcounts is inadequate. Further, the research notes that jobs do not translate to the Nigerian people existing in poverty; instead, most families in small-scale farm and non-farm enterprises and approximately 17 per cent well employed in wage jobs. Therefore, the research intends to investigates the relationship between government policies intervention on poverty reduction in Nigeria.

This succinctly shows a sharp reconnection between poverty headcount and government intervention because the households do not become poorer through exclusion. It is necessary to mention that what is needed is an urgent intervention in poverty headcount reduction policies to ensure that poverty is alleviated. It can only be possible through adopting and improving government intervention policies, which gives adequate attention to previous studies policy implications as national development plan.

1.2 Background of the Study

Nigeria, a middle income and developing nation, is characterized by many challenges for insecurity, poor infrastructures, few foreign investment inflows, utilities, poverty, Etc. The country's population is more than 200 million people. There are more affluent and destitute people in every nation, even in a developing nation like Nigeria. People live in absolute lacking for utilities and when we think of poverty the central points are extreme and abject missing for daily supplies (poverty). The former is when people have insufficient income to afford all the necessities of life such as food, rent for a house and clothing, while the latter is when people have an income. Still, it becomes significantly insufficient and less than the average income in a society (international poverty line/purchasing power parity less than $1.90 per day).

In this particular approach, government policy intervention should be focused on the less educated, especially those households that are poor financially (Lunt and Horsfall, 2014). Therefore, government policies are a powerful tool to control or reduce poverty incidences in developed and developing countries, which can never be underrated. According to this study, the government must put all hands on deck to embark on macro programmes or policies to reduce poverty. The policy issue is good because a well-managed approach enhances poverty reduction coupled with the country's capacity, resiliency, social, political, and economic welfare (Christian Gönner, 2007). Poverty is trending globally, and it has gone slightly high virtually, which affected millions of people, even in Nigeria, for those living on less than $1.90 a day. More so, the global extreme poverty rate has affected more than 9.4% of the world's population in 2020 (World Bank, 2020).

Consequently, these approaches of national development plans (macroeconomic) are national poverty reduction strategies or policies that should be country-driven, comprehensive, result-oriented, and with short-term perspectives on domestic and external partnerships. According to (Collier and Dollar, 2002), poverty reduction depends on policies that yield multiple objectives. Although, poverty is global phenominon and its incidence in Nigeria is a serious matter that requires serious attention. Undoubtedly, the federal government of Nigeria has often times instituted different poverty alleviation programmes and evidence showed that poverty is still on the increase (Abubakar M. Mohammed and Omaku Angulu, 2022; Agwu M.E and Taiwo J.N, 2016; Hussaini, 2014; Ugoh & Ukpere, 2009). A country may use internal and external assistance to support poverty reduction programmes. Hence, government policy on poverty should include self-employment or skill acquisition for employment programmes (Mason, 2012). Secondly, the government should intermittently respond to poverty by creating welfare programmes as pro-poor to assist those in financial needs, those out of work and low-income (De Matteis, 2013; Mahembe and Odhiambo, 2019b). Thirdly, the government should stick to policy on the diversification of the economy for anti-poverty, especially in rural and urban areas with infrastructural development (Gnangnon, 2020; Van Noordwijk, 2019).

As Wang et al. (2019) put, government policy should be internal (macroeconomic) because it leads to realizing strategies and programmes that could support poverty reduction. Poverty policy endorses the government's plan in developing countries like Nigeria. What makes the programmes or policies not entirely successful is perhaps mismanagement of resources, poor implementation, and corruption. Poverty reduction represents one of the most significant challenges of the present time because it comprises human deprivation of material needs, inability to develop and an opportunity to improve personal welfare (Wydick B. and Lybbert T. 2018). Against any doubt, it would be interesting to look at the government policy constraints on poverty reduction. Among the many types of policies, this study will concentrate on government strategies in alleviating poverty. The policies targeted the poor to reduce the challenges of poor education, Unemployment and lack of necessary infrastructure or utilities (Ajulor, 2013). In the past (Table 1.1), there have been many poverty reduction programmes such as the National Poverty Eradication Programme (NAPEP), National Development Plan (NDP) and National Economic Empowerment and Development Strategy (NEEDS) etc.

These are amongst the government policy initiated as pro-poor programmes to reduce the escalation of poverty incidence in Nigeria. When those programmes are well implemented, the society can be saved by reducing joblessness and stir productivity or poverty reduction. A few examples of the policies or programmes are presented and summarized in Table 1.1 below:

Table 1.1
A summary of poverty alleviation programmes (National Development Plans) in Nigeria 1986 to 2004

Programme	Year Established	Target Group	Nature of Intervention or policy
Directorate for Food, Road and Rural Infrastructures (DFRRI)	1986	Rural Area	Federal Roads, rural water supply, electrification, etc.
National Directorate of Employment (NDE)	1986	Unemployed youths	Training, financing and guidance
Better life programme	1987	Rural women	Self-help and rural development programme, skill acquisition, financial support and health care
People's Bank of Nigeria (PBN)	1989	Underprivileged in urban and rural areas	Encouraging savings and credit facilities
Community Banks (CB)	1990	Rural residents, micro-enterprises in rural areas	Banking facilities, financing and credit
Family support programme (FSP)	1994	Family in rural areas	Health care delivery, child welfare, youth development
Family Economic Advancement Programme (FEAP)	1997	Rural areas	Financing and credit facilities to support the establishment of cottage industries
Poverty Alleviation Programme (PAP)	2000	Unemployed youths	Direct labour service and financial assistance
National Poverty Eradication Programme (NAPEP)	2001	Rural areas	Poverty reduction
National Economic Empowerment and Development Strategy (NEEDS) etc.	2004	Urban and rural areas	Creating wealth and generating employment

Local Empowerment and Environmental Management Programme (LEEMP)	2008	Social safeguard and environment	Social safeguard and sustainable use of biodiversity
Nigeria - Community based Poverty Reduction Project (CPRP)	2010	Fight against poverty	Basic social service, loss of job, labor and market issue
Community and Social Development Project (CSDP)	2015	National flagship project	Provide grant for human capital development for communities and vulnerable groups
Community-Driven Development (CDD)	2018	Relationship between people in position and their community	Improving issues of communities lives.

Source: Author's compilation

Based on Table 1.1, it is realistic that, in all the policies targeted by the government to alleviate poverty, there are specific programmes not well captured, which are training on skill acquisition, financial assistance, etc. Considering them as programmes or policies can help reduce poverty in the country. Furthermore, the government and policymakers needs to look ahead and focus more on other macroeconomic (National) factors such as infrastructure development, foreign investment inflows and increasing government spending to improve domestic and foreign investments, generate job opportunities by reducing unemployment and enhance productivity. Poverty is a significant obstacle in Nigeria. It has deeply affected socio-economic progress and development because it brings about unemployment/poverty increase which is associated with depression or increased immorality rate (Weich and Lewis, 1998).

Besides, Akwara F. Azalahu; Ngozie, John Enwucho and Adekunle (2013) stated that unemployment, illiteracy and cause insecurity. In a nation where the number of unemployed is greater than the number of employed people, it will resort to anarchy, chaos, loss of property and lives. As asserted by Mason. (2012); Schultz W Theodore, (1961); Serneels and Dercon, (2021) that education as the solution or skills acquisition to reduce poverty escalation. Empowering people or increasing welfare benefits to the poor by giving them financial assistance is the fastest way to alleviate poverty (Jin, 2017). Akinbobala and Saibu, (2004) postulated that inadequate income could hinder consumption and escalate poverty. The government policy on economic diversification can reduce the deprivation of a nation by creating an enabling environment like infrastructure development to attract foreign investors to reduce unemployment/poverty and make the small and medium businesses thrive (Gnangnon, 2020b).

Thus, the aim of this study will quantitatively look into those assertions that increased government expenditure on education, financial assistance or aid. foreign debt, infrastructure development, and foreign direct investment inflows whether are relative to poverty reduction. The factors mentioned according to this study are expected to supplement the programmes adopted by the government as policies from Table 1.1 to understand the role of policy or government intervention in reducing poverty.

1.2.1 Poverty in Nigeria

Nigeria (Fig 1.1) is in West Africa and located between the East by Niger and Benin's Republic. Also, positioned in the Gulf of Guinea's South and borders Lake Chad. Nigeria is sharing six regions that are North Central, North-West, Northeast, South-South, Southeast and South-West. These geographical regions are made up of 36 states and the federal capital territory.

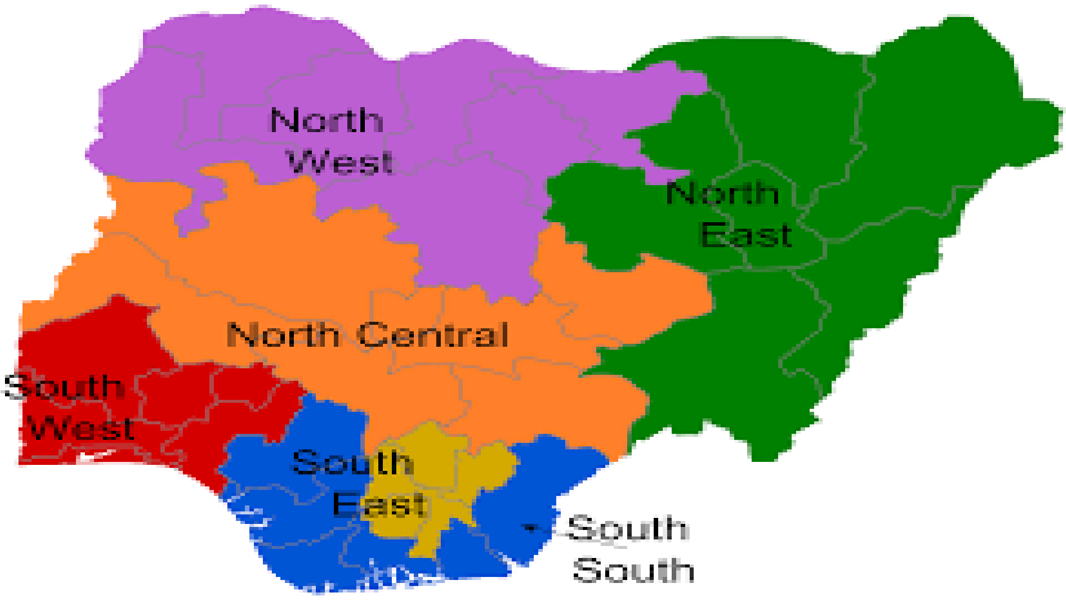

Figure 1-1 Map of Nigeria

Poverty has no geographical boundary, so it is manifest in all parts of the country, urban and rural areas inclusive. However, the incidence of poverty is more in rural areas and is lesser in Nigeria's urban areas. The few rural and more prominent urban poor people cannot afford adequate income, find a suitable and stable job, and maintain healthy living in the two areas (rural and urban). They suffer from illiteracy, are inexperienced in creativity or innovation and cannot satisfy their basic needs, making them vulnerable to poor health and short life due to inadequate health facilities and other infrastructures. Furthermore, a low individual cannot often escape from the grips of poverty. It characterizes them as social conditions of extreme poverty to be persistent and perhaps transmitted from one generation to another.

The government took some macroeconomic programmes (policies) to reduce poverty in Nigeria, if not total eradication. The macroeconomic programmes expected to rise at least or change Nigerians' living standards during that time (Table 1.1). In addition, the country has witnessed much progress while implementing the programmes on reducing poverty. The poverty headcount has dropped, recently recording 10.61% (2019). This study intends to assess and evaluate more of the programmes as macroeconomic policy (intervention) in terms of relationship for poverty headcount reduction.

In Nigeria, the primary poverty challenges are inevitable among four individuals on economic terms (headcount), namely the landless and small farmers in a rural area, urban unemployed and underemployed. Believing that many people are experiencing different forms of poverty or social deprivation like inadequate welfare services. In addition, the trend of poverty apart from the landless, small farmers, underemployed and unemployed in rural and urban areas has been worsening over the years. These issues have made urban and rural areas slums worse, while urban services and infrastructures are overstretching.

1.3 Government Policies/Macroeconomic Interventions

Poverty is accelerating in the country due to poor governance, political leadership uncertainty, resources mismanagement, corruption, inadequate programmes or government policies (Ajulor, 2013). The leadership situation, as mentioned earlier, has contradicted the country's immense wealth. The country (Nigeria) is abundant and endowed with vast human resources agricultural opportunities due to the expansive arable land, gas, petroleum and extensive mineral resources that are still untapped. Nigeria has retrogressed to be one of the poorest countries in the world. The population of poor people has increased in recent years, which stands at 40.09% representing over 80 million poor people (NBS, 2020). The government must address poverty reduction and inequality issues as a cause because it is one of its significant problems. Two-thirds of the Nigerian people are poor, despite living in a country with an abundant and vast wealth potential.

In the past, the government of Nigeria focused less on delivering essential services as provided by the programmes and policies intervention to reduce the incidence of poverty and assume control of significant national income sources (oil). Nevertheless, corruption thrives in public service and gain a strong foothold in the nation. In general, re-addressing the impact and causes of poverty and improving government development plans or programmes identified in Table 1.1. The government policies are explained below.

1.3.1 Government Expenditure on Education/training

Government expenditure has not translated to meaningful development, making the country among the world's poorest (Wafure and Nurudeen, 2010). The government has invested substantially to improve the educational attainment for the labour force to raise productivity. Yet the country faces declining output and slow economic growth, which is causing poverty. Obi and Obi (2014); Aregbeyen and Akpan, (2013) expressed that lack of increase in government expenditure on education induces poverty. The primary purpose of government expenditure on training is to improve human capital, which is in training and, in turn, it becomes an engine of growth. Government expenditure or spending does affect economic growth because every expenditure by the government, either on education or training, raises the GDP and provide the necessary facilities to heighten productivity and encourage economic activities, thereby lack of government spending causes poverty (Idris and Bakar, 2017).

The current data on government education or training expenditure, when plotted in Fig 1.2 that 2018, is 28.79%. Compared with 2019, it plummeted to 6.44%, which means the budget expenditure decreased, and reduction of poverty declined too

(Fig 1-2). Education, training expenditure and poverty to a certain degree are severe causes of economic instability.

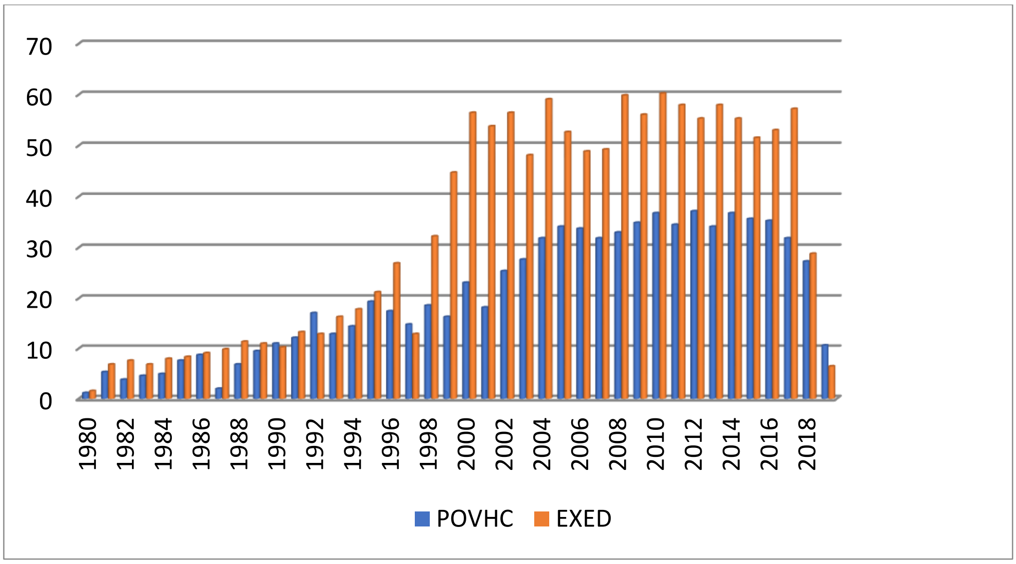

Figure 1-2: Government education expenditure/poverty
Source: World Development Indicator (2021)

Lack of knowledge delivery is causing poverty, and inadequate infrastructure would ever be a barrier to poverty reduction (Mugisha R. Mtika W and Pamela Abbott , 2020). Even though recognizing the importance of literacy or skills for individual wellbeing and community development, education and training have remained low on government plans for poverty reduction in most developing nations. Therefore, literacy leads to poverty increase or decrease because an illiterate individual with no skill in this fast-developing world is unpredictable. Therefore, welfare policy as expenditure on education or financial aid in the form of subsidy on factors of production is vital. It would improve human capital development and poverty reduction because they are critical in giving opportunity and prosperity to the country due to inequality.

1.3.2 Financial Assistance/Foreign Debt

Among the objectives of Sustainable Development Goals (SDGs) for financial assistance or aid, policy demand reduction of poverty. Nigeria is one of the developing and poorest countries that need foreign aid to channel it as financial assistance in alleviating poverty. The social welfare policy of financial aid is to improve and ensure the quality of life of the poor or increase per capita income even Ogbodo Joseph Charles Nicholas Attamah, (2009) put that the primary impact of financial assistance/aid is to alleviate poverty. Therefore, the poverty line, which is $1.90 per day, and below this income, a family is considered extremely poor as per headcount. Based on this study, financial assistance or aid policy can leverage or become the cause of poverty when the government does not focus on giving welfare assistance (subsidized education, healthcare, agriculture, victims of natural disaster, etc.).

Although Aluko and Arowolo, (2010) captured that the development of underdeveloped third worlds and granting of aid necessitates their internal contradictions arising from lousy leadership and mismanagement of national resources are causing poverty. Foreign aid, as scholars has explained, further attributed to internal and external debt, which is currently posing significant problems in most developing countries' growth and poverty. Focusing in Nigeria, it is exhibited in Fig. 1-3 that financial assistance/aid has gone high from early 2000 52% to 2017 60% and declined slightly to 59.09% in 2019. While foreign debt inflows recorded a spike of 120.83% in 1993, it began to decrease until the debt reached 5.41% in 2011 to 2019 as the debt also rose to 13.84%. The foreign aid/debt are a form of assistance by a government or financial institution to another country in cash, kind, loan, investment or infrastructural development (Mahembe and Odhiambo, 2019a). It is commonly known and accepted that official development assistance/debt (ODA) to developing countries like Nigeria is a liability represented by a financial instrument to eliminate poverty. Experts argue that in favour of more foreign aid than debt to Nigeria, injecting more foreign assistance into infrastructure development would materially benefit the poor people of the recipient countries (Ugochukwu et al., 2016).

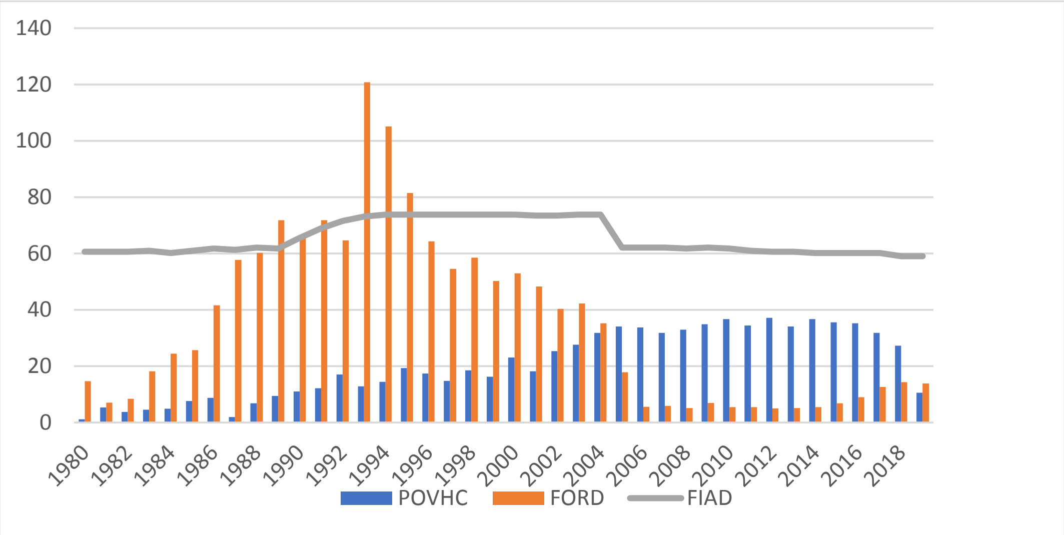

Figure 1-3: Financial aid/ debt/poverty
Source: World Development Indicator (2021)

Despite the flow of foreign aid and debt into the country, it still has not yielded any desired goal for poverty reduction because it is seen in Figure 2-3 that the end does not justify the means. It critically indicated that foreign aid is causing poverty, and lack of either aid or debt justification is considered a cause for poverty. Moreover, foreign aid or financial assistance is welfare monetization, which means fiscal/social policy to support the less privileged. It can be by public and private organizations in helping with financial aid to poor people to cause employment, reduce poverty, and enhance growth. The basic is to stimulate most impoverished people to be responsible for operating businesses or making a decent living.

There is a belief that poverty or unprivileged people exist by many factors: population, aging, family instability, and the labour market consequences (Esping-Andersen, 2000). It is pretty understandable that the issue of poverty or social policy have been standardized and subsequently succeeded. Since the country is still with greater number of poor people, foreign aid could be the best solution and to improvise poverty reduction. Because the government will cover and take overall regulatory responsibilities of the citizens to provide education, health facilities, agricultural subsidies that can cause reduced unemployment or give employment, and social assistance against the poor people improving their livelihood (Scanlon, 2005).

1.3.3 Infrastructure Investment/Development

More so, addressing these causes of poverty in the country brings infrastructure development, which is the major contributor to poverty. Therefore, diversifying the economy on social welfare programmes apart from oil with little tangible progress to developing infrastructure gives way to various sectors of the economy. The implication for economic diversification can be an investment in infrastructure that could be a source for importation and exportation, which can generate more productivity and expansion of economic sectors that will contribute to employment opportunities and reduce poverty. More importantly, it can also support the establishment of small and medium enterprises or poverty reduction (Ali and Memon, 2019).

Stabilizing the economy or diversification could be a giant stride for increasing innovation, creativity, employment, and social welfare or incentive programmes as the principal causes of poverty reduction. Conceptually, infrastructure policy is a broad term that embraces public investment, social services and physical assets, ensuring economic growth as diversification is consistent with poverty reduction. The main concern, poverty, is an absolute lack of basic needs, including goods and services, and a lack of infrastructure, which can be referred to as diversification or improvement of resources socially. In Figure 1-4 it shows that infrastructure development can lead to poverty reduction since the per cent of infrastructure development was 63.64% against poverty, which is 10.61% in 2019.

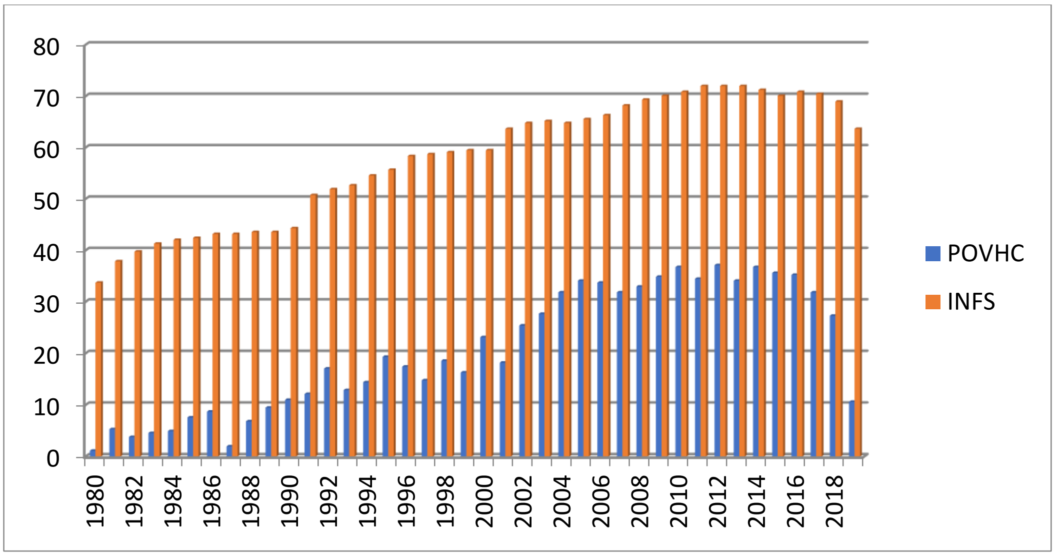

Figure 1-4: Infrastructure development/poverty
Source: World Development Indicator (2021)

The drive to eradicate extreme poverty has become more urgent, giving the need to attain the United Nations Millennium Development Goals to become one among the achievers of sustainable development goal (Ogun, 2010). Lack of economic diversification, particularly in infrastructural development, hinders the reduction of poverty plans that can improve people's living standards in Nigeria. Massive investment in physical and social infrastructures in the country would drastically alleviate poverty. This study supports the presumption that investment in infrastructure is essential for productivity and economic growth since it indicated vast opportunities for human capital development. Therefore, inadequate infrastructure in Nigeria causes poverty because few infrastructural facilities are located in the country, especially access to health care, employment, mortality rate, and literacy has translated into increasing poverty (Horst and Moore, 2003; Jerome, 2011; Oisasoje, 2012).

1.3.4 Foreign Investment Inflows

Lack of foreign investors' inflows is a cause for poverty, because an emerging nation like Nigeria need to attract foreign direct investment inflows to generate employment and increase productivity. Believing that it could be a tool for poverty reduction because it will serve as a creator for jobs, establish capital stock, increase productivity and generate managerial skills, which are dispensable in economic growth and poverty reduction (Ogunniyi and Igberi, 2014). Allowing foreign investors into the country can contribute in various ways, significantly reducing poverty, which is essentially the top priority of world leaders under MDGs policy. Fortunately, the causes and reduction of poverty desire external capitals to complement the domestic resources, and the primary source is foreign direct investors. Hence, foreign investment as macroeconomic factor can be a fiscal policy to keep or increase capital stock to enhance employment and productivity at home to reduce poverty (Fauzel et al. 2015; Gohou and Soumaré, 2012). Since the flows of foreign investment contribute to poverty reduction, the policymakers are to consider the vital role of foreign investment in economic development by providing capital to boost numerous economic activities. The social impact of foreign direct investment that provides employment can help increase household income and indirectly contribute to human capital development in the country, thereby causing reduced poverty.

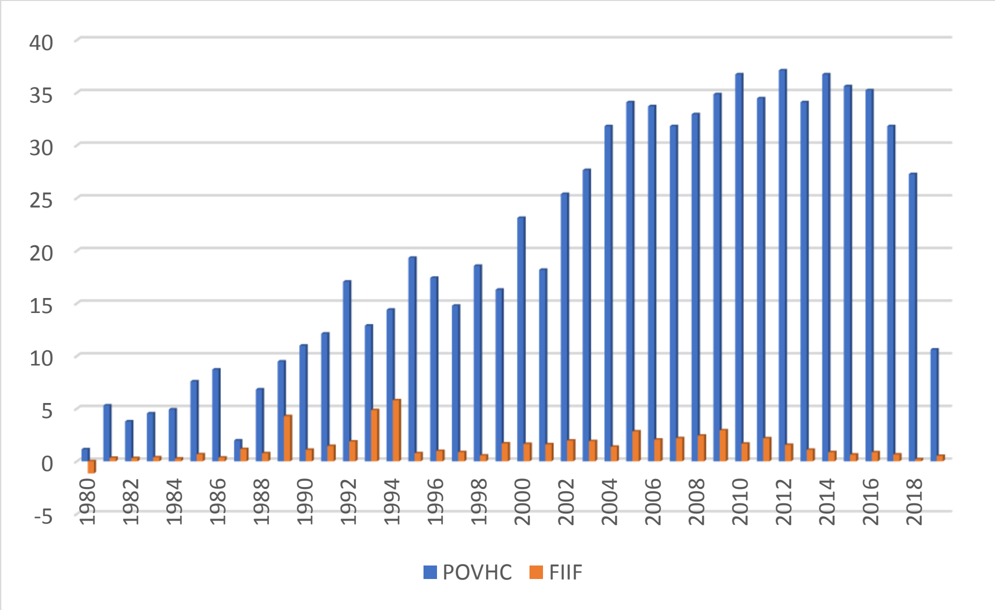

Figure 1-5: Foreign investment inflows/poverty
Source: World Development Indicator (2021)

The above figure 1.5 provides evidence that the inflows of foreign direct investment are, in fact, not contributing to the reduction of poverty. It could also be a training ground for the poor unemployed to acquire skills, get jobs that are likely to pay better wages and improve productivity. As seen in the graph, foreign direct investment may not enhance human capital development, generate domestic trade, and foster technological changes, it looked insignificant in the country.

Based on the highlighted policy causes that contribute to poverty in Nigeria, which shows in the preceded paragraphs and graphs, it is essential to understand that many more factors are responsible for poverty reduction in the country than what is in the present discussion. Nevertheless, the study can inform us that most of the programmes initiated or staged by the government could not hold long due to mismanagement of the resources, corruption and inadequate programmes or policies. Therefore, it is left for this study to look beyond internal programmes and extend the search for reducing poverty through internal and external factors (macroeconomic) such as improving the infrastructure to attract many foreign investors. Enhance government spending and simplify education by allowing the poor to benefit, positively changing the chain for poverty escalation and reducing income inequality. With foreign aid or assistance, the government can give subsidies on healthcare, agricultural equipment, etc., to the poor and many more.

1.4 Poverty Reduction Policies or Interventions in Nigeria

All the programmes initiated in the country for poverty reduction or escalation are mainly monitoring mechanisms, policies or interventions for enabling the environment to improve employment generation, growth and wealth creation. Let us refer back to 2001 and 2004 poverty alleviation programmes launched by the government in Table 1.1, such as; National Poverty Eradication Programme (NAPEP) the National Economic Empowerment and Development Strategy (NEEDS). The poor people in Nigeria constituted more than 70 per cent of the population, estimated to be 140 million at that time, imagining that would have reduced the condition for abject poverty. Ten years later, precisely minimize the rate of poverty. However, some more considerable proportion of Nigerians groaning under the yoke of poverty seems to be increasing year after year, not fully realized or looked after by the government. The National Bureau of Statistics (2019), Nigerian poverty profile in terms of absolute and abject poverty measure has been on the increase from 2003 (27%) to 2014 (36.74) so also according to the study data, even after the poverty alleviation programmes (Omemma and Okafor, 2014).

The National Economic Empowerment and Development Strategy (NEEDS) that encapsulated the National Poverty Alleviation Programme (NAPEP), among others, is indeed a national policy instrument for poverty reduction and sensitizing development in Nigeria. All have been implemented in the thirty-six states (six geographical zones in Fig. 1.1) of the federation as State Economic Empowerment and Development Strategy (SEEDS), including their local government tagged as Local Economic Empowerment and Development Strategy (LEEDS). Therefore, with this primary focus on creating employment, providing infrastructure, enhancing skills acquisition and improving income or wealth creation through more foreign investors, credit facilities, or empowerment programmes, which can impact reducing poverty (Ayodele. 2019).

Many have attributed these challenges or causes of poverty reduction in Nigeria to poor governance, national development plan and policy implementation. Okafor, (2011) pointed out that, as a result of defective leadership, corruption, unemployment, and poverty reduction programmes take at a high level. Further, Yagboyaju and Akinola, (2019) argued that Nigeria's policies are not poor friendly rather than not meaning to do it and later translated to deepen poverty. In the same vein, Kemi, (2019) stress that when poorly unemployed people are not empowered to be part of the economic activities, it will lead to the economy's systematic collapse. Therefore, when there is inconsistency for government policies or programmes and continued bad leadership and misappropriation of funds meant for empowerment or social welfare, such as minimizing inequality, enhancing per capita income or developing infrastructures, poverty will continue to rise.

Mismanagement of resources is one vital aspect that deliberately creates poverty in the country. Therefore, setting things right, the government or decision-makers are to reverse the economic development priority policies and distribution of national resources be made more available and equitable to serve all society sections without discrimination. Besides, provision for an employment opportunity for the entire workforce could serve the purpose of poverty reduction. Primary education accessibility for the poor children as inculcation to become innovative and creative will reduce the chances for poverty regeneration. In addition, proximity to the primary health facilities for all the nation and skills learning institutes or programmes to promote productivity and quality among the workforce to remain competitive in the job market.

Corruption and mismanagement of resources are the two corroborating aspects that disrupt Nigerian development and poverty reduction programmes. Indeed, the corruption index of 2014 ranked Nigeria as the 136th most corrupt country in West Africa after Guinea and Guinea Bissau. It has ravaged the country and destroyed most of the national values. Bribery, corruption and poverty have continued to grow in every country sector, affecting both the rich and the poor. They are making it inevitable for every Nigerian to remain a victim of corruption. Omoregie Nosa and Julius Idialu Ikharehon, (2019) have it that bribery and corruption can be raked down by electing political leaders or representatives who have the highest transformational plan and vision that include everyone.

As poverty incidences become high in Nigeria and most of the empowerment and social welfare remain partially successful to that view. It might be for mismanagement of resources (programmes) and corruption or not viable policies. The study understands that it cannot reverse the poverty situation or programmes for poverty reduction in Nigeria except if it should reduce corruption and mismanagement of resources by the leaders. Furthermore, poverty reduction programmes in Nigeria require comprehensive and contingent policy plans to improve literacy and strengthen per capita income or government expenditure to expand people's opportunities, empower them, and increase government financial assistance to the unemployed. Since poverty's causes are multidimensional, then poverty alleviation programmes or policy should be multidimensional in approach (Okonkwo, 2015). More so, suggesting that macroeconomic intervention policies like infrastructure development, inflow of foreign investment and foreign debt in the country would generate employment and income opportunities that can trickle-down to the poor.

In Nigeria, poverty is a multidimensional problem that goes beyond economics, it includes, among others, political, social, and cultural issues (Williams, 2016). The political issue is most of the reason for poverty escalation and failure because of frequent launching of new programmes and policies instability. Social concern issues are vulnerability challenges, social exclusion or deprivation, emphasizing gender inequality (social discrimination). The economic issue includes a fall in the prices of petroleum products, hampering the primary sources of revenue and lower public expenditure because of crude oil prices fluctuations, inflation and exchange rate instability. It automatically affects the budget as deficits to finance the poverty reduction programmes. The cultural issue is an integrating factor attributing poverty dominance in most societies as a doctrine for dependency on leaders to survive in Nigeria (Abdullahi Buba, Audu M. Idris Adamu and Jabir M, 2018) (Iskandar Lee, Muhammed Ainudee, Umar Musa Faruk and Bin Addulah, 2016).

In addition, this study will examine the macroeconomic factors as interventions for government programmes or plans to reduce poverty escalation through policies to promote productivity and economic growth that can eventually reduce poverty. In short, the policies are an action or coordinated strategy directed to solve a problem. Indeed, a policy is a foundation for the rationale underlying comprehensive plans for vision and transformation. So, why focus on the determinant of macroeconomic factors because the policy approach is the most single and vital factor for influencing the development of an economy or even poverty reduction.

Hence, policy should be an essential component of any poverty reduction strategy or programme. Policy by itself does not mean to ensure a lower poverty rate, but it provides a control incidence to reduce the poverty rate in most cases. Poverty incidence and programmes cannot reduce poverty without a policy assessing the escalation.

Over the years, the Nigerian government has adopted many programmes and strategies, as explained earlier, to reduce poverty incidences. Those programmers at least expected to raise the people's standard of living. Since, past regimes have attempted many policies to tackle poverty by creating agencies and institutions such as Universal Basic Education (UBE). Family Support Programmes (FSP), Nigerian Agricultural Cooperative Banks (NACB), People's Bank of Nigeria (PBN), Family Economic Advancement Programmes (FEAP), etc. Nevertheless, the programs impact on alleviating poverty despite the government's continued formulation of new policies and programmes that took off in the subsequent years. Poverty policies or interventions by the government should include increasing the quality and productivity of the poor. An approach that can strategize the poor to be employed or at least should become self-employed and educated or acquires skills to become innovative, creative, and improve his quality and quantity of human capital.

A sustained policy can initiate a rapid reduction in poverty incidence because policy challenges facing the country upon all the government policies and interventions. This study has addressed would have an idea that is the best for the country to initiate for the reduction of poverty. The focus on government education expenditure, financial assistance, infrastructural development and foreign direct investment inflows can be the determiners to derive a cause for change on poverty and policy initiatives. They are all evidence and sound recommendations designed as effective inclusive policies and strategies to reduce poverty.

1.5 Relationship between Government Policy/internvention and Poverty Reduction in Nigeria

If government policy/intervention (education expenditure, financial assistance/aid and debt, infrastructure development, foreign direct investment inflows, etc.) can affect or cause poverty reduction, it is essential to include government policy as implications to control the incidence of poverty escalation. Therefore, government intervention or policy implications would be the features for reducing income inequality, poor economic management (social and political), weak public sector, government expenditure, infrastructure development, foreign direct investment inflows, foreign aid or debt, inflation and exchange rate could be a firm government policy to reduce poverty. Government expenditure could be a factor for policy measures to improve education and reduce unemployment. Government spending or expenditure can influence per capita income as an effect or cause to reduce poverty. Financial assistance/aid would support skills acquisition or enhance subsidies to encourage agricultural activities, health care and establishing small-medium enterprises incidence if considered a policy. Foreign investment inflows could generate employment, capital flow, and spillover in technology knowledge and increase revenue. An improved infrastructural development can also drive foreign investors and facilitate access to good roads, healthcare, education and trade openness.

1.6 Problem statement

Over the years, poverty incidence in Nigeria has escalated and plummeted, the question is, is there any impact of government intervention as development plans on poverty reduction as programmes given in Table 1.1. Suppose these issues of education expenditure, quality infrastructure, financial assistance, foreign direct investment inflow, government debt, trade openness, real exchange and inflation rate are the target, intervention, and policies to reduce poverty. In this case, will the poverty reduction level be fully realized or what? Perhaps combined programmes (government programmes or policy intervention lead-poverty reduction) as a strategy could have been relevant to determine the policy that can cause poverty reduction in Nigeria.

Furthermore, some are more specific on improving human capital, income inequality, infrastructure development for more foreign investors to come into a country and targeting regional growth and poverty reduction, particularly in Nigeria with almost six regions (Figure 1-2). Even some suggested macroeconomic policies to raise people's living standards will reduce poverty. The problem of government short and long term debt is due to full substantiation or servicing, which does affect the real exchange rate and remained somehow high Figure 1-3. The dramatic increase in the inflation rate and lack of trade openness can cause poverty reduction.

In addition, poverty challenges in lower developing countries, especially Nigeria, is beyond enhancing inequality, and it has to do with general or national difficulties and policies such as government expenditure on training and education. Financial assistance/aid, short and long term debt. Trade openness, foreign direct investment inflows, inflation and real exchange rate as government intervention on