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Technical and statistical report

Deconstructing Poverty and Inequality in Nigeria

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Executive summary

It is widely known that Nigeria is a country with vast potential for rapid growth and development given its large domestic market, evolving middle class, burgeoning entrepreneurial spirit, and enormous natural resources. There is also the recognition that it has so far not fully harnessed this potential for inclusive and sustained development. Successive governments have grappled with how to transform Nigeria's vast potential into a prosperous, inclusive and stable economy to fulfill its promise. While some progress has been made, significant challenges remain, especially regarding how to achieve sustained reductions in poverty and inequality. Against this backdrop, the report provides an assessment of the state of poverty and inequality in Nigeria with a view to enhancing understanding of these phenomena and identifying actionable policies that the government could consider adopting to address them.

The report finds that significant changes have taken place in the structure of the economy over the past few decades which have implications for long term growth and development. On the supply side, there has been a shift from industry to services as the dominant sector. And on the demand side, since 1992 household consumption has overtaken investment as the dominant component of demand, which presents a challenge for productive transformation, employment creation, and poverty reduction.

The analyses of the state and nature of poverty in Nigeria indicate that the poverty rate is high. The poverty headcount ratio, measured at the national poverty line, increased from 40.1 percent in 2018/19 to 56.2 percent in 2022/23 while extreme poverty, measured at the $3 per day international poverty line, increased from 51.1 percent in 1985 to a peak of 60.9 percent in 1996 and then fell to 41.8 percent in 2022. It is interesting to note that the extreme poverty rate in 2022 is much higher than the lower middle-income countries average of 14.4 percent. The report also finds that income inequality in Nigeria is at moderate levels, having declined over the past few decades. Three phases are identified in the report based on the evolution of poverty and inequality over the past few decades.

- The first phase, from 1985 to 1999, is characterized by rising poverty and inequality.
- The second phase covers the period 2000 to 2014 and reflects a period of falling poverty and inequality.
- The third and final phase is from 2015 to 2023, characterized by rising poverty and falling inequality.

Poverty in Nigeria is a complex, multi-faceted and dynamic phenomenon, reflecting the fact that it is a consequence of economic, social and political factors that are interlinked and often mutually reinforcing. In this regard, the report underscores the need for a holistic approach to tackling poverty to ensure that its multiple dimensions are addressed.

The report contends that Nigeria is awash with a plethora of initiatives to tackle poverty and inequality. It examines the various development plans and strategies adopted by successive governments as well as the core initiatives established to combat poverty and inequality at the national level. It stresses that Nigeria is not lacking in programmes to address poverty and inequality. What is missing is proper implementation, appropriate scale and coverage, better targeting to avoid leakages, effective coordination, and a credible mechanism to ensure adequate financing and sustainability of existing schemes.

The report identifies policy measures the government could consider adopting to achieve the goals of inequality and poverty reduction. These include fostering productive transformation, better harnessing the potential of fiscal policy for inclusive development, boosting agricultural productivity and output, stemming rapid population growth, promoting gender and empowerment of women, enhancing accountability through broadening political participation and representation for vulnerable groups, improving mechanisms to identify the poor, strengthening the role of local governments in poverty reduction programmes, enhancing policy coherence, and addressing missing links in the trade-poverty nexus.

I.

Introduction

Introduction

Nigeria is a very interesting case study in the development arena because it captures vividly the opportunities and challenges most developing countries face in economic development. It also provides a very insightful example of how human progress or reversals occur in the development process. The country has tremendous potential to kickstart and spur inclusive growth in Africa given its large domestic market, evolving middle class, burgeoning entrepreneurial spirit, and enormous natural resources. Yet, it has so far not fully harnessed this potential for inclusive and sustained development as evidenced by the modest level of human development, limited productive capacities, high vulnerability to shocks, and the worrisome levels of poverty observed in the country.[1]

Since independence in 1960, successive governments have made efforts to put the country on a sustained development pathway as reflected in the number of development plans and vision documents produced and launched in the country (see table 1). The Renewed Hope Agenda is the most recent example of efforts being made by the Nigerian government to foster sustained and inclusive growth in the country. It identifies eight priority areas for action, namely: (i) reforming the economy to deliver sustained inclusive growth; (ii) strengthening national security for peace and prosperity; (iii) boosting agriculture to achieve food security; (iv) unlocking energy and natural resources for sustainable development; (v) enhancing infrastructure and transportation as enablers of growth; (vi) focusing on education, health, and social investment as essential pillars of development; (vii) accelerating diversification through industrialization, digitization, creative arts, manufacturing and innovation; and (viii) improving governance for effective service delivery.

While Nigeria's development strategies have led to some gains in development, progress has been modest when compared to its potential and to the situation in other middle-income countries. A cursory look at some indicators of human progress—income per capita, life expectancy, literacy rate, and poverty—suffices to buttress this point.[2] In 2024, real GDP per capita in Nigeria was $2325 compared with $2425 in lower middle-income countries, and $6177 in middle income countries. In the same year, life expectancy at birth in Nigeria was 54.6 years, which is far below the lower middle-income countries average of 70 years, and the middle-income countries average of 72.9 years. As is evident in Table 2, Nigeria also has relatively low literacy rate (70.4 percent) compared with the average for lower middle-income countries (78.3 percent) and that of middle-income countries (87.8 percent).

Since independence in 1960, successive governments have made efforts to put the country on a sustained development pathway

Regarding poverty, available data indicate that the poverty headcount ratio, measured at the national poverty line, increased from 40.1 percent in 2018/19 to 56.2 percent in 2022/23.[3] When we use the international extreme poverty line ($3 per day), the poverty rate increased from 34.2 percent in 2018 to 41.8 percent in 2022.

1 In a Presidential address at the Worker's Day celebration, held in Abuja, Nigeria, on 1 May 2026, poverty and insecurity were declared as national emergencies.

2 While data on the UNDP's human development index (HDI) indicate that Nigeria's HDI value increased from 0.379 in 1990 to 0.560 in 2023, its level of human development is modest with the country ranked 164 out of 193 countries and territories in the HDI for 2023 (UNDP 2025).

3 The national poverty line in 2018-19 was 137,430 Naira per person per year, which corresponds to about 376 Naira per day for an individual. Based on the average official exchange rate for 2019, this is equivalent to about $1 per day. However, using the PPP (purchasing power parity) conversion factor for consumption in 2019 this is equivalent to $2.8 per day.

The main development challenge facing Nigerian policy makers is how to eradicate poverty and reduce inequality on a sustained basis

It is interesting to note that the extreme poverty rate in Nigeria in 2022 (41.8 percent) is lower than the rate in Sub-Saharan Africa (45.7 percent) but higher than the rate in lower middle-income countries (14.4 percent). In contrast to the upward trend in extreme poverty, the Gini coefficient, which measures inequality, fell marginally from 35.1 percent in 2018 to 33.9 percent in 2022 (World Bank 2025a). The high level of poverty is an indication that Nigeria is still at a low level of development and that a large percentage of the population has been left behind in the development process. In this regard, the main development challenge facing Nigerian policy makers is how to eradicate poverty and reduce inequality on a sustained basis to create a more prosperous and inclusive society. To this end, this report provides an assessment of the state of poverty and inequality in Nigeria with a view to deconstructing and better understanding the two phenomena and identifying actionable policies that the government should consider adopting to address them. The assessment focuses mainly on the period from 1985 to 2023 due to limitations imposed by the paucity of data on poverty and inequality in Nigeria.

The report is organized as follows. Following this introductory chapter, the second chapter presents an overview of the Nigerian economy to provide some context to the discussions and analyses in the report. Chapter three focuses on the state of poverty and inequality in Nigeria using available indicators while Chapter four provides some insights from the literature on the causes of poverty. Chapter five attempts to provide an understanding of the changes in poverty and inequality in the country. Chapter six identifies and discusses policy measures that are needed to tackle poverty and inequality in Nigeria while the last chapter contains some concluding remarks.

Table 1
Development visions and plans in Nigeria

Visions, plans and strategies	Additional information and remarks
Renewed Hope Agenda	This is the current development agenda adopted in 2023.
National Poverty Reduction with Growth Strategy (2021-2031)	This was a strategy published in March 2021 to support the goal of poverty reduction.
Nigeria National Development Plan (2021–2025)	The medium-term plan was published in 2021 as a successor to the Economic Recovery and Growth Plan (ERGP).
Agenda 2050	Agenda 2050 is a long-term plan covering the period 2021 to 2050. It was meant to succeed Vision 2020. It was approved on 15 March 2023.
Economic Sustainability Plan (2020)	The ESP was published in 2020 as a response to COVID-19, geared towards cushioning the impact of the crisis on the economy
Economic Recovery and Growth Plan (2017–2020)	The ERGP was published in February 2017 as a medium-term development plan for the period 2017-2020.
Transformation Agenda (2011–2015)	The agenda was unveiled in 2011 and contained mostly a summary of the federal government's key priority policies, programmes and projects.
Vision 2020	The vision was published in December 2009 as a long-term plan for the economic transformation of Nigeria over the period 2009-2020.
Seven-Point Agenda (2007–2011)	The agenda was unveiled in August 2007 as a medium-term development framework and strategy. The seven focus areas of the agenda were: Transport, Power and Energy, Food Security, National Security, Education and Human Capital Development, Land Tenure Reforms and Home Ownership, and Wealth Creation.
National Economic Empowerment and Development Strategy (NEEDS), (2003–2007)	Developed in 2003 and published in 2004 as Nigeria's poverty reduction strategy paper.
Vision 2010	The vision 2010 was completed in September 1997. It was to be implemented through three instruments: the long-term perspective plan (1998-2010); the medium term or rolling plans (1998-2000); and the annual budgets, beginning in1998. However, it was abandoned following the passing of the former Head of State in 1998.
National Rolling Plans (1990–98) and the Perspective Plan	The rolling plans were introduced in 1990. They were to be implemented within the framework of a 15–20-year long term (perspective) plan. The idea of the three-year rolling plan was to provide flexibility in adjusting to shocks on an annual basis. It marked a departure from the five-year medium-term plans. The first national rolling plan covered the period (1990-92).
Structural Adjustment Programme (1986–88)	The Structural Adjustment Programme (SAP) was introduced in 1986. It was initially planned for 1986-88 but ended in 1992
Fourth National Development Plan (1981–85)	This was published in 1981
Third National Development Plan (1975–80)	The plan was published in 1975
Second National Development Plan (1970–74)	This was launched in October 1970 as a post-war reconstruction plan
National Development Plan (1962–1968)	The plan was launched in 1962 as the first national development plan after independence in 1960.

Source: UNCTAD's compilation.

Table 2
Selected Indicators of Human Progress

Country or Group	Indicator	2018	2019	2020	2021	2022	2023	2024
Nigeria	GDP per capita (constant 2015 US$)	2431.78	2431.54	2228.69	2206.66	2254.29	2280.92	2324.65
	Literacy rate, adult total (% of people ages 15 and above)	..	..	..	63.16	..	..	70.41
	Life expectancy at birth, total (years)	52.67	53.01	53.07	53.46	54.08	54.46	54.64
Lower middle income	GDP per capita (constant 2015 US$)	2078.47	2133.36	2021.06	2125.14	2230.23	2335.33	2425.47
	Literacy rate, adult total (% of people ages 15 and above)	75.44	75.41	76.04	76.65	77.26	77.78	78.28
	Life expectancy at birth, total (years)	68.28	68.56	68.04	66.37	69.30	69.60	69.79
Sub-Saharan Africa	GDP per capita (constant 2015 US$)	1622.24	1621.60	1529.25	1545.45	1568.71	1572.08	1589.33
	Literacy rate, adult total (% of people ages 15 and above)	67.13	67.73	67.89	67.84	68.15	68.44	68.69
	Life expectancy at birth, total (years)	60.77	61.13	61.17	60.70	61.86	62.60	62.80
Middle income	GDP per capita (constant 2015 US$)	5160.56	5320.74	5211.08	5552.64	5731.47	5965.66	6177.02
	Literacy rate, adult total (% of people ages 15 and above)	86.37	86.46	86.75	86.99	87.30	87.55	87.80
	Life expectancy at birth, total (years)	71.96	72.19	71.52	70.40	72.52	72.74	72.89

Source: World Development Indicators database.

II.

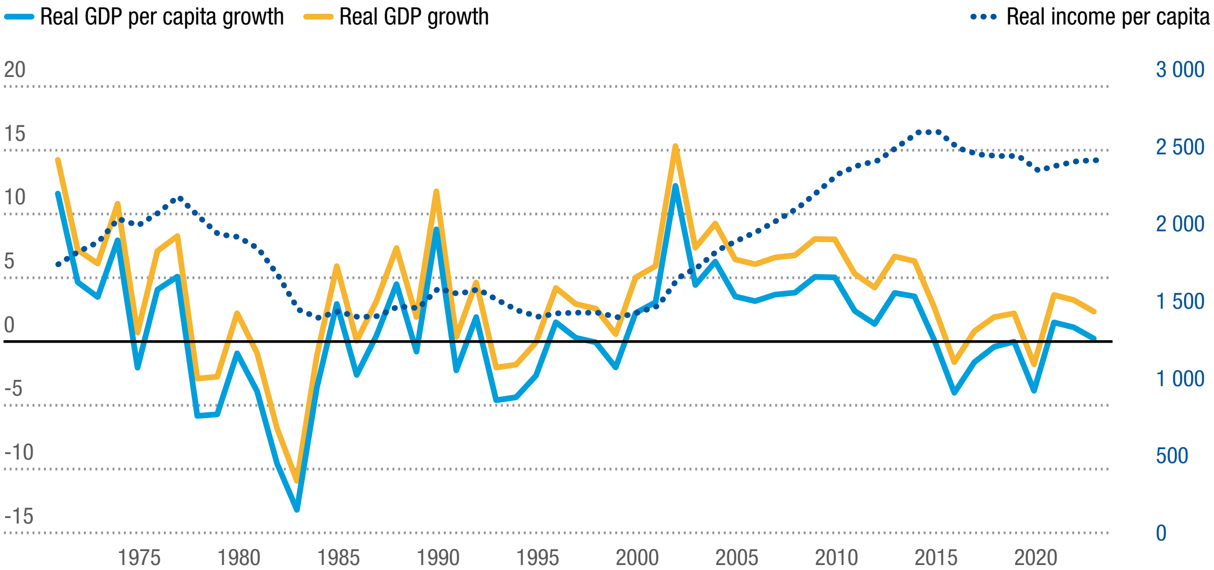
Overview of the Nigerian Economy

Overview of the Nigerian Economy

The Nigerian economy has experienced significant changes over the past few decades both in terms of macroeconomic performance and structure. A discussion of these changes will provide the context as well as insights for better understanding the evolution of poverty and inequality in Nigeria. In the 1970s, 1980s and early 1990s, a key economic issue policy makers had to grapple with was how to steer the economy from low or negative growth to high and sustained growth (figure 1). From 1971 to 1999, average real GDP growth was only 2.51 percent and real GDP per capita grew at a negative rate of 0.24 percent due to high population growth. This weak growth performance changed at the dawn of the new Millennium, following the return to democratic rule in 1999, with the economy posting an average real GDP growth of 7.15 percent and a real GDP per capita growth of 4.24 percent in the period 2000-2014. These positive developments in economic growth continued until 2015 when there was a reversal in growth performance and the economy experienced a low average real GDP growth of 1.97 percent and a negative growth rate of GDP per capita of 0.35 percent in the period 2015-2023 (table 3).

The Nigerian economy has experienced significant changes over the past few decades

Figure 1
Real income per capita ($) and growth of real GDP and real GDP per capita (%)



Source: UNCTADstat.

Notes: GDP data are in constant 2015 US$. Real income per capita is on the right side of the y-axis while growths of real GDP and real GDP per capita are on the left side.

Table 3
Average growth rates and real oil price, by period

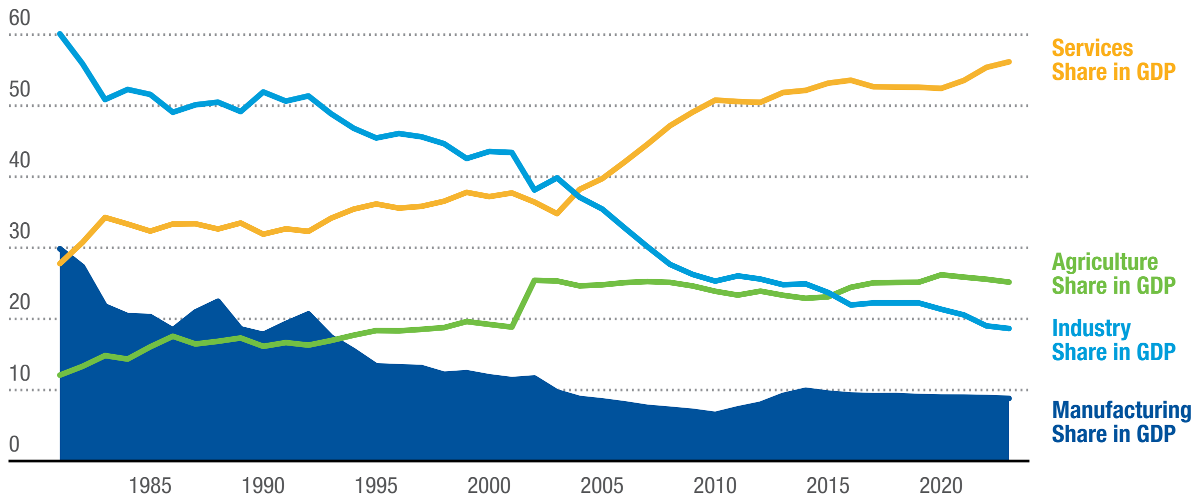
	Real GDP growth (%)	Growth of real GDP per capita (%)	Real oil price ($/barrel)
1971-1999	2.51	-0.24	28.01
2000-2014	7.15	4.24	66.52
2015-2023	1.97	-0.35	59.91

Source: Computed using data from UNCTADstat. Data on Real oil price is from World Bank Pink Sheet.

On the supply side, there has been a marked decline in the share of industry in GDP

Significant changes have also been observed in the supply and demand sides of the structure of the economy over the past few decades. On the supply side, there has been a marked decline in the share of industry in GDP from 60 percent in 1981 to 18.7 percent in 2023 (figure 2). Over the same period, manufacturing, a major component of industry, also experienced a significant decrease in its share of GDP from 29.9 percent to 8.8 percent. Both the agriculture and services sectors experienced a doubling in their share of GDP during the period. Specifically, the share of agriculture in GDP rose from 12.1 percent in 1981 to 25.2 percent in 2023 and the share of services increased from 27.8 percent to 56.2 percent in the same period. As a result of these developments, the service sector is now the most dominant sector in terms of contributions to output (table 4). Since 2016, the contribution of the agriculture sector to output has also exceeded that of the industrial sector. Within the agriculture sector the main economic activity is crop production, which accounted for about 89 percent of agriculture sector output in the period 2018-2023 (table 5). Livestock was the second most important activity in agriculture with a share of 5.5 percent of sector output, followed by fishing (4.4 percent), and forestry (0.8 percent). The agriculture sector is crucial for poverty reduction because it plays four important roles in the economy: it is a source of food for the population, provides raw materials for industry, is a foreign exchange earner and, is a source of employment for a large portion of the labour force (FRN 2023).

Figure 2
Shares of sectors in GDP (%)



Source: Central Bank of Nigeria. Note: GDP measured in Naira (2010 constant basic prices).

Table 4
Growth and shares of sectors in real GDP (%)

	Agriculture		Industry		Services	
	Share of GDP	Growth	Share of GDP	Growth	Share of GDP	Growth
2012	23.91	6.70	25.61	2.43	50.48	3.97
2013	23.33	2.94	24.81	2.16	51.86	8.38
2014	22.90	4.27	24.93	6.76	52.16	6.85
2015	23.11	3.72	23.71	-2.24	53.18	4.78
2016	24.45	4.11	21.96	-8.85	53.59	-0.82
2017	25.08	3.45	22.25	2.15	52.67	-0.91
2018	25.13	2.12	22.24	1.87	52.63	1.83
2019	25.16	2.36	22.25	2.31	52.60	2.22
2020	26.21	2.17	21.36	-5.85	52.44	-2.22
2021	25.88	2.13	20.56	-0.47	53.56	5.61
2022	25.58	1.88	19.02	-4.62	55.40	6.66
2023	25.18	1.13	18.65	0.72	56.18	4.18

Source: Nigerian Gross Domestic Product Report Q3, 2024, National Bureau of Statistics, November 2024.

In industry, the three dominant activities are manufacturing, construction, and mining and quarrying, accounting for an average annual share of output of 42 percent, 27.1 percent and 24.6 percent respectively in the period 2018-2023. The key manufacturing activities in terms of shares of manufacturing output during this period were food, beverage and tobacco (39 percent), textiles, apparel and footwear (22.1 percent) and cement (19.9 percent). Regarding the service sector, trade was the most dominant activity, representing 29.9 percent of output over 2018-2023. Information and communications and real estate are the two other major contributors to output, accounting for 23.8 percent and 11.8 percent respectively in the same period.

From a dynamic perspective, the performance of the service sector has also been impressive relative to that of agriculture and industry. In the period 2012 – 2023, the average annual growth rate of service sector output was about 3.4 percent compared to 3.1 percent for agriculture and a negative growth rate of 0.30 percent for industry. Interestingly, during the period under consideration, the agriculture sector was the only sector that did not experience a negative growth rate in any of the years (table 4). Nevertheless, since 2018 the annual growth rate of the sector has been below the average population growth rate of 2.43 recorded in the period 2018-2023. This is worrisome because it puts the food security of the country at risk and increases vulnerability to poverty, especially when food imports are constrained by the availability of foreign exchange.

In industry, the three dominant activities are manufacturing, construction, and mining and quarrying

Table 5
Contribution of activities to sectoral output, 2018-23 (GDP at current basic prices)

Sector	Activities	Share of sectoral output, average (%)
Agriculture		
	1. Crop production	89
	2. Livestock	5.5
	3. Forestry	0.8
	4. Fishing	4.4
Industry		
	1. Mining and quarrying	24.6
	2. Manufacturing	42
	3. Electricity, gas, steam & air conditioner	2.9
	4. Water supply, sewage, waste management	1.0
	5. Construction	27.1
Services		
	1. Trade	29.9
	2. Accommodation and food services	1.9
	3. Transportation and storage	4
	4. Information and communication	23.8
	5. Arts, entertainment & recreation	0.4
	6. Financial and insurance	7
	7. Real estate	11.8
	8. Professional, scientific & technical services	6.4
	9. Administrative and support services	0.04
	10. Public administration	3.9
	11. Education	3.6
	12. Human health & social services	1.3
	13. Other services	5.9

Source: Computed with data from CBN Annual Statistical Bulletin 2023.

Regarding the demand side of the economy, a notable change that has been observed is in the relative contributions of consumption and investment in GDP. In the 1970s gross fixed capital formation was the dominant component of aggregate demand, accounting for an average annual share of about 81.6 percent in GDP in the period 1971-1979 while household consumption expenditure represented 9.1 percent. Since the mid-1980s household consumption has been on an upward trend and, beginning in 1992, has overtaken investment as the dominant component of demand. For example, in the period 2015-2023, the average annual share of household consumption in GDP was 72.3 percent while investment represented 24.1 percent.[4] Another notable change on the demand side is in the net exports of goods and services (the trade balance). In the period 2000-2014, the trade balance in goods and services was positive in each of the years, representing an average annual surplus of about 9.1 percent of GDP. This contrasts with the period 2015-2023 when the economy registered a negative trade balance in each of the years resulting in an average annual trade deficit of about 2.8 percent for the period. The shift from trade surpluses to deficits is an indication that Nigeria is importing capital from the rest of the world. When such capital flows arise from borrowing then how the borrowed funds are spent is important in understanding the real impact of deficits in the economy. If it is invested in activities that expand the productive capacities of the economy to create decent jobs, it is likely to reduce poverty but if it is spent on importation of consumer goods that compete with domestic products, it is likely to result in job losses and hinder poverty reduction efforts. Furthermore, while running a trade deficit is not necessarily bad, persistent deficits increase reliance on external capital flows which makes the country vulnerable to reversals of capital flows with dire consequences for macroeconomic stability, growth and poverty reduction.

As a result of high population growth, Nigeria's population increased from about 73 million in 1980 to 225 million in 2023 (table 6). High population growth has also led to an increase in urbanization in Nigeria. Available data from UN-Habitat database indicate that the percentage of Nigeria's population residing in urban areas increased from 34.8 percent in 2000 to 52 percent in 2020 and is expected to be 59.2 percent in 2030. Rapid urbanization is of concern to policymakers because it can foster social segregation and increase inequality and poverty, especially in the Nigerian context where it is taking place without adequate industrialization and structural transformation of the economy.

In sum, the overview of the Nigerian economy discussed in this chapter indicates that, over the past few decades, significant changes have taken place both on the demand and supply sides of the economy. On the supply side, the services sector has emerged as the dominant sector in output and on the demand side, household consumption has overtaken investment as the dominant component of aggregate demand. The next chapter of the report discusses the state of poverty and inequality in Nigeria and how the former is linked to individual and regional characteristics.

On the demand side, household consumption has overtaken investment as the dominant component of aggregate demand

[4] Averages computed based on data from UNCTADstat.

Table 6
Population and population growth

year	Population (thousands)	Population growth (annual %)	Life expectancy at birth, total (years)	Fertility rate, total (births per woman)
2000	124673.63	2.60	47.19	6.12
2001	128091.36	2.65	47.62	6.14
2002	131633.83	2.68	47.93	6.14
2003	135310.15	2.69	48.44	6.12
2004	139095.14	2.70	48.77	6.09
2005	143018.95	2.69	49.30	6.07
2006	147015.56	2.70	49.73	6.08
2007	151139.11	2.71	50.03	6.08
2008	155395.41	2.72	50.23	6.08
2009	159794.61	2.73	50.71	6.04
2010	164304.31	2.74	50.95	5.98
2011	168981.46	2.76	51.36	5.92
2012	173777.74	2.75	51.50	5.83
2013	178623.51	2.70	51.71	5.74
2014	183475.38	2.63	51.79	5.66
2015	188318.46	2.54	51.84	5.62
2016	193025.30	2.51	52.04	5.58
2017	197862.10	2.53	52.31	5.52
2018	202647.06	2.50	52.55	5.45
2019	207230.45	2.45	52.91	5.38
2020	211740.83	2.44	52.89	5.31
2021	216251.53	2.41	52.68	5.24
2022	220807.04	2.38	53.63	5.14
2023	225494.75	2.38		

Source: UNESCO Institute for Statistics Database (UIS).

III.

State of Poverty and Inequality in Nigeria

State of Poverty and Inequality in Nigeria

An analysis of the state and evolution of poverty and inequality in Nigeria is challenging because of the paucity of data. Household surveys that provide crucial information on the state of poverty and inequality are conducted infrequently resulting in wide gaps in availability of annual data on poverty and inequality.

Monetary Poverty

One of the insights from recent work on poverty is that it has multiple dimensions, reflecting the fact that it goes beyond monetary deprivations and includes lack of access to education, health, sanitation, water, electricity, and other non-monetary deprivations that matter for individual well-being. Bearing this in mind, the discussion in the chapter will cover both monetary and non-monetary aspects of poverty for completeness. A well-known indicator of monetary poverty is the poverty headcount ratio, which is the proportion of a country's population that is below a specified national poverty line. Based on data from the Nigeria Living Standards Survey (NLSS) of 2009/2010, the poverty headcount for Nigeria increased from 27.2 percent in 1980 to 42.7 percent in 1992 and 69 percent in 2010.[5] More recent data from household surveys conducted by the National Bureau of Statistics (NBS) in 2018/19 and 2022/23, which are not necessarily comparable to estimates from earlier surveys due to differences in survey design and implementation, indicate that the poverty rate at the national poverty line was 40.1 percent in 2018/19 and 56.2 percent in 2022/23 (table 7).

The poverty rate at the national poverty line was 40.1% in 2018/19 and 56.2% in 2022/23

Table 7
Poverty headcount at national poverty line

Year	Poverty Incidence (%)	Population (Million)	Population in poverty (Million)
1980	27.2	65	17.1
1985	46.3	75	34.7
1992	42.7	91.5	39.2
1996	65.6	102.3	67.1
2004	54.4	126.3	68.7
2010	69.0	163	112.47
2018/19	40.1	206.7	82.9
2022/23	56.2	223.8	125.8

Sources: NBS (2012); NBS (2020) and World Bank (2025a).

5 The national poverty line used in the computation of the poverty headcount rates arising from the NLSS data of 2009/2010 was 66, 802.20 Naira per capita per year, which works out to about 183 Naira per person per day, or $1.22 based on the prevailing exchange rate of 150 Naira to the dollar used by the NBS in the survey year (see NBS 2012). Note that using the PPP conversion factor for consumption in 2010, this is equivalent to about $2.4 per day.

Over the past decade, extreme poverty was higher in Nigeria than in lower middle-income countries and less than in Sub-Saharan Africa

Another way to measure monetary poverty, which is useful for international comparisons, is based on an international poverty line. The World Bank uses three types of international poverty lines to distinguish between countries at different levels of development. For low-income countries the poverty line threshold is currently $3 per day, while for lower and upper middle-income countries it is $4.20 and $8.30 per day respectively. The $3 threshold is currently regarded as a measure of extreme poverty. Based on the $3 poverty line, extreme poverty in Nigeria increased from 51.1 percent in 1985 to a high of 60.9 percent in 1996 before declining to 38.5 percent in 2010. Following another decline to 34.2 percent in 2018, the extreme poverty rate increased to 41.8 percent in 2022. As shown in table 8a, the poverty rates are much higher when we use the thresholds for lower and upper middle-income countries. Unfortunately, 2022 is the last year for which there is information on the poverty rate for Nigeria and so it is not possible to provide figures for the most recent years. That said, the poverty rates for the past two years are likely to be higher than in 2022 because of the lagged impact of the COVID-19 pandemic and the reduction in the purchasing power of households due to: the inflationary effects of the withdrawal of petroleum subsidies and the massive depreciation of the currency associated with reforms of the foreign exchange market in 2023. Interestingly, a comparison of the extreme poverty rate in Nigeria with those of Sub-Saharan Africa and lower middle-income countries indicates that, over the past decade, extreme poverty was higher in Nigeria than in lower middle-income countries and less than in Sub-Saharan Africa (table 8b).

Table 8a
Poverty rates in Nigeria, by international poverty lines (2021 PPP)

Year	$3 poverty line	$4.20 poverty line	$8.30 poverty line
1985	51.1	68.5	91.9
1992	55.2	68.9	90.6
1996	60.9	74	91.4
2003	51.1	69.2	92.6
2010	38.5	58.7	88.7
2012	37.4	57.7	88.4
2015	35.8	55.8	87.2
2018	34.2	55.1	88.7
2022	41.8	64	92.9

Source: World Bank database.

Table 8b
Poverty headcount ratio at $3.00 a day (2021 PPP) (% of population)

Year	Lower middle-income countries	Nigeria	Sub-Saharan Africa
1985	51.7	51.1	
1986	51.7		
1987	52.1		
1988	51.9		
1989	51.4		
1990	50.9		61.5
1991	50.4		62.8
1992	49.5	55.2	63.8
1993	49.4		64.5
1994	48.5		64.6
1995	48.3		64.4
1996	47.5	60.9	63.9
1997			63.5
1998			63.4
1999			63.1
2000			62.4
2001			61.2
2002	46.9		60.8
2003	46	51.1	59.9
2004	44.5		56.9
2005	42.9		55.4
2006	40.5		54.3
2007	38.1		53.1
2008	36.4		51.9
2009	34.8		51.4
2010	31.5	38.5	49.4
2011	29.3		48.4
2012	27.5	37.4	47.2
2013	24.6		46.1
2014	22.5		45.3
2015		35.8	45.4
2016			45.1
2017			44.6
2018		34.2	44.1
2019			43.9
2020	16		46
2021	15.3		46.2
2022	14.4	41.8	45.7
2023	13.6		45.6
2024	13.1		45.1

Source: World Bank database.

There are several interesting findings on the profiles of the poor from household surveys and studies on monetary poverty that have been conducted over the past few decades.

- First, the poverty rate is higher in rural areas than in urban areas. For example, in the 2018-19 Nigerian Living Standards Survey (NLSS), the poverty rate, based on the national poverty line, was 52.1 percent in rural areas and 18 percent in urban areas (NBS 2020). This result is like the findings based on the NLSS of 2003-04 indicating that the poverty rate in the rural area in 2004 was 51.6 percent while that in the urban area was 34.2 percent (World Bank 2016).
- Second, the poverty rate varies with household size. In the 2018-19 survey, the poverty rate in Nigeria was 2.7 percent for households with 1 person, 17.9 percent for households with 2-4 people and 77.7 percent for households with 20 or more people (NBS 2020).
- Third, education plays a crucial role in the evolution of poverty in Nigeria. In 2018-19, among people aged 16 and above, the poverty rate for those without education was 58.4 percent compared with 10 percent for those with post-secondary or tertiary education (World Bank 2022).
- Fourth, the poverty rate is much higher in the north than in the south. The poverty incidence in the north in 2018-19 was 57.9 percent compared with 20.3 percent in the south (World Bank 2022). In addition, 15 of the 17 states with poverty incidence above the national average of 40.1 percent are in the north (NBS 2020). Ebonyi (79.8 percent) and Enugu (58.1 percent) are the only two states in the south with poverty incidence above the national average.
- Fifth, households in which the head is primarily engaged in agriculture tend to have a higher poverty incidence than those in which the head is engaged in non-agricultural activities. In 2018-19, the poverty rate for people living in households where agriculture is the main income generating activity of the head was 56.7 percent compared with 23.9 percent for people in households where the head is involved in wage work, and 32.2 percent in households where the head is involved in non-farm enterprise work (World Bank 2022).

Monetary measures of poverty are useful but do not tell a complete story

Non-monetary Poverty

As indicated earlier, monetary measures of poverty are useful but do not tell a complete story because poverty also has non-monetary dimensions. In this regard, an examination of the non-monetary measures of poverty is necessary to provide additional insights into the state of poverty in Nigeria. The Multidimensional Poverty Index (MPI) is a widely used measure of non-monetary poverty developed by the Oxford Poverty and Human Development Initiative (OPHI 2024). In 2022, the Nigeria MPI was constructed (NBS 2022). It captures deprivations in four dimensions, namely education, health, living standards, and work and shocks. The MPI ranges from 0 to 1, with higher values representing a higher degree of multidimensional poverty. More specifically, the MPI is the product of the incidence of multidimensional poverty (H) and the intensity of poverty (A). In other words, it captures the share of people in poverty and the degree to which the poor are deprived, indicating that it can be reduced through a reduction in the number of poor people and the degree of deprivation among the poor.

Based on the data from the 2022 survey, the MPI for Nigeria in 2022 was 0.257 (table 9). A breakdown of the index shows that the poverty incidence (or headcount) was 62.9 percent while the intensity of poverty was 40.9 percent. The poverty incidence suggests that 62.9 percent of Nigerians, about 132.9 million people, were multidimensionally poor in 2022. An interesting finding from the MPI survey and results, which is consistent with the data on monetary poverty, is that the MPI poverty incidence in rural areas (72 percent) is higher than that for urban areas (42 percent). Similarly, the intensity of poverty is higher in rural areas (42 percent) compared with the urban areas (37 percent). As a result of the high poverty incidence and intensity in rural areas, the overall MPI score for the rural areas (0.302) was higher than that of the urban areas (0.155).

There are also wide differences among the various geographical zones and states of the federation. For example, the northern states have much higher MPI scores than the southern states. With an MPI score of 0.324, the North-East and North-West zones have the highest multidimensional poverty index, followed by the North-Central (0.272), South-South (0.250), South-East (0.183), and South-West (0.151). Regarding poverty incidence, among the 36 states of the federation, Ondo, Lagos, and Abia have poverty incidence less than 30 percent while it is as high as 91 percent in Sokoto.

Table 9
Poverty by geographical areas of Nigeria

Zones	Monetary poverty rate by state, 2018-19, (%)	Multidimensional Poverty Index (MPI) score in 2022	MPI poverty incidence in 2022 (%)	MPI poverty intensity in 2022 (%)
North-East	Adamawa (75.4), Bauchi (61.5), Borno, Gombe (62.3), Taraba (87.7), Yobe (72.3)	0.324	76.5	42.4
North-West	Jigawa (87.0), Kaduna (43.5), Kano (55.1), Katsina (56.4), Kebbi (50.2), Sokoto (87.7), Zamfara (74.0)	0.324	75.8	42.7
North-Central	Benue (32.9), Kogi (28.5), Kwara (20.4), Nasarawa (57.3), Niger (66.1), Plateau (55.1)	0.272	66.3	41.0
South-East	Abia (30.7), Anambra (14.8), Ebonyi (79.8), Enugu (58.1), Imo (28.9)	0.183	49.0	37.3
South-West	Ekiti (28.0), Lagos (4.5), Ogun (9.3), Ondo (12.5), Osun (8.5), Oyo (9.8)	0.151	40.0	37.7
South-South	Akwa Ibom (26.8), Bayelsa (22.6), Cross River (36.3), Delta (6.0), Edo (12.0), Rivers (23.9)	0.250	62.6	39.8
National	40.1	0.257	62.9	40.9
Rural	52.1	0.302	72.0	41.9
Urban	18.0	0.155	42.0	36.9

Sources: Compiled based on data from NBS (2020) and NBS (2022).

Inequality

There are two main ways in which economists measure or capture inequality in an economy. The first approach, which is the personal distribution of income, measures the share of individuals or households in total income while the second approach, known as the functional distribution of income, captures the share of national income that accrues to different factors of production (land, labour, and capital). I begin the discussion of the state of personal income distribution in Nigeria by examining trends in the Gini coefficient, a widely used measure of income inequality which ranges from 0 (perfect equality) to 1 (complete inequality). As is common in economics literature, and for ease of exposition, I report it in percent so that it ranges from 0 to 100. Table 10 presents data on selected inequality indicators for Nigeria. It shows that the Gini index rose from 38.7 percent in 1985, reached a peak of 51.9 percent in 1996 and then started to decline, reaching 33.9 percent in 2022. Most of the decline in the Gini since 2010 must have been due to changes in the middle of the income distribution because there was not much change in the shares of the top 10 percent and those of the bottom 20 percent between 2010 and 2022. The data in table 10 are from the World Bank database and it is well known that inequality data from the World Bank differ from those provided by other sources (such as UNU-WIDER and the World Inequality Lab). To account for this fact, inequality data from the UNU-WIDER WIID Companion dataset are also used and presented in figure 3. It shows that income inequality in Nigeria, as captured by the Gini index, was high in the 1980s and 1990s and started declining at the turn of the millennium. While the Gini is an important and popular measure of inequality, it is known to be sensitive to the middle of the income distribution and insensitive to what happens at the tails of the distribution. To account for this limitation, the Palma ratio, measured as the share of the top 10 percent of the population divided by the share of the bottom 40 percent, which captures what is happening at the tails of the income distribution, is also reported to complement the discussion based on the Gini. Trends in the Palma ratio reported in figure 3 also show that inequality at the tails of the distribution has declined over the years, from 3.5 in 1980 to 1.5 in 2019.

The Gini index rose from 38.7% in 1985, reached a peak of 51.9% in 1996 and then started to decline, reaching 33.9% in 2022

Table 10
Selected inequality indicators for Nigeria

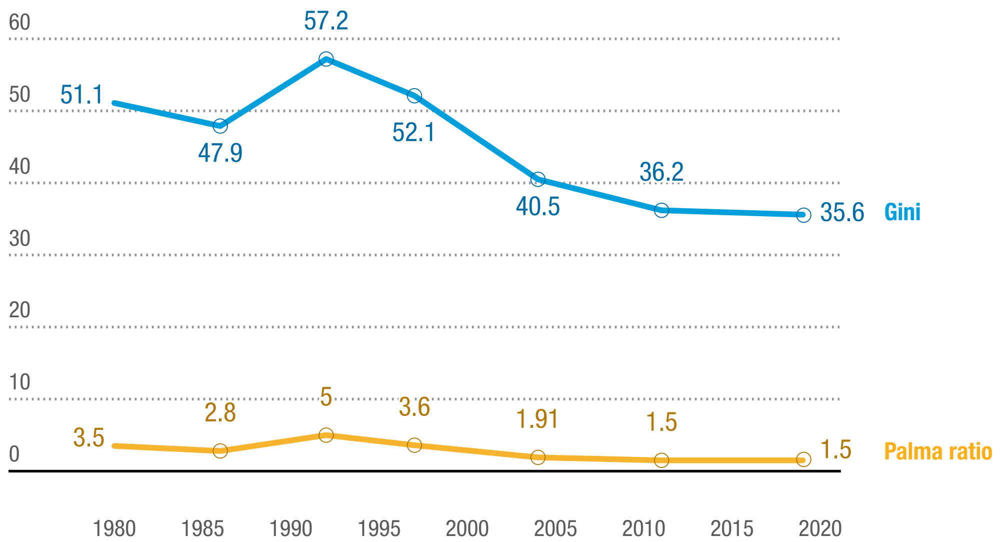
Year	Gini index	Income share held by highest 10%	Income share held by lowest 20%
1985	38.7	28.2	6
1992	44.9	31.3	4
1996	51.9	40.7	3.7
2003	40.1	29.8	5.7
2010	35.7	26.7	7.1
2012	35.5	26.6	7.1
2015	35.9	26.9	7
2018	35.1	26.7	7.1
2022	33.9	26.3	7.5

Source: World Bank database.

Regarding the functional distribution of income, which is reflected in the share of labour in total income, figure 4 shows that between 1985 and 2000, there was a significant decrease in the share of national income accruing to labour in Nigeria relative to those accruing to other factors of production. The share of labour in total income fell from 36 percent in 1985 to 26 percent in 2000. Following this 10-percentage point decline, the labour share of income rose to a peak of 41 percent in 2002 before falling to 29 percent in 2008. It has been relatively stable at 31 percent since 2009. When compared to other lower middle-income countries in Africa, the share of labour in income in the period 1970-2023 was much lower in Nigeria than in Egypt, Kenya and Morocco.

In sum, both data on the personal distribution of income (which focuses on interpersonal differences in income) and on the functional distribution of income (with a focus on the macroeconomic structure) indicate that income inequality in Nigeria rose between 1985 and 1999. They also indicate that, since 2010 income inequality in Nigeria has for the most part been stable and at moderate levels. The comparison between the personal and functional distributions of income is instructive because how you measure inequality matters and this fact needs to be considered by policymakers to gain insights from different but complementary perspectives on the state and nature of inequality at the national level.

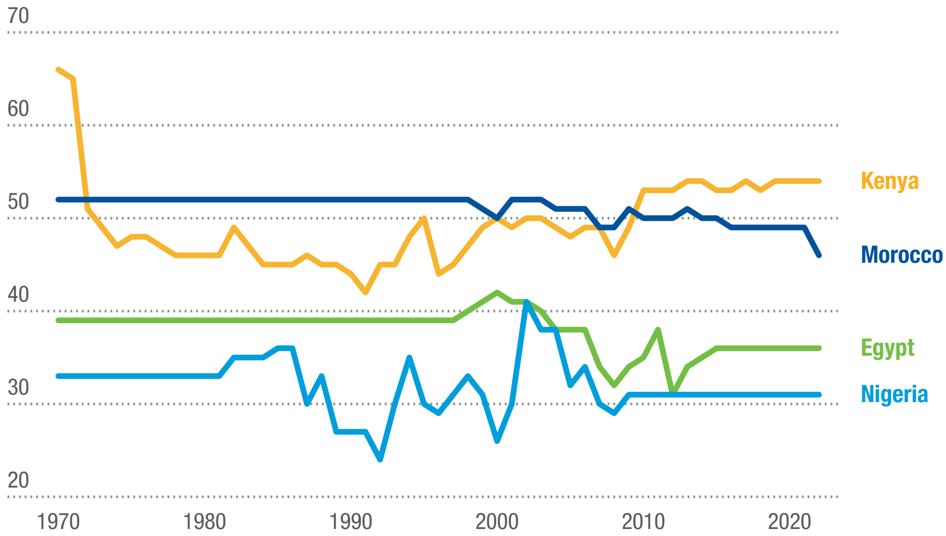
Figure 3
Trends in Gini Index and Palma Ratio for Nigeria



Source: UNU-WIDER, WIID Companion Dataset, 29 April 2025 .

In addition to indicators that measure inequality, attempts have also been made to monitor the degree to which governments are committed to reducing the gaps between the rich and poor in societies. The Commitment to Reducing Inequality (CRI) index, published by Development Finance International and Oxfam, captures what governments are doing to address inequality through policy actions (Kamande et al. 2024). Based on the notion that inequality arises from deliberate policy choices made by governments, the index captures the extent to which tax systems are progressive, the degree to which societies pay decent wages and have strong labour rights, and whether government policies enhance access to public services in the areas of education, health and social protection. In the 2024 CRI Report, Nigeria ranked 163 out of the 164 countries covered. Among the countries covered in the report, South Sudan is the only country that performed worse than Nigeria. In terms of the three components of the index, Nigeria ranked 158 on progressivity of public services, 109 on progressivity of tax systems, and 164 on progressivity of labour legislation.

Figure 4
Labour share of income in selected lower middle-income countries (1970-2023)



Source: Penn World Table (PWT) version 11.

IV.

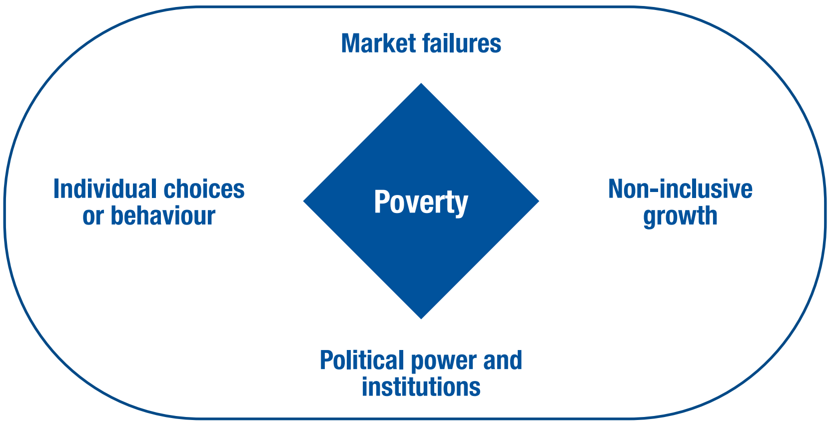
The Causes of Poverty: Insights from Literature

The Causes of Poverty: Insights from Literature

The discourse on poverty and views on policy options to eradicate it are influenced by prevailing "conventional wisdom" on the causes of poverty. It is therefore important to put the discussion in this report in historical perspective to contextualize it, provide a guiding framework for the analysis, and enhance our understanding of the changing views on the causes of poverty. For ease of exposition, I have classified the main theories into four categories, presented in figure 5, with the understanding that there may be some overlaps.

The discourse on poverty and views on policy options to eradicate it are influenced by prevailing "conventional wisdom" on the causes of poverty

Figure 5
Alternative perspectives on causes of poverty



Source: UNCTAD's compilation.

Individual Choices or Behaviour

One of the most controversial views on the causes of poverty emanates from the work of classical economists of which David Ricardo was one of the main contributors to this literature (Ricardo 1817). In classical thought, poverty was generally considered as either due to bad individual choices or a consequence of natural economic laws (Townsend 1979; Ravallion 2013).[6] The poor were incorrectly assumed to be poor due to individual deficiencies as reflected in bad choices, low moral character and the lack of work ethics. These deficiencies, it was argued, result in the poor having low productivity and therefore being stuck in poverty. These controversial views of classical economists reflected prevailing societal prejudices at the time and had very serious implications for government policy towards poverty alleviation. For example, by unjustly blaming the poor for their economic and social conditions most classical economists were against government welfare programs to reduce poverty on the grounds that they are a disincentive to work and can perpetuate poverty.

[6] Adam Smith is another contributor to this literature. However, unlike David Ricardo and other classical economists, he also recognised that institutional barriers could, for instance, limit labour mobility, prevent human capital formation among the poor, and perpetuate poverty (Smith 1776).

A variant of the classical thought attributed to Thomas Malthus links poverty to the operation of natural economic laws (Malthus 1806). The idea is that poverty arises from population growth outstripping food supply, which keeps wages at or below the level of subsistence and prevents wealth accumulation by workers. While interesting and insightful, Malthusian theory failed to recognize the importance of systemic or institutional barriers in creating conditions that drive poverty. It also did not fully appreciate the roles of education and technological progress in economic growth and how these factors can mitigate the effects of population growth in an economy. Nevertheless, the idea that rapid population growth is a challenge for growth and poverty reduction, particularly in developing countries with high dependency ratios, is an important one and needs to be addressed.[7]

Market Failures

While most classical economists placed the responsibility for poverty on individuals and the choices they make, other economists emphasized the role of market failure in creating conditions that foster and perpetuate poverty in societies (Ravallion 2013). One variant of this view, attributed to neoclassical economists, and rooted in micro-economic foundations, posits that in market economies, differences in initial endowments of capital, skills and talents across individuals affect productivity and contribute to poverty (Davis 2007; Banerjee and Duflo 2011). The unequal distribution of initial endowments also makes it difficult for the poor to exploit opportunities created in the growth process and reduces their ability as well as capacity to withstand or respond to shocks. In addition, the operation of market based competitive economic systems exacerbates rather than dampens the unequal initial distribution of endowments thereby reinforcing poverty. In contrast with classical economists, neoclassical economists admit that poverty can arise from factors other than individual failure. In particular, unequal starting points and market imperfections that make it challenging for the poor to access credit, insurance and decent jobs are important causes of poverty. In this regard, tackling poverty requires not only individuals making the right choices but also targeted policy interventions to address market failure and remove social structures that create barriers for some groups in society.

Another explanation of the causes of poverty based on market failure has a macroeconomic rather than a microeconomic orientation. In this view, pioneered by the work of John Maynard Keynes, market imperfections, in the form of price and wage rigidities, prevent the smooth functioning of factor markets resulting in involuntary unemployment, low growth, deprivation and poverty (Keynes 1936; Jefferson 2012; and Jung and Smith 2007). Boosting economic growth was regarded as the solution to poverty. To this end, there was the belief that government policies needed to boost aggregate demand to foster growth, create jobs and alleviate poverty. For example, there was an emphasis on public investment in education to promote human capital accumulation, increase aggregate demand, spur economic activities, and engender growth. As with the neoclassical economists, Keynes did recognize the role of education in addressing poverty. However, his focus was on the macroeconomic impact of public investment in education on aggregate demand and employment rather than on individual decisions regarding accumulation of human capital which preoccupied neoclassical thinkers.

[7] Based on data in the World Development Indicators, in 2024 the age dependency ratio in Nigeria was 79 percent, which is quite high. It means that for every 100 working age adults, there are 79 dependents.

Non-inclusive Growth

In the Keynesian literature, insufficient aggregate demand resulting in low economic growth was underscored as a major cause of poverty. The assumption was that rapid growth would raise the incomes and living standards of everyone thereby reducing poverty. History and econometric evidence have shown that the benefits of growth do not accrue automatically to all members of society and so poverty could be widespread in an economy even in a period of rapid growth. In this regard, the effectiveness of growth in reducing poverty depends on the distribution of income in society. This realization has led to new thinking on the drivers of changes in poverty and one of the main contributors to this literature is Francois Bourguignon. He argued that changes in poverty arise from two main sources. The first is economic growth and the second is the redistribution of income (Bourguignon 2004). Not surprisingly, in this framework, poverty is associated with both low and non-inclusive growth. This view is supported by the finding that the growth elasticity of poverty is higher in economies with lower inequality compared to those with high inequality (Thorbecke 2023). In this context, growth is a necessary condition for poverty reduction, but it is not a sufficient condition in the sense that a growing economy can exhibit high poverty rates if the benefits of growth are not widely shared. For example, growth is unlikely to have an appreciable impact on poverty reduction if the employment intensity of growth is very low, as is the case when capital intensive sectors are the key drivers of growth in an economy. One insight from this literature which has important policy implications is that high inequality is detrimental to growth because it engenders social conflicts and political instability both of which reduce investment, trade and growth. In this context, through redistributing income and wealth to the poor, governments can foster growth and reduce inequality at the same time.

Political Power and Institutions

The roles of political power and institutions in creating conditions that foster and perpetuate poverty have also been integrated into literature on the causes of poverty. There is the recognition that poverty is not driven solely by economic phenomena but also a consequence of the distribution of power and the nature and functioning of institutions in society. According to one version of this explanation, the default distribution of political power in market economies is in favour of elites and businesses, and this asymmetry in power has permitted the rich to influence government policy in ways that serve their interests rather than those of society, resulting in higher inequality (Brady 2019). In this framework, effective strategies to reduce poverty must involve enhancing political power of the poor to give them more voice and enhance their ability to protect their interests in the policymaking and development process. Regarding institutions, which cover established rules and arrangements that define the range of legitimate actions of actors in a nation-state, it has been underscored that the nature and functioning of institutions are also crucial to understanding poverty (Brady and Burton 2016). For example, labour market laws that permit collective wage-bargaining and protect employment contracts ensure that workers are paid decent wages and contribute to poverty reduction. In addition, government regulations and laws that foster progressive taxation, enhance access of the poor to education, and provide insurance against risks, can play crucial roles in reducing poverty in society. At the global level, political power and institutions also matter. Asymmetries in the distribution of political power among countries can affect the setting of multilateral rules on trade, investment and technology, thereby exacerbating inequality. As a result, in this setting, globalization can alleviate poverty in some countries while increasing it in others.

Poverty is a complex, multifaceted and dynamic phenomenon and cannot be captured by one theory

In sum, poverty is a complex, multifaceted and dynamic phenomenon and cannot be captured by one theory. It is also a consequence of economic, social and political factors that are interlinked and often mutually reinforcing. The mechanisms highlighted and discussed above may be relevant and operational in some countries, regions or contexts. Their relevance may also vary over time. In this regard, the main takeaway from this chapter is that economic and social theories can aid in understanding poverty but that their relative importance in specific contexts is an issue that requires empirical investigation to arrive at a conclusive answer.

V.

Understanding Poverty and Inequality in Nigeria

Understanding Poverty and Inequality in Nigeria

This chapter begins with an identification and examination of the phases of evolution of poverty and inequality in the country over the past few decades. It then attempts to provide explanations for the evidence that poverty is higher in the Northern region compared with the Southern region of Nigeria. The identification of the phases of evolution of poverty relies on poverty data based on the international poverty line, rather than the national poverty line, because the former has long series constructed on a consistent basis while the latter series are not comparable. The discussion begins in 1985, which is the first year for which we have data on extreme poverty in Nigeria and ends in 2022/23 which is the last year for which poverty data are available.

Analyses of the Phases of Poverty and Inequality

Three distinct phases can be identified based on the evolution of poverty and inequality in Nigeria over the period 1985 to 2023 (table 11). The first phase is from 1985 to 1999 and is characterized by *rising poverty and inequality*. The second phase covers the period 2000 to 2014 and reflects a period of *falling poverty and inequality*. The third and final phase is from 2015 to 2023, characterized by *rising poverty and falling inequality*. This chapter provides an explanation of the observed evolution of poverty and inequality in the three phases identified, paying particular attention to the development strategies and plans implemented by successive governments during the periods under consideration.

Three distinct phases can be identified based on the evolution of poverty and inequality in Nigeria over the period 1985 to 2023

Table 11
Growth, poverty, and inequality by phases

		1985–1999	2000–2014	2015–2023
Poverty headcount ratio (at $3 per day threshold)	Annualised growth (%)	1.59	-3.47	2.21
Gini	Annualised growth (%)	2.67	-1.35	-0.82
Consumption per capita (2021 PPP $ per day)	Annualised growth (%)	0.07	2.18	-2.13
Real GDP per capita	Annualised growth (%)	-0.19	4.27	-0.91
Remarks		Poverty and inequality rose	Poverty and inequality fell	Poverty rose while inequality fell

Source: Computed based on data from UNCTADstat, and World Bank PIP database. For each variable, the first and last year for which data is available, in the phase under consideration, was used in the computation of the annualized growth rates.

1985-1999

The period 1985-1999 was marked by rising poverty and inequality coupled with essentially no economic growth

The period 1985-1999 was marked by rising poverty and inequality coupled with essentially no economic growth. During this period the annualized growth rate of real GDP per capita was almost zero (about -0.19 percent). Similarly, at 0.07 percent there was almost no change in the annualized growth rate of consumption per capita. In an economy with rapid population growth, a weak growth performance makes it challenging to create decent jobs for the poor and raise government revenue for financing social services. As a country heavily dependent on oil exports, the decline in the price of oil during this period played a major role in the weak growth performance of the country. The average real price of crude oil fell from a high of $57 in 1980 to a low of $16 in 1998, thereby making the foreign exchange and revenue constraint facing the government more binding. While there was essentially no growth in the economy during this period, there was a significant increase in inequality with the Gini index registering an annualized growth of 2.67 percent. In this regard, a worsening income distribution was likely the main driver of poverty during this period.

From a policy perspective, a contributing factor to the rising poverty and inequality observed during this phase is the introduction of the Structural Adjustment Programme (SAP) by the Nigerian government in 1986 with the goal of restructuring the economy, diversifying away from excessive dependence on oil, and reducing external indebtedness. SAP was carried out through, among others, privatization of state-owned enterprises, liberalization of trade, removal of subsidies, and the devaluation of the currency. These measures led to layoffs, slowdown in economic activities, high inflation, unemployment, and reduction in provision of social services, resulting in hardships and an increase in poverty and inequality (Ndebbio and Ekpo 1991). They also triggered riots which created uncertainty and had negative consequences for investment, trade and economic growth.

Another factor that also contributed to the evolution of poverty and inequality rates observed during this period is the ad-hoc approach to poverty reduction that was prevalent in Nigeria up until the late 1990s, as reflected in the fact that poverty reduction was not an explicit goal in the national development plans and strategies of governments during this period (table 12). In addition, apart from the Third National Development Plan and Vision 2010, poverty reduction was not explicitly included among the development priorities in the development plans and documents produced during this period. The focus of these development plans and strategies was on increasing real incomes, boosting growth, and improving living conditions. While these measures can contribute to poverty reduction, they are not the same as having an explicit or direct goal on poverty reduction. Regarding inequality, the First National Development Plan did not include it as a goal. However, in the second, third and fourth national development plans reducing inequality was included as a goal in recognition of the fact that growth is likely to have the desired impact on poverty reduction if the benefits are widely shared.

One consequence of the ad-hoc approach to poverty reduction adopted during this phase is the mistaken belief that growth will trickle down to the poor. Based on this belief and mindset, the development strategies designed to combat poverty focused on fostering growth and improving general living conditions of people rather than being specifically targeted to the poor and vulnerable groups in society. For example, the National Directorate of Employment (NDE) was established in 1986 to combat mass unemployment and reduce poverty. But with limited funding and lack of targeting many poor people were unable to benefit from the programme. Other initiatives that had a general rather than a targeted focus on the poor include: the Better Life Programme (BLP) adopted in 1987 to empower rural women; the Family Support Programme (FSP) initiated in 1994 to improve living conditions of families; and the Family Economic Advancement Programme (FEAP) introduced in 1997 to empower Nigerian families to engage in economic activities in rural areas.[8] Undoubtedly, these programmes had positive impact, even if limited, in some areas such as the creation of youth employment and the establishment of primary and vocational schools (Ogwumike 2001). However, they did not make significant contribution in terms of eradicating poverty as evidenced by the fact that the poverty rate during this period was high and increasing.

Apart from the lack of an explicit focus on poverty reduction, other factors that undermined the efficacy of initiatives geared towards poverty reduction during the period include: lack of targeting of the programmes to the poor; frequent policy changes and reversals that affect sustainability; weak implementation of initiatives due in part to inadequate funding; corruption and lack of accountability and transparency; weak inter-ministerial coordination; lack of involvement of the poor in the design and implementation of programmes; policy incoherence; and the limited scale of programmes relative to the number of poor people (Obadan 2001; Ogwumike 2001).

It is interesting to note that out of the various development plans and strategies adopted during the period, Vision 2010 is the only one that included both diversification of the economy and the development of productive capacities among the stated goals. These measures have been identified as crucial for reducing vulnerability to shocks, fostering sustained growth, and creating decent jobs thereby laying the foundation for sustained poverty reduction (UNCTAD 2020). In this regard, Vision 2010 had important features crucial for combating poverty in the medium to long term. While the third and fourth development plans did include diversification as one of the core goals, the building of productive capacities was not stated as one of the explicit goals of the plans.

8 In general, efforts to combat poverty up until the late 1990s were anchored on boosting agricultural production, development of rural infrastructure, and provision of basic needs, and were not specifically targeted to the poor. For example, the Operation Feed the Nation (OFN) adopted in 1976 and the Green Revolution of 1980 had a general rather than a targeted focus on the poor. The OFN was geared towards reducing dependence on food imports and achieving self-sufficiency in food production. And the Green Revolution was geared towards boosting food production, enhancing food security, and achieving self-sufficiency.

Table 12
Poverty, inequality, and national development plans in Nigeria

Vision, plan, or strategy	Is poverty reduction one of the stated goals?	Is reduction of inequality one of the stated goals?	Was poverty reduction included among the development priorities?	Was inequality reduction included among the development priorities?	Did the plan include diversification among the stated goals?	Did the plan include enhancing productive capacities among the stated goals?	Remarks
National Development Plan (1962–68)	No	No	No	Yes	No	Yes	Although poverty reduction was not included explicitly as a goal, the plan made references to increasing real incomes and improving living conditions
Second National Development Plan (1970–74)	No	Yes	No	No	No	No	This plan is essentially a programme for post-war reconstruction and development. It also placed emphasis on growth as a basis for shared development.
Third National Development Plan (1975–80)	No	Yes	Yes	Yes	Yes	No (but the strategy of the plan involved using oil revenue to develop productive capacities)	Plan indicates that growth alone is not enough for poverty reduction and that the benefit of development must be shared to enhance standard of living for the average Nigerian. The private sector consulted in preparation of the plan. The plan was also the most ambitious in terms of capital expenditure (30 billion compared to 2.2 billion and 3 billion naira in first and second plans)
Fourth National Development Plan (1981–85)	No	Yes	No	No	Yes	No (but expanding agricultural production and manufacturing were identified as priority issues)	

Vision, plan, or strategy	Is poverty reduction one of the stated goals?	Is reduction of inequality one of the stated goals?	Was poverty reduction included among the development priorities?	Was inequality reduction included among the development priorities?	Did the plan include diversification among the stated goals?	Did the plan include enhancing productive capacities among the stated goals?	Remarks
Structural Adjustment Programme (1986–88)	No	No	No	No	Yes	No	Although the goals did not explicitly include enhancing productive capacities, the programme envisaged restructuring the productive base of the economy.
Vision 2010	No	No	Yes	No	Yes	Yes	There was no explicit mention of poverty reduction as a goal, but the vision includes a commitment to make the basic needs of life affordable for everyone
NEEDS (2003–2007)	Yes	No	Yes	Yes	No	No	Diversification and enhancing productive capacities were not explicitly stated as goals but they were part of the policy trusts and strategies of NEEDS. It should be noted that NEEDS was also Nigeria's PRSPs.
Vision 2020 (2009–2020)	Yes	Yes	Yes	Yes	Yes	Yes	Regarding inequality, the key issue mentioned in the goals was promotion of gender equality
Transformation Agenda (2011–2015)	Yes	Yes	Yes	No	No	No	The Agenda builds on Vision 2020 and so is not a standalone plan but a summary of the key priority policies, programs and projects for the period 2011-2015.

Vision, plan, or strategy	Is poverty reduction one of the stated goals?	Is reduction of inequality one of the stated goals?	Was poverty reduction included among the development priorities?	Was inequality reduction included among the development priorities?	Did the plan include diversification among the stated goals?	Did the plan include enhancing productive capacities among the stated goals?	Remarks
Economic Recovery and Growth Plan (2017–2020)	No	Yes	No	No	Yes	Yes	The ERGP covered the period 2017-2020. The focus was on achieving sustained inclusive growth.
Economic Sustainability Plan (2020)	Yes	No	Yes	No	No	Yes	The ESP was a response to the economic crisis caused by the COVID-19 pandemic.
Agenda 2050 (2021–2050)	Yes	Yes	Yes	Yes	Yes	Yes	Under the plan Nigeria is expected to achieve an upper middle-income status and a per capita income of $33,328 by 2050.
Nigeria National Development Plan (2021–2025)	Yes	Yes	Yes	Yes	Yes	Yes	Poverty and inclusion issues (inequality) were described as cross cutting enablers.
National Poverty Reduction with Growth Strategy (2021–2031)	Yes	Yes	Yes	Yes	Yes	Yes	
Renewed Hope Agenda (2023)	Yes	Yes	Yes	Yes	Yes	Yes	On 15 January 2024 the agenda was redefined to focus on eight priority areas.

Source: UNCTAD's compilation based principally on FON (1962), FRN (1970), FRN (1975), FRN (1997), FRN (1981), FRN (2017), FRN (2020), FRN (2021a), FRN (2021b), FRN (2023), NPC (2004), NPC (2009), NPC (2011) and NPC (2013).

2000-2014

The second phase of the evolution of poverty and inequality identified in the data is characterized by falling rates of poverty and inequality. During this period, real GDP per capita registered an annualized growth rate of 4.27 percent. As a result of the rapid growth of the economy, real income per capita increased from $1426 in 2000 to $2592 in 2014. This positive economic growth performance was driven in part by high oil prices, which was good news for Nigeria as a major oil exporter (Osakwe 2013). The average real price of crude oil increased from $28.01 in the period 1971-1999 to $66.52 in the period 2000-2014. The increase in the price of oil relaxed the revenue and foreign exchange constraints facing the country, making it possible to raise government expenditure and spur aggregate demand and growth in the economy. It is worth noting that the high 4.27 percent growth in real GDP per capita went hand in hand with a 2.18 percent growth in consumption per capita and a 1.35 percent decline in the Gini index of inequality. This suggests that both growth and redistribution contributed to poverty reduction, but that growth was likely the dominant driver.

A factor that contributed to the rapid growth observed during this period is the re-establishment of relations with the international community following the return to democracy in Nigeria in 1999, which improved the business environment, and had a positive impact on investment, trade and growth. The new administration seized the opportunity provided by the good relations it established with donors to ask for external debt relief, which was deemed necessary to release resources for financing poverty reduction and other development activities. At the end of 2004, Nigeria owed about $36 billion to external creditors in the form of debt and was paying more in interest payments than it did on health care and education, both of which are vital social expenditures to reduce poverty. About 85 percent of its debt was owed to the Paris Club creditors who in June 2005 agreed to grant it a debt relief package amounting to about $18 billion.[9] This important gesture by the official bilateral creditors permitted the government to finance several initiatives geared towards poverty reduction. For example, the Conditional Grant Scheme initiated in 2007 was made possible by the Virtual Poverty Fund established to ensure that resources saved from debt relief will be used for poverty reduction and social development programmes (table 13).

A change in the government's approach to fostering development also took place during this phase, as reflected in the explicit incorporation of poverty reduction among the goals of development strategies and plans. This change in focus led to the adoption of several policies to empower vulnerable people as well as protect them from shocks, resulting in a significant reduction in inequality. The decline in inequality coupled with rapid growth led to a big decline in poverty during this phase. The change in policy focus was triggered in part by developments at the global level. At the World Summit for Social Development (WSSD), held in 1995, the international community adopted the Copenhagen Declaration which underscored the urgent need to tackle poverty, unemployment and social exclusion. Following the Summit, in 1999 low-income countries seeking debt relief and development assistance from the World Bank, the International Monetary Fund, and most of the major bilateral donors were required to prepare a Poverty Reduction Strategy Paper (PRSPs) outlining their policies and roadmaps for poverty reduction. Furthermore, in 2000, the international community adopted the Millennium Declaration with eight Millennium Development Goals (MDGs), namely: eradicating extreme poverty and hunger;

The second phase of the evolution of poverty and inequality identified in the data is characterized by falling rates of poverty and inequality

[9] As part of the agreement, Nigeria was required to settle arrears on existing debt (principal plus interest that were due and not paid) following which the Paris Club will write off about 67 percent of its debt stock, and any remaining debt would be bought back by Nigeria at a discount rate (DMO 2005).

achieving universal primary education; promoting gender equality and empowering women; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria, and other diseases; ensuring environmental sustainability; and developing a global partnership for development. These global efforts to put poverty reduction at the center of development policy influenced the Nigerian government to explicitly prioritize poverty reduction in its development strategies and plans. This shift to a poverty-reduction-focused development model is reflected in the name of the first national social scheme introduced by the government in 2000 entitled the "Poverty Alleviation Programme" (PAP). Its aim was to reduce unemployment and crime and increase productivity of the economy through, among others, public works projects and provision of credit. PAP encountered several challenges in implementation and had to be rethought.[10] As a result, in 2001 the first holistic programme to tackle poverty entitled the "National Poverty Eradication Programme (NAPEP) was introduced. Unlike PAP, which was about poverty alleviation, the emphasis in NAPEP was on poverty eradication. The activities carried out under NAPEP were in four clusters: youth empowerment; rural infrastructure development; provision of social services; and natural resource development and conservation. The programme underscored the need for a participatory approach, made provision for inter-ministerial or agency cooperation, and some measures specifically targeted vulnerable groups such as women, youth and persons with disabilities (Obadan 2001). In addition to PAP and NADEP, the National Economic Empowerment and Development Strategy (NEEDS) was published in 2004. In contrast to previous development strategies and plans, it explicitly included poverty reduction as one of the stated goals. It also identified reducing poverty and inequality as development priorities. It was showcased as the people's plan as well as Nigeria's plan for prosperity, consisting of four main strategies: reorienting values, reducing poverty, creating wealth, and generating employment. The macroeconomic framework designed to achieve these goals rested on empowering people, promoting private enterprise and changing the way the government does its work to enhance quality of public services and serve the people better.

Table 13
Initiatives to Combat Poverty in Nigeria, 1986-2025

Initiative	Date established	Key features	Remarks
National Directorate of Employment (NDE) Programme	1986	This comprises vocational skills, small scale enterprise development, rural employment promotion, and special public works programmes designed to combat mass unemployment and reduce poverty.	The NDE was established in 1986, but its programmes were launched in the country in 1987.
Directorate of Food, Roads and Rural Infrastructure (DFRRI)	1986	The agency was established to tackle rural poverty and boost food production through provision of feeder roads, water and electricity in rural areas.	

[10] The programme did not reach the very poor because of lack of targeting and had limited impact due to weak design and execution (Obadan 2001).

Initiative	Date established	Key features	Remarks
Better Life Programme (BLP)	1987	The broad goal of the programme was to harness the potentials of rural women for development and elevate the status of women in the society. The areas covered by projects under the BLP included: agriculture, health, education, rural industrialization, women organization and mobilization, civic responsibilities etc.	
Family Support Programme (FSP)	1994	The programme was aimed at improving the living conditions of families to combat poverty. It is premised on the idea that the provision of moral and material support to families will enhance their ability to play a positive role in the development of society.	The programme was unveiled to mark the UN declaration of 1994 as the international year of the family. The programme emphasis was on health and social welfare.
Family Economic Advancement Programme (FEAP)	1997	A poverty alleviation programme that empowers Nigerian families to engage in agricultural and non-agricultural projects in rural areas.	Successful applicants are given a grant of 100,000 Naira monthly.
National Health Insurance Scheme (NHIS)	1999	The main aim of the scheme is to provide easy and affordable access to healthcare for Nigerians. The scheme has three categories: the formal sector; the informal sector, and the vulnerable sector components. The formal sector component is made up of the Formal Sector Social Health Insurance Programme (FSSHIP) and the Voluntary Contributors Social Health Insurance Programme (VCSHIP). The informal sector component includes the Tertiary Institution Social Health Insurance Programme (TISHIP), the Community Based Social Health Insurance Programme (CBSHIP) and the Public Primary Pupil Social Health Insurance Programme (PPPSHIP). The vulnerable sector component contains the Vulnerable Groups Social Health Insurance Programme (VGSHIP).	It was established under decree number 35 of 1999 but was formally launched in 2005. In 2022, the National Health Insurance Authority (NHIA) Act was signed into law and replaced the NHIS decree of 1999.
Poverty Alleviation Programme (PAP)	2000	The programme was introduced to address the challenges of rising unemployment and crime and increase productivity of the economy.	

Initiative	Date established	Key features	Remarks
National Poverty Eradication Programme (NAPEP).	2001	This was a poverty eradication programme initiated by the Obasanjo administration in response to concerns expressed about the limitations of PAP and other federal poverty reduction initiatives. Under NAPEP there was a shift in focus from poverty reduction to poverty eradication. In addition, there was an effort to rationalize existing poverty alleviation institutions and initiatives to reduce duplication and enhance their effectiveness. The National Poverty Eradication Council (NAPEC) was established to coordinate the implementation and monitoring of schemes and initiatives on poverty. The programme also adopted a participatory bottom-up approach and emphasized the need for inter-ministerial collaboration and coordination.	The programme was clustered into four schemes: the Youth Empowerment Scheme (YES); the Rural Infrastructure Development Scheme (RIDS); the Social Welfare Service Scheme (SOWESS); and the National Resources Development and Conservation Scheme (NRDCS).
In Care of the People (COPE)	2007	It is a conditional cash transfer programme designed to reduce vulnerabilities of very poor households and break the cycle of intergenerational poverty through human capital development.	The focus is on vulnerable people with children of school-going age. The scheme was initiated and implemented by the National Poverty Eradication Programme (NAPEP).
Conditional Grant Scheme (CGS)	2007	Under the scheme, resources saved by the federal government, due to debt -relief from Paris club in 2005, were ring-fenced in a Virtual Poverty Fund (VPF) and used in supporting social programmes in states to achieve the MDGs. The funds were made available to states that provide matching grants. The scheme was extended to local government areas on the same terms as in the states in 2011.	It should be noted that the Virtual Poverty Fund is not a bank account but a budgetary mechanism to gear savings from debt relief into supporting poverty reduction efforts.
Youth Enterprise With Innovation in Nigeria Programme (YouWIN)	2011	It is a youth empowerment and development scheme that provides grants to small business owners.	The programme was launched in 2011. The first edition of the scheme (YouWin!1) focused on creating jobs for the youth, the second focused on women below the age of 45 and the third covered both genders.
Growth Enhancement Support Scheme (GESS)	2012	This is a farm input subsidy scheme for small scale farmers geared towards boosting agricultural production. Under the scheme the federal and state governments provide 50 percent subsidy on the cost of the inputs with the remaining half borne by the farmer.	Registered beneficiaries receive vouchers on their mobile phones and use it to redeem agricultural inputs from dealers at half the cost.

Initiative	Date established	Key features	Remarks
Subsidy Reinvestment and Empowerment Programme (SURE-P)	2012	The programme was meant to reduce the effects of the partial removal of fuel subsidy on poverty by reinvesting the savings on social safety schemes and infrastructure development.	The nine intervention areas of the programme were: graduate internship scheme; mass transportation; maternal and child-care; community services, women and youth employment; technical and vocational education and training; Niger Delta; public works; roads and bridges; tourism and culture; and railways.
Anchor Borrower's Programme (ABP)	2015	This is an initiative of the Central Bank of Nigeria to create linkages between smallholder farmers and reputable companies (anchors) involved in the production and processing of key agricultural commodities.	The programme provides loans in cash and kind to small farmers to boost agricultural production, create jobs and reduce the food import bill.
Conditional Cash Transfer (CCT)	2016	The CCT provides monthly grants of 5,000 Naira to poor and vulnerable households to smoothen consumption, stimulate demand and ensure their survival.	The CCT; GEEP; NHGSFP; and N-Power schemes are components of the National Social Investment Programme (NSIP): Each component targets a specific vulnerable group of interest (women, youth, children etc). The NSIP was established by the federal government to combat poverty and hunger in Nigeria. Following the establishment of NSIP, the National Social Safety-Nets Coordinating Office (NASSCO) was set up in 2016 to coordinate social safety-nets schemes, create a National Social Register to identify poor and vulnerable persons, and ensure policy coherence in federal and states initiatives.
Government Enterprise and Empowerment Programme (GEEP)	2016	GEEP provides access to credit for poor and vulnerable people involved in commercial activity (disabled entrepreneurs, artisans, traders, enterprising youths, women, rural farmers and other MSMEs). It supports underserved entrepreneurs to transition from informal to formal business activities. TraderMoni is a component of the programme that provides interest-free loans to petty traders and artisans while MarketMoni provides interest-free loans to MSME's within established market association clusters. FarmerMoni targets farmers in farming groups.	
National Home-Grown School Feeding Programme (NHGSFP)	2016	The programme provides one free meal per day to children in primary 1-3 across public schools in the country with a view to increasing school enrolment and completion. It is also geared towards improving nutritional status of beneficiaries and stimulating the local economy through activities of cooks and small farmers. Funding and coordination are provided by the federal government while the states carry out implementation.	
N-Power Programme	2016	This is a job creation and skills empowerment scheme for unemployed youths. The programme also supports public service delivery in health, education, agriculture and vocational skills.	

Initiative	Date established	Key features	Remarks
Nigeria COVID-19 Action Recovery and Economic Stimulus (NG-CARES) Programme	2020	The programme sought to mitigate the impact of the COVID-19 pandemic on the livelihoods of poor households, maintain food security, and facilitate recovery of micro and small enterprises from the crisis.	This is one of the programmes implemented under the Economic Sustainability Plan.
Grant for Rural Women (GRW)	2020	The programme provides one-off cash grant to the very poor and vulnerable women in rural areas in Nigeria.	This was introduced by the Federal Ministry of Humanitarian Affairs, Disaster Management and Social Development (FMHADMSD) in support of the Nigerian President's poverty reduction agenda.
Alternate School Programme (ASP)	2021	The aim of the programme is to reduce the number of out-of-school children in the country and to integrate formal education into their current activities.	A joint programme of the Federal Ministry of Education and the Federal Ministry of Humanitarian Affairs, Disaster Management and Social Development.
Presidential Compressed Natural Gas (CNG) Initiative	18 August 2023	A component of the palliative measures introduced by President Bola Tinubu to cushion the effect of the rise in price of Premium Motor Spirit (PMS or petrol), following the withdrawal of fuel subsidies, on the vulnerable. It was geared towards reducing transport costs by promoting the use of cheaper and cleaner energy sources (particularly compressed natural gas).	The initial focus of the program was on mass transit systems. But individuals are also encouraged to switch to CNG through provision of conversion kits and deployment of CNG infrastructure in various parts of the country.
Humanitarian and Poverty Alleviation Fund	October 2023	This is a fund meant to respond to humanitarian crises, natural disasters and poverty.	The plan was to raise about \$5 billion annually from public and private sectors as well as development partners.
Presidential Conditional Grant Scheme (PCGS)	9 March 2024	This is a Presidential palliative program of the federal government directed at nano businesses in the 774 local government areas of the country. The initiative was part of efforts to cushion the impact of the withdrawal of fuel subsidies by the Tinubu administration. Women and youth are the main target beneficiaries, with this group expected to account for 70 percent of the grant, people with disabilities for 10 percent, senior citizens for 5 percent and 15 percent for other groups	The one-time grant is limited to 50,000 Naira per beneficiary. The Federal Ministry of Industry, Trade and Investment is the implementing department, and the Bank of Industry is the executing agency.
Palliative Food Programme	28 March 2024	The goal is to support the vulnerable and cushion the effects of the economic hardship faced by Nigerians through enhancing local food production and donation of food items to targeted groups.	It was launched by the Bank of Industry and the Federal Ministry of Industry, Trade and Investment.
President Bola Tinubu (P-BAT) Cares for Nigerian Women Programme	March 2024	The goal of the project is to economically empower women and uplift them	\$100 million project funded by the World Bank. The initiative was announced at the 2024 International Women's Day celebration

Initiative	Date established	Key features	Remarks
Renewed Hope Ward Development Programme (RHWDP)	July 2025	This is a ward-based development programme aimed at unlocking entrepreneurship at the 8,809 wards in the country through enhancing access to capital, and other support, to ensure that the gains from ongoing economic reforms can reach more people thereby lifting millions out of poverty.	The scheme goes beyond palliative measures by focusing on enterprise development and will engage over 10 million economically active people in fishing, farming, mining, trade, and food processing. In this regard, it is expected to boost economic activities at the community level, support the government's plan to create a $1trillion economy, and end poverty by 2030.
One Humanitarian One Poverty Response System (OHOPRS)	15 December 2025	This is an initiative of federal government geared towards integrating humanitarian aid, social protection and long-term development strategies into a single platform to ensure a unified, coordinated, and more effective approach to poverty reduction.	The initiative was introduced by the Ministry of Humanitarian Affairs and Poverty Reduction. The new system is expected to reduce duplication, enhance transparency, provide real-time data, and permit evidence-based decision-making.

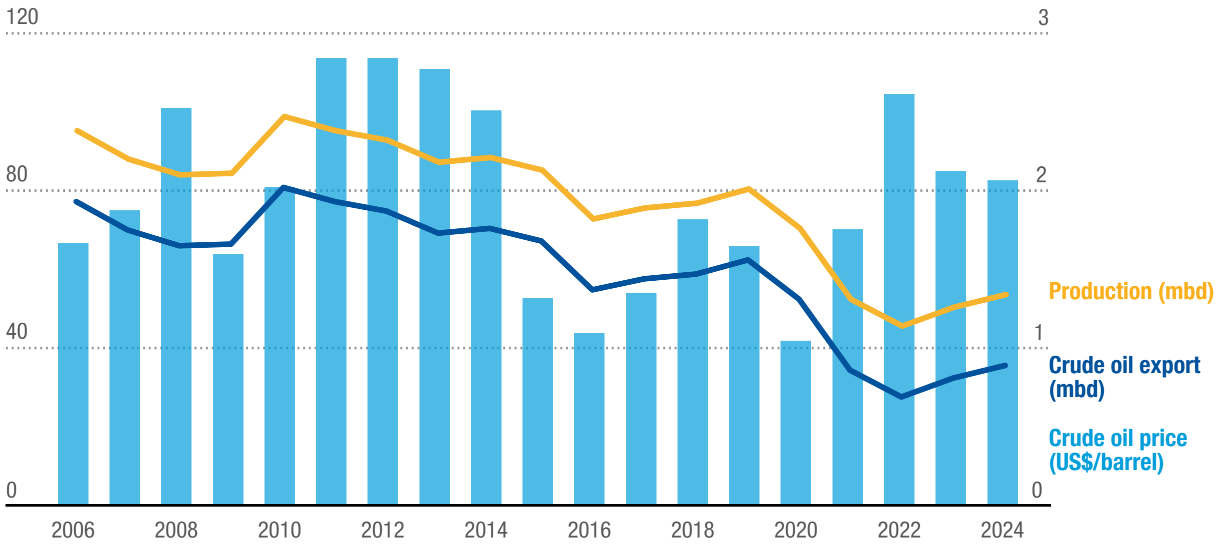
Source: UNCTAD's compilation based on information from various sources.

2015-2023

The third phase identified in the data is characterized by rising poverty and falling inequality. During this period there were major developments in oil prices, production and exports which had negative consequences for economic growth. Oil prices fell from about $100 per barrel in 2014 to $41.89 per barrel in 2020 and oil exports declined from 1.76 million barrels per day to 1.31 million barrels per day (figure 6). The use of annual data masks the dramatic fall in oil prices observed in the first quarter of 2020 when oil prices fell from $66.68 in January 2020 to $14.28 in April 2020, representing about 78 percent decline. The decline in oil prices, coupled with a decrease in oil production and exports, reduced government revenue and constrained spending resulting in a slowdown of economic activity and growth. On an annualized basis, real GDP per capita declined by 0.91 percent during this period and consumption per capita by 2.13 percent. In addition, the Gini index fell by 0.82 percent. These facts suggest that the decline in growth was likely the main driver of the increase in poverty during this period and that the improvement in income distribution dampened the growth impact.

> The third phase identified in the data is characterized by rising poverty and falling inequality

Figure 6
Trends in Price, Production and Exports of Crude Oil (bonny light)



Source: Central Bank of Nigeria data.

Notes: Crude oil price is on the left side of the y-axis while oil production and oil export are on the right side.

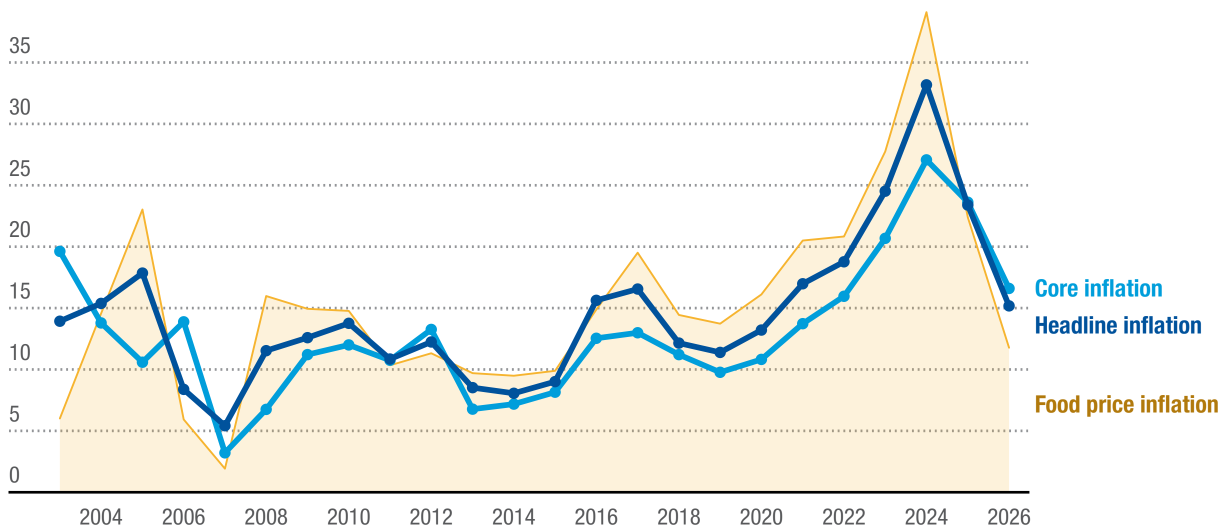
During this period, the economy was hit by multiple shocks including the COVID-19 pandemic, supply chain disruptions resulting from the Russia-Ukraine War, and macroeconomic reforms introduced by the government in 2023. The COVID-19 pandemic, which became evident in the first quarter of 2020, compelled the government to introduce travel bans, close schools, and impose restrictions on mass gatherings. Although these measures were necessary to contain the spread of the virus and save lives, they also imposed severe economic costs on society. The crisis disrupted economic activities, led to failure of enterprises, and resulted in loss of employment. The sectors most affected were the services and industrial sectors. It was estimated that the crisis led to an additional 5 million people falling into poverty by 2022 (World Bank 2022). A key channel through which the crisis affected the Nigerian economy was the huge decline in oil prices and exports, Nigeria's major source of foreign exchange. The decline in oil prices and exports reduced government revenue and limited its ability to implement economic and social programmes. The crisis also weakened human capital formation, through school closures, and created inflationary pressures by disrupting supply chains and markets.

Apart from the COVID-19 pandemic, supply chain disruptions associated with the Russia-Ukraine war which began in the first quarter of 2022 created shortages in raw materials imported by Nigeria to produce fertilizers leading to an increase in fertilizer prices and constraining crop production. The war also affected supplies of major food imports, such as wheat and vegetable oils, resulting in a spike in prices and jeopardizing the food security of vulnerable groups (Asante-Addo et al. 2023).

While the changes in poverty and inequality in this phase cannot be attributed largely to the bold macroeconomic reforms adopted by the government, beginning in 2023, it is worth noting that the reforms, aimed at stabilizing the economy, did create hardships for the poor (World Bank 2024). For example, the unification of the foreign exchange market and the removal of fuel subsidies led to a spike in inflation which eroded purchasing power and brought severe hardship to vulnerable groups in the country. The government tried to reduce the burden through palliative schemes (table 13), but the low scale and coverage of these initiatives meant that their impact was limited or modest. Although these reforms were necessary and are likely to have positive benefits in the medium to long term, they were introduced at a time when the country was already grappling with the effects of multiple shocks and adequate social safety nets were not in place to cushion their impacts on the poor in the short term.

The shocks discussed above, coupled with persistent insecurity and natural disasters, contributed to an increase in consumer prices, reduced purchasing power of households, and imposed hardships on vulnerable groups. Figure 7 shows the evolution of selected indicators of inflation. It shows that the country experienced a significant jump in inflation between 2020 and 2024, reflecting the impact of the multiple shocks that buffeted the economy during this period. Among the three inflation indicators in Figure 7, the most dramatic increase was in food price inflation, which reached a peak of 39.1 percent in 2024. While headline inflation, core inflation, and food price inflation have been on a downward trajectory since 2025, the numbers are still in double digits, indicating that more needs to be done by the authorities to achieve and maintain price stability.

Figure 7
Trends in Headline, Core and Food Price Inflation (%)



Source: Compiled using data from CBN website.

Gender inequality, social exclusion and the lack of empowerment of women have hampered efforts to combat poverty in Nigeria

Apart from the issues already identified to have played specific roles in the evolution of poverty and inequality in the three phases discussed above, there were other factors that had a general impact on poverty in Nigeria and undermined the efficacy of poverty reduction efforts. These include gender issues, inadequate social protection, disability, rapid population growth, low agricultural productivity, lack of productive transformation, and domestic policy challenges.

Gender inequality, social exclusion and the lack of empowerment of women have hampered efforts to combat poverty in Nigeria. Over the past decade, the female share of the total population of Nigeria has been between 49 and 50 percent, indicating that the population is almost equally distributed between males and females. Despite this split, females account for over 60 percent of the extreme poor in the country (FRN 2023). Gender gaps in education, employment, wages, and access to healthcare, coupled with gender-based violence and societal norms that foster gender discrimination and inequality have all played a role in women being disproportionately affected by poverty in Nigeria. Gender gaps in education are important obstacles to eradicating poverty in Nigeria because they constrain human capital development of women and limit employment and other economic opportunities. Surveys conducted for the 2020-21 school year indicate that while there is gender parity in primary education completion rates, 57 percent of males and 51 percent of females completed senior secondary education (table 14). Also, the share of children not completing senior secondary was 55 for females compared with 45 for males. There is also a divide in terms of literacy and ICT skills. For example, the literacy rate among youth aged 15 to 24 is 79 percent for males and 71 percent for females. Similarly, the percentage of youths aged 15 to 24 with ICT skills is 9 percent for males and 6 percent for females.

Table 14
Gender gaps in education (2020-21)

	Female	Male
Primary education completion rates	73	73
Junior secondary completion rates	67	69
Senior secondary completion rates	51	57
Share of children not completing primary education	48	52
Share of children not completing junior secondary	52	48
Share of children not completing senior secondary	55	45
Literacy rates among youth aged 15 to 24 (%)	71	79
ICT skills among youth aged 15 to 24 (% of youth)	6	9
Share of children aged 5 to 17 with functional difficulties	15	16

Source: UNICEF 2023.

Regarding the labour market, in 2024 the labour force participation rate for females was 80.7 percent compared with 84.4 percent for males and in 2023 vulnerable employment accounted for 78.9 percent of employment for females compared with 54.3 percent for males (table 15). Also, in 2023 the share of youth not in education, employment or training was 15.1 percent for females and 8.6 percent for males. These statistics indicate that there is gender inequality in the labour market which must be addressed to provide opportunities for women, reduce their vulnerability, and enhance their contribution to economic development of the country. Apart from the labour market, women also face challenges in terms of ownership and use of economic assets, which limit their access to financial resources and economic opportunities. For example, in 2018, the percentage of women aged 15-49 who did not own land was 88.5 percent compared with 58.9 percent of men who did not own land. Furthermore, in 2024, the percentage of females, aged 15 and above, who owned an account at a financial institution was 52.2 percent compared with 74.3 percent for males.

Table 15
Selected Indicators on Gender and Inequality

Indicator	Year	Female	Male
Labour force participation rate (%, age 15+)	2024	80.7	84.4
Vulnerable employment share of employment (%)	2023	78.9	54.3
Share of youth not in education, employment or training (% of youth population)	2023	15.1	8.64
Percentage of people aged 15-49 who do not own land (%)	2018	88.5	58.9
Share of people aged 15+ who have an account at a financial institution	2024	52.2	74.3
Proportion of seats held in national parliaments (%)	2024	3.91	96.09
Proportion of people in ministerial level positions (%)	2024	8.82	91.18
Share of employment in senior and middle management (%)	2023	65.8	34.2
Proportion of women subjected to physical and or sexual violence in the last 12 months (% of ever partnered women ages 15-49)	2018	13.0	
Maternal mortality ratio (per 100,000 live births)	2023	993	

Source: Compiled from World Bank Nigeria Gender Data Landscape, Fall 2025 edition.

The limited of participation of women in decision-making is a crucial factor that fosters gender inequality and social exclusion. In 2024, only 3.9 percent of seats in national parliaments and 8.8 percent of ministerial level positions were held by women. Table 16 shows that not much progress has been made to address the lack of adequate representation of women in the legislative arm of government. The total number of seats held by females in the Senate and the House of Representatives fell from 30 in the period 2015-2019 to 19 in the period 2019-2022. As a result, the proportion of seats in both houses held by females fell from 6.4 to 4.1 percent over the same period. These statistics are worrisome because it means that women, who account for about 50 percent of the population, are not adequately represented in decision making in the country, a factor which provides an explanation for why their needs and concerns have not been properly addressed. It would be

The limited participation of women in decision-making is a crucial factor that fosters gender inequality and social exclusion desirable for the government to prioritize the political empowerment of women in development strategies and put a credible mechanism in place to ensure that it is achieved in the short to medium term. One way to accomplish this is through legislation requiring a certain percentage of ministerial positions and seats in national parliaments to be occupied by women.

Table 16
Representation in the National Parliament (by year and gender)

	2015–2019		2019–2022	
Legislator	**Number**	**%**	**Number**	**%**
Senate				
Male	102	93.58	98	93.33
Female	7	6.42	7	6.67
Total	109	100.00	105	100.00
House of Representatives				
Male	337	93.61	347	96.66
Female	23	6.39	12	3.34
Total	360	100.00	359	100.00
Both Houses				
Male	439	93.60	445	95.91
Female	30	6.40	19	4.09
Total	469	100.00	464	100.00

Source: NBS (2024a).

Government support in the form of social assistance, insurance and labour market programmes can reduce the burden of adjustment to shocks, thereby reducing poverty and vulnerability

Inadequate levels and access to **social protection** exacerbate poverty and also make people who live above the poverty line more vulnerable to falling into poverty when they experience shocks. Government support in the form of social assistance, insurance and labour market programmes can reduce the burden of adjustment to shocks, thereby reducing poverty and vulnerability. In 2021, only about 21.9 percent of the population was covered by social protection schemes, indicating that a large portion of those in extreme poverty do not have social protection (table 17). Coverage differs by geography and gender. For example, more people have coverage in rural areas (23.7 percent) than in urban areas (19.3 percent) and coverage is higher for males (22.4 percent) than for females (18 percent). The low coverage rate of social protection schemes is due in part to the low share of national budget allocated to expenditure on services and programmes meant for poor and vulnerable groups. For example, in the period 2020 to 2024 the annual average share of the national budget meant for pro-poor and vulnerable populations was about 2.56 percent (table 18). In addition, the proportion of total government spending on essential services (such as health, education and social protection) declined from 19.9 percent in 2019 to 12.26 percent in 2023. Furthermore, budget allocation for social protection has been less than 1 percent of GDP in the period 2010 to 2021, which is quite low given the high rate of poverty in the country and the emphasis on prioritizing poverty reduction in development plans and strategies since the turn of the Millennium. The social protection system in Nigeria also faces other hurdles including inadequate and fragmented databases which limit identification of beneficiaries, low government funding which results in reliance on external donors, weak coordination across ministries and levels of governments, and lack of continuity of programmes due to policy reversals associated with changes in political regimes (World Bank 2025b).

Table 17
Share of population covered by social protection schemes, 2021 (%).

	Share
National	21.9
Urban	19.3
Rural	23.7
Male	22.4
Female	18.0

Source: NBS (2024b).

Table 18
Government spending on essential services and poor and vulnerable populations

	Budget allocation for social protection (% of GDP)	Proportion of total government spending on essential services (health, education, social protection)	Share of national budget for pro-poor and vulnerable populations
2010	0.48		
2011	0.34		
2012	0.60		
2013	0.53		
2014	0.64		
2015	0.35		
2016	0.20	18.64	
2017	0.27	19.49	
2018	0.35	19.1	
2019	0.52	19.92	
2020	0.69	18.55	0.58
2021	0.73	15.72	3.18
2022		14.81	4.89
2023		12.26	1.75
2024			2.39

Source: NBS (2024b).

About 15% of Nigeria's population have functional difficulties in at least one domain

Nigeria lacked a unified national policy on social protection before the establishment of the National Social Protection Policy (NSPP) by the federal government in 2017 to provide a framework for fostering social justice, equity and inclusion. In the NSPP, the government committed to ensuring a minimum social floor for all citizens. It was approved for implementation from 2017 to 2020 and, following a review in 2021, a Revised National Social Protection Policy (RNSPP) was prepared, which was approved and adopted by the Federal Executive Council in December 2022. The revised policy provides a minimum package of protection at four levels: protecting households income and consumption; preventing households from falling into poverty; promoting households' ability to engage in productive activities; and addressing social inequalities and discrimination.

In addition to the initiatives detailed above, in July 2024, the government adopted the National Minimum Wage Act which increased the minimum wage from 30,000 Naira per month to 70,000 Naira per month. It also reduced the period required for review of the policy from five to three years to better reflect current national realities and conditions. The new policy applies to most establishments except for those with less than 25 employees, seasonal agricultural workers and part-time workers. While this is a welcome development, its impact on poverty and inequality is likely to be modest because of high inflation, depreciation of the national currency, and different rates of implementation across states and establishments. It would be desirable for the government to consider indexing minimum wages to inflation to ensure that workers do not experience a decrease in purchasing power.

Disability is a contributory factor to poverty in Nigeria. It can affect poverty by limiting people's access to education and employment opportunities, thereby making it challenging to fully participate and share in the gains of growth and development.

But poverty can also lead to disability by, for instance, making it challenging to access healthcare and have adequate nutrition resulting in exposure to diseases and an increase in the likelihood of being disabled. About 15 percent of Nigeria's population have functional difficulties in at least one domain. It is well known that most basic services and infrastructural facilities provided by the public sector in Nigeria are not easily accessible to persons with disabilities (FRN 2023). They also face other barriers due to lack of representation in electoral and political processes, nonexistence or poor implementation of policy and legal frameworks, inadequate social protection, and discrimination which prevents them from obtaining decent employment. As a result of these barriers, persons with disabilities suffer social exclusion, face difficulties integrating into society, and have a high poverty rate (World Bank 2020). It is estimated that 9 out of every 10 persons with disabilities in Nigeria live below the poverty line (Omiegbe 2021).

Table 19 presents some labour market indicators by disability status. It indicates that in the second quarter of 2024, the labour force participation rate for persons with disabilities was only 36.7 percent compared with 80 percent for persons with no disabilities. At 96 percent, the share of informal employment in total employment is slightly higher for persons with disabilities compared with those with no disabilities (93 percent). Also, the percentage of youth (aged 15 to 24) not in employment, education or training (NEET) was 50.5 percent for persons with disabilities and 12.3 percent for persons with no disabilities. These gaps in labour market outcomes by disability status are also observed in education. In 2021, at all levels of education, the attendance rate for children with no functional difficulties is higher than for those with functional difficulties (UNICEF 2023). For example, in primary education the rate is 70 percent for persons with no functional difficulties and 61 percent for persons with any functional difficulties. Similarly, in senior secondary education, it is 48 percent for persons with no functional difficulties and 31 percent for persons with any functional difficulties. Significant differences also exist in reading and numeracy skills between persons with disabilities and those with no disabilities. The proportion of children with foundational reading skills was 29 percent for persons with no functional difficulties and 17 percent for persons with any functional difficulties. And for foundational numeracy skills, it was 25 percent for persons with no functional difficulties and 18 percent for persons with any functional difficulties.

Table 19
Labour market indicators by disability status (2nd Quarter 2024)

	No Disability	Persons with disability
Labour force participation rate (%)	80	36.7
Time-related underemployment (%)	9.2	2.8
Informal employment (%)	93	96.4
Unemployed population (%)	4.3	2.7
Labour underutilization rate (time-related underemployment plus unemployment)	13.1	5.4
Youth not in employment, education or training (%)	12.3	50.5

Source: (NBS 2024c).

The protection of the rights of persons with disabilities has been identified as an important policy issue by Nigerian governments. For example, in 1993 the Nigerians with Disability Decree was enacted by the government and in 2007 the Convention on the Rights of Persons with Disabilities was ratified. In addition, the Discrimination Against Persons with Disabilities Prohibition (DAPDP) Act was passed in 2019. Among others, it prohibits discrimination against persons with disabilities, requires public transport, buildings, and infrastructure to be accessible to persons with disabilities, and compels public organisations to reserve 5 percent of employment opportunities for persons with disabilities. It also established the National Commission for Persons with Disabilities (NCPWD) to oversee implementation and enforcement of the Act. While the Act was passed at the national level, the state governments are required to domesticate it and many states have subsequently enacted disability laws.

Notwithstanding the efforts made by governments to address disability issues and concerns, significant challenges remain. At the policy level, disability is often treated as a charity or medical matter rather than as a development issue (GDF 2024). In addition, while there are legal frameworks for disability inclusion, weak enforcement of existing laws has undermined their efficacy. Duplication of responsibilities across ministries, departments and agencies coupled with weak coordination among institutions (public, private, civil society, and donors) providing support to persons with disabilities are also issues to be addressed. The lack of effective participation of persons with disabilities in decision-making at various levels of government has limited their ability to ensure that their needs and concerns are fully reflected in the design of policies and programmes. This is often compounded by the low representation of different groups (youth, women, persons with albinism etc) in the leadership of Organisations of Persons with Disabilities (GDF 2024).

In addition to the challenges identified, there is very limited funding for disability inclusion initiatives by governments at the local, state and federal levels. Most ministries and departments also do not have a specific budget line earmarked for disability inclusion activities. As a result, development partners have been the main source of funding for disability inclusion schemes.

Efforts are being made by the government to address some of the challenges discussed above. For example, in 2023, the NCPWD introduced the Persons with Disability Accessibility Regulation. Furthermore, to enhance enforcement of disability standards and rights, in September 2025 the NCPWD unveiled the National Accessibility Compliance Certificate, the National Disability Compliance Certificate, and the Provisional Accessibility Compliance Certificate for public buildings, transportation, and information technology. In addition to promoting compliance with established standards, the issuance of these certificates will enhance accountability and foster a culture of inclusion. It is also expected that the issuance of certificates will generate revenue for NCPWD that could be used for financing disability inclusion programmes.

Nigeria's rapid population growth continues to present challenges for poverty reduction in the country

Nigeria's **rapid population growth** continues to present challenges for poverty reduction in the country. In 2011 the population growth rate reached a peak of 2.76 percent. Although it has exhibited a declining trend since reaching this peak, in 2023 it was still as high as 2.38 percent. Furthermore, in 2024 the age dependency ratio in Nigeria was as high as 79 percent, an indication that the number of dependents in the country is placing a heavy burden on the working age population. The high population growth of Nigeria, coupled with weak rural development, has accelerated urbanization with the share of the urban population increasing from 34.8 percent in 2000 to 52 percent in 2020. It has also led to overcrowding in cities, created congestion, and strained urban infrastructure. The rapid population growth and urbanization observed in Nigeria is of interest, from a historical perspective, because it is taking place in an environment of low agricultural productivity and growth. It is also taking place at a very low level of industrialization and so is not driven by the creation of decent jobs in cities. As a result, most of the people who migrate from the rural to urban areas end up either in unemployment or in low paying jobs in the informal sector. Rapid population growth leads to the intensification of land use and overexploitation of resources, with dire consequences for environmental sustainability. It also creates social tensions and can trigger conflicts. In this regard, if it is not well managed, it can exacerbate inequality and poverty in Nigeria.

Developments in the **agriculture sector** have a profound impact on the nature, magnitude, and evolution of poverty in Nigeria largely because the sector accounts for a significant share of total employment, is a crucial source of food for the population and is a supplier of raw materials for industry (table 20). The sector also accounted for about a quarter of GDP over the past decade. Despite its importance, the sector continues to be plagued by low productivity resulting from, among others, high transports costs, low levels of irrigation and technology adoption, high post-harvest losses, growing prevalence of insecurity and conflicts, and the effects of climate change.

Table 20
Employment in agriculture (% of total employment)

	1991–1999	2021–2025
Nigeria	53.49	34.97
Sub-Saharan Africa	60.33	50.53
South Asia	61.79	42.61
Latin America & Caribbean	19.98	13.35
Least developed countries	67.45	55.13
Low income	64.98	59.44
Lower middle income	57.78	39.53
Upper middle income	44.56	20.60
World	40.83	26.44

Source: Computed using data from World Development Indicators.

A major feature of the agriculture sector in Nigeria is the low productivity of farms in the country. At the aggregate level this is evident in the fact that the share of agriculture in employment is much higher than its share in output. At the product level, it is also evident in the performance of key crops produced in the country. As shown in Table 21, the yield growth of some of the key crops in Nigeria in the period 2013 to 2022 was either negative or very low. The negative growth of yields observed for crops, such as Cassava and Cow peas, even in situations of positive output growth, is an indication that the observed increase in output of these crops during the period was likely due to an expansion of farm area rather than productivity increases. In addition to the low and negative yields discussed above, the yield on crops in Nigeria were low compared to its potential and when compared to yields for similar crops in Asia. The low productivity of Nigerian agriculture reflects the fact that the sector is dominated by smallholder farms of about 0.5 to 2 hectares. Because of their small size they focus mainly on subsistence crops, lack access to financial services, use manual tools, and depend on rainfall rather than irrigation for cultivation. As a result, their productivity levels are low relative to potential and to those of farms in regions such as Asia.

A major feature of the agriculture sector in Nigeria is the low productivity of farms in the country

Table 21
Performance of key crops in Nigerian agriculture, 2013-2022

Crop	Output growth (%)	Yield growth (%)	Yield in 2022 (mt/ha)	Potential yield (mt/ha)	Asia yield in 2022 (mt/ha)
Cashew	-12.9	-8.5	0.5	-	0.8
Cow peas	1.7	-2.5	0.9	2.3	1.2
Cassava	2.1	-1.3	6.1	28.4	22.2
Cocoa	-1.8	-0.9	0.3	2.0	0.4
Maize	4.6	4.2	2.2	4.0	5.7
Rice	6.3	0.7	1.9	7.0	4.9
Sorghum	2.0	1.1	1.2	3.2	1.6
Yam	6.8	1.8	8.2	18.0	19.2

Source: Nwafor et al (2025).

Lack of adequate levels of infrastructure has also constrained growth of productivity and output in Nigerian agriculture. Non-availability of feeder roads in some communities, poor quality rural roads in places where they are available, and lack of access to electricity are some manifestations of the constraints imposed on agriculture by the state of infrastructure. The poor state of infrastructure increases transport and production costs for Nigerian farmers, thereby affecting their competitiveness. It also prevents farmers from irrigating their farms and from adopting modern farming techniques that can increase yield.[11] One of the visible consequences of the lack of infrastructure on agriculture in Nigeria is the high level of post-harvest losses stemming from, among others, lack of cold chain infrastructure, poor road networks, limited processing capacity, and improper handling and packaging of agricultural goods. It is estimated that Nigeria losses between 30 to 50 percent of its annual agricultural output due to post-harvest losses. Tomatoes, bananas, cassava, and yams are among the crops produced in the country that have been severely affected by post-harvest losses (Factor E, 2025). High waste associated with post-harvest losses undermines food security in Nigeria and contributes to poverty, particularly given the fact that the country does not produce enough food to satisfy domestic demand. It is also a contributing factor to the high dependence on food imports.

High and increasing levels of insecurity is another major contributor to low agricultural productivity and poverty in Nigeria. In a survey conducted by the World Bank and the National Bureau of Statistics, 49 percent of respondents in the North East region of Nigeria indicated that a household member experienced at least one event of conflict or violence in the period 2010-2017 (Azad et al. 2018). In the North Central region 25 percent of households had a similar experience and in the South South region the figure was 22 percent. In each of these regions, the survey indicates that there was an increase in events of conflicts and violence from 2010 to 2017. It also indicates that the causes of these conflicts and violence vary from region to region. As shown in table 22, terrorism accounts for most of the conflicts and violence in the North East while in the North Central, conflict over land or resource access is the dominant factor. By contrast, in the South South, cultism or criminality and personal disputes account for most of the conflicts and violence observed in the region.

Table 22
Primary cause of conflict by events (in percent, %), 2010-2017,

	North East	North Central	South South
Terrorism	73	21	0
Land or resource access	7	55	19
Cultism or criminality	15	16	36
Ethnicity, politics or religion	2	5	9
Personal disputes	1	0	32
Others	1	3	5

Source: Azad et al. (2018).

[11] A recent study indicates that less than 1 percent of cultivated agricultural land in Nigeria is irrigated (Nwafor et al 2025).

Nextier (2025) provides updated data on conflicts and violence in Nigeria. It indicates that between 2020 and 2024, Nigeria witnessed 5291 violent incidents resulting in 20472 casualties. The high incidence of conflicts is a major source of concern for Nigerians. In a recent poll conducted by Afrobarometer, 31 percent of respondents identified crime and insecurity as an important problem the government should focus on addressing (table 23). This was the second most important factor listed by respondents (after the high cost of living).

Table 23
Most Important Problems Facing Nigeria, 2024

Factor	Percentage of respondents (%)
Increasing cost of living	33
Crime and insecurity	31
Poverty/Destitution	27
Unemployment	27
Management of the economy	25
Electricity	25
Infrastructure/Roads	21
Food shortage/Famine	19
Health	18
Water supply	14
Education	14

Source: Survey results released by Afrobarometer, 28 May 2025.

Domestic insecurity and conflicts have had dire consequences on agriculture and poverty in Nigeria. It has forced some farmers to abandon their farms. It has also created the need to increase defense expenditure thereby reducing national capacity to invest in infrastructure and agriculture. Furthermore, an increase in the prevalence of conflicts disrupts food systems by forcing farmers to delay or postpone investment decisions, avoid adoption of agricultural technologies, and change crop choices (Amare et al. 2025). As a result of these factors, conflicts undermine efforts to promote food security and reduce poverty in Nigeria. Recent research indicates that exposure to conflicts has a negative impact on household welfare in Nigeria. For example, there is strong evidence of a negative relationship between conflicts and household income. There is also evidence that an increase in conflicts increases the incidence and severity of poverty (Odozi and Oyelere 2022).

Changing climatic conditions have also affected agricultural productivity, food production, and poverty in Nigeria, principally by increasing the frequency, intensity and duration of natural disasters and other extreme weather events. Table 24 contains the time series of natural disasters in Nigeria in the period 1980 to 2024. It shows that the country has experienced several natural disasters over the past few decades, of which epidemics and floods are the most common with 68 and 60 cases in the period 1980 to 2024. While flooding is the second most common category by number of disasters, in terms of impact it is the most consequential.

Domestic insecurity and conflicts have had dire consequences on agriculture and poverty in Nigeria

In the period 1980 to 2024, it led to damages of about $5.7 billion (table 25) followed by drought with damage of about $217 million. The 2022 flood disaster is regarded as the most severe and devastating in recent history. An impact assessment of the disaster based on surveys of households in six of the most affected states (Anambra, Bayelsa, Delta, Jigawa, Kogi, and Nasarawa) reached the following conclusions (NBS, NEMA, and UNDP 2023):

- About 64 percent of households were affected by the flood.
- The impact was higher in the rural areas, with 74 percent of households affected, than in the urban areas where 40 percent of households were affected.
- The flood had a negative impact on household livelihoods, income sources, food security, health, access to education, and housing.
- Households in both the agriculture and non-agricultural sectors were affected

The agriculture sector in Nigeria is highly susceptible to climate change because it relies heavily on rain-fed farming (Omokaro 2025). In the Northern region, higher temperatures and lower rainfall, associated with climate change, have increased the incidence of droughts, intensified desertification and eroded soil fertility resulting in lower crops and livestock yields. In the Southern region, an increase in the frequency of heavy and unpredictable rainfall triggers severe flooding, resulting in reduced crop yields and lower food production. These declines in productivity and output increase food prices with dire consequences for the food security of vulnerable groups in the country. In addition to the poverty impact arising from decline in yields, and rising food prices, climate change also contributes to poverty by exacerbating land degradation, which reduces available arable land and creates conflicts over grazing land. These conflicts lead to human displacement or forced migrations which disrupt agricultural production, prevent farmers from earning income, and put their food security at risk.

Table 24
Total Natural Disasters in Nigeria by Year (1980-2024)

Category	Storm	Flood	Drought	Extreme temperature	Mass movement (wet)	Epidemic	Infestation
1983			1				
1985		1					
1986						2	1
1987						5	
1988		1			1		
1989						1	
1990						1	
1991						2	
1992				1		1	
1994		1					
1996						2	
1998		2				1	
1999	1	3				5	

Category	Storm	Flood	Drought	Extreme temperature	Mass movement (wet)	Epidemic	Infestation
2000	1	6			2	3	
2001		3				5	
2002		1		1		7	
2003		1					
2004		5				3	1
2005		2				4	
2006		3					
2007		3				1	
2008						3	
2009		2				2	
2010		1				2	
2011	1	4				1	
2012	1	1				1	
2013		1					
2014		1				2	
2015		1				1	
2016	1	1				2	
2017		2				2	
2018		2				1	
2019		2				3	
2020		3				2	
2021		2				1	
2022	1	1	1			1	
2023		2				1	
2024	1	2					

Source: Climate Change Knowledge Portal of the World Bank

Table 25
Impact of Natural Disasters in Nigeria (1980-2024)

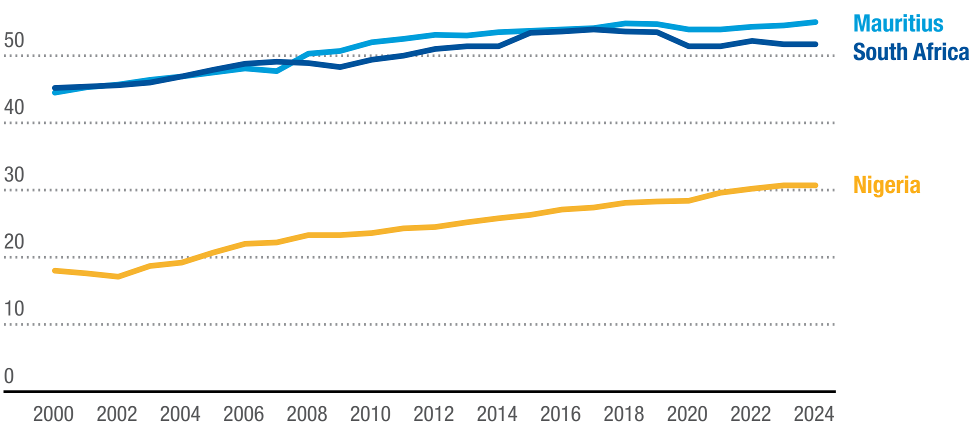
Category	Total Affected (Persons)	Total Disasters (#)	Total Damages (000 US$, Adjusted for Inflation)
Drought	22,110,398	2	217,522
Epidemic	465,456	68	-
Extreme temperature	-	2	-
Flood	17,250,633	60	5,748,913
Infestation	-	2	-
Mass movement (wet)	1,800	3	-
Storm	19,019	7	1,327

Source: Climate Change Knowledge Portal of the World Bank.

An important lesson from the history of economic development is that fostering sustained growth and development arises from the development and maintenance of productive capacities

An important lesson from the history of economic development is that fostering sustained growth and development arises from the development and maintenance of productive capacities, which lays the foundation for creation of decent jobs crucial for poverty eradication (UNCTAD 2020). In this regard, the lack of **productive transformation** is a major constraint to sustained poverty eradication in Nigeria. Figure 8 presents trends in productive capacities in Nigeria as well as in two upper middle income African countries: South Africa and Mauritius. The UNCTAD productive capacities index (PCI) lies between 0 to 100, with higher figures representing higher levels of productive capacities. The data indicates that Nigeria's level of productive capacities has increased over the past two decades. However, its level of productive capacities is low compared with those of South Africa and Mauritius, which are two countries that have achieved relatively higher levels of development. Regarding the eight components of the index, significant progress has been made in the areas of information and communication technology (ICT), human capital, and transport, with the indices for these components at least doubling between 2000 and 2024 (table 26).

Figure 8
Productive Capacities Index



Source: UNCTADstat.

Table 26
Components of Productive Capacities Index for Nigeria

Year	Human capital	Natural capital	Energy	Transport	Information and Communication Technology (ICT)	Institutions	Private sector	Structural Change
2000	12.3	48.7	20.8	6.7	3.5	31.8	24.9	47.2
2001	12	47.7	21.7	6.5	3.5	29.5	25.1	44.5
2002	11.2	46.6	22.7	6.5	3.9	27.2	23.4	38.7
2003	16.1	46.8	25	6.4	4.4	27.6	25.6	39.9
2004	16.4	46.9	24.4	6.7	5.5	26.8	26	39
2005	16.6	47.3	24.6	7.1	8	30.1	26.7	37.7
2006	16.4	47	24.7	8.6	10.7	30.1	27.1	38.6
2007	15.7	46.7	27	8.3	12	30	29.1	33.9
2008	15.9	47.2	27.9	8.7	14	31.8	32.9	32.9
2009	16	44.8	28.4	8.8	15.1	29.3	31.6	35
2010	15.7	46	27.9	11.5	14.8	29	30.6	32
2011	16.6	46	29.6	12	16	29.9	29.8	31.5
2012	17.4	46	29.8	11.8	17.9	30.1	28.2	30.4
2013	18.3	45.2	31.1	11.8	19.5	30.1	30.2	30.5
2014	18.9	44.6	31.4	12	20.6	29	33.4	31.4
2015	20	43.1	31.3	12.6	21.5	32	31.2	31.6
2016	21	43.7	32.1	12.1	26	31.7	31.8	31.1
2017	22.1	44.7	31.4	12.3	28.1	32	30.5	30.7
2018	21.9	45.5	32.4	13.7	29.1	31.1	28.8	34.1
2019	22.4	45	31.5	12.7	28.3	30.8	30.6	38.4
2020	23.4	44.2	30.7	11.2	29.2	30.8	32.2	41.7
2021	24.8	45.5	31.9	11.7	28.9	31.6	34.3	45.3
2022	25.5	45.8	32.2	13.3	29.7	30.6	33.5	45.2
2023	24.7	45.9	32.3	13.7	30.3	32.9	32.5	47.9
2024	24.9	46	32.3	13.6	31	32.5	32.5	48

Source: UNCTADstat.

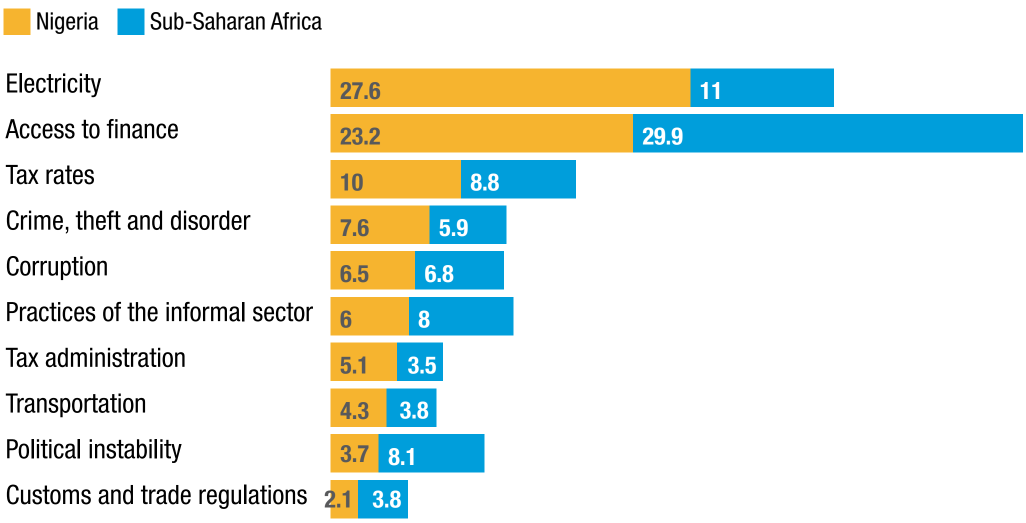
One indication of the challenges Nigeria faces in developing and maintaining productive capacities is the generally low levels of utilization of existing capacities. A recent report of a survey of firms by the Central Bank of Nigeria indicates that in March 2026 the average capacity utilization rate across sectors of enterprises in Nigeria was 52.5 percent (table 27). While this represents some progress relative to the 20 percent utilization rate recorded in March 2019, it should be of concern because it indicates that significant idle production capacities exist and reflect inefficiencies in the production system that need to be addressed. The low rates of utilization of production capacities across sectors in Nigeria arises from binding constraints facing businesses in the country. In the March 2026 survey of businesses conducted by the CBN, 74.5 percent of respondents identified insufficient power supply as the top business constraint followed by insecurity (70.9 percent), high or multiple taxes (69.2 percent), high interest rate (66.6 percent), financial problems (64.3 percent), high bank charges (63.5 percent), unfavorable economic climate (62 percent), unclear economic laws (61.6 percent), unfavorable political climate (60.4 percent), and access to credit (57.7 percent). These findings are like the results of the 2025 enterprise survey conducted by the World Bank, which indicate that electricity problems are the top business environment constraint facing enterprises in the country (figure 9). It is interesting to note that about 82.5 percent of enterprises in Nigeria experience electrical outages compared with 70.8 percent for Sub-Saharan Africa and 54.2 percent in lower middle-income countries (table 28). In addition, the number of electrical outages in Nigeria in a typical month (10.9) is higher than those experienced by enterprises in Sub-Saharan Africa (6.6) and lower middle-income countries (4.6).

Table 27
Average capacity utilization by sector (%)

	March 2019	March 2025	March 2026
Across sectors	20	56.5	52.5
Agriculture		57.4	53.9
Manufacturing		55.9	54.4
Construction		55.7	52.7
Mining and quarrying; electricity, gas and water supply		56.5	48.9

Source: CBN Business Expectations Survey Report, May 2019 and March 2026.

Figure 9
Top 10 business environment constraints in 2025 (percentage of firms that identified a specific constraint as the most important one)



Source: Computed using data in World Bank (2025c).

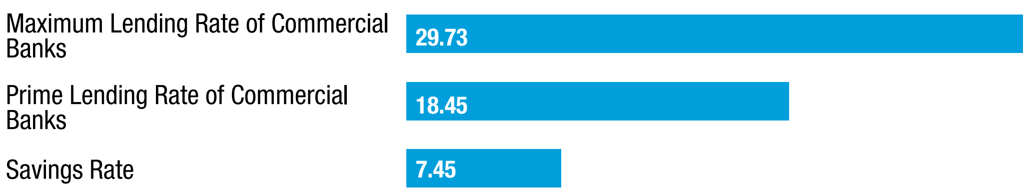
Table 28
Electricity and Water Infrastructure Constraints in 2025

	Nigeria	Sub-Saharan Africa	Lower middle income
Number of electrical outages in a typical month	10.9	6.6	4.6
Percent of firms experiencing electrical outages	82.5	70.8	54.2
Days to obtain an electrical connection	24.7	37.1	36.3
Delay in obtaining a water connection (days)	3.8	24.4	23.3

Source: Compiled using data in World Bank (2025c).

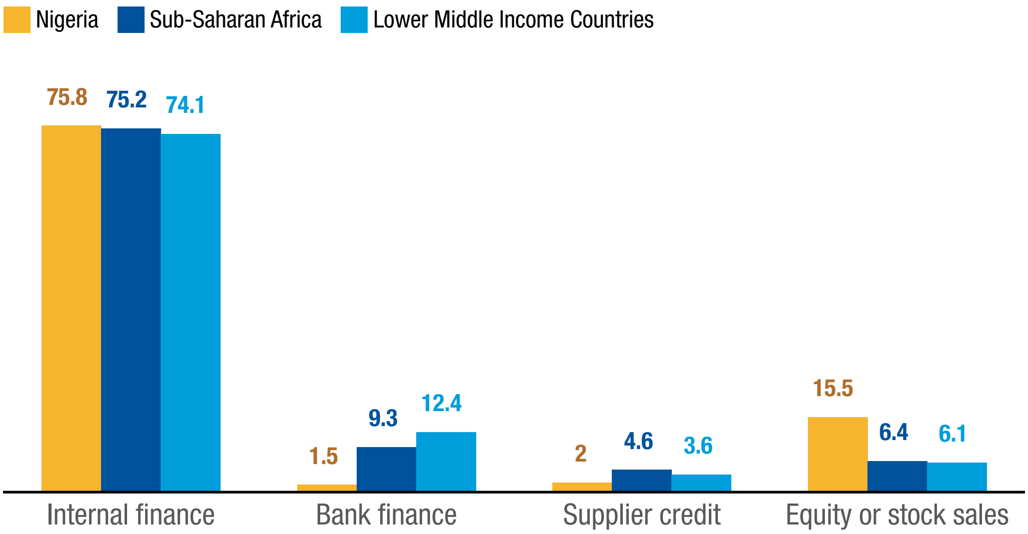
Issues in the financial sector such as high interest rates, high bank charges, and other financial problems that limit access to finance have also featured prominently in the top constraints facing enterprises. Available data indicate that Nigerian enterprises face very high interest rates. In 2025, the average prime lending rate of commercial banks was 18.45 percent, and the average maximum lending rate was 29.73 percent, despite an average savings rate of 7.45 percent (figure 10). These facts indicate that the interest rate spread in the Nigerian banking system is quite high and is not conducive to fostering access to finance for enterprises. The high and prohibitive cost of finance discourages firms from seeking financing from commercial banks. In 2025, 75.8 percent of investment finance by firms in Nigeria came from internal sources, 15.5 percent from equity or stock sales, 2 percent from suppliers' credit, and 1.5 percent from bank finance (figure 11). These financial sector bottlenecks coupled with energy, insecurity, and other challenges facing domestic enterprises militate against creating and utilizing productive capacities. They also reduce the competitiveness of Nigerian enterprises and put them at a disadvantage in export markets.

Figure 10
Weighted Average Interest Rates of Deposit Money Banks, 2025, (%)



Source: CBN Database.

Figure 11
Sources of investment finance by firms, 2025, (%)



Source: Compiled using data in World Bank (2025c).

Success in building productive capacities is not only about expansion of output. It is also about ensuring that what is produced matters for fostering sustained and inclusive development. In this context, there is the need for policymakers to pay attention to the nature and type of goods and services produced in the economy to ensure that they foster productive transformation and contribute effectively to the attainment of the overall goal of poverty eradication and inclusive development. As discussed in Chapter 2, the Nigerian economy is heavily dependent on agriculture and traditional services and less on dynamic sectors such as manufacturing and modern services. The limited role of manufacturing in the economy is a source of vulnerability because it increases reliance on imported consumer products and intermediate inputs which expose the economy to negative shocks to foreign exchange flows. There is also vulnerability arising from the fact that there is very low export diversification of the economy. Table 29 provides data on export and import concentration indices for the period 1995 to 2024. The indices range from 0 to 1, with higher values representing higher concentration. It is evident from the table that Nigeria's exports are highly concentrated on a few products although some progress has been made over time with the number of export products increasing from 168 in 1995 to 220 in 2011 and 212 in 2024.[12] Interestingly, while exports are highly concentrated, imports are not, but there is evidence that the degree of import concentration has increased over the past few decades.

[12] The average number of export products for Africa in the period 2018-2024 was about 258.

Table 29
Product Concentration Indices

Year	Export concentration index	Number of export products	Import concentration index
1995	0.854	168	0.057
1996	0.914	158	0.075
1997	0.897	151	0.065
1998	0.87	147	0.059
1999	0.885	153	0.056
2000	0.924	131	0.064
2001	0.879	149	0.061
2002	0.845	170	0.068
2003	0.843	172	0.071
2004	0.801	183	0.084
2005	0.83	201	0.092
2006	0.819	184	0.097
2007	0.801	208	0.105
2008	0.796	208	0.125
2009	0.804	203	0.116
2010	0.762	209	0.122
2011	0.762	220	0.126
2012	0.758	212	0.121
2013	0.786	216	0.151
2014	0.769	218	0.128
2015	0.735	203	0.123
2016	0.759	193	0.157
2017	0.753	197	0.143
2018	0.766	207	0.19
2019	0.776	197	0.154
2020	0.735	200	0.125
2021	0.75	207	0.201
2022	0.751	204	0.294
2023	0.758	206	0.243
2024	0.694	212	0.186

Source: UNCTADstat.

Domestic policy challenges, as reflected in weaknesses in fiscal, monetary and exchange rate, education, and trade policies, have also exacerbated the challenges of poverty eradication in Nigeria

Domestic policy challenges, as reflected in weaknesses in fiscal, monetary and exchange rate, education, and trade policies, have also exacerbated the challenges of poverty eradication in Nigeria. Fiscal policies have the potential to support poverty reduction efforts of governments. But for this potential to be realized, revenue generation must be based on progressive taxation and the allocation of government spending must prioritize activities and sectors that benefit the poor and vulnerable groups in society. In Nigeria, a heavy reliance on regressive taxes such as the value added tax (VAT), inefficiencies in government spending, low shares of expenditures on activities for poor and vulnerable groups in total government expenditure, the high ratio of recurrent to capital expenditure which impedes long term capital formation and growth, and the high cost of debt service, dampens the effectiveness of fiscal policy as a tool for poverty eradication in the country.

Monetary and exchange rate policies have also contributed to poverty in Nigeria. For example, rapid growth of the money supply creates inflationary pressures and volatile exchange rates resulting in macroeconomic volatility with negative consequences for investment, growth and inclusive development. In addition, the very high and prohibitive lending rates charged by commercials banks deter investment, impede building of production capacities and inhibit creation of decent jobs in the country, thereby reducing the efficacy of poverty reduction efforts.

Although trade can boost growth and create employment, the realization of these benefits is not automatic

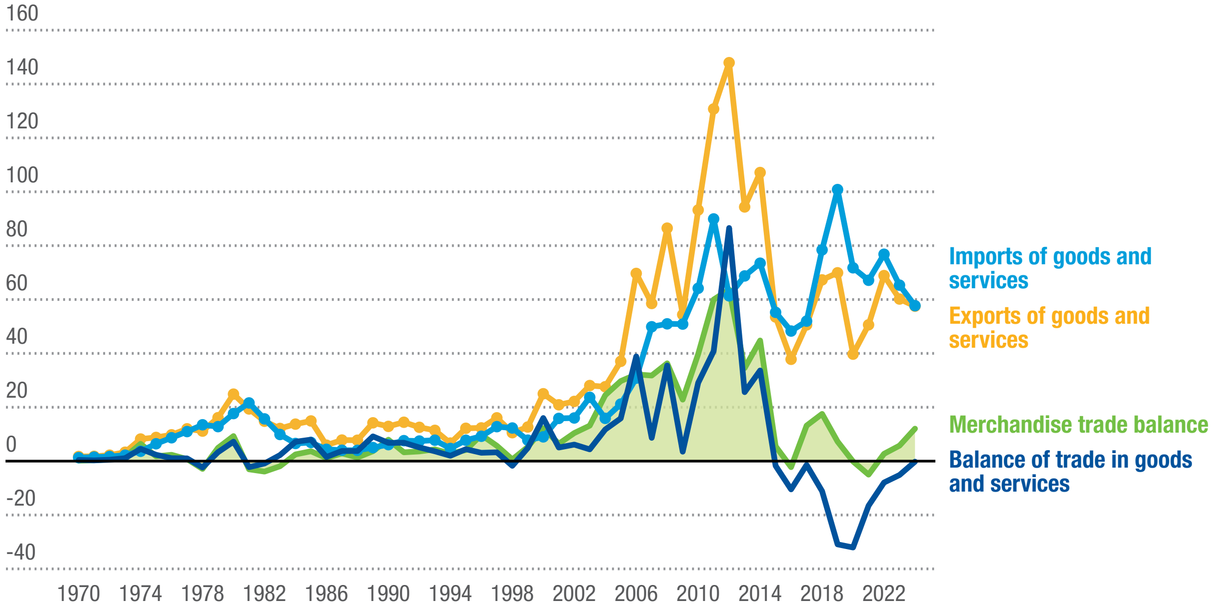
Domestic weaknesses in the design and implementation of education policy also contribute to poverty in Nigeria. Inequitable access to education, particularly at the tertiary level, coupled with inadequate funding for schools and poor implementation of policies have affected the quality of education in the country and made it challenging for the poor to effectively participate in the development process. The focus of the education curriculum on acquisition of degrees rather than on employable skills often results in many students graduating without acquiring the relevant competencies and skills that are needed by enterprises leading to mismatches in the job market.

International trade and policies have also had implications and consequences for poverty reduction. Although trade can boost growth and create employment, the realization of these benefits is not automatic. It depends on the characteristics and structure of an economy, the functioning of domestic factor markets, the pace and nature of trade reforms, and the degree to which governments adopt complementary policies to enable vulnerable groups cushion the burden of reforms. A key feature of Nigeria's trade structure is the heavy dependence on oil exports and import of manufactured goods, which has increased exposure to shocks and is a source of macroeconomic instability (Dupasquier and Osakwe 2007). While oil exports can drive growth, it has very limited capacity for employment creation because it is highly capital-intensive and so its impact on poverty reduction is limited. In addition, oil prices are highly volatile and so the sustainability of growth based on oil exports cannot be guaranteed. Nigeria's domestic policies have historically favored the oil sector, creating a disincentive to export diversification into manufacturing and agro-industries. The huge revenue and rent that the country derives from oil have also created demand for, and reliance on, imported goods, thereby increasing vulnerability to external shocks. Openness to trade has also increased the degree of competition facing domestic enterprises, often resulting in displacement of local firms and loss of employment.

An interesting trend in Nigeria's trade performance over the past decade is that it has recorded persistent deficit in the balance on trade in goods and services since 2015 despite an overall surplus in the merchandise trade balance (figure 12). This arises from the fact that it has a huge deficit in the balance of trade in services, which is not offset by the surplus in merchandise trade.

A temporary deficit in the trade balance is not of concern to governments. However, when it is persistent it should be of concern, particularly if it is financed by borrowing which increases debt and vulnerability. The large deficit in trade in services indicates that Nigeria relies heavily on foreign services. A large part of the service imports is due to transport and travel services. Interestingly, the dependence on transport and travel services imports has increased over the years, with their share of total services imports rising from 57.1 percent in 2017 to 63.7 percent in 2023 (WTO 2025).

Figure 12
Trends in Nigeria's Export, Import and the Trade Balance (US$ billion)



Source: Compiled using UNCTADstat data.

Making Sense of the Geography of Poverty in Nigeria

A recurring finding in household surveys conducted in Nigeria is that poverty, be it monetary or non-monetary, is significantly higher in the northern region compared to the southern region (NBS 2020; NBS 2022; World Bank 2016; World Bank 2022). This section of the chapter attempts to provide possible explanations for this stylized fact. It argues that the varied economic and demographic structures of geographical zones in Nigeria provide plausible explanations for the observed higher poverty incidence in the north compared to the south. For example, in the north, agriculture (particularly crop production and livestock) is the dominant economic activity unlike in the south where activities are more diversified (table 30). The zones in the south are also largely urbanized while those in the north still have a relatively large percentage of their population living in rural areas. This concentration of northern populations in the rural areas and in agriculture could account for the high poverty incidence in the north because it is an established fact, from household studies, that the poor tend to be engaged in agriculture and in rural areas (NBS 2020; NBS 2022; World Bank 2016; World Bank 2022).

Another reason for the regional differences in poverty rates between the north and south is that poverty increases with family size and the average household size is higher in the north compared to the south. For example, in 2023, the average household size was 7.9 people in the North-East and North-West, 5.9 in the North-Central, 4.4 in the South-South, 4.1 in the South-East, and 3.6 in the South-West (table 30).

Significant differences also exist between the north and the south in terms of infrastructure services. For example, in 2023 the share of households with electricity was 29.5 percent in the North-East, 32.1 percent in the North-West, 46.8 percent in the North-Central, 65.7 percent in the South-South, 71.7 percent in the South-West, and 74.6 percent in the South-East. Access to electricity is vital for effective participation in economic activities and for uplifting living standards. In this context, the limited access to electricity in the north inhibits participation, particularly by vulnerable groups, in the growth and development process thereby increasing vulnerability to poverty.

Another reason for the higher poverty incidence in the north is that there are differences in educational achievements across the regions. For example, the mean years of education in all three northern zones are low compared to those in the south. In 2023, the mean years of education were 4 in the North-East, 4.5 in the North-West, 5.4 in North-Central, 7.6 in the South-East and South-West, and 8.1 in the South-South. Given the findings from household surveys that poverty incidence falls as educational level increases, it is not surprising that poverty is much higher in the north relative to the south.

Poverty is a development challenge in all regions of Nigeria, but its incidence is much higher in the north than in the south

Fiscal capacity is a factor that can affect a government's ability to carry out poverty interventions. In Nigeria, financing by the 36 states is largely from two sources: allocations from the federation account and internally generated revenue. Revenue from the federation account is allocated across the three tiers of government based on a vertical sharing formula involving 52.68 percent going to the federal government, 26.72 percent to the state governments, and 20.60 percent to the local governments.[13] The states complement these federal transfers with their internally generated revenue. However, the capacity to generate internal revenue differs across them due largely to varying economic structures, degree of informality, and natural resource endowments. In general, states in the south have lower dependence on federal transfers than those in the north, reflecting the fact that they have higher capacity to generate internal revenue to complement allocations from the federation account. The average internally generated revenue as a percentage of total revenue for the period 2011-19 is presented in the last column of Table 30. It shows that of the 19 states in the north, only 4 had a ratio of internal to total revenue above 10 percent, with Kaduna being the best performer in the region with a ratio of 15.3 percent followed by Kano (11.6 percent). By contrast, of the 17 states in the south, 9 had a ratio above 10 percent, with Lagos as the best performer in the region posting 62.9 percent, followed by Ogun (31.9 percent) and Enugu (19.6) percent. These differences in fiscal capacity and position are among the factors that account for the concentration of poverty in the Northern region of the country.

In addition to the economic and demographic factors already discussed, insecurity and conflicts have also contributed to the gaps in poverty incidence between northern and southern Nigeria. Although insecurity and conflicts affect all regions of the country, they have been more prevalent in the north than in the south, especially over the past decade (Azad et al 2018; Amare et al 2025; Diwakar et al 2026). Insecurity and conflicts drive poverty through, among others, declines in food production, displacement of people, and destruction of infrastructure and markets. They also exacerbate existing poverty by making it challenging for the poor to transition out of poverty.

[13] Nigeria also applies a "derivation principle" which requires the federal government to return a minimum of 13 percent of revenue from natural resources to the states where these resources were extracted.

In sum, poverty is a development challenge in all regions of Nigeria, but its incidence is much higher in the north than in the south. An examination of demographic, economic, and social factors, indicates that the relatively higher poverty incidence in the north can be ascribed to differences in dominant economic activities, average household size, years of education, access to infrastructure, degree of urbanization, fiscal capacity, and insecurity and conflicts.

Table 30
Poverty and Core Characteristics of Geographical Zones

Zones	MPI poverty incidence, 2022 (%)	Dominant economic activity	Share of households engaged in any crop production, 2023-24	Degree of urbanization, 2023 (urban share of population)	Average household size, 2023-24 (number of people)	Mean years of education, 2023-24	Share of households with electricity, 2023-24	Internally generated revenue 2011-19 (% total revenue)
North-East	76.5	Farming, livestock production, and fishing	81.9	Largely rural (25%)	7.9	4.0	29.5	Adamawa (6.0), Bauchi (3.4), Borno (4.0), Gombe (4.3), Taraba (5.7), Yobe (4.2)
North-West	75.8	Farming, livestock rearing, and some mining	83.7	Largely rural (25%)	7.9	4.5	32.1	Jigawa (3.0), Kaduna (15.3), Kano (11.6), Katsina (4.3), Kebbi (5.5), Sokoto (6.0), Zamfara (6.0)
North-Central	66.3	Farming, fishing, and solid minerals mining	80.7	Moderately rural (40%)	5.9	5.4	46.8	Benue (11.1), Kogi (6.8), Kwara (11.0), Nasarawa (5.2), Niger (8.0), Plateau (9.5)
South-East	49.0	Trading and local manufacturing by MSMEs	69.8	Urbanized (50%)	4.1	7.6	74.6	Abia (6.7), Anambra (8.2), Ebonyi (8.9), Enugu (19.6), Imo (8.4)
South-West	40.0	Industrial and services hub	45.3	Most urbanized (70%)	3.6	7.6	71.7	Ekiti (5.7), Lagos (62.9), Ogun (31.9), Ondo (10.8), Osun (11.9), Oyo (11.5)
South-South	62.6	Oil, gas, maritime and port services	69.3	Urbanized (60%)	4.4	8.1	65.7	Akwa Ibom (4.9), Bayelsa (3.0), Cross River (15.2), Delta (14.3), Edo (16.9), Rivers (18.9)
National			71.6		5.6	5.8	53.6	

Sources: Compiled using mostly information from NBS (2024d), NBS (2022), NDHS 2023-24, and Adeleke et al (2021).

VI.

Tackling Poverty and Inequality in Nigeria

Tackling Poverty and Inequality in Nigeria

There is no doubt that Nigeria has the potential to foster sustained and inclusive economic development but has neither fully nor effectively harnessed its resources to this end, as evidenced by the high levels of poverty observed in the country. Addressing this challenge has become urgent given renewed tensions in international trade, rapid urbanization, intensification of climate change, growing risks and vulnerabilities of technological advancements, and tightening of access to global finance, which are altering the environment in which domestic policies must be designed and implemented. These developments demand revisiting the formulation and implementation of policies to tackle inequality and poverty at the national level. Against this backdrop, this chapter identifies and analyses policies that the government should consider adopting to achieve the goals of inequality and poverty reduction.

Foster productive transformation

The long-term solution to eradicating poverty and reducing inequality in Nigeria is to build a solid foundation for creation of decent jobs, through fostering productive transformation, to provide the poor with a meaningful livelihood and enable them to transition out of poverty in a sustained manner. The development of productive capacities, particularly in agriculture and manufacturing, has been on the agenda of Nigeria governments since independence and successive administrations have made efforts to achieve this goal with modest results. The development strategies pursued so far have not yielded the desired outcomes in terms of developing productive capacities because of infrastructure bottlenecks, poor access to affordable finance, skills shortages, and domestic policy challenges, as reflected in the lack of full implementation of adopted policies, incoherence between macroeconomic and sectoral policies, and frequent policy reversals (NPC 2011). In this regard, overcoming the constraints to fostering productive transformation in Nigeria will require policy actions in two areas: making better use of existing productive capacities through increasing average capacity utilization rates in industries; and creating new productive capacities through enhancing capital formation, fostering technological innovation, and inducing production and export diversification.

In the short term, strengthening efforts to boost capacity utilization rates in industries will go a long way towards maintaining and better utilizing existing productive capacities in the economy. This requires lifting the core constraints inhibiting productive activities in the economy as identified in the surveys of businesses that have been conducted by different organizations. Ensuring that enterprises have adequate, reliable, stable and affordable power supply is an issue that must be addressed as a matter of priority to boost capacity utilization rates in industries. This has been a major constraint for enterprises for decades and the absence of a durable solution compels them to spend a significant part of their capital on buying generators and fuel, leading to higher production costs and lower competitiveness. The lessons from the past few decades indicate that finding a durable solution to the power challenges in Nigeria requires a critical examination of the entire electricity value chain: generation, transmission and distribution (Osakwe 2019). In the fourth quarter of 2025, the 28 grid-connected power plants in Nigeria had

The long-term solution to eradicating poverty and reducing inequality in Nigeria is to build a solid foundation for creation of decent jobs, through fostering productive transformation

an installed electricity generation capacity of about 13,625 MW but average available generation capacity was about 5,400 MW, which is far below electricity demand of over 20,000 MW. The Plant Availability Factor (PAF), measured as the average available capacity divided by installed capacity, was 39.6 percent, implying that 60.4 percent of installed capacity was unused (NERC 2026). The huge gap between installed capacity and actual power available is due mainly to the fact that the country has very old transmission infrastructure that, until recently, could handle only between 5,000 to 6,000 MW.[14] It is also a result of shortages of gas needed by thermal plants that generate electricity. Expanding the energy generation mix to better harness the country's potential in renewable energy (solar in particular) is also important to diversify the sources of generation and ensure energy security in the long term. In the fourth quarter of 2025, about 62 percent of electricity generated came from thermal power and 38 percent from hydropower (NERC 2026).

The challenges associated with the transmission segment of the value chain indicate that simply increasing generation capacity will not result in more available power, except efforts are made to modernize transmission infrastructure through targeted investments in the sector. On the distribution segment of the value chain there is the need for more appropriate pricing of electricity to ensure that distribution companies generate enough revenues to cover their costs. The elimination of the practice of "estimated billing" through provision of meters to all end-users of electricity will also ensure that users pay for actual electricity consumed rather than estimates provided by service providers, thereby building trust between end-users and distribution companies and facilitating bill payments and revenue collection.

Catalyzing productive investment in the public and private sectors would be needed to develop productive capacities across sectors

The provision of better access to affordable finance for enterprises is another key policy action that should be taken to increase capacity utilization rates in industries. The high and prohibitive lending rates facing small and medium enterprises (SMEs) in Nigeria make it almost impossible for them to borrow from banks for investment. An SME with a good investment opportunity will be reluctant to seek bank finance because any project would require an implausibly high rate of return to generate enough revenue to repay the loan. One of the reasons banks are averse to lending to SMEs is that in an environment of high interest rates, it is safer and rewarding to invest in government bonds with a safe and high return rather than lending to SMEs. Banks are also reluctant to lend to SMEs because they typically do not have very reliable information on the risk profiles of SMEs and, as a result, treat all as if they are high risk borrowers. The government can address this issue through provision of assistance to SMEs to enable them to keep proper financial records, better document cash flows from their operations, and provide collaterals acceptable to banks. There is also the need to maintain macroeconomic stability to ensure that policy rates are kept at a reasonable level in the medium term.

Tackling insecurity and conflicts is also necessary to boost capacity utilization rates in industries because they create uncertainty which discourages investment and hampers growth. Providing the poor with the skills and education needed to access economic opportunities created in the economy is necessary to effectively integrate them into the development process and reduce the propensity for conflicts. There is also the need to integrate inequality considerations into the design and implementation of policies to ensure that they are inclusive thereby building the foundation for a peaceful society in the medium-to-long term. In addition to the three core challenges already discussed, increasing capacity utilization rates will also require the government providing better and affordable transportation,

[14] On 10 June 2026, it was reported in an article in a local newspaper (ThisDay) that the Transmission Company of Nigeria (TCN) has increased its wheeling capacity to 8,700 MW.

addressing skills mismatch and shortages, and reducing regulatory barriers that impose high costs on enterprises.

From a medium to long-term perspective, the focus of policy should be to create new productive capacities to generate decent jobs and support sustained economic growth. The emphasis on decent jobs is essential because although the poor tend to be unemployed some people in employment also experience poverty, indicating that the mere creation of jobs is not sufficient to eradicate it and that the nature and quality of jobs created matter for poverty eradication. Therefore, policies to eradicate poverty must consider the situation of the working poor. Adequate social protection for workers, payment of decent wages, and ensuring that employees work in a safe and harmonious environment are examples of measures that could improve the lives of the working poor.

Catalyzing productive investment in the public and private sectors would be needed to develop productive capacities across sectors. Addressing uncertainty through reducing macroeconomic instability, avoiding policy reversals, and ensuring coherence between macroeconomic and sectoral policies will be an important step towards boosting investment and productive capacities in the country. There is also the need to enhance the competitiveness of enterprises through provision of better infrastructure and harmonization of rules and regulations facing enterprises. Fostering technological innovation is another measure that the government could adopt to develop productive capacities in the country. Access to new technologies and the ability to adapt them to local contexts are crucial for survival and growth of enterprises. The government can facilitate access to technologies through support for collaborative research and development between domestic firms and universities. It can also facilitate access to technologies through promoting foreign direct investment, particularly in sectors where there are likely to be high linkages. For the creation of new productive capacities to foster transformation, it is critical that they are specifically geared towards diversifying the production and exports structure of the economy. Such diversification will enable the country to produce dynamic products that have high potential for export market expansion and job creation. It will also permit the country to build resilience to external shocks.

Better harness the potential of fiscal policy for inclusive development

The way governments mobilize revenue and allocate spending affects the distribution of income in society and has implications for the eradication of poverty. Fiscal policy contributes to the eradication of poverty when the tax structure is progressive, and government spending is directed to activities that benefit the poor. Nigeria has not fully harnessed this potential of fiscal policy for inclusive development. In this regard, there is the need for the government to strengthen efforts to make the tax system more progressive. The Tax Reform Acts, which were approved by the government in June 2025 and became effective in January 2026, have tried to address this issue through various provisions. For example, the Acts adopt a more progressive tax structure involving a zero-tax rate for individuals earning 800,000 Naira or less annually. The marginal tax rates for high income groups were also increased while those for low- and middle-income groups were reduced. Furthermore, value added taxes on essentials such as food, education and health have been eliminated thereby reducing the huge burden that these regressive taxes impose on low-income earners. In addition to making the tax structure more progressive, the reform has tried to harmonize and consolidate the fragmented legal frameworks for taxes prevalent at local, state and federal levels in the country. It is expected that the reform will reduce the multiplicity of fees and levies across tiers of government arising from overlapping

Fiscal policy contributes to the eradication of poverty when the tax structure is progressive, and government spending is directed to activities that benefit the poor

mandates and eliminate inconsistencies in tax policies. If fully implemented, it will go a long way towards making the tax system fairer, more efficient, and enhance its contribution to poverty reduction.

Broadening the tax base is needed to boost domestic revenue and enlarge the financial resources available to the tiers of government for financing development activities. This is particularly important to diversify away from reliance on oil revenue and raise the tax to GDP ratio of the country which a recent report indicates fell from a peak of 19.98 percent in 2011 to 10.86 percent in 2021 (NBS 2023). One measure in the Tax Reform Acts to broaden the tax base is the change in the application of personal income taxes for residents. Under the new rules, residents will now have to pay income taxes on their worldwide income rather than simply on income earned domestically. Another change that could boost government revenue is the reform of the gaming tax. Under the new rules, operators are subject to an 11 percent flat tax on gross gaming revenue and, unlike in the past where they were exempted from corporate income tax under the National Lottery Act of 2017, they are now required to pay as much as 30 percent corporate income tax on taxable profits. This is a welcome development that can generate significant revenue given that the gaming industry is dynamic and growing.

From a policy perspective, the government has taken major steps to boost agricultural productivity and output

Some policy actions are also needed on the expenditure side of fiscal policy. The first is to increase the ratio of capital to recurrent expenditure to create more space for the long-term capital formation required for sustained growth. In 2023 the ratio of capital to recurrent expenditure in Nigeria was 0.32, reflecting the fact that a large portion of government spending goes to recurrent expenditure. While the ratio for 2023 represents an increase relative to the figure of 0.18 recorded in 2017, more needs to be done to better balance operational costs with the need for long term capital (WTO 2024). In addition to increasing the capital to recurrent expenditure ratio, there is also the need to better use the budget, and government expenditure, in support of poverty reduction through directing budget allocation and expenditure towards essential services (such as health, education and social protection) and activities that have significant impact on poverty reduction (such as agriculture and rural development). This requires prioritizing education, health, safety nets, agriculture, and infrastructure in budgetary allocations and in actual government spending. While prioritizing these core activities in government spending is important, the way in which allocated funds are spent also matters in terms of achieving desired outcomes. In this regard, there is the need to reduce leakages in the system and to improve the quality of public services through the following institutional and governance reforms: digitalization of government services, strengthening of performance management systems; and adoption of a more merit-based recruitment process in the public sector.

Boost agricultural productivity and output

Agriculture, being a sector that accounts for a large share of employment in Nigeria, has a strategic role in combatting poverty. Low productivity is one of the defining features of agriculture in Nigeria and so a natural first step to ensuring the sector makes a significant contribution to poverty reduction is to enhance its productivity to boost agricultural output and incomes. Increasing investments in public infrastructure, particularly energy and transport, and ensuring that the associated services are available at affordable rates, is one measure the government could take to reduce production costs and improve competitiveness of enterprises in agriculture. The provision of affordable energy and transport services will also boost cold storage infrastructure and reduce the incidence of post-harvest losses, which policymakers have been grappling with for decades. In addition, the government should consider strengthening support for farmers to accelerate adoption of modern farming techniques — such as the use of fertilizers, planting of improved seeds, and irrigated agriculture — that enhance agricultural productivity and output. Providing timely and adequate support to rural communities affected by natural disasters will enable them to better adjust to the impact of these calamities and speed up recovery. Furthermore, there is the need for investment in early warning systems to prepare farmers for these disasters and mitigate the impact on communities. It is important to note that the measures identified here are likely to have the desired impact on agricultural productivity and output in a society that is peaceful and stable. Therefore, a necessary condition for success in boosting agricultural productivity and output in Nigeria is the maintenance of peace and security. Insecurity and conflicts continue to disrupt economic activities and damage infrastructure in Nigeria. To address these issues effectively the government should strengthen capacities of security agencies, improve the functioning and effectiveness of the judiciary, make public services more accessible, foster social inclusion, and promote good governance.

From a policy perspective, the government has taken major steps to boost agricultural productivity and output. In 2010, it launched the Agricultural Transformation Agenda (ATA) as the policy framework on agriculture for the period 2010 to 2015. This was succeeded by the Agricultural Promotion Policy (APP) launched in 2016 and covering the period 2016 to 2020. The current policy framework known as the National Agricultural Technology and Innovation Policy (NATIP) was launched in 2022 and is for the period 2022 to 2027. Two core challenges that these policy frameworks have not been able to tackle effectively are the issue of low agricultural productivity and the phenomenon of food trade deficits (Nwafor et al, 2025). To make progress on these issues requires increasing priority accorded agriculture in budget allocations, eliminating the wide gap between approved and actual expenditures for the sector, fostering coherence between price incentives and agricultural sector priorities, and ensuring full implementation of adopted policies.

Stem rapid population growth

Nigeria has a growing youth population, which can be a future demographic dividend if well harnessed through purposeful human capital formation and job creation. But rapid population growth in the current environment of poor agricultural productivity growth and a low level of industrialization can also constrain poverty reduction in Nigeria. It triggers overexploitation of natural resources, increases competition for the limited jobs that are available, and overwhelms public infrastructure. Against this backdrop, stemming rapid population growth must be an important component of any coherent strategy to tackle poverty and inequality in Nigeria. Education, particularly for girls, plays a crucial role in stemming rapid population growth. The government should provide more support for the education of girls through financial and fiscal incentives. It should also discourage early child marriage through ensuring full and effective implementation of the Child Rights Act of 2003. The Act, among others, prohibits child marriage and guarantees every child the right to education, parental care, health and medical services. Awareness and sensitization campaigns are also needed to eradicate social stigmas and cultural resistance to family planning (FRN 2023).

Stemming rapid population growth must be an important component of any coherent strategy to tackle poverty and inequality in Nigeria

Promote gender equality and empowerment of women

Women have and will continue to play a crucial role in the economic development of Nigeria. Despite the important contributions they make to society they have less opportunities than men and are disproportionately affected by extreme poverty. Successive Nigerian governments have attempted to address the gender issues and challenges facing the country as reflected in the number of policies and schemes geared towards improving the living conditions of women and enhancing their participation in economic and social activities in the country. At the policy level, in 2015, the National Assembly passed the Violence Against Persons Prohibition (VAPP) Act which prohibits violence in public and private life and provides remedies for victims and punishment for offenders. This was followed in 2016 by the Gender Policy in Agriculture adopted to address gender concerns in the sector. And in 2021, the National Gender Policy, covering the period 2021-2026, was adopted by the government to address the challenges of gender inequality, lack of empowerment of women and social exclusion. It underscores the need to mainstream gender issues and considerations into policy planning and national development across all sectors of the economy as well as at different levels of governments (national, state and local).

Some schemes have also been established to empower women and reduce gender gaps. These include the Better Life Programme (BLP) of 1987 geared towards harnessing the potentials of rural women for development and the Grant for Rural Women (GRW) established in 2020 to provide one-off cash grant to the very poor and vulnerable women in rural areas. These are all very interesting programmes but improper, as well as partial, implementation has reduced the efficacy of most of the programmes. If properly and fully implemented existing policies will go a long way towards reducing gender gaps in society, promoting economic opportunities for women, and better harnessing their potential for growth and development. In this regard, there is the urgent need to strengthen implementation of existing laws on gender and women's empowerment. Other measures that could be taken to enhance gender equality and women's empowerment include: raising awareness among males on the need for sharing of burden of homecare responsibilities; and removal of societal norms and practices (like exclusionary inheritance rights) that foster and perpetuate gender inequality.

> There is the urgent need to strengthen implementation of existing laws on gender and women's empowerment

Broaden political participation and representation

A major issue that needs to be addressed in Nigeria is the lack of meaningful and adequate participation of poor and vulnerable groups in decision making organs of government. The lack of effective participation means that their voices are rarely heard and that their needs and concerns are not fully considered in the setting of rules and in the design and implementation of policies. Ensuring inclusive political participation and representation will go a long way towards addressing some of the political economy obstacles to policy implementation in the country which undermine the efficacy of government programmes to reduce poverty. For example, it will enhance accountability and transparency and, as a consequence, improve the quality of public services provided by the government, ensure that policymakers allocate significant resources in the budget to programmes targeting the poor, and reduce the likelihood of policy reversals. It will also build trust between citizens and the government, boost domestic resource mobilization and enhance implementation rates of government programmes. One action that could be taken to enhance inclusion is to ensure that vulnerable groups, such as women, the youth, and persons with disabilities are well represented in the legislative and executive branches of government, by enacting legislation earmarking an agreed percentage of seats in the legislature, and positions in the executive branch, to these groups. Another action to promote inclusion is to involve the poor, in a meaningful way, in the design and implementation of social programmes geared towards uplifting their living standards.

Improve mechanisms to identify the poor

Having a credible mechanism to identify the poor and an understanding of the nature of their poverty are crucial in designing effective policies to lift people out of poverty. A useful feature that a credible identification scheme must have is that it maximizes coverage and minimizes errors in selection. Proper identification of beneficiaries enhances targeting and reduces leakages in programme implementation. It also enables the government to consult and integrate the needs and concerns of the poor in the design and implementation of poverty reduction programmes. Furthermore, it provides vital information regarding their characteristics and whether they have changed over time. A recent study suggests that the majority of the poor in Nigeria tend to be young, have lower levels of education, work in agriculture, and are often women. It also indicates that multidimensional poverty is higher in rural areas than in urban areas (World Bank 2022). These characteristics provide essential information that can enhance the ability of policymakers to formulate and implement poverty reduction programmes that achieve desired outcomes.

In Nigeria, the National Social Safety-Nets Coordinating Office (NASSCO) was established in 2016 to create a national social register, coordinate social safety-net schemes and ensure coherence in policies on social protection across the tiers of government. NASSCO developed an interesting and multi-step approach to identifying the poor which combines geographical targeting, community-based targeting and Proxy Means Tests (PMT). This approach recognizes that each targeting method has limitations. For example, geographical targeting uses available poverty data to identify the poorest regions in the country that will be the focus of social interventions. While this is a reasonable approach, it excludes the poor in relatively affluent regions. Community-based targeting, which relies on community leaders with local information, to identify the poor can result in community leaders giving preferences to their friends and families, particularly when adequate monitoring is not provided. Regarding the Proxy Means Test that determines the poor using observable household characteristics (for instance family size and assets owned), it has the limitation of excluding vulnerable households who own a small or minor asset but lack regular cash flows to meet their daily needs.

Digitalization and harmonization of existing national identification schemes are necessary to reduce leakages in delivery of social programmes and maximize their impact (FRN 2023). In recognition of this fact, the government has initiated the process of harmonizing existing national identity systems — such as the National Identification Number (NIN) and the Bank Verification Number (BVN) — and linking them with the National Social Register (NSR) used for social interventions. This is welcome development and it would be desirable for the government to speed up the process to ensure maximum or complete coverage.

Proper identification of beneficiaries enhances targeting and reduces leakages in programme implementation

Strengthen role of local governments in poverty reduction

A federal system prevails in Nigeria in which three tiers of government (local, state, and federal) share responsibility for designing and implementing strategies and programmes to reduce poverty. In principle, the federal government has overall responsibility for the formulation of national policies and provides most of the financing for the implementation of large-scale initiatives to combat poverty. The state governments take the lead in the provision of health and education services and subnational infrastructure while the local governments execute projects at the community or grassroots level. In practice, however, the core programmes to eradicate poverty are either at the federal or state level and there is often duplication of initiatives resulting in inefficiencies in delivery. In this

There is a need to empower local governments to play a central role in the implementation of poverty eradication programmes

context, it would be desirable to harmonize and better coordinate existing schemes across the three tiers of government to reduce duplication and enhance impact. The local governments, the arm of government closer to the grassroots, are not as active as they should be in the execution and delivery of programmes due to lack of administrative and financial autonomy limiting their capacity to implement activities. States and local governments in Nigeria depend heavily on allocations from the federation account, rather than internally generated revenue, for financing programmes. Given that over half of the revenue from the federation account is held by the federal government, it is not surprising that it has a much larger capacity to finance programmes for poverty eradication than the states and local governments. There is a need to empower local governments to play a central role in the implementation of poverty eradication programmes through, for example, changing the revenue allocation formula to increase the share of revenue earmarked for local governments. However, such increase in funding to local governments should be accompanied by appropriate oversights to avoid leakages and ensure resources are properly managed and utilized. Interestingly, in 2025 the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) commenced a review of the revenue allocation formula to ensure that it reflects current realities regarding the distribution of responsibilities across the tiers of government. This has become necessary considering the recent devolution of responsibilities for railways and energy generation to lower levels of government. Another measure to empower local governments is to give them complete control over their share of the federation account through, perhaps, the federal government disbursing allocations directly to each local government rather than channeling them through the State Joint Local Government Account administered by State Governors.

Enhance policy coherence

In an environment of limited resources, improving policy coherence is essential to enable the government to maximize the impact of its policies. Weak coordination of policies across ministries, departments and agencies often result in incoherence between macroeconomic and sectoral policies in terms of achieving the goal of poverty reduction. For example, the promotion of youth employment through empowering SMEs is one of the measures adopted by successive governments to combat poverty and inequality. But achieving this goal is challenging in an environment where high inflation and lack of information on the risk profiles of SMEs compel banks to charge prohibitive lending rates. It would be desirable for the government to improve coordination of policies across ministries and agencies at the federal level and across the three tiers of government. Reducing policy reversals will also lead to continuity of initiatives on poverty and inequality and enhance their efficacy. In Nigeria, it is often the case that new initiatives are established and then abandoned during the implementation phase. For example, in 2001 the National Poverty Eradication Programme (NAPEP) was introduced to, among others, coordinate the implementation and monitoring of poverty initiatives but was subsequently discontinued. These policy reversals, particularly when they arise from factors other than lack of results, create discontinuity and uncertainty with dire consequences for macroeconomic stability. Another measure that can contribute to improving policy coherence is the adoption of an evidence-based policymaking process in which the impact of proposed policies on vulnerable groups are assessed and considered before any decisions are made. Such a process will also ensure that policies are not adopted without adequate safety nets to cushion the negative effects on vulnerable groups.

Address missing links between trade and poverty reduction

International trade has the potential to contribute to the achievement of sustained poverty reduction in Nigeria. But for trade to play this crucial role, policymakers must recognize that it creates winners and losers in society and that the realization of its potential benefits is not automatic. They accrue to countries that make a conscious effort to put in place policies that would make it possible for the country to fully reap its benefits. In this regard, to fully reap the benefits of trade and better use it to further achieve the goal of eradicating poverty, the government needs to strengthen linkages between trade and poverty reduction by addressing two key missing links in the trade-poverty nexus: (i) the development of productive capacities needed to ensure that enhanced trade is accompanied by the creation of decent jobs; and (ii) the reduction of inequality to foster inclusive trade. The policies to develop productive capacities have already been identified. Regarding policies to reduce inequality, there is the need to enhance social protection for the poor and vulnerable groups, particularly the elderly, persons with disabilities, and women. The adoption of a more progressive tax system and gearing public expenditure towards the provision of social services that benefit the poor are essential measures to reduce inequality and foster social inclusion. Education is an important tool for social mobility as it enables people to better participate in markets and earn decent incomes. But it can only play this role effectively if the educational system ensures that students graduate with the right skills and competences needed by employers. In this context, it would be desirable for the government to revisit the curricula, for both secondary and tertiary education, to ensure they are fit for purpose and provide students with the requisite knowledge and skills to leverage opportunities in the trade and development process.

> It would be desirable for the government to improve coordination of policies across ministries and agencies at the federal level and across the three tiers of government

Conclusion

The report provided an assessment of the state of poverty and inequality in Nigeria

Nigeria has tremendous potential to kickstart and spur growth in Africa given its large domestic market, evolving middle class, burgeoning entrepreneurial spirit, and enormous natural resources. Yet, it has so far not fully harnessed this potential for inclusive and sustained development as evidenced by the modest level of human development, limited productive capacities, high vulnerability to shocks, and the worrisome level of poverty observed in the country. The high level of poverty is an indication that the country is still at a modest level of human development and that a large percentage of the population has been left behind in the development process. In this regard, the report indicates the main development challenge facing Nigerian policy makers is how to eradicate poverty and reduce inequality to foster sustained growth and create a more prosperous and inclusive society. To this end, the report provided an assessment of the state of poverty and inequality in Nigeria with a view to better understanding the two phenomena and identifying actionable policies that the government could consider adopting to address them.

It finds that extreme poverty in Nigeria is high compared with the average rate in lower middle-income countries

It finds that extreme poverty in Nigeria is high compared with the average rate in lower middle-income countries. It also finds that inequality in Nigeria is at moderate levels but needs to be addressed. In addition, it underscores that poverty has multiple dimensions, reflecting the fact that it goes beyond monetary deprivations and includes lack of access to education, health, sanitation, water, electricity, and other non-monetary deprivations that matter for individual well-being. The report also shows how you measure inequality matters and that this needs to be recognized by governments because it provides alternative perspectives on the state and nature of inequality at the national level which should inform evidence-based policymaking.

The analysis indicates that Nigeria is not lacking in programmes to address poverty and inequality

The report examined the various development plans and strategies adopted by successive Nigerian governments with a view to determining the extent to which they included reduction of poverty and inequality as stated goals and whether they prioritized diversification of the economy and building of productive capacities. It also examined the extent to which these strategies and plans can provide an explanation for the three phases of the evolution of poverty and inequality observed in the country over the period 1985 to 2023. An analysis of the multiple initiatives adopted by governments to combat poverty and inequality was also provided in the report. The analysis indicates that Nigeria is not lacking in programmes to address poverty and inequality. What is missing is proper implementation, appropriate scale and coverage, better targeting to avoid leakages, effective coordination, and a credible mechanism to ensure adequate financing and sustainability of existing schemes.

The report concludes with an identification and discussion of actionable policies the government should consider adopting to combat poverty and inequality in Nigeria. These include fostering productive transformation, better harnessing the potential of fiscal policy for inclusive development, boosting agricultural productivity and output, stemming rapid population growth, promoting gender and empowerment of women, enhancing accountability through broadening political participation and representation for vulnerable groups, improving mechanisms to identify the poor, strengthening the role of local governments in poverty reduction programmes, enhancing policy coherence, and addressing missing links in trade and poverty reduction.

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