

**UNIVERSITY OF NIGERIA NSUKKA**  
**DEPARTMENT OF AGRIC-EXTENSION**

**TOPIC**

**POVERTY AND RETRENCHMENT IN NIGERIA: A CRITICAL ANALYSIS**

**A TERM PAPER**

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**BY**

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**TITLE PAGE**

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## **DEDICATION**

This term paper is dedicated to my sister Miss. Andrea Obi who inspired me to inculcate this basic principle of life “Anything doing is worth doing well” and it is on this basis this work was done.

## ACKNOWLEDGEMENT

I give all thanks, Glory and Honour to Almighty God, who sustained and saw me through the period I was writing this term paper.

I acknowledge with so much joy my dear parents Sir and lady P.O Obi whom not for them, I wouldn't be in this level, acquiring the best education in Nigeria today.

Special thanks go to Mr. Nwachukwu of the department of general studies, University of Nigeria, Nsukka who gave me the opportunity to write on this topic.

I express my profound gratitude to my friends Onyinye and Chinenye for their contributions in this work. God bless you.

## PREFACE

Our prosperity as a Nation depends upon the financial status of each individual that is why poverty level has to be diminished and the retrenched need to be given their entitlements.

The first chapter is an introduction on poverty and retrenchment defines terms and a brief history on them.

The second chapter goes ahead to view poverty in a detailed form, while chapter three Analyses retrenchment.

Chapter four is basically on the alleviation of poverty and retrenchment in Nigeria.

Finally the conclusion of the work.



## CHAPTER ONE

### INTRODUCTION

#### 1.1 POVERTY

“A poor person is described as one who is undernourished and ageing fast, one without self confidence, looks dirty and lives in filthy government, one who cannot cater for his family, train his/her children in school and unable to pay medical bills<sup>1</sup>

Adolescents are poor if they have no parents, no education, no good food, clothes and health.

Poverty is a state of majority of the world's people and Nations. Why is this? Is it enough to blame poor people for their own predicament? Have they been lazy, made poor decisions, and been solely responsible for their plight? What about the government? Have they pursued policies that actually harm successful development? Such causes of poverty and inequality are no doubt real. But often less discussed and more global causes of poverty.

Behind the incorrectness promised by globalization, are global decisions, policies and practices. These are typically influenced, driven or formulated by the rich and powerful.

In the face of such enormous external influence, the government of poor nations and their people are often powerless. As a result in the global context a few get wealth while majority struggle.

## 1.2 RETRENCHMENT .

On the hand retrenchment from oxford dictionary of contemporary English is the reduction in one's expenses or it can also be said to be a period of sharp reluctances.

Retrenchment leads to poverty, because when one is retrenched the pension is unaware of the loss of job at that particular time. Therefore there would not be financial plans made by the person to and this can lead to financial trauma.

In Nigeria today, civil servants are the ones who retrenchment hit badly. Because their regular salaries are not enormous in any way, they are rarely "financially buoyant". In comparison to oil company workers and industries workers who are financially buoyant and when retrenched can still survive for a long while.

The person which the Federal Government is supposed to be paying the retrenched workers is not regularly paid and it can do little or nothing for a household. In the federal law for civil servants. They can be entitled to pension after working for a minimum of 15 yrs, so that means those who haven't worked for that long will be left with only gratuity.

People in Nigeria should inculcate this proverb "Always be ready for judgment". Finally if one is ready at all times being retrenched will not lead to financial shock.



## CHAPTER TWO

### 2.1 POVERTY PROFILE

“Poverty which is basically living less than 2/3 of the mean monthly household expenditure”<sup>2</sup>. The percentage of people living below this level is termed poverty head count index. The poverty level has also shown some fluctuation but has been on the increase for more of the past 2 decades. Between 1980 – 1985 from this period however it has been on the increase. “By the year 2000 it had gotten to 70%”<sup>3</sup>.

The Federal office statistics used a real poverty line of N3954 <1980 base year to compute these poverty indicators.

#### Poverty level in Nigeria

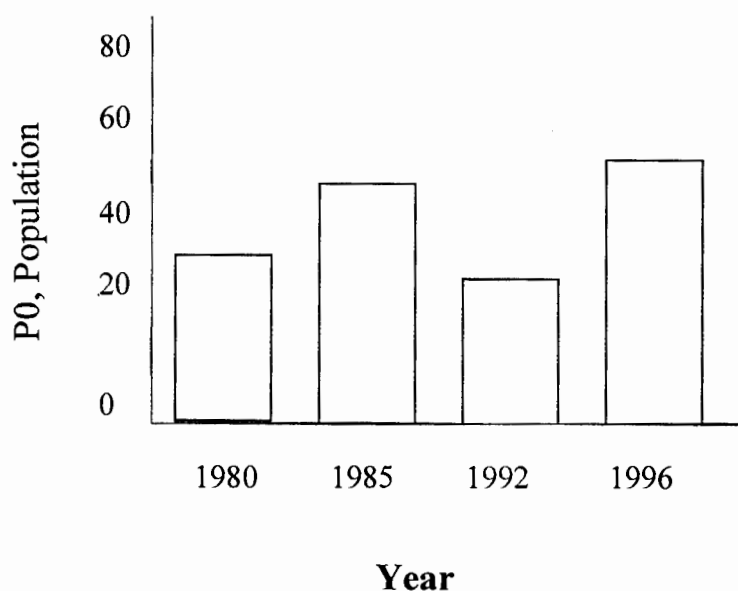
The poverty figures marks a trend of number of people who are poor. While poverty decreased slightly from 46.3% - 42.7% between 1985 and 1992 population of poor people increased from 34.7 million to 39.2 million. This raises the limitation on to the use of poverty as a measure of poverty. Poverty may be falling but absolute number of poor people may be rising.

“From 1980-1996 the growth rate of GDP has been lower than the average annual growth of the population there by causing a fall in real per capital income. A worsening of income distribution between 1980 and 1996 further worsened this”<sup>4</sup>

- “Falling per capital income and worsening income distribution combined have led to rise in the poverty level. Naturally, both external shocks <eg falls in crude oil

prices) and government policy stance ultimately affected the poverty level over the years”<sup>5</sup>. Amongst these policies is the government trade policy of which we intend to explore a particular aspect: Import traffic reduction.

### Poverty Level in Nigeria



Source: Federal Office of Statistics (1999)

## 2.2 POVERTY BY LOCATION AND OCCUPATION

TABLE 6: POVERTY BY LOCATION

Year	Urban		Rural		All Nigeria
	Non-Poor	Poor	Non-poor	Poor	Poor
1980	82.8	17.2	71.7	28.3	27.2
1985	62.2	37.7	48.6	51.4	46.3
1992	62.5	37.5	54	46	42
1996	41.8	58.2	30.7	69.8	65.6

Poverty was relatively low in the urban areas in 1980 but grew gradually to make urban poverty a fact in Nigeria. By 1996 over half of the urban dwellers were poor. Comparatively high levels of poverty are new to urban areas. The rural dwellers experienced levels of poverty as high as 50% as far back as 1985. During the

structural adjustment program (SAP) the level of poverty dropped faster in the rural areas than the urban areas. This gives support to the argument that SAP was more beneficial to the rural dwellers. After this period the growth rate of the poverty level was appreciably higher in the rural areas suggesting a turn of events and policies more favourable to the urban areas. Over all, between 1980 and 1996 the growth rate of the poverty level was higher in the urban areas (338%) compared to the rural areas (24%). It is evident that poverty is as much an urban phenomena as it is rural.

**TABLE 7: POVERTY BY OCCUPATION**

Category	1985	1992	Category	1996
Professional /Technician	2.6	6.3	Corporate Units	4.3
Admin/Managers	.2	.2		
Clerical Related	.6	4.2		
Sales workers	4	10.2	Trading and artisans	19.2
Service workers	1.2	2.2	Public service	29
Agric/forestry	86.6	67.4	Farming	33.3
Student/Apprentice	.1	3.9	Students	6.4
Others	2.2	2.4	Others	7.8
Product/Transport	1.5	2.3		
Manufacturing/Process	.8	1		
All Nigeria	100	100		100

From an occupational point of view the people who are the poorest are service workers (including public servants), agric/forestry workers which we may broadly refer to as farmers and product/transport workers. However, over the years the structure of the population of poor people of other occupational categories are

becoming as poor as farmers. In 1985, 86.6% of the poor were farmers. But in 1996, though 71% of farmers were poor, farmers formed only 33.3% of the population of poor people.

### **2.3 POVERTY: CORRUPTION AND YOUTH PERCEPTION**

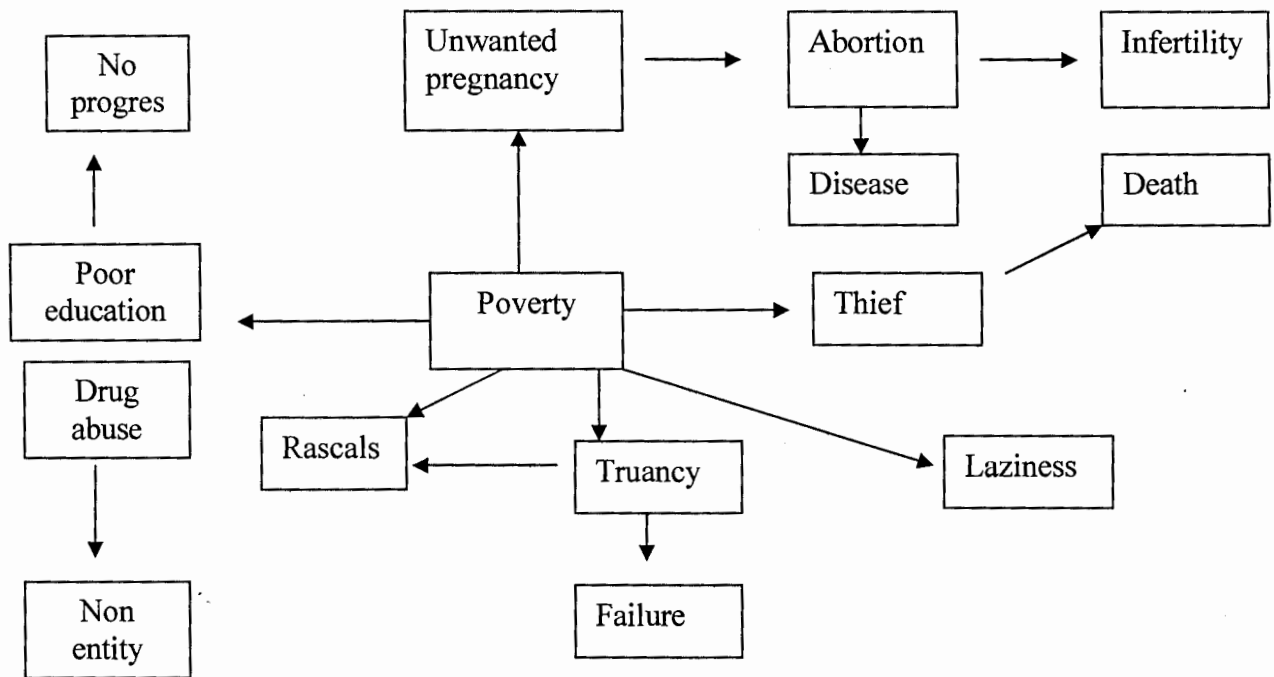
**Corruption:** We often hear leaders of rich countries telling poor countries that aid loans will only be given when they show they are stamping out corruption. Why that definitely needs to happen, the rich countries themselves are often active in large forms of corruption in these poor countries. like Nigeria.

In Nigeria, our leaders are the major cause of rampant poverty. They have embezzled the money meant for the society, some of them take their stolen money to banks abroad so they won't be caught, in that processing enriching those countries economically eg is the "Alamiesiegha case which was a disgrace to Nigeria, how a governor had a lump sum of money in his foreign account that had to be questioned by the white's, he was house arrested and finally disguised himself as a woman and escaped back to Nigeria what a shame he brought back home. The ignorant Balyesians ceremoniously welcomed him."<sup>6</sup> Although the case was properly handled by EFFC. If our leaders have set such examples for the masses then that is a pity.

Youth's whom are supposedly the "Leaders of tomorrow" are not actually in the right track of tomorrows' leaders. This is because poverty has made them turn into people with no future. The chart explains this better.

Through the flow chart, it was discovered that group acceptance is very common to youth, hence they are under peer pressure. Although cases of unwanted pregnancies have reduced in pre-marital population because their skills have been developed in negotiating for condoms. But because condoms are not 100% safe. Cases of HIV/AIDS are still in its peak and this has led to the death of many and leaving thousands positive or virus carriers.

All these are poverty-related because most people indulge in pre-marital affairs for financial balance.



## 2.4 NIGERIA BANKS 3<sup>RD</sup> WORLD'S POOREST

An international non-governmental organization (Ngo), "Action Aid International Nigeria (AAIN), says Nigeria ranks 3<sup>rd</sup> world's poorest as home to the world's population of poor people after china and India"<sup>7</sup>

Igbuzor stressed that "there should be an outrage by Nigerians that a country so blessed with resources, both human and natural, can harbour such a large number of poor people,I think it is an irony". He went ahead to also say that "even though the percentage of poor people is decreasing the absolute number of the poor is increasing"<sup>9</sup>

## **CHAPTER THREE**

### **RETRENCHMENT**

#### **3.1 LEVEL OF RETRENCHMENT**

The amount of retrenched workers have been on the increase since 1996 when 49% of workers were laid off by the Federal Government. It was a terrible situation back then many could not afford a meal, the number of road side beggars was on the increase, including armed robbery in cities.

In port harcourt recently; an oil company retrenched its workers because of this militant issue. They were accused to have been working for the militants and exposing company secretes. Which have led to Loss of property of company, Loss of money, kidnap and some many other tragedy. In such situations there would always be innocent ones in the midst of the guilty. The innocent protested against this but all the efforts to get back their job was to no avail. In order words increasing the retrenchment level in Nigeria.

#### **3.2 THE RETRENCHED AND ENTITLEMENT**

The federal government has lead to the increase of poverty in this country in so many ways, for example the entitlement of the retrenched are not meet, their gratuity is not good enough. The pension is always delayed before its finally paid.



The federal government is privatizing federal institutions such as schools, NEPA etc, if this institutions are privatized they might not be pension and gratuity in existence in years to come.

Retrenchment can lead to poverty, in order words I would say they go hand-in-hand in most cases.

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## CHAPTER FOUR

### 4.1 CAUSES OF POVERTY AND RETRENCHMENT

Poverty became widespread after the implementation of structural adjustment programme in Nigeria. When Babginda seized the government from Bubari, the former agreed to implement the IMF conditionality because poverty had become glaring in Nigeria most especially among the rural dwellers. It's on record that Babaginda wasted more than 100 Billion naira in phantom projects. The projects include the one initiated by his wife, Better life prorammes for the poor, two democratic transition experiments and other big time corruption in which members of the Babginda regime enriched themselves.

On the order hand retrenchment is caused by workers who are not doing their work rightfully or not qualified for their position in order to employ better ones, although this is not what happens in Nigeria because of corruption is everywhere, the workers who are meant to be retrenched are not because of favouritism, tribalism, religions tiers etc and instead a qualified one is retrenched and this causes ham to the society.

They main issue that actually causes retrenchment in most cases is due to employer's experiencing financial traumas eg was the case of Savannah Bank which got bankrupt and retrenched their workers, so they could get a little stand but it was in evitable so the Bank was closed down till date.

## 4.2 ALLEVIATION OF POVERTY AND RETRENCHMENT

“Between 1980 and 1996 attempts were made to reduce the level of poverty. Many programs and projects were initiated towards this end so that by the end of 1998 there were 16 poverty alleviation institutions in the country”<sup>10</sup>. Some of the institutions were sectoral and others were multisectoral in nature. The multisectoral programs included the National Directorate for employment (NDE), the directorate food, Roads and infrastructure (DRRI), Better life for rural woman program (BLP), family support programme (FSP) and the petroleum trust Fund (PTF), the NDE is charged with facilitating the process of employment of unemployed workers unskilled people are taught skills and often given seed capital to begin business.

The PTF was like a special extra ministerial department that carried out projects covering several services, roads, hospitals and educational institutions. Many beneficial projects were carried out through PTF.

It is worthy to note that various programs designed to improve access to service of the rural and urban poor people were put in place. However policy reversals, non-transparent program administration and occasional lack of funds as well as targeting problems caused abysmally low number of poor people to benefit from them. As a result the programs were unable to prevent the growth of the poverty level from 27.2% in 1980 to 46.3% in 1996.

Usually the government policy on a sector is fashioned to include a segment that address the low purchasing power of the poor. Present examples of this practice are found in the on going privatization and telecom sector liberalization exercise. To ensure that poor Nigerians are able to buy shares of privatized companies, a long term loan of N10,000,000 is made available for these who wish to buy shares.

In the introduction of the global system communication (GSM) the supervising agent requires the service providers' provide coverage for rural areas although they will not be as profitable as urban areas. It is hoped that this kind of consideration will be extended to the determination of import tariffs in the coming years.

Meanwhile, the retrenched have programmes which are being organized by the federal government in order to assist them financially and educate them on how to make use of what they have and be productive.

A national seminar, "A secret in Becoming Rich" which held in Port Harcourt, state capital of Rivers State" which was meant mainly for the retrenched, retired and the unemployed in general. It was a very successful one, a lot of techniques were lectured on becoming financially buoyant I believe it aided people in making right plans.

Basically if poverty is eradicated in the society by improving the standard of living of the masses; which includes the retrenched there would not be any problem.

## CONCLUSION

However, “ that poverty has continued unabated is a reflection of the ineffectiveness of these programs”<sup>11</sup>. presently and inspire of the growing international concern on the impact of globalization on poor countries and poor people, no comprehensive assessment of the impact trade liberalization proposed by regional groups (ECOWAS, ACP-EU AC) and international bodies (NTO, IMF) on poverty in Nigeria has been carried out.

The impact on Nigeria will have strong effects on the West African sub-region in particular. An analysis is further necessitated by the fact that generalizations can hardly be made as to the poverty impacts of trade liberalization in a country as the effects are highly specific.

The Poverty Effects of that trade liberalization in a country will depend on such country specific factors as the initialize of import tariffs, the sectoral structure of import tariffs, the sectoral distribution of the poor and the wage and employment effects of liberalization.

“Examining the poverty effect is important as it is possible to liberalize in ‘pro-poor’ rather than ‘anti-poor’ way”<sup>11</sup>.

The way forward for the retrenched is to eradicate poverty

## END NOTES

<sup>1</sup>Arybokan, Ejiro. Poverty and Human labour in Nigeria. Lagos: Longmans of Nigeria, 1998.

<sup>2</sup>Ajakaiye M.A and Adeyeye S.E. The Rich and the poor Ikeja: Macmillian Press Ltd, 2001.

<sup>3</sup>Anup, Shah. Causes of poverty. London: Caseel Ltd, 1998.

<sup>4</sup>Bola Adedimeyi. Listening to young voices. Ibadan: University Press ltd, 2000.

<sup>5</sup>Gbenga, Ishola. Reproduction to Bights: Participatory approaches to sexual and reproductive health. Jos Delta Publication (Nig) Ltd, 2001.

<sup>6</sup>Hoekman and Mc.culloch. Poverty in the world. Washington: Oxford University Pres, 1996.

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