

Value Chain Approach to Poverty Reduction among the Household of Lagelu Local Government Area of Oyo State

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Abstract

It is highly sympathetic that with all the programmes (National Poverty Eradication Programme (NAPEP), Family Support Programme (FSP), Green Revolution, Operation Feed the Nation (OFN), National Directorate for Employment (NDE), Youth Empowerment Scheme (YES), Family and Economic Advancement Programme (FEAP), Micro Credit Scheme, Better Life programme (BLF), Directorate for Food Road and Rural Infrastructure (DFRRI) and FADAMA etc.) we have had and the huge sum of money realized from the oil industry, the poverty level of Nigeria has kept on increasing on a daily basis. Poverty level as released by the Federal Office of Statistics (FOS) has increased, from 28% in 1980, 46% in 1985, it reduced to 43% in 1992 and stood at 66% presently. Poverty is the condition whereby someone cannot access at least the three basic needs of life: housing, feeding and clothing to a comfort level. Hence this research work centred on value chain approach to Poverty Reduction and Development of livelihoods to study the causes of the failure of all these programmes and the level of impact on the people. Primary data were collected from 140 respondents through multistage sampling procedure among household living in Lagelu Local Government Area, Oyo State. Both descriptive and inferential statistics were employed to analyze the data collected. The descriptive statistical used include frequency, percentage, mean and tables to present the socio-economic characteristics of the respondents, while the inferential statistic such as Ordinary Least Square (OLS) regression model and binomial logit regression model were used to find the relationship between dependent and independent variables and test for the hypotheses. The best poverty alleviation programme in the area is FADAMA because of good implementation and monitoring while OFN is the most failed programme, the reason for this is unstable government policy. The result shows that only age ($t = -1.736$, $P = 0.826$) is negatively significant and education level ($t = 1.812$, $p = 0.700$) was positively significant at 10% significance level. This implies that the age is negative and education of the respondents has a positive effect on the participation of the respondents in the programmes. It is then concluded that lack of good monitoring is the major causes of failure of the programme, also the programme had little impact in the poverty level of the people and the income of the people is too small to cater for basic needs by the household. The government should encourage younger people to participate in the programmes and also promote education in the area.

Keywords: Empowerment, Poverty Alleviation, Development, Value Chain

INTRODUCTION

The reduction of poverty and development of livelihoods is one of the most difficult challenges facing countries in developing world where on the average majority of the population is considered poor. The inability to satisfy ones minimum need, the state of not having enough

income or not being able to get essentials of life, such as eating good food, living in a comfortable house, ability to pay for medical bills during ill health, the dread of want, miserable living without knowing why as well as working hard and yet gaining nothing are various forms of poverty.

Poverty is often defined in terms of inadequacy of income or disposable resources to support a minimum standard of living, it's characteristics of poor nutritional status, lack of physical assets and mobility to work are sufficiently well correlated with income and consumption expenditure to allow us focus on poverty and standard of living. Gaiha (2003) observed that poverty has taken more nasty, brutish and depressing forms in developing countries. These includes under nutrition and starvation. People scavenging in heaps of rubbish, patients venturing into the street with drips and dressing begging for money to settle their hospital bills. Akinsanmi (2004) also observed that sickness is accepted as a normal part of a poor household rather than the exception. The state of poverty makes people more susceptible to disease which sometimes claim their lives and when these diseases are acute and severe, the patient may be forced to run into debt which they cannot offset thus plunging them into greater square and abject poverty.

Available statistics on education, nutrition, health and employment shows that women are often severely disadvantaged. They are faced with failure of the enabling environment for well-being, particularly with regard to the delivery of public goods and services, and increasingly with regard to security. Women with regard to their lack of security and vulnerability while performing routine domestic tasks such as fetching water and their powerless in doing anything about it. While women tasks differs from that of men, the wages offered to women who work equal hours with men on the farm are not the same.

The majority of the poor are women, poor women's relatively low entitlement such as restricted access to land ownership, credit and other Productive resources, and their limited capabilities such as illiteracy and low educational level are well documented determinants of the feminization of poverty. Social and Cultural expectations and Norms constrain the exercise of women's capabilities resulting in women's concentration in unpaid household work (linked to their reproductive role) and their own participation in paid production.

As a result of societal development and conscious government programmes having a direct bearing on women and other social factors, women have seen the need for greater involvement and participation in poverty alleviation programmes not only to support their families but also to empower themselves, meet the challenges of life as they stir them in the slogans "women empowerment", "Better life for rural women". Cooperation society and union have sunk into the consciousness of women and sensitized them to greater participation in poverty alleviation programmes, betterment and empowerment (FSP, 2000). Soft loan from community banker and other Socio-economic or cultural, organizations have equally helped women in their endeavour to improving their lot.

Tackling the scourge of poverty is currently a major objectives of government, non-government agencies and multi-lateral institutions across the globe. Though the term poverty has various meanings depending on the lineage of the author, it connotes in general term the lack or inadequacy of basic necessities of life such as food, clothing, energy and shelter. The focus in recent times, however is on human poverty. Human poverty is defined as the lack of basic human capabilities-literacy, malnutrition, abbreviated live span, poor maternal health and illness from preventable diseases (UNDP, 2000).

Using income as yardstick for poverty, the World Bank (2001) indicates that of about 6 billion people on the surface of the earth, some 1.3 billion or about 22 percent makes less than \$370 a year. This represents an average of about one dollar (\$1) a day, in 2002, the number of the poor in developing countries exceeded 1.2 billion (UNDP, 2003). The level of poverty in sub-Saharan Africa ranging between 45 – 50 percent of the total population is second only to what obtained in India.

In Nigeria, the trend in the incidence of poverty has been alarming according to (FOS, 1999) the incidence of poverty which has 27.2 percent in 1980 increased to 46.3 percent in 1985. However, the level of poverty was 42.7 percent before reading an all time level of 65.6 in 1996. In normal terms about 67.1 million Nigerians are below the poverty level in 1996. a study on consultations with the poor conducted jointly by DFID and World Bank in 1999 confirmed the high prevalence of poverty in Nigeria. On the average, the people across the different zones of the country estimated that about 53.32 percent of the population live below the poverty line in 2003 (World Bank, 2004). In terms of the human poverty indicators. In Nigeria like other developing economics is classified as either low income country by the World Bank or low human development country by the UNDP.

It has been known that every government embarks on one form of poverty reduction and development of livelihood of the people or the other. Some of these programmes had suffered set back in the time past or failed to accomplish the aim of reducing the poverty of the people. Some of these programmes are; Operation Feed the Nation (OFN) in 1976, Green Revolution in 1979. A better poverty eradication programmes these include; Peoples Bank aims at providing loan to small scale firms, Directorate of Food Roads and Rural Infrastructure (DFRRI) to construct motorable roads to link rural areas with the urban centres, others include: Nigeria Agricultural Land Development Authority (NALDA), National Directorate of Employment (NDE), Family Economic Advancement Programme (FEAP), Better Life for Rural Women, and Family Support Programme (FSP). All these are followed by the recent programmes like National Poverty Eradication Programmes (NAPEP), FADAMA programmes.

It is highly sympathetic that with all these programmes we have had and the huge some of money realized from the oil industry, the poverty level of Nigeria has kept on increasing on a daily basis. Poverty level has increased, as released by the Federal Office of Statistics (FOS) from 28% in 1980, 46% in 1985, it reduced to 43% in 1992 and its presently 66%.

However, value chain approach to Poverty Reduction and Development of livelihoods makes it worthwhile to study the causes of the failure of all these programmes and the level of impact on the people, this study was designed to: identify the programmes put in place in reducing poverty and the poverty patterns among the respondents; determine the level of participation of the people in poverty Alleviation programmes, highlight the influence of value chain in achieving or reducing poverty and identify the problems militating against poverty reduction programmes.

METHODOLOGY

This research was carried out in Lagelu Local Government Area (LGA) of Oyo State. The Local Government Area is one of the thirty-three Local Government Area in Oyo State having its headquarters at Iyana-Offa with fourteen wards and major areas being: Academy, Iwo-Road, Iyana-Offa, Akolo, Ejioku, Ile-ogbo, Iyana-Church, Igbo-Elerin, Lagun, Apatere, Kutayi, Oyedeji, Olorunda and Monatan and about eighty-six villages and harmlets.

The inhabitants of the area are predominantly farmers but also engaged in other secondary occupations like teaching, Barbering, tailoring and trading. The vegetation of the area is suitable for growing crops such as; cassava, maize, plantain, yam and kolanut. The annual rainfall is abundant with relatively high humidity. Villages are linked with feeder roads which are not motorable enough throughout the year as a result of gullies that are caused by erosion.

Less privilege people in Lagelu Local Government Area constituted the sampling frame for this study. A multistage sampling technique was used in selecting the respondents for the study. The first stage was purposive selection of one Local Government which was Lagelu Local Government based on their poverty level, second stage involved random selection of 50% of the wards making 7 wards out of the 14 wards. From each wards 4 communities with concentration of the poor people were selected through cluster sampling and finally 5 respondents each were randomly selected from each community to make a total of 140 respondents.

Primary data were collected through the use of a well designed interview schedule to Elicit information from the respondents. The information were collected on the poverty level of the respondents, their participation and active involvement in poverty reduction programmes, their socio-economic characteristics and problems militating against the programmes.

Both descriptive analysis; (tables, means, percentage and frequencies) to present socio characteristics of the respondents and inferential statistics (such as Ordinary Least Square regression model and binomial logit regression model) to test for the hypotheses of the study were employed, with poverty reduction level among the respondents been regressed on socio economic characteristics of the respondents.

RESULT AND DISCUSSION

Socio-economic Characteristics of the Respondents

In other to achieve the objectives of the study, the socio-economic characteristics of the respondents which include age, marital status, religion, sex, and occupation were presented in Table 1. From the table, more than half of the household (55.7%) are between 21 and 40 years with mean age of 38. This indicates that the people are still in their active age, thus their income can be increased. Only 24.3% of the respondents are single. However, out of the 85.7% that had married, 5.7% are widowed, 6.4% are separated while 6.4% are totally divorced. This indicates that the household will be spending more due to the high number of dependants. A little more than half (52.9%) of the respondents practiced Islam while 47.1% are Christianity. The habit of spending, saving, feeding etc. can be affected by the belief of the people.

The table also indicated that more than three-quarter of the household (77.1%) are male, while 22.9% are female. This indicates that there is sex inequality among the respondents. There will be more income as the male has higher ability to work. Less than twenty percent (17.9%) had no formal education. However, out of the 82.1% that are educated, 27.8% had primary school, 28.6% had secondary school certificate, while 25.7% had tertiary qualification. The high percentage of educated people in the study area will reduce poverty level, as the illiterate are likely to be poor. It was equally found that over two third of the household (71.1%) are artisan, followed by the farmers who are just one quarter (25.0%) and the civil servant (mostly teachers) are 4.3% artisans in the area needs some basic amenities like electricity. More than half (56.5%) have between 5 and 8 family size, a very minute portion (2.1%) have 9 or more family members with mean of 5. this is still normal when compared with the UNICEF recommendation of 6 household members for Nigeria.

Poverty Pattern among the Respondents

Frequency distribution of the respondents according to their poverty pattern is shown in Table 2. Majority of the respondents (72.1%) earned between N1 and N20,000.00 while very little get N40,000 and above. The mean income is N16,509.23k implies that income received by the respondents may not be able to cater for most of their needs if there is no any other supportive means. It was also revealed that half of the respondents (50%) spent between N1 and N5000 on feeding. This is same for those that spent between N5001 and N10,000. This amount indicates that there is high cost of feeding in the area with N6715.20k been the mean. Majority of the respondents (44.6%) saved between N1 and N5000 while only 4.1% are able to save more than N15000, with mean saving of N6,105.71k.

Ability to eat trice a day by the respondents is equally shown in the table, as feeding been one of the major needs of everyone daily, it is shown that nearly half can eat trice. This indicates that feeding is one of the major challenge in the area. One-quarter of the total respondents lived in an inherited house (27.2%) while 25.7% lived in rented apartments. Few people spent money on accommodation and this will reduce their expenditure as other things can be focused on. Only 22.1% have long term debt. This implies that majority of the respondents have no hidden expenditure because debt always reduce money available for household due to the interest paid on the debt. Majority of the people (7.6%), obtained loan for building 6.9% acquired loan for equipment purchase. This means that most of the loan is not used on their business that can yield more income but on residential abode.

Needs lacking by the respondents ranged from feeding, housing and clothing. Housing has the largest percentage of 46.8% which may be due to high cost of living in the study area. The mean cost of housing is N12,142.86. Other needs lacking include health services, drinkable water road network and electricity in the area.

Poverty Alleviation Programmes Planned in the Area

From the survey, the various Poverty Alleviation Programmes planned in the area include: FADAMA, National Poverty Eradication Programme (NAPEP), Family Support Programme (FSP), Green Revolution, Operation Feed the Nation (OFN), National Directorate for Employment (NDE), Youth Empowerment Scheme (YES), Family and Economic Advancement Programme (FEAP), Micro Credit Scheme, Better Life programme (BLF), and Directorate for Food Road and Rural Infrastructure (DFRRI) of all the programme only FADAMA thrived well.

Level of Participation in the Programmes

Level of respondents' participation was presented in Table 3. From the table, over two-third (71.4%) of the respondents participated in one form of the programme or the other which shows the seriousness of the people to the programme. This is an indication that people are well informed about the programmes in the study area. But with this, the programmes had little impact on the life of the people. Problem Hindering the participation of the people in the programmes was also captured in this table. This is ranged from underage of the respondents, long distance, lack of interest in the programmes with time unavailable been the major problem with 29.2%. This shows that the few that did not participated is due to time. However, ability of the programmes to meet the needs of the respondents is another major factor. It is obvious to see that most of the people (62.1%) disagree that the programmes met their needs considering the large population that participated in the programmes. This implies that programmes were less effective in the study area. In addition, 22.9% took part in two programmes while 20.7% participated in one and three programmes respectively out of the

numerous poverty eradication programmes in the area. The less impact of the programmes on the people may be due to their low level of commitment to the programmes.

Value Chain Approach to Poverty Reduction

Table 4 shows the responses to the effectiveness of people involved from the government to the respondents through multiple responses. The questions asked and their analysis were given below:

1. On if there is mutual relationship between the personnel and the people
2. This, 58.5% disagree, 4.3% are undecided while 29.8% agreed that there is mutual relationship between them. Lack of good relationship may have been one of the reason the programmes had little impact on the people.
3. On if Resources are allocated evenly. Peoples reaction to this revealed that half (50.5%) of them disagreed, 11.8% of the people cannot decide while just 25.8% agreed that resources are allocated evenly. People may have been discouraged by this irregularity.
4. On if there is good information link between you and the government. Information link between the household and the government is not also fair by 42.9% that disagreed, 35.2% agreed, living just 9.9% undecided. The people have not access to first class information. They only depend on what they hear around, which may not be true always.
5. On whether there is cordial relationship between the community head and the people. The local leaders or community head are fair with the people considering 60.2% that agreed, compared to 17.2% that disagreed and only just 4.3% are undecided. The people will have greater trust on their local leaders in the subsequent programmes in the area.
6. On whether the programmes are well monitored by the government. Lack of monitoring may have also contributed to the failure of the programmes. This is because 39.4% disagreed, 1.6% are undecided, and while 34.0% agreed that the government fully monitored the programmes.

Problems Militating against the Programmes

The view of the respondents to the best programme was reported in the Table 5 that FADAMA is the most preferred programme with 35.7%. NAPEP and Micro-credit been the more preferred with 22.9% and 14.3% respectively. The least preferred programmes are FSP and Green Revolution with 2.9% each while only 1.4% preferred all the programmes. The various reasons why the respondents chosen their best programme were also revealed that majority like it because it's well organized (21.4%), 31.4% choose the best programme because of the training received. 14.3 due to sufficient resources 17.2% preferred it because of the loan received.

The result of the findings also revealed the reasons for failure of the programmes by the people, highest percentage believed that OFN failed (27.9%). FSP, Green Revolution also have high percentage of 19.3% and 12.9. These are old programmes that are no more available. New programmes like FADAMA and NAPEP are still preferred by the people. The reasons for failure of the programmes revolved round: unstable government policy which constituted (30.0%), this may be true because of the non-existence of some programmes established by the past government like FSP, Green Revolution, BLF etc. Other reasons include lack of fund (19.3%), lack of monitoring (15.0%), corruption (10.7%) etc.

TEST FOR HYPOTHESES

The hypothesis stated in null form that there is no significant relationship between the socio-economic characteristics of the respondents and their participation in poverty alleviation programmes in the area. It was pursued by using binomial logit analysis to test for the relationship between socio economic characteristics and participation in poverty alleviation programmes as reported in Table 6. Their participation is negatively significantly with age ($t = -1.1736$; $P = 0.826$) and positively significant with educational qualification ($t = 1.812$; $p = 0.0700$). This implies that only those that are educated participated most in the programme and the level of their participation reduces as they grow older, at 10% confidence level.

CONCLUSION

This study revealed that the participation of the people in the programmes is negatively influenced by age i.e. the older people participated mostly than the younger ones. The education of the people also has a great effect on their participation. The programmes organized due to unstable government policy had little impact on the people. The income of the respondents is not sufficient to cater for most of their needs e.g. feeding and housing. It was revealed from the finding of this study that FADAMA is the best programme in the area due to good monitoring and implementation than any other programme. Also, there is bad information link between the people and the government concerning the programmes. The people are not actively participating in the programmes while corruption, lack of monitoring and unstable government policies are some of the problem militating against the programmes. There is high cost of living in the area. There is good relationship between the association leader and the people, with lesser cordial relationship between the implementation team and the people. The hypothesis tested in the study revealed that the level of participation in poverty alleviation programmes is negatively significant with age of the respondents and positively influence by the educational qualification of the people at 10% confidence level.

RECOMMENDATIONS

Based on the findings of the study, the following recommendation were iterated: Programme should be well planned and executed in other to prevent people from backing out, if they cannot get what they need. Government should encourage people to be more educated as it affects their participation in the programmes. There should a continuous poverty eradication team. Also, there should be continuity in the programmes even if there is change in government. Government should build low cost houses to reduce high cost of living. The implementation team should include the respondents and not only the government agencies.

Table 1: Age Distribution of the Respondents

Socio-economic characteristics	Frequency	Percentage (%)
Age		
21-40	78	55.7
41-60	62	45.3
Mean Age= 38		
Marital Status		
Single	34	24.3
Married	80	57.2
Divorced	9	6.4
Separated	9	6.4
widowed	8	5.7
Religion		
Christianity	66	47.1
Islam	74	52.9
Sex		
Male	108	77.1
Female	32	22.9
Educational qualification		
No formal education	25	17.9
Primary school	39	27.9
Secondary school	40	28.6
Tertiary	36	25.7
Occupation		
Artisan	99	70.7
Civil servant	6	4.3
Farmers	35	25.0
Family size		
1 - 4	58	41.4
5 - 8	79	56.5
≥ 9	3	2.1
Total	140	100

Source: Field Survey, 2014.

Table 2: Poverty Pattern among the Respondents

Poverty pattern	Frequency (F)	Percentage (%)
Income (₦)		
1 – 20,000	101	72.1
20,001 – 40,000	33	23.6
≥ 40,001	6	4.3
Mean = ₦ 16,509.23k		
Amount Spent on Feeding by the Household (₦)		
1 – 5000	70	50.0
5001 – 10,000	34	34.3
10,001 – 20,000	29	20.7
≥ 20,001	7	5.0
Savings distribution of the respondents (₦)		
1 – 5000	66	47.1
5001 – 10,000	53	37.9
10,001 – 15,000	16	11.4
≥ 15,001	5	3.6
Ability to eat trice per day		
Yes	72	51.4
No	68	48.6
House ownership		
Rented	26	25.7
Inherited	38	27.2
Gift/donation	23	16.2
Borrowed	19	13.3
Built	24	17.6
Long Term Debt Owned		
Yes	32	22.1
No	108	77.9
Purpose of owning debt		
Building	11	7.6
School fees	2	1.4
Land purchase	5	3.5
Equipment purchase	10	6.9
Business	3	2.1
No response	108	77.9
Distribution of Respondents by Needs Lacking		
Feeding	38	12.8
Housing	46	46.8
Clothing	20	6.4
Others	39	34.0
Total	140	100

Source: Field Survey, 2014.

Table 3: Ability to participate in the programmes

Participation	Frequency (F)	Percentage (%)
Participation in the programmes		
Yes	100	71.4
No	40	28.6
Problem hindering their participation		
Lack of time	41	29.2
Underage	25	17.9
Lack of interest	17	12.1
Lack of information	17	12.1
No response	40	28.6
Ability to meet needs		
Yes	53	37.9
No	83	62.1
Number of Programmes participated in		
One	29	20.7
Two	32	22.9
Three	29	20.7
Four	10	7.1
No response	40	28.6
Total	140	100

Source: Field Survey, 2014.

Table 4: Distribution of Responses to Valuation of People Involved in the Programmes

Each Questions	SA		A		U		D		SD	
	F	P	F	P	F	P	F	P	F	P
On if there is mutual relationship between the personnel and the people	2	2.1	28	29.8	4	4.3	35	38.5	5	5.3
On if Resources are allocated evenly	3	2.2	24	25.8	11	11.8	47	50.5	9	9.7
On if there is good information link between you and the government	4	3.5	32	35.2	9	9.9	39	42.9	6	6.6
On whether there is cordial relationship the community head and the people	2	2.1	39	42.9	4	4.3	16	17.2	13	14.0
On whether the programmes are well monitored by the government	6	4.6	37	39.4	10	10.6	32	34.0	10	5.3

Source: Field Survey, 2014. Multiple Responses

KEY

F = Frequency (F)

P = Percentage (%)

SA = Strongly Agree

A = Agree

U = Undecided

D = Disagree

SD = Strongly Disagree

Table 5: Distribution of Respondents to the Best Programmed

Problems militating against the Programmes	Frequency (F)	Percentage (%)
Distribution of Respondents to the Best Programmed		
FADAMA	50	35.7
NAPEP	32	22.9
FSP	4	2.9
Green Revolution	4	2.9
OFN	4	2.9
NDE	12	8.6
FEAP	2	1.4
Micro credit	20	14.3
All	2	1.4
Reason given for the Best Programme (s)		
Training	44	31.4
Well organized	30	21.4
Sufficient resources	20	14.3
Loan received	24	17.2
It last long	8	5.7
No response	14	10.0
Distribution of Respondents by failed Programme		
FADAMA	3	2.1
NAPEP	6	4.3
FSP	27	19.3
Green Revolution	18	12.9
OFN	39	27.9
DFPRI	3	2.1
BLP	3	2.1
NDE	10	7.1
FEAP	15	10.7
Micro credit	12	8.6
No response All	4	2.9
Reason for Failed Programme		
Unstable policies	42	30.0
Lack of fund	27	19.3
Lack of monitoring	21	15.0
Corruption	15	10.7
Political interference	9	6.4
Change in government	6	4.3
Over population	6	4.3
No response	14	10.0
Total	140	100

Source: Field Survey, 2014.

Table 6: Test of Hypotheses

Variables	Coefficients	t-value	p-value
Constant	0.5131036527	3.344	0.001
Age	-1.311042883	-1.736	0.0826**
Marital status	0.8194940238	1.630	0.1030
Religion	0.3925100727	1.148	0.2510
Sex	0.1732868772	0.685	0.4933
Education	1.035264164	1.812	0.0700**
Occupation	2.871530819	1.085	0.2779
Family size	-0.6802760073	-1.433	0.1518

** Significant at 10% significance level

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