

## Village economic development solution: An innovative strategy for ameliorating rural poverty

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### ABSTRACT

The paper examines the phenomenon of endemic rural poverty in Nigeria, and the unfortunate perception that urbanization and urban growth have become the main drivers of poverty reduction to the neglect of the rural areas. The paper begins by examining the slow progress in poverty reduction in rural areas which is consistent with slow growth in agriculture. The incidence of rural-urban migration; especially that of the youth, with its serious implications for peasant farming and open unemployment in the urban areas was also addressed. The paper goes on to look at employing an innovative strategy, the Village Economic Development Solution (VEDS) which is designed to stimulate the desire by the rich, as 'Anchor Personalities' to give back to the rural areas (villages) where they come from in the first instance through the funding of Anchor Economic Activities (Projects) that can leverage rural living. The paper concludes by recommending partnerships among the tiers of government to create enabling environment for the implementation of the innovation.

**Keyword:** Rural poverty, Anchor personalities, Economic solution, Rural economic activities

### INTRODUCTION

The poverty-hunger battle has been part of the human society from time immemorial. The dilemma has often been, just like the egg and the chicken, which one comes first. Research papers are now awash with the cyclical nature of the two incidents which can, at the same time be a cause and an effect of each other in a vicious cycle, where hunger causes poverty and thus hunger in a sequential manner. Various studies Armatya (1990) and Shawn (2008) have been definite on this poverty-hunger nexus and have therefore urged nations suffering from food problems to look first into solving the poverty challenge. Armatya (1990) was in fact emphatic of the fact that "except in times of wars or major conflicts, the first cause of hunger is poverty".

The nexus is better understood when hunger as a concept is properly construed. Hunger is said to exist when an individual or groups of individuals cannot produce enough food to meet their nutritional or energy requirement for optimum living, or cannot afford to buy it. The implication of this is that hunger could result from either the supply side (non-availability of food) or the demand side (inability to have enough income to buy the available food). Most of the food riots which have been reported in Haiti, Egypt, Cote D'Voire, Senegal, Congo DR and other parts of the world are usually related to affordability issues. According to Copeland (2000), "access to food and other resources is not a matter of availability, but rather of ability to pay. When the

citizens cannot afford to feed themselves and their families, they can quickly become 'militants'. Some commentators have even said that this can be in a matter of days! The underlining slogan of such riots is "We are seeing food on the shelves but are not able to buy them". In economies where food is regarded as a 'Human Rights' issue, as truly it should be, this is a call for public action. Following this approach, it may be reasonably suggested that policy to solve the problem of poverty should first be pursued as part of an overall goal of solving the hunger challenge. The fact is, 'the poor are hungry and their hunger traps them in poverty and they require help, to take or lift them out of poverty'.

On the other hand, a school of thought claims that hunger is a more fundamental challenge and that its elimination is crucial to poverty eradication. This school of thought maintains that availability of food in quantity and quality required for healthy living is a necessary or a first order condition for poverty eradication. The understanding is probably built on the common saying in the Yorubaland of Nigeria that "*bi onje ba ti kuro ninu ise, ise buse*", that is "food as a critical element in the poverty-hunger equation must first be eliminated as part of the practical solution to the problem of poverty". This will seem to be built on a fallacy of composition: that there is an own production which the hungry can freely access, and or the absence of a market economy as it was in the 19<sup>th</sup> century when primordial relationship was strong and communities were committed to sharing their food than allow some individuals to starve

(Ravallion, 2014). It is of course instructive not to carry this notion too far because it presupposes only a necessary condition, just having anything to eat, with its capacity to aggravate ‘hidden hunger’ rather than the sufficient condition that requires access and choices by the individual to an adequate diet containing all necessary micronutrients that are required as a sufficient condition for healthy living.

The above caveats notwithstanding, the reality of our days will definitely falter the assertion of a ready-made food for the hungry. When the chips are down, availability of food can only be a necessary but not a sufficient condition for the hungry person. The sufficient condition is that the hungry should possess the ability to pay for the food, as inability presupposes poverty of some sort which will effectively prevent food access. According to Copeland (2000), hunger is an effect of poverty, and poverty is largely a political issue which should as such be addressed.

In essence therefore, solving the problem of extreme poverty and hunger may not be as simple as it appears. It requires a network of solutions involving a multi-disciplinary strategy and a public action or political will that can strengthen agricultural development and a food production technique, especially the smallholder, or family farm production system, and an empowerment or social safety net strategy that can jointly address the challenges of poverty and hunger on a sustainable basis. This has of course remained one of the challenges of our time.

**Understanding extreme poverty and hunger**

Extreme poverty, as defined by the United Nations in 1995 is “a condition characterised by severe deprivation of basic human needs, including food, clothing, safe drinking water, sanitation facilities, health, shelter, education and information. Extreme poverty therefore depends not only on income but also on access to services. When an individual cannot access, use or derive satisfaction from basic human

needs, he is said to be in extreme poverty. Until recently, and using the money-metric measure of poverty or the Human Poverty Index (HPI), a person will be deemed to be in extreme poverty if he lives on less than \$1.25 a day. At the current exchange rate of the Naira to the US Dollar, this will be for anybody in Nigeria living on less than about N310/day. Using this parameter, Ravallion (2014), had estimated that about 1.4 billion people in the developing world live on \$1.25 a day (extreme poverty line) or below. Another astonishing fact, according to him is that 75% of the number are women, children and men living in the rural areas, and are mostly farm families on small holder farms in the villages. These in his views are among the poorest of the poor which should not be left behind in any strategy to ending poverty. It may, for instance require the “raising of the consumption floor” or better still the application of the ‘tiered approach’ that considers the inclusion of certain non-cash and tax-based benefits in poverty measurement, Shawn (2008) with a view to increasing the proportion of the ‘ultra-poor’ above the poverty line.

In essence, just like development, poverty is multidimensional. The Multidimensional Poverty Index (MPI) was developed and used by the World Bank in 2010 (Sabina, et. al., 2010) to complement the monetary measure which has been in use. The MPI considers the overlapping deprivations suffered by people at the same time. The MPI identifies deprivations across education, health and living standards which are equally treated and enlarged under the Human Development Index (HDI) to include: life expectancy at birth, mean number of years of schooling as proxy for knowledge, and Per Capita Gross National Income as a proxy for standard of living to determine the number of people who are multidimensional poor and the number of deprivations with which poor households typically contend with. The dynamics of deprivation captured in the Multidimensional Poverty model can be better understood as presented in Box 1 on the measurement or continuum of deprivation.

**Box 1: Measurement of Deprivation**

Deprivation	Mild Deprivation	Moderate Deprivation	Severe Deprivation	Extreme Deprivation
Food	Bland diet of poor nutritional value	Going hungry on occasion	Malnutrition	Starvation
Safe Drinking Water	Not having enough water on occasion due to lack of money	No access to water in dwelling but communal piped water available within 200 metres of dwelling or less that 15 minute walk away	Long walk to water source which is more than 200 m away or longer than 15 minute walk. Unsafe drinking water	No access to water

Deprivation	Mild Deprivation	Moderate Deprivation	Severe Deprivation	Extreme Deprivation
Sanitation facilities	Having to share facility with other households	Sanitation facilities outside dwelling	No sanitation facilities in or near dwelling	No access to sanitation facilities
Health	Occasional lack of access to medical care due to insufficient money	Inadequate medical care	No immunisation against disease. Only limited non-professional medical care available when sick	No medical care
Shelter	Dwelling in poor home with leaking roof, unkempt floor. More than 1 person per room	Few facilities in dwelling. Structural problems. More than 3 people per room	No facilities in house. Non-permanent structure, no privacy, no flooring, more than 5 people per room	Roofless – no shelter
Education	Inadequate teaching due to lack of resources	Unable to attend secondary but can attend primary education	Child is 7 or older and has received no primary or secondary education	Prevented from learning due to persecution and prejudice
Information	Cannot afford newspaper or books	No television but can afford radio	No access to radio, television or books or newspaper	Prevented from gaining access to information by government
Basic Social Services	Health and education facilities available but occasionally but of low standard	Inadequate health and education facilities e.g. less than 1 hour travel	Limited health and education facilities e.g. a day's travel away	No access to health or education services

Source: NAPEP (2006) 'Poverty Eradication Report of the President'

Adopting the MPI approach, almost 1.5 billion people in 91 countries covered by the MPI – more than a third of their population- live in multidimensional poverty – that is, with at least 33 per cent of the indicators reflecting acute deprivation in health, education and standard of living. This exceeds the estimated 1.2 billion people in those countries who live on \$1.25 a day or less. Also, close to 800 million people are vulnerable and could fall back into poverty if setbacks or random shocks occur – financial, natural or otherwise.

Table 1 compares the percentage of the population living in poverty as calculated by the Human Poverty Index (HPI) and by Multidimensional Poverty Index (MPI) as at 2010. As indicated on the table, the percentage of the population in poverty, using the MPI measure is often higher than that of HPI in many of the countries considered except Tanzania, Vietnam, China, and Uzbekistan where some elements of transfers or Social Safety Nets (SSN) are in operation.

**Table 1: Population Living in Poverty as % Using MPI and HPI Measures**

Country	MPI	HPI	Country	MPI	HPI
Ethiopia	85	40	Indonesia	20	6
Sierra Leone	80	45	Peru	20	6
Tanzania	62	85*	Vietnam	15	20*
Cambodia	61	40	China	10	15*
Nigeria	62	45	Brazil	10	5
India	48	41	Egypt	6	2
Pakistan	45	21	Uzbekistan	2	62
Bolivia	29	20			

Source: Oxford Poverty and Human Development Initiative (OPHI, 2010)

**NOTE** \* HPI is higher than the MPI because in these countries governments provide some form of cushioning for food, housing and education for citizens. Otherwise, the HPI is always lower than the MPI

Some benefits of using the Multidimensional Poverty Index (MPI) are apparent. It can help the effective allocation of resources to target those with the greatest intensity of poverty, and as such, a veritable instrument for assessing the impact of the African Union Agenda 2063 which has become the basis for the Sustainable Development Goals (SDGs) which is a follow-up to the Millennium Development Goals (MDGs) that ended in 2015. In the same vein, MPI can be adapted to the national level using indicators and weights that make sense for the region or country, much as it is effective for national poverty eradication programmes as it offers the opportunity to study changes overtime.

### **Understanding the Sustainable Development Goals (SDGs)**

The Sustainable Development Goals (SDGs) is part of the post-2015 process which is building on the achievements of the Millennium Development Goals (MDGs) whose tenure expired in 2015. The SDGs indeed recognize the urgent need to eradicate poverty in all its forms including extreme poverty which is found to be the greatest global challenge and an indispensable requirement for sustainable development. The SDGs further appreciate the need for 'universal peace in larger freedom'. World leaders within the framework of the SDGs, expects to accomplish this goal by 2030. Fortunately the African leaders have bought into this vision and have domesticated the strategy to achieve the goal through the instrumentality of the Comprehensive Africa Agricultural Development Programme (CAADP) as contained in Box 2

The sustainable development goals as detailed above are part of an attempt by African leaders to achieve their vision of halting the incidence of multidimensional poverty in Africa by the year 2025. It is gratifying that the African leaders have adopted the instrumentality of the Comprehensive Africa Agricultural Development Programme (CAADP), an agricultural strategy to achieve the sustainable development goals. This is as it should be when it is realised that rural poverty remains endemic and has remained the bane of development in Africa.

The Nigerian government as a signatory to the Sustainable Development Goals has been making efforts to achieve the goal of halting multidimensional scourge of poverty by 2025. This is as it should be when it is realized that the country is faced with a dense concentration of disadvantage circumstances which Horowitz (2000) identified within the Deprivation, Exclusion and Vulnerability

(DEV) Framework that has been swamping the country' development. There is no area where this framework has manifested itself than in the rural areas where rural poverty continues to stare everyone right in the face. The rural sector remains marginalized and vulnerable to any random economic shocks. Of the 178 million Nigerians (NPC, 2014) about 94 million or 50.8% live in the rural areas. Out of this number, about 50 million constituting about 53% of the rural dwellers are near subsistence living and often go short of food particularly in the pre-harvest periods. Rural infrastructure in Nigeria is low and has in fact been neglected. Investments in health, education, and water supply have been focused largely in the cities. The trend has always been for the rural dwellers to migrate to the urban centres as the only veritable option available to evade the scourge of poverty and hunger and to have access to services such as schools, health facilities and safe drinking water.

Quite unfortunately, the urban sector is not prepared to receive such migrants, leading to the creation of urban slums which have now become the most common feature of the country with its attendant social vices. This has further worsened the poverty and hunger situation in a country where the active population who are farmers have had to relocate and become part of those buying foods in the market. With such level of contradictions, various strategies and innovations have been developed and introduced aimed at overcoming the poverty and hunger challenges in a country that is deemed to be rich given its status as an oil producing economy.

For instance, the 'Poverty Eradication Report of the President' (2006) which was prepared by the National Poverty Eradication Programme (NAPEP) is full of chronology of such interventions. The most prominent of these are the Village Economic Development Solution (VEDS), and the Conditional Cash Transfer Programme (COPE) which are aimed at supporting the poorest of the poor and providing support services that could aid the poor to step out of poverty. This paper delves into the implementation of the Village Economic Development Solution (VEDS), a village level innovation that leverages on the public and private sector initiatives to provide a sustainable platform for sustainable reduction of poverty and hunger in the rural areas.

### **The village economic development solution (VEDS)**

The village is a physical manifestation of rural living. As it is in many parts of Africa, and most especially,

Nigeria, villages are better perceived as isolated centres of population with little or no connection with the urban areas. The most feasible feature of a village is the lack of all social amenities that could support private initiatives for optimum result. A typical village is usually devoid of physical and social infrastructure that could encourage economic activities which are needed for improved living standards of those who are living there. In a village for instance, market days are clearly marked and any days in-between are periods when nothing could be bought or sold! The market days, usually in the interval of 5 or 9 days, simply provides the opportunity for rural communities who are within the same 'spatial arbitrage' to exchange their local produce.

The issue of urban based businessmen's interest in patronizing the rural or village markets have caught the attention of economists and other commentators. According to George and King (1971), this avails the businessmen the opportunity to buy cheap farm products which are then disposed at exorbitant prices at the urban centres. The common explanation in the literature is that these middlemen have added value (space utility) as they move the products across space from the rural to the urban areas. Whichever way it is perceived, this is yet another strategy to impoverish the farmers who are made to sell their products at relatively low prices much as they have no other channel to dispose their farm products, except to create avenue for spoilage. This has a lot of implications for the rural dwellers who are usually denied an appropriate reward for their efforts which goes further to make rural living rather arduous and discouraging.

The village economic development solution is designed to make rural living very interesting by creating an environment that is more business friendly and attractive to those who otherwise would not have wished to stay there. It is to break the 'enclave mentality' usually ascribed to the village that is now opened up for business and other economic activities which can attract infrastructure that are believed to be only meant for the urban centres. It is a community-based programme aimed at making the rural dwellers themselves part of the development paradigm through increased agricultural production activities, promotion of grassroots savings and investment in villages or rural communities nationwide. The VES is as such a community-based poverty eradication instrument which when appropriately utilised can reduce the incidence of rural poverty and thereby affecting the general poverty level in a positive way.

### **The concept of the village trust fund**

The Village Trust Fund (VTF) is a vital component of the Village Economic Development Solutions Programme. It is a community-based poverty eradication instrument for promoting grassroots savings and investment in communities nation-wide. The Village Trust Fund is essentially an instrument to pool funds for investment in profitable activities. The proceeds from the investment are used for village socioeconomic development activities e.g. housing, provision of potable water supply such as boreholes, sanitation, (public toilets), and community participation in the Capital Market among others.

The Trust Fund scheme involves contribution of fund by relevant stakeholders within and outside the community. The fund is for investment in profitable ventures that yield profit for the trust fund. The Seed Capital is a start-up sum which may be a loan or a grant given to the community to kick start the Village Trust Fund. It also encompasses Community participation that involves community members' active participation in profitable activities in their community with loans obtained from Seed Capital so as to increase the pool of funds.

### **The objectives of the village trust fund (VTF)**

The Village Trust Fund Scheme (VTF) is a necessary complement of the Village Economic Development Solution (VEDs). As an innovation for development, the VTF provides the opportunity to raise the needed funds and the strategy to mobilise community engagement and participation which are critical to the overall success of the VEDs. For effectiveness, the VTF works through partnerships of the Anchor Personality, the Community Development Associations (CDAs) and others who are willing and interested in the programme. It is also required that there should be on-going anchor projects within the community which, in the views of the community members are essential to meeting their immediate needs.

An "Anchor Personality" within the concept of Village Economic Development Solution" (VEDs) is someone usually of financial means who have consistently developed the will to render assistance to his immediate community with a view to making positive changes in rural communities. Such anchor personalities may offer resources to leverage the community-based funding of some anchor or poverty reduction projects, or moves on his personal initiative to fund such projects that can lift the people out of poverty.

As to what motivates anchor personalities to emerge and offer to be part of poverty eradication efforts, there have been various opinions. To many, Anchor Personalities are those who attempt to win peoples' interest to support them to achieve their political ambitions. Of course, at the coming of any election, there has always been the emergence of many 'philanthropists' who come forward to make contributions to the socioeconomic development of rural communities with a hope of securing electoral support. This kind of people can however be identified as they fizzle into the thin air as soon as elections are over regardless of the outcome.

This notwithstanding, there are many other anchor personalities who joyfully carry out such gestures through their genuine concern to be a stakeholder in improving the living conditions of the rural dwellers. Such personality may even do it out of the vision of establishing projects that will ameliorate the sufferings of the rural dwellers in terms of provision of amenities.

The effectiveness of the role of the anchor personalities is however hinged on some factors. The most important of these factors is the existence of development based associations and the willingness of the government (whether federal, state or local) to contribute to rural development. This is a partnership arrangement that works which must be encouraged as part of an overall effort to ensure the success of Village Economic Development Solution as an innovation to ameliorate rural or village –level poverty in Nigeria.

Many examples now exist on how this innovation has worked for village level development in recent years. Most of them are in agricultural projects or activities bordering on production, processing, storage and marketing, the so called agricultural value chain. They have been found to be successful in ameliorating the incidence of rural poverty in remotest villages. An example is that of Chi Farms at Ajanla village along Ibadan-Lagos expressway providing employment, capacity building, extension services, electricity, school, hospital, water, scholarship for the villagers.

## SUMMARY AND CONCLUSION

This paper is a contribution to knowledge on innovations to solve the problem of rural poverty in Nigeria. The Village Economic Development Solution (VEDS) is built on a partnership arrangement among the key stakeholders including the village or the Community Development Association, the Anchor Personalities (APs) and the

Government who has the primary responsibility of providing rural infrastructure. It is an innovation that has worked and requires strengthening for greater achievement. It is recommended that there should be partnerships among the tiers of government to create enabling environment for the implementation of the innovation.

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