



## **GLOBAL GOVERNANCE AND POVERTY REDUCTION THROUGH MILLENNIUM DEVELOPMENT GOALS: SOME REGIONAL EXPERIENCES**

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### **ABSTRACT**

*Global governance is a broad, dynamic, and complex process of interactive decision-making that is constantly evolving and responding to changing global circumstances. The incidence of poverty on cross-border peace, development and the environment is obvious today. Also the consequences of poverty in terms of living conditions call for a unified action to tackle it. Recent research states that poverty is not simply a short fall of money, but also involves the constant day-to-day hard choices associated with poverty and in effect taxes an individual's physical and mental resources. This cognitive tax, in turn, can lead to economic decisions that perpetuate poverty. To face the challenge, the United Nations MDGs suggests that the fight against poverty belongs to the pivotal political challenge of the 21<sup>st</sup> century involving a network of structures between governmental and nongovernmental actors at various levels in the field of poverty reduction. This perspective is making positive contributions with some regions in the world heading toward the achievement of the target. Even those countries in sub-saharan Africa where most of the global poor live and who are lagging behind, are making frantic efforts to do so, with the assistance of global bodies. The survey research design was used for the study. Data generated were statistically analyzed and it was found that global governance has strong positive relationship with poverty reduction.*



**Keywords:** *Co-operative leadership, Global governance architecture, Multilateral bodies, More openly political than bureaucratic, Global imbalances.*

## 1. INTRODUCTION

Despite the efforts of global institutions such as the World Bank, International Monetary Fund (IMF), and others through the enunciation of public policies, reduction in poverty levels in recent decades has been less than expected, especially in the late-developing countries.

This woeful disappointment has given rise to a holistic examination of what public policies best promote poverty reduction in the world. Particular concerns exist about the level of resources dedicated to reducing poverty and the ways in which they are delivered. The old model of a technocratic government supported by donors is seen as incomplete and ineffective.

Most dynamic public policy practitioners now believe that public policy and global governance effectiveness depend on the input of a whole range of agents – including the private sector and civil society – as well as on the healthy functioning of the societal and institutional structures within which they operate (COLLIER; DAVID, 1999).

In 2000, with unprecedented fanfare, world leaders pledged to boost living standards by achieving eight Millennium Development Goals (MDGs) –especially those that deal with poverty, health, education, hunger, and the environment by 2015. Although progress has been made on some fronts, most of the MDGs remain stubbornly out of reach of most nations.

According to Wallace (2007), overall the world as a whole is on track of the goal of halving poverty by 2015 from its 1990 level. It is believed that those living in extreme poverty number fewer than 1 billion for the first time. But Sub-Saharan Africa (SSA) remains way off track, with the region accounting for about 30 percent of the world's extreme poor.

The Middle East and North Africa are expected to reach the goal narrowly, and Europe, Central Asia, and Latin America as well as the Caribbean are likely to come close. The stars are East Asia, the Pacific and South Asia, which have adapted dynamic transformational public policy strategies and are projected to overshoot the MDG1 target.



To meet the overall MDGs target, the international community needs to grapple with much more than financial governance issues. The removal of barriers to international trade creates new employment opportunities, but it also raises thorny questions about labour standards and other social concerns that border on poverty. There is need for transformational public policy strategies that seek to determine whose welfare, which right, and what goals matter most.

This makes global governance – whether it pertains to finance, trade, the environment, education, transportation or health etc, one of the most vital and difficult challenges of the modern world. Poverty is an all encompassing concept, manifest or latent inadequacy, insufficiency or a lack in certain aspects of human life (MBOHO; INYANG, 2011). According to the World Development Report (2000/2001) poverty is multidimensional, extending beyond low levels of income, but including lack of opportunity, low capabilities, low levels of security, lack of empowerment, among others.

The World Development Report (2000/2001) states that the empirical correlations between these different dimensions of poverty are overwhelmingly positive. There is now an emerging consensus that transformational public policy strategies at the country level and the support of development partners will be more effective in bringing about sustainable poverty reduction. Transformational public policy involves such policy decisions saturated with sufficient political will to transform the critical sectors of the polity for the benefit of the greater majority of the people.

A key feature of transformational public policy is that social safety nets are designed to protect the possible adverse effects of reform measures on the poor. These instruments include governance arrangements as well as existing social protection measures adopted for this purpose such as employment generation, food subsidies, provision of healthcare services, affordable education for all, social security arrangements and other contingencies targeted at public good.

In pursuit of such global public policy strategies targeted at employment generation and improved productivity, the European Commission (EC) (2013) embarked on their Entrepreneurship Action Plan. Under the broad public policy strategy – European Commission's Rethinking Education strategy and



Entrepreneurship: IP/12/1233 – EC believes that with high-tech and high-growth enterprises increasingly becoming a focus of entrepreneurship-related public policies, higher educational institutions become an active component of Member States and EU's innovation policies.

A major element of this public policy is the legislation to remove legal obstacles to the establishment of businesses and giving qualified immigrant entrepreneurs a stable permit. EC states that the transformational public policy paradigm is imperative for Europe because lower labour productivity is a major reason why Europe's GDP per capita lags behind that of the United States. It accounts for about 15 percent of the gap between European and US GDP per capita.

Cotis (2004) insists that in Europe many people who have below average productivity are not employed, and thus are not included in the measurement of labour productivity. Across OECD countries, there is a strong negative correlation between, employment rates and labour productivity. From this perspective, it is reasonable to state that many EU countries lag behind the United States in terms of labour productivity and that one challenge is to rekindle productivity growth and reduce the level of poverty.

While government can fine-tune strategy for productivity, OECD empirical research stresses the importance of good public policies and institutions. Structural public policies that boost flexibility and sharpen the polity's adaptability to shocks are very essential. Public policies that promote educational achievements, well-designed incentives for research and development, are highly competitive and among what the governments can do to enhance productive efficiency and poverty reduction (OECD, 1999; DYE, 1992; ALEXANDRATOS, 2005; IMF, 2007).

Current World Development Report (2015) believes that poverty may also generate an internal frame, or a way of interpreting the world and poor people's role in it. It states that poor people may feel incompetent and disrespected, without hope that their lives can improve, and that empirical evidence suggests an association between poverty and low aspirations.

The World Development Report (2015) emphasizes that poverty is not just a shortfall of money, but also involves the day-to-day hard choices associated with

poverty which in effect strains an individual's mental resources. Poverty generates an intense focus on the present to the detriment of the future. Certainly, when poor people must focus their mental resources toward dealing with the concerns of poverty, they have little or no attention to devote to other important tasks that may be cognitively demanding.

The environments of people living in poverty make additional cognitive demands. Consequently, the absence of certain physical and social infrastructure that reduces cognitive burdens in high-income contexts such as steady income flow, regular water and electricity supplies, encumbers those living in low-income settings with a number of day-to-day decisions that deplete their mental resources much further.

The material deprivation that accompanies poverty is such that the poor are more likely to find themselves in situations in which they must forgo meals or live in substandard houses. They may have high debts to pay back. These are among the situations that create additional cognitive burdens that interfere with decision making in important ways beyond a person's monetary constraints.

### **1.1 Statement of the problem**

The IMF and the World Bank warn that, on current trends, most developing countries will fail to meet most of the Millennium Development Goals target. Their reports show uneven progress toward reducing poverty by one-half of the 1990 global rate of poverty by 2015. Achieving the goals with regard to health, education and others is bleaker.

The goals of reducing child and national mortality will not be attained in most regions, and only a small proportion of counties-5-20 percent appear to be on track. The largest "MDG deficit" is in states with lax law and order, stymied by weak institutions and corruption and often rocked by civil conflict. With about 9 percent of the developing world's population – nearly 500 million people – these fragile states account for over 25 percent of the world's extreme poor.

On the health and education fronts, the news is similarly discouraging. Fragile states account for nearly one third of child deaths and for one-third of all 12 year - olds who fail to complete primary school. Global governance is required, because, if

these states are not helped they pose risks to public safety and bread civil crises and insurgency, like the case in Nigeria.

## **1.2 Objective of the study**

The study was designed to explore the relationship between global governance and poverty reduction via-a-vis the MDG1 target.

## **1.3 Significance of the study**

The study will enable policy makers to assess the status of the MDGs agenda. It will also alert the general public on the need to make adjustments in a changing world environment. Students of public policy and governance will also benefit a great deal from the study from the perspective of poverty reduction.

## **1.4 Delimitation of the study**

The study was delimited to Abia State. Abia State is one of the 36 states in Nigeria and it is believed that the views of the people in the state are a good representation of the views of the Nigeria population.

## **1.5 Limitations of the Study**

The study was limited by lack of research grant and current data. However, these constraints did not dilute the academic potency of the study.

## **1.6 Hypotheses**

To achieve the objective of the study, two hypotheses were formulated and tested at 0.05 level of significance.

Ho: Global governance has no relationship with poverty reduction.

Hi: Global governance has a relationship with poverty reduction.

## **2. LITERATURE REVIEW**

The World Development Report (2000/2001) defines poverty as an unacceptable deprivation in human wellbeing that can comprise both physiological and social deprivation. Physiological deprivation involves the non-fulfillment of basic material or biological needs, including inadequate nutrition, health, education, and shelter.

A person can be considered poor if he or she is unable to secure the goods and services to meet these basic material needs. The concept of physiological deprivation is thus closely related to, but can extend beyond, low monetary income and consumption levels. Social deprivation widens the concept of deprivation to include risk, vulnerability, lack of autonomy, powerlessness and lack of self-respect.

Poverty can contribute to a mindset that can make it difficult or even impossible for people to realize their own potential to take advantage of existing opportunities. The imperative of good public policy cannot be over emphasized, because if policy makers assume that poverty results from poor people's deviant values or character failings, or that poor people simply do not understand the benefits of important investment like education, they might pursue a policy strategy of persuasion to assist the poor.

When constraints are beyond the control of the decision maker, especially when material resources are in short supply the person's willingness to act upon his or her desires may not be realized. Recent empirical evidence suggests that some decisions do not arise from deviant values or a culture of poverty particular to poor people.

But poor people are mostly face stressful cognitive, psychological, and social constraints on decision-making (WORLD DEVELOPMENT REPORT, 2015) Reducing global poverty will at least need transformational public policy strategies based on (i) Economic opportunities (ii) governance and public sector financial management (iii) dynamic fiscal public policy and (iv) security and empowerment (KLUGMAN, 2002; KHANDKER, 1998).

- i) Transformational Economic Public Policy: Numerous statistical studies confirm that rapid economic growth is the engine of poverty reduction using both income and non-income measures of poverty. Domestic policies have an important effect on sustained growth including prudent macroeconomic management, more open markets, and a stable and predictable environment for private sector activity. Macroeconomic stability provides an important precondition for higher growth rates and also helps to prevent balance of payment crises and the resurgence of inflation both of which have negative consequence for prosperity and leads to poverty reduction.

- ii) Governance and public sector financial management: A transformational public policy strategy through global governance would ensure and consider how governance arrangements and budget management could be improved, since in many countries, this has been found to be a critical constraint on the effectiveness of public actions in reducing poverty. Sound transformational public policy reforms are needed at the central, states and local governments levels in order to ensure accountability for the use of fiscal resources and to improve service delivery. The process of transformational public policy should include a review of potential issues in governance and public expenditure management such as lack of transparency and accountability. Government reforms must be tailored to the size of resources, both human, intellectual, financial and political. Good leaders must negotiate. Leadership is that amorphous quality that determines governance of social institutions. But recent reform history is replete with examples of inept leaders squandering reform opportunities (Sheng, 2006)
- iii) Dynamic Fiscal Public Policy: Fiscal policy can have a direct impact on the poor, both through the government's overall fiscal stance and through the distributional implications of tax policy and public spending. Structural fiscal reforms in budget and treasury management, public administration, governance, transparency and accountability can also benefit the poor through inducing more efficient and better use of public resources.
- iv) Security, and empowerment: Insecurity can be understood as vulnerability or decline in wellbeing. The shock triggering the decline can occur at the household level or at the national or international level. The extent and nature of the country's vulnerability to exogenous shocks, and the impact of such shocks on the poor, could be assessed through quality public policy and global governance. Capabilities in terms of education and health can be properly assessed and managed to enhance poverty reduction. Generally, education and health capabilities are among the primary dimensions of individual well-being. Different sets of factors and actions affect whether poor people achieve literacy and good health. Public policies and actions are important, but private providers of education and health services, the interactions between the public sector and the market, social norms and

practices, and individual and household behavior also play important roles. One important dimension of empowerment is access to, and influence over, state institutions and social process that set public policies. The level of empowerment among the poor increases as they gain access to economic opportunities, develop human capabilities, and establish greater income security. As the poor become empowered, they are more likely to influence public policy discussions on how well the policies and reforms that constitute poverty reduction strategies meet their needs. To be meaningful, empowerment should be seen as a strategic global governance policy and an active process that occurs at different levels for the benefit of humanity and poverty reduction.

## **2.1 Early Global Governance Structure**

Global poverty reduction imposes environmental responsibilities around the globe. For example, most frighteningly, contagious health risks, like Ebola, respect no borders. In each case, hard decisions must be made about the welfare of man.

According to Boughton and Bradford, Jr (2007) global governance is a process of cooperative leadership that brings together national governments, multi-lateral public agencies, and civil society to achieve commonly accepted goals. It provides strategic direction and then marshals collective energies to address global challenges. To be effective, it must be inclusive, dynamic and able to span national and sectoral boundaries and interests.

It should be more democratic than authoritarian, more openly political than bureaucratic, and more integrated than specialized. Neither the concept nor the difficulty of global governance is new. At the end of the First World War, for example, the leaders of the victorious allies led by the four great powers of France, Italy, the United Kingdom, and the United States met in 1919 in Paris for six months of talks aimed at redrawing many of the world's national borders and establishing a permanent forum-the League of Nations – to deal with future issues and problems.

This model of global governance, in which the few countries that sat at the apex of the world economic pyramid invited others to participate without ceding much control, became the prevailing paradigm for the postwar era. This dominance model of early global governance was a reasonable and practical model for much of



the 20<sup>th</sup> century. Today, political, economic, social and legal changes pose a serious threat to the ability of this model to achieve common objectives.

Despite these huge challenges the concept of global governance with such proxies as The World Health Organization (WHO), The United Nations (UN), The World Bank, The International Monetary Fund (IMF), The United Nations Industrial Development Organization (UNIDO), among others, are involved in extensive consultations and co-operation that seek to shape public policy around the global.

The overriding problem of global governance is the immense and challenging transformation of the world, particularly how to absorb a huge increase in population. It is projected that the world population will grow from 6 billion people in 2000 to 9 billion in 2050, and all the additional 3 billion people will be living in developing countries, where the majority today live in conditions of poverty.

The primary aim of the Millennium Development Goals, endorsed by almost all of the world's national leaders in 2000, is to reduce the rate of extreme poverty by half based on the 1990 rate in 2015. The goal is being pursued globally, and even those regions that are lagging behind are now at least achieving growth in per capita incomes. Sustaining that progress throughout the transformation over the coming decades will require leadership in, and cooperation among, rich and poor nations, multinational institutions, the private sector, and civil society.

Public policy should seek to strengthen the governance of global interaction involving rationalizing the relationships among sovereign states, updating the existing multilateral institutions, and creating an effective oversight body, because it is no-longer possible to argue that the current oversight of international relations is adequate for the 21<sup>st</sup> century.

To enhance the romance of global governance architecture, bodies such as the Organization for Economic Cooperation and Development, and others must play more important roles within the global organizations they guide; therefore, they must be representative enough to provide legitimate global leadership. This is essential because global governance is crucial to accelerating private investment, economic growth, political stability, poverty reduction and world development (UNITED NATIONS, 2007<sup>a</sup>).



## **2.2 Global Governance and Regional Integration in Asia**

After recovering from the 1997 – 98 financial crises, Asian countries seized the opportunity to undertake significant restructuring and reforms and to strengthen the dynamism and resilience of their political economies, with real GDP per capita about 75 percent higher than before the crisis.

This followed greater flexibility, including more labour and capital mobility which have enabled Asian countries to increasingly participate in the globalization of production, particularly in manufacturing, and to expand their technology related services. The cumulative effect of all the changes in Asian public policy strategies after the crisis has been to position Asia as a dynamic and resilient region in the global economy.

The diversity in economic structures, income levels, and resource endowments has also helped to accelerate the regional integration process. Asian integration, both within the region and with other parts of the world, made it to become an important engine of growth in the global economy. This process is expected to contribute to the rebalancing of global growth and to the adjustment of global imbalances.

With prosperity on the rise in Asia and being on course on MDG1 target, Asia would also benefit from having access to IMF financial resources in times of need, because its share of world GDP is rising. Asia is a key part of the global economy, boasting three of the ten largest economies (China, Japan and India) and accounting for more than 35 percent of world GDP. The region's economy, having fully recovered from the 1997-98 financial crisis is now the fastest growing in the world, contributing about 50 percent of world growth. (AZIZ, 2007; RAVALLION, 1999; BURTON, et al, 2006).

## **2.3 Sub-Saharan Africa and MDGs – Nigerian Experience**

Those living in extreme poverty are those people who live on below \$1.25 per day, characterized by high poverty gap ratio, inequality, child malnutrition as well as under weight children under the age of five years. The MDGs also emphasize universal primary education in all countries by 2015, evidenced by net enrolment in primary education, high literacy rate of 15-24 year olds, ratio of girls to boys in primary and secondary education, as well as ratio of literate females to males.



Access to health, reduction of the death rates for infants and children in developing countries by two thirds of the 1990 level by 2015 are among the major objectives of the MDGs. Countries on the path of meeting these targets have done so through the instrumentality of global governance, those lagging behind like countries in SSA are queuing up behind global bodies so as to achieve the desired results.

The agreement reached in September 2000, at the UN Millennium Summit by world leaders and placed at the heart of the global agenda called the MDGs, is a positive instrument for poverty reduction (UNITED NATIONS, 2007<sup>a</sup>; ADEYEMI, 2014; Coffie-SBYAMFI, 2015; JIMOH, 2014; TSOKAR, 2015). Relevant political actors all over the world perceive poverty as a global phenomenon and challenge, which calls for co-operation across national, as well as institutional borders.

This is true because, there are global norms and practices dealing with the poverty problem including basic human rights resolutions and decisions of UN World Summits, particularly the Copenhagen Social Summit, which sought to strengthen and underscore the human rights bases for poverty reduction in the world.

According to the United Nations Millennium Development Goals, the fight against poverty belongs to the pivotal political challenges of the 21<sup>st</sup> century, requiring some kind of network structures between governmental and non-governmental actors at various levels in the field of poverty reduction.

Eberlei (2002) hypothesizes that drawing an interim balance, suggests that global poverty reduction efforts seem to be a good example for analyzing Global Governance. He emphasizes that based on credible Poverty Reduction Strategies theory, the most important principles of the new super weapon in the fight against poverty involves the medium term development path of a poor country, particularly its strategy to combat poverty, and by this means enlist international support and collaboration.

This will not only include social sector programmes, but equally the comprehensive economic and financial policies of the late-developing countries should be aimed at fighting poverty, and such policies must not be based on Bretton Woods Institutions, but rather manifests ownership and developed by the countries

themselves. Ownership of policies would suggest that not only governments are left to draw up public policies.

These should be a broad participatory process involving all active actors within a polity that encompasses nongovernmental organizations, co-operative societies and associations, grassroots groups, the academia, the press, political parties and the parliaments. This is critical because a poverty reduction strategy is never a once – and – for all approach.

It must be organized as a public policy cycle revolving around problem-analyses, strategy implementation, monitoring and evaluation and where necessary, revision of the strategy. Such a well and co-ordinated document for all poverty-oriented donor activities in a country, means that the donors should organize and co-ordinate themselves around the strategy and within the strategy in order to concentrate their efforts and to realize synergy effects as much as possible.

Eberlei (2002) insists that this approach to poverty reduction has been put in place by about 60 to 70 of the poorest countries by the end of May 2002, and the poverty reduction strategies requirement has already been fulfilled by 12 countries and another 33 countries have developed their own interim poverty reduction strategy. 25 out of these 45 countries are located in Sub-Saharan Africa, with a very high number of poor people.

Because of the destructive effects of poverty, the UN General Assembly comprising all 191 UN member states developed the Millennium Declaration pledging a new global partnership to reduce extreme poverty. The 22<sup>nd</sup> Resolution of this declaration reaffirmed the Declaration on Environment established during the 1992 UN Meeting in Rio de Janeiro, Brazil, known as Agenda 21.

The latter, an action plan, sought for ways to achieve sustainable economic development of resource limited countries, through attention to natural resource management and help future generations to meet their basic needs. According to UN (2007<sup>a</sup>) the MDGs are all deeply rooted in the concept of sustainable development. Since 2000, when the MDGs were first announced, developing country governments – aided by local and international agencies, have launched a number of initiatives focusing on one or more of the eight goals.



A half way (2007) report on progress toward the MDGs revealed that, although programmes have been implemented to achieve the goals it is not apparent that they will be successfully reached by 2015. In spite of some notable gains made in several areas, in many countries in Sub-Saharan Africa, given high levels of extreme poverty, the continent is not considered on track to achieving any of the goals by 2015.

Extreme poverty is measured by three indicators: the percentage of the population that lives on less \$1.25 a day; the number of people who live beneath the minimum income level deemed necessary to meet basic needs; and the share of national food consumption by the poorest 20 percent of the population. While China's successful poverty reduction strategy accounts for most of the world's gains in poverty reduction, East Asia's poverty rate tumbled from 80 percent in 1980 by 20 percent in 2005.

In contrast Sub-Saharan Africa's rate hovered around 50 percent over the same period. It is now known that the rate of poverty reduction has been much slower in low – income countries, especially in Sub-Saharan Africa where the absolute number of poor has continued to increase. The target of the UN is to halve 1990 extreme poverty and hunger rates by the end of 2015, which means that the percentage of improvised people defined as those living on less than \$1.25 or *f*0.83 a day – must fall to 25 percent by the end of 2015, while the proportion of people without adequate food security must be reduced to 12.5 percent.

But this laudable objective that could be achieved through the imperatives of global governance is likely to elude late developing highly indebted poor countries like Nigeria. Sub-Saharan African countries where corruption, illiteracy, conflict and poverty have become both epidemic and pandemic look up to the global bodies for assistance to enable them meet the MDG1 target of reducing poverty by one half of 1990 rate by 2015.

But most of these countries lack the political will to first fight corruption. For example, Bayagbon (2015) reports that researchers at the University of Massachusetts, Amherst, estimate that from 1970 to 1996, capital flight from 30 Sub-Saharan African countries totaled \$187bn, exceeding those nations external debts. Much of the money was proceeds of corruption.



Other estimates are that Nigerian leaders for example, stole more than \$400bn between 1960 and 1999. Lack of sound public policy strategies continues to accelerate corruption and poverty in countries like Nigeria. According to reports, the Federal Government of Nigeria (FGN) needs N5trillion to complete 8000 abandoned projects since 2009.

According to Orintunsin (2014) the FGN should formulate a national policy on innovation as well as set up a national implementation council on innovation development to drive entrepreneurship. Such critical public policy strategies like the Subsidy Re-investment and Empowerment Programme (SURE-P) put in place to reduce mass unemployment and poverty has been accused of poor implementation and hijack by politicians (ADELOWO, 2014).

During the general elections in Nigeria in the first quarter of 2015, Nigeria had to collaborate with relevant global bodies for a free and fair elections. According to Sheni (2014) "The European Union (EU) and Federal Government have signed a Memorandum of Understanding (MoU) to facilitate the monitoring of the general elections.

Nigeria as one of the biggest nations in Sub-Saharan Africa, values the presence of the international observers for its elections, since this is one of the pillars for strengthening democracy, having free, fair, credible, transparent and peaceful elections is seen as a way to poverty reduction. Nigeria over the years put in place some major public policy strategies to meet international standards as a way out of debt and poverty.

Among such policy instruments are the Nigeria Vision 20:2020, and the National Economic Empowerment and Development Strategy (NEEDS). According to Soludo (2015) he spent five weeks in the hotel with his team (as co-ordinator/chairman for drafting the National Economic Empowerment and Development Strategy).

Some of the reform targets in NEEDS became the conditionalities Nigeria was required to fulfill to merit debt relief. Nigeria is held behind MDG1 target as a result of public corruption. Laudable public programmes, like the Universal Primary Education (UPE) that sought to wipe out illiteracy and reduce poverty failed due to public and political corruption. (AGBOSU; ARCHANA, 2011; NNA, et al., 2010; MOMOH, 2011).

In general, government policies could influence the composition of GDP for example, through targeted infrastructure investment, change in the transmission channels between GDP growth and income, through market regulations or fiscal policies, aimed at poverty reduction, Coudouel, et al (2006), illustrate the model as in figure 1 below.

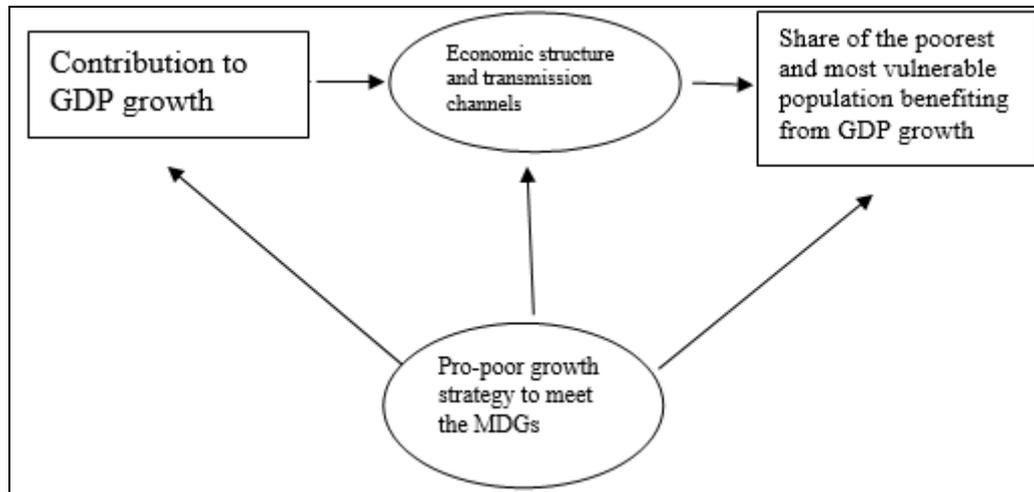


Figure1: Economic Policies and Poverty Reduction

Source: Coudouel, et, al (2006) p. 81

The NEEDS, as an economic blue print seeks to be the beginning of ‘a Nigeria with a new set of values and principles, which will facilitate the achievement of national goals of wealth creation, employment generation and poverty reduction’. The policy in itself is well designed and has received the acceptance of global bodies like the UN, UNDP, the World Bank, IMF among others (FAJONYOMI, 2006).

NEEDS recognizes that the fundamental challenge at this stage of Nigeria’s development is to meet the basic needs of its people and reduce poverty on a sustainable basis (SOLUDO, 2004). Nigeria records gross under-achievement of the MDG1 with a significant amount of its population still living below the poverty line, and with food insecurity, high child/maternal mortality, among others.

In line with the MDG1 on hunger and poverty, Nigeria Vision 20:2020 aims to reduce the number of people who suffer from hunger and malnutrition by 50 percent by 2015 and 75 percent by 2020. Despite these projections an estimated 60-70 percent of Nigerians continue to live in poverty.

According to Okocha (2015) Nigeria is far from blazing a paradigm shift for the Nigerian poor and the downtrodden despite a huge \$18billion debt write-off by the Paris Club in 2011. He reports Okonjo-Iweala as saying: “We have a coefficient in

equal. We live in a country where the rich can just wake up and decide to travel abroad just as their children school abroad and have access to good health care”.

By implication therefore, the Nigerian perspective is that despite the imperatives of global governance on poverty reduction, Nigeria is conspicuously off the track toward the achievement of the MDG1 target by 2015, due mainly to the impunity of bad governance characterized by corruption. Nigeria today has one of the highest unemployment rates in the world.

The unemployment rate has risen steadily since 2006 and by 2014 at 25 percent. However, the IMF projects that based on Nigeria's, 2011 GDP estimate (\$247billion), the country is likely to overtake South Africa to become Sub-Saharan Africa's largest economy by 2016 (UGBABE, 2012; UGOANI; IBEENWO, 2015; SOLUDO, 2015; 2004).

According to Kiljunen (2006), because representative democracy which is confined to nation states and does not seem to solve the common problems of the world such as poverty, the call for more democratic global governance has become ever lauder in recent years. Combating poverty places a high level of responsibility on global governance.

Present indications are that while some regions are on the way to reducing 1990 poverty rate by one half by 2015, other regions particularly the Sub-Saharan African countries where the world's extreme poor live are lagging behind the target. Poverty rate in Nigeria in 2000 was 74.0 percent. The figure rose to 83.0 percent and 88.0 percent in 2001 and 2002 respectively.

There was a reduction to 54.7 percent in 2004 with a slight increase to 55.5 percent in 2005, same figure recorded in 2008. In 2010 the figure stood at 60.9 percent, rising to 67.1 percent in 2011. The figure is put at 64.2 percent for 2013 and 2014 (NWAORGU, 2014; OKAFOR, 2014).

This scenario in one African country illustrates the situation in other poor African countries where the poor is getting poorer by the day despite the commitment of global bodies. The situation could have been worse without the intervention of the global bodies. The persistence of poverty is distressing because poverty is associated with destructive and dangerous behaviours, such as crime.

Poor people feel excluded and powerless, even though sometimes poverty is the result of a disability or a natural disaster, but many poor people seem trapped in a cycle of unemployment, inadequate education, drug abuse and crime (Klasen, 2007).

### **3. METHODOLOGY**

#### **3.1 Research design**

The survey research design was adopted for the study. Surveys are very useful in describing the features of a large population or a particular subset of the population such as the business community or the working class, or the unemployed. Surveys provide insight into society's ethical standards, tell researchers whose views are similar to the official views or norms of behavior, and show them how personal or universal standards evolve from an individual's perception of right and wrong.

Surveys are not characterized by manipulations and controls that dominate experimental studies. Populations involved in surveys are usually large. Surveys are oriented towards ascertaining and establishing the status quo, facts, or pieces of information at the time of the research and presenting such facts as they are or going further to analyze. Surveys therefore, could either be descriptive or analytical (OBODOEZE, 1996).

#### **3.2 Population**

The population comprised the people in Abia State, Nigeria. Abia State is one of the 36 states in Nigeria and it is believed that the opinion of the people in Abia State will provide a good representation of the views of the people in Nigeria.

#### **3.3 Sample and Size**

The sample was selected through the simple random sampling method, while the sample size was determined using the Yamane's technique.

#### **3.4 Data collection instrument**

Quantitative data were collected based on the core Welfare Indicators Questionnaire (WIQ). The (WIQ) is one of the latest in a series of survey instruments developed by the World Bank and its partners to help provide policy makers with household level information for policy formulation and evaluation. The (WIQ) is intended to provide information on poverty and the effects of development policies,

programmes and projects on living standards based on 30 items, duly validated and reliability confirmed (Klugman, 2002<sup>a</sup>).

### 3.5 Sources of Data

Data were collected through primary and secondary sources including questionnaire administration, interviews, observations, books, journals, newspapers, among others. The mixed method was used so as to complement, supplement and validate data through each other.

### 3.6 Data Analysis

Data were analyzed through descriptive statistics and Pearson's Product Moment correlation method using the statistical package for the social sciences, and the results presented in tables.

## 4. PRESENTATION OF DATA AND RESULTS

Table 1: GDP and HDI Trends in Nigeria 2005-2013

Year	GDP (Naira Trillion)	Human Development Indicators				
		Life Expectancy	Exp. Years of Schooling	Mean of Years of Schooling	GNI Per Capita (2011 PPP \$)	HDI Value
2005	14,57	48.7	9.0	5.0	3,830	0.466
2010	33.98	51.3	9.0	5.2	4,716	0.492
2011	40.54	52.1	9.0	5.2	4,949	0.496
2012	40.54	52.1	9.0	5.2	5,176	0.500
2013	Na	52.5	9.0	5.2	5,353	0.504

Source: Okafor, 2014

Table 1 showed the trend in Nigeria's economic performance and the corresponding movements in the country's HDI between 2005 and 2013.

Table 2: Annual Growth Rates in GDP and HDI

Year	GDP (Value) (N Trillion)	% Growth Rate	HDI Value	% Growth Rate
2005	14.47		0.466	
2010	33.98	133%	0.492	5.58%
2011	37.30	9.77%	0.496	0.80
2012	40.54	8.63%	0.500	0.81
2013	Na		0.504	0.80

Source: Okafor, 2014

Table 2 showed the annual growth rates in Nigeria's GDP between 2005/2013.

**Table 3: Nigeria's Poverty Levels (2004-2011)**

Poverty Measure (in %)	2004	2010	2011
Relative poverty (in %)	54.4	69	71.5
Absolute poverty (in %)	54.7	60.9	61.9
Dollar per day (in %)	62.8	61.2	62.8

Source: Okafor, 2014

Table 3 showed Nigeria's poverty levels between 2004 and 2011.

**Table 4: Trend in and status of Poverty**

Indicator	1990	1992	1996	2004	2010	2015 target
1.1: Proportion of population below USD 1 (PPP) per day (%)	NA	42.70	65.60	51.55	61.20	21.40
1.2: Poverty gap ratio (%)	32.10	NA	NA	29.60	NA	NA
1.3: Share of poorest quintile in national consumption (%)	5.0	5.10	5.10	5.90	5.50	NA

Source: Nigeria MDGs Report, 2013

Table 4 showed the trend in and status of poverty in Nigeria as at 2013.

#### 4.1 Correlations

(DataSet0)

**Table 5: Descriptive Statistics**

Measures	N	Mean	Std. Deviation
Glob. Gov.	5	.26	1.211
Pover Red.	5	6.12	2.151

**Table 6: Pearson's Correlation**

Measures		Glob. Gov.	Pover. Red.
Glob. Gov. Correlation	Pearson's	1	.883*
	Sig. (1-tailed)	5	.024
	N	5	5
Pover. Red. Correlation	Pearson's	.883*	1
	Sig. (1-tailed)	5	.024
	N	5	5

\*correlation is significant at the 0.05 level (1-tailed).

#### 4.2 Interpretation of result

The correlation result of approximately  $=.88^*$  showed a strong positive relationship between global governance and poverty reduction. This result goes ahead to support the views of other researchers and particularly the views of the world leaders who at the United Nations Millennium Summit in 2000 and placed poverty reduction at the heart of the global agenda.

The good news that the Middle East Asia and North Africa, among others are expected to reach the MDG1 target of reducing poverty by 50 percent of the 1990 level in their respective regions gives credence to the potency of global governance on poverty reduction. This result also supports the important views of Eberlei (2002) that global poverty reduction efforts seem to be a good example for analyzing global governance.

The Millennium Development Goals provide a new set of diagnoses to explain decision making in contexts of poverty. If social demands are beyond the control of the individual such a person will be unable to act upon his or her own desires. According to World Development Report (2015) a good approach at reducing poverty would involve providing poor families housing subsidy, mental and physical health services, earnings, employment and welfare programmes.

According to World Development Report (2015) World Values Surveys show that lower income is associated with a higher tendency to report that life is meaningless, to argue that it is better to live day-to-day because of the uncertainty of the future, and to reject adventure and risk.

The Report explains that data from low-income populations in France suggest that poor students have lower academic and employment aspirations than wealthier students who display the same degree of academic achievement. According to the United Nations MDGs the fight against poverty belongs to the pivotal political challenges of the 21<sup>st</sup> century involving a network of structures between governmental and nongovernmental actors at various levels in the field of poverty reduction.

### **4.3 Discussion**

The concept of global governance remains relevant even after the failed League. Decades after 1919 most nations of the world still look up to the global bodies like the UN, IMF, UNIDO, the World Bank and others for political, economic, and other forms of assistance like the reduction of global poverty and unemployment.

Global governance structure as a process of co-operative leadership that brings together sovereign governments, multinational public agencies, to achieve



commonly accepted global goals, like poverty reduction has come to remain as a permanent feature of the world today.

This is imperative because the question of a multiplicity of independent nations pursuing their own objectives and priorities exclusive of the collaboration of critical global bodies have not always produced the best results. For examples, nations of the world faced with modern warfare and civil conflicts, as rampant in the Sub-Saharan Africa have almost always depended on the global bodies like the UN, EU, AU, among others to secure the desired stability and progress in their individual nations or regions.

The problems of such issues as demographic change, climate change, alleviating health risks and many others cannot be solved without the active influence of global governance. It is to the credit of public policy and global governance that the UN set a time-bound and measurable goals and targets for combating poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women by 2015.

There is now no doubt that poverty is a global challenge. And it is also obvious that the MDG1 approach offers a network structure including very different actors at various levels, encompassing global norms, forming a strong basis for poverty reduction. Strategy involves interactions and interfaces between the national governance system and the global institutions shaped in a collaboration manner.

The national dimension ensures that the quality of participation is improved substantially in order to talk about democratically based global governance systems and interaction between the national and the global levels as co-operative. The central action in the poverty reduction framework is the national government which is politically responsible for the strategy and its implementation.

This means that at the national level the organized civil society, the organized private sector, associations, and nongovernmental organizations have to play a vital role. And at the global level, the UN, at the apex of global governance architecture set norms and goals for poverty reduction; in collaboration with the internationally active civil society, such as human rights organizations and development groups.

But very importantly more influential regarding poverty reduction processes are such global players as the IMF and the World Bank, as well as bilateral donors.



As they finance more than 50 percent of the national budgets of programmes in many countries, they can furthermore, decide about debt relief, and their influence on the national governments can be very strong.

Besides they also give support to local authorities, civil society and private sector organizations. Again, in the poverty reduction area, the UN's willingness to cooperate is high and it has quite a number of interactions with partners at different levels of national government, civil society, among others. The UN is the coordinating body for donors in respect of poverty reduction activities, involving dialogue with national governments, especially with the Ministry of Finance (MOF) as the lead agency in different countries of the world.

Depending upon which donors play an influential role in which country, the UN is cooperative. They interact with the MOF, but also with line ministries and to some extent with local organizations. Significant global bodies like the IMF and World Bank are not independent institutions.

The decisions within these organizations have the support of industrial countries that have majority of votes due to their capital input. Therefore, the support of these bodies brings into sharp focus the need for cordial relationship among the UN on the one hand, and the huge number of poor and weak late developing countries on the other hand. Again, this underscores the beauty of global governance.

#### **4.4 Recommendations**

- i) All nations of the world should key into the structure of global governance as a means of reducing global poverty, in furtherance of the MDGs objectives.
- ii) The structure of global governance should be streamlined to make it possible for weak nations to enjoy more benefits of its existence, for more prosperity.
- iii) Global bodies like the UN and EU should intensify the process of political education around the world with a view of reducing conflict and promoting the dignity of man.
- iv) The World Bank should ensure that empowerment is a process that occurs at different levels. This is against what happens in late developing nations where the language is only "Youth empowerment". This does not take care of "adult

empowerment” by paying workers salaries and pensioners allowances. A situation like this seems to perpetuate poverty across households and nations.

- v) The IMF should work out modalities through which banks should find it imperative to see lending to the productive sector and entrepreneurship development as tools for employment generation and poverty reduction. This is critical because lending to these important areas in the HIPC's leaves much to be desired, even in this millennium.

#### **4.5 Scope for further study**

Further study should examine the relationship between poverty and disease in late-developing countries. This may provide insight about low GDP in the areas.

### **5. CONCLUSION**

In recent history, Nigeria has come to be regarded as one of the largest economies in Africa. It is also one of the fastest growing economies in the World. However, according to Okafor (2014), in UNDP 2014 Report, the 187 countries covered were grouped into four, namely: very high HDI group, high HDI group, medium HDI group and low HDI group.

Nigeria was among the 43 countries Worldwide in the low HDI group. She shared the unenviable status with 35 sister African nations. With a HDI value of 0.504, Nigeria is ranked 152 of the 187 counties investigated around the world and 22 among 50 African counties covered in the survey. Available report of poverty levels in Nigeria also show upward movements between 2004 and 2011.

Each of the three indicators showed increasing trend in poverty levels in Nigeria. The Dollar per day index, which is the most common in use, showed that about 63 percent of Nigerians were living below the poverty line in 2011. The poverty bracket in Nigeria appears to be expanding rather than reducing with the passage of years, amidst a strong trend in economic growth.

Such trends generally suggest that with high poverty levels and gap in HDI Nigeria is very unlikely to attain the MDGI target in 2015. Nigerian experience could well be the result of weak governance, otherwise it should be able to leverage on global governance in at least nearing the MDGI target. The global governance

perspective appears to be the only credible vehicle to seek a way out of the poverty problem through its multinational collaborative efforts. As a contribution to research on global governance and poverty reduction, this study provides fresh evidence that global governance has very strong positive relationship with poverty reduction.

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