

## *Chapter Forty-three*

### OVERCOMING POVERTY: THE CASE OF "LIFT ABOVE POVERTY ORGANIZATION" AS AGENT OF POVERTY REDUCTION AND EDUCATIONAL ATTAINMENT OF POOR HOUSEHOLDS IN LAGOS STATE

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#### **Introduction**

Poverty is a pervasive phenomenon all over the world. The increasing trend in the level of poverty has become a leading public issue in the recent times. Poverty is currently the world's greatest threat to peace and stability more than terrorism and other highly publicized struggles. Governments of countries have continued to brainstorm on ways to arrest this situation but solutions have remained generally elusive. Sach (2009) pointed out that more than eight million people around the world die each year because they are poor to stay alive. The United Nations Development Project (UNDP) in 2010 estimated that roughly 1.4 billion people were living in extreme poverty, out of which, about 93% live in three regions, East Asia, South Asia and Sub-Saharan Africa.

Poverty, according to the World Development Report (1990), is the inability to attain a minimum standard of living. This means that people

whether living in slums around urban areas or in villages at the territorial level, are said to be poor if what they earn cannot purchase for them the basic necessities of life. For such people who are classified as poor, their incomes, even if adequate for survival, fall radically behind that which the community regards as acceptable.

Nigeria is bedeviled with many problems. These include deteriorating environment, inadequate housing, un-cleared refuse, epileptic power supply, poor roads, increasing insecurity for example insurgency, destruction of oil pipelines by Niger Delta militants, etc. Poverty still remains a big challenge in Nigeria, in spite of the government's efforts to bring it to the barest minimum.

The poverty level in Nigeria has been on the increase, rising from 28.1% in 1980 to about 64.4% in 2004 (African Development Bank, 2010; Federal Office of Statistics, 1999). Some of the factors responsible for this increase range from lack of skills, limited access to resources, drought, wars and environmental degradation. The World Bank (1999) reported that Nigeria's Human Development Index (HDI) was only 0.416 and that about 70% of the country's population was living below poverty level. Adekoya (2002) asserted that one in five (1.2 billion people, 66% of which are women) of the world's over 6 billion population live in abject poverty.

Adekoya continued that poverty has been linked with such major past experiences as the 400 years of slave trade (1400-1800), 150 years of colonialism (1800- 1950); and neocolonialism. The forceful and lopsided integration of Africa into the World Economy and its non-productive westernization have been named as other major reasons responsible for poverty in Africa. In sub-Saharan Africa, where about 25% of the World's poor live, about 291 million (47% of Africa's population) live in pervasive poverty.

Poverty seems to be one of the most visible problems that has assumed alarming dimension in the last few years. Poverty in Nigeria has



assumed a frightening dimension while the problem is a global phenomenon, its prevalence and pervasiveness in resource rich Nigeria is contradictory to the concept of development.

Hunger remains the most glaring evidence of poverty in Nigeria with many people unable to afford a daily balanced diet. Nigeria's Human Development Report indicated that the very poor spend 75% of their total income on food. Poor nutrition most often leads to widespread illnesses and diseases, both made acute by poor health care. Inadequacy of financial resources has affected adversely the individual family life. Parents increasingly find it difficult to send their children and wards to school. Yet, Nigeria has one of the world's highest economic growth rates, averaging 7.4 according to the Nigeria Economic Report released in July 2014 by the World Bank.

The level of poverty in Nigeria, particularly in rural and riverine areas of Lagos State, is alarming such that children of school age could not have access to basic education and families could not afford the basic needs of life. Poor people live without fundamental freedom of action and choice. Very often they lack adequate food and shelter, education and health, deprivations that keep them from leading the kind of life that everyone values. In most cases, they are confronted with the problem of extreme vulnerability to ill-health, and natural disaster (World Bank, 2001).

The resultant effect is that most victims of poverty and hunger are deprived of their daily needs. Most of them are unemployed since the basic skill and knowledge needed to be productive is not there because of lack of education and adequate nutrition required of a healthy living is not available. Even though there is free education in Lagos State, many parents in the rural areas are not still able to cope. The situation is so bad that many parents cannot afford writing materials such as books, pencils and biros, textbooks, and school uniforms. Many children walk on bare foot to school and without school bags. No doubt, this scenario indirectly reveals what is present in the home front of such a child

(Edoziem, 2015). It exposes the very high probability that such a child would not have been given adequate food at home to enable him/her withstand the academic stress that would be required for effective learning to take place. It is likely that the lower the educational attainment, the higher the poverty rates.

Effectively addressing the issue of poverty is a major challenge as a great percentage of the populace particularly in rural areas live in abject poverty (Onugu & Onuoha, 2015). In order to address the menace called poverty, successive governments have realized the need to empower the poor and provide them with the means by which they can make use of the abundant resources. In this regard, various programmes and policies that can provide the poor with opportunities to have better life have been put in place. Non-Governmental Organizations (NGOs) and community-based organizations are being encouraged to follow the pattern of the government. This encouragement probably led to the emergence of Lift Above Poverty Organization (LAPO).

LAPO is a Nigerian Organization with Microfinance Bank (MFB) dedicated to self-employment through microfinance and an NGO, a non-governmental, non-profit community development organization focused on the empowerment of the poor and the vulnerable. LAPO was set up by Mr. Godwin Eligiamuso in Ogwashi-Uku, Delta State, Nigeria to lift the poor out of the grip of poverty. It started its activities in 1987 and was formally incorporated as a non-profit non-governmental organization (NGO) in 1993.

LAPO focuses on assisting the poor, especially women, in raising their socio-economic conditions. The major goals and strategic objectives of LAPO are to enhance the income generating capacity of the poor through access to flexible financial services, to empower the poor, especially women, through self-esteem enhancing programmes, promoting gender equity to empower Community Based Organization (CBOs) and to promote healthy living through access to health living tips.



The products of LAPO include provision of Savings, Investments, Regular loans to meet clients working capital needs, Asset loans - to enable clients to acquire income generating assets, Credit for Shares, - to enable clients participate in privatization programmes, Farming loan, Mandatory and voluntary saving, to enable borrowers to cultivate the habit of saving for future needs. LAPO clients are engaged in micro and medium scale enterprises such as craftwork, food processing, fabricating, sewing, confectionary, soap making and a host of other income-generating activities to alleviate poverty (Jekayinfa, 2010). These services were found to have indeed targeted the poor. The paper therefore examines how LAPO has been an agent of poverty reduction and enhancement of the educational attainment of poor households.

### **Objectives of the Study**

This paper investigated the role of LAPO in alleviating poverty and enhancing the educational attainment of poor households. The purpose of this paper is to appraise the performance of LAPO as regards poverty alleviation among rural communities in Lagos State. Specifically, the paper was set out to:

- i. Examine the modalities for the disbursement of loans to individuals.
- ii. Ascertain the extent to which loans borrowed have assisted in reducing the level of poverty of the beneficiaries
- iii. Determine the effects of loans borrowed on the educational attainment of poor households.

### **Research Questions**

The following research questions were raised to guide the study:

- i. What is the level of the disbursement of loans to individuals?
- ii. To what extent have loans borrowed assisted in reducing the level of poverty of the beneficiaries?
- iii. What are the effects of the loans borrowed on the educational attainment of poor households?

### **Method**

The descriptive survey research design was adopted for this study. The

population comprised all LAPO liaison officers and clients within the rural and riverine areas of Lagos State. The stratified random sampling technique was employed to select 100 participants across Four LAPO centers.

The instruments for data collection were researchers' developed structured questionnaire and interview schedule. A four-point rating scale of Excellent, Very High, High, and Low was employed. The instruments were validated by experts and the reliability coefficient was 0.75 using the Pearson's Product Moment Correlation Coefficient. The research questions were answered using percentages. Data were presented in tables according to the research questions.

## Results

The data collected were analysed and the results are as shown below:

**Research Question One:** What are the levels of the disbursement of loans to individual?

**Table 1: Disbursement of loans by LAPO to clients**

Degree of Disbursement	Frequency	Percentage
Excellent (80-100%)	-	-
Very High (50-79%)	50	50
High (40-49%)	35	35
Low (0-39%)	15	15
<b>Total</b>	<b>100</b>	<b>100</b>

*Source: field work*

Findings from the Research Question One shows that majority of the participants affirm that the modalities for collection of loans were very high. Some of the participants were of the view that the rate of disbursement was high. This meant that modalities were adequate and did not involve long processes and clients were encouraged to apply for loans to invest in their businesses.

**Research Question Two:** To what extent were loans borrowed assistance in reducing the level of poverty of the beneficiaries?



**Table 2: Reduction of poverty through LAPO services**

Reduction of Poverty	Frequency	Percentage
Excellent (80-100%)	-	-
Very High (50-79%)	63	63
High (40-49%)	20	20
Low (0-39%)	17	17
<b>Total</b>	<b>100</b>	<b>100</b>

The findings from RQ2 again showed that majority of the participants were of the opinion that services from LAPO had brought about improvement in the standard of living of poor households. To further attest to the reduction of poverty through LAPO, participants affirmed that benefits from LAPO were much, since LAPO has enhanced clients' productivity which has translated to improved living conditions.

**Research Question Three:** Would loans borrowed affect the educational attainment of poor households?

**Table 3: Loan borrowed on Educational Attainment**

Educational Attainment	Frequency	Percentage
Excellent (80-100%)	-	-
Very High (50-79%)	60	60
High (40-49%)	25	25
Low (0-39%)	15	15
<b>Total</b>	<b>100</b>	<b>100</b>

*Source: field work*

Findings from RQ3 indicated that 60% of the participants (clients) were of the view that a very high number of client children had access to quality education as LAPO had increased the level of their income. It implies that loans borrowed from LAPO by clients and other beneficiaries to a larger extent, helped them to send their children to school especially those whose children could not attend any form of schooling at all. This shows that loans from LAPO had brought about improvement in the educational attainment of the children of the poor.

### Discussion

The findings indicated that the level of disbursement of loan to clients is adequate. This implies that for any clients to borrow loan in order to engage in economic activities such as craftwork, soap making and so on, they have to agree to stipulate rules of disbursement of loan by the organization. Moreover, the modalities are adequate and encouraging to clients. Clients are happy to pay in good faith and at the specified period of time. The finding has similarities with the findings of Jekayinfa (2010) when she asserts that LAPO clients engaged in micro and medium scale enterprises such as food processing, fabricating, soap making and other income generating activities to alleviate poverty. Filling of registration form, opening of an account with 10% of the amount for clients who want to get loan, two guarantors among other are the strategies for the disbursement of loan. After this, little amount will be paid for insurance premium respectively according to the amount borrowed as loan (Edoziem, 2015).

LAPO has highly influenced the educational attainment of their children. This is because loans invested in their businesses, in the long run yield profit which now serves as a means of engaging in economic activities that enable the beneficiaries to take proper care of their children's education. Education is seen as an instrument to help people change their condition of living while taking actions and exploring their skills that make them competitive in a productive field. The parents now have a choice to make between public which is free and private schools where they have to pay schools fees for the children to receive



quality education, Those who ordinarily could not afford to send their children to private schools, now because of the LAPO services available to them are able to do so. However, it is good to note that there are categories of private schools in the state and the country as a whole in term of school fees. This implies that beneficiaries have opportunities to live above poverty. This finding is in line with Edoziem (2015)'s study that poor households who benefited from government policy of alleviating poverty are at the advantage of sending their children to schools of their choice having been equipped through non-government organization intervention such as LAPO services and sending their children to school will make for acquisition of skills and knowledge which they will need to become productive and depart from the woes of poverty.

The study also understood that to an extent, for children of the poor to receive good quality education, the status of the parents must be measured up with socio-economic reality in the country. In other words, the higher the status of the parents, the higher the quality of education given to their children and vice versa.

Loan borrowed from LAPO has assisted in reducing the level of poverty of the beneficiaries, and by improving the standard of living of the people. Poor households who are equipped through these services are now in a better position to experience good source of income as well as living a better life, since the organization disburses loan also for micro and medium scale enterprises.

Furthermore, it also helps people to develop their sense of self-worth, value themselves and recognize their strength towards embracing the poverty reduction programmes. This agrees to the survey of the United Nations and Development (2013) as the opinion that teaching people to use their own knowledge and abilities will always be the best remedy for problems relating to poverty or any other condition. It appears that providing households with the capacity to generate income through access to flexible financial services will enhance the educational attainment of such households as well as create opportunity for them to

make use of their full potentials, have access to basic needs of life, be productive and contribute positively to the economic development of the society.

However, LAPO has its shortcoming. Several challenges of the organization were noted ranging from high interest rate on loan, smallness of loan size to low saving mobilization.

### Conclusion

The services of LAPO which centered around the cultivation of its clients' saving behaviour, provision of access to flexible financial services to empower the poor especially women, engaging in micro and medium scale enterprises such as craftwork, food processing, fabricating, sewing, confectionary and a host of other income generating activities targeted to reduce poverty and enhance the educational attainment of poor households. The poor households can only experience improved standard of living when they are empowered through education and other skill acquisition.

### Way Forward

1. The rate of disbursement of loans should be stress free and affordable to LAPO clients so that poverty can be reduced to a large extent and the educational attainment of the children of the poor households will be enhanced.
2. LAPO and other NGOs should have easy disbursement and repayment plans put in place for their clients.
3. More awareness about the services of LAPO efforts should be intensified by creating more awareness and access to the laudable programme of LAPO.
4. There is the need to examine the gap between interest on saving and credit facilities. It is deduced from the study that there are complaints of low interest on saving and high interest on loans by the clients.



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