

The Poverty Challenge in Africa: Innovative Cooperativism through Political Incentives. A Case Study of Nigeria

El desafío de la pobreza en África: Cooperativismo innovador a través de incentivos políticos. Un estudio de caso de Nigeria

O desafio da pobreza na África: Cooperativismo inovador através de incentivos políticos. Um estudo de caso nigeriano

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Abstract

This work, with the use of Nigeria as a case study, seeks to highlight a mode of redirecting Africa's resources in solving the problem of poverty currently experienced by the continent. It focuses on the restructuring of humans and rechanneling of material resources. Using descriptive analysis as the method of research, it examines relevant data and attempts to make two fundamental and justifiable claims.

The first claim is that "innovative cooperativism", a uniquely developed form of economic socialization of the people in the form of collective self-help, built around the ideas of cooperation, cooperatives and solidarity economics, should be at the centre of breaking the enduring circle of African poverty; a strand of poverty which has often shown resistance to development. Although innovative cooperativism is a viable concept in addressing the poverty challenge and mobilisation for development, the concept is yet to be embraced by a significant section of Nigerian people, cooperatives, mutual and self-help groups due to the absence of political incentives.

The second claim responds to the first by proposing that the three tiers of the Nigerian government should ensure a policy of benevolent but strict and disciplined welfarism in the form of political incentives to its development drives, anchored onto innovative cooperativism. Thus, contemporary poverty challenges in Nigeria are addressed through a system of standardised political incentives to the responsive mode of self-help on the part of the people, creating an effective synergy of government and people, thereby combating poverty at its very roots.

Therefore, a discursive attempt is made at achieving better development outcomes by first reducing pettiness and poverty through innovative cooperativism, fuelled by political incentives such as low interest loans, grants, free or subsidized training, concessionaires etc. A consensus on the part of government and people on policy and actions built on the philosophy of innovative cooperativism, supported by political incentives, is identified as an imperative to addressing the Nigerian poverty challenge and achieving better development outcomes. Thus, an efficient contemporary model is proposed for the economic and social development of Nigeria and Africa at large.

Keywords: Economic development, Innovative cooperativism, Nigerian poverty, Political Incentives

P13 Empresas cooperativas

P46 Otros sistemas económicos: economía del consumidor; Salud; Educación y entrenamiento; Bienestar, ingresos, riqueza y pobreza

O35 Innovación social

Resumen

En este artículo se investiga a Nigeria como estudio de caso, y busca resaltar un modo de redirigir los recursos de África para resolver el problema de la pobreza que actualmente experimenta el continente. Se centra en la reestructuración de recursos humanos y canalización de recursos materiales. Usando el análisis descriptivo como método de investigación, examina datos relevantes e intenta hacer dos afirmaciones fundamentales y justificables.

La primera afirmación es que el "cooperativismo innovador", es una forma de socialización económica desarrollada entre personas en forma de autoayuda colectiva, construidas alrededor de las ideas de cooperación, cooperativas y economía solidaria, debería estar en el centro de romper el círculo duradero de la pobreza africana; un hilo de pobreza que tiene a menudo se muestra resistencia al desarrollo. Aunque el cooperativismo innovador es un concepto viable para abordar El desafío de la pobreza y la movilización para el desarrollo, el concepto aún no ha sido aceptado por una sección significativa del pueblo nigeriano, cooperativas, grupos mutuos y de autoayuda debido a la ausencia de incentivos políticos.

El segundo reclamo responde al proponer que los tres niveles del gobierno nigeriano deberían garantizar una política de bienestar benevolente pero estricto y disciplinado en forma de incentivos políticos para su desa-

rollo. Por lo tanto, los desafíos contemporáneos de la pobreza en Nigeria se abordan mediante un sistema de incentivos políticos estandarizados al modo receptivo de autoayuda en la parte de la gente, creando una sinergia efectiva de gobierno y personas, combatiendo así la pobreza en sus raíces.

Por lo tanto, se hace un intento discursivo para lograr mejores resultados de desarrollo al reducir primero la mezquindad y pobreza a través del cooperativismo innovador, impulsado por incentivos políticos como préstamos a bajo interés, subvenciones, capacitación gratuita o subsidiada, concesionarios, etc. Hay un consenso por parte del gobierno y las personas sobre políticas y se identifican en las acciones basadas en la filosofía del cooperativismo innovador, apoyadas por incentivos políticos. Este es un imperativo para abordar el desafío de la pobreza nigeriano y lograr mejores resultados de desarrollo. Por lo tanto, se propone un modelo contemporáneo eficiente para el desarrollo económico y social de Nigeria y África en general.

Palabras clave: desarrollo económico, cooperativismo innovador, pobreza nigeriana, incentivos políticos.

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O35 Innovación social

Resumo

Este artigo investiga a Nigéria como um estudo de caso e procura destacar uma maneira de redirecionar os recursos da África. resolver o problema da pobreza que o continente está enfrentando atualmente. Concentra-se em recursos de reestruturação canalização de recursos humanos e materiais. Usando a análise descritiva como método de pesquisa, examinados relevantes e tenta fazer duas alegações fundamentais e justificáveis.

A primeira afirmação é que o "cooperativismo inovador" é uma forma de socialização econômica desenvolvida entre pessoas sob a forma de auto-ajuda coletiva, construídas em torno das ideias de cooperação, cooperativas e economia solidária, deveria estar no centro de romper o círculo duradouro da pobreza africana; um fio de pobreza que tem resistência ao desenvolvimento é freqüentemente mostrada. Embora o cooperativismo inovador seja um conceito viável para enfrentar Desafio da pobreza e mobilização para o desenvolvimento, o conceito ainda não foi aceito por uma seção significativo do povo nigeriano, cooperativas, grupos mútuos e de auto-ajuda devido à ausência de incentivos políticos.

A segunda alegação responde propondo que os três níveis do governo nigeriano deveriam garantir uma política de bem-estar benevolente, porém estrita e disciplinada, sob a forma de incentivos políticos para seu desenvolvimento. Portanto, os desafios contemporâneos da pobreza na Nigéria são abordados através de um sistema de incentivos políticos padronizados para o modo receptivo de auto-ajuda em parte do povo, criando uma sinergia eficaz entre governo e povo, combatendo assim a pobreza em suas raízes.

Portanto, é feita uma tentativa discursiva para alcançar melhores resultados de desenvolvimento, reduzindo primeiro a maldade da pobreza através do cooperativismo inovador, impulsionado por incentivos políticos, como empréstimos a juros baixos, doações, treinamento gratuito ou subsidiado, revendedores etc. Existe um consenso por parte do governo e do povo sobre políticas e são identificados em ações baseadas na filosofia do cooperativismo inovador, apoiado em incentivos políticos. Este é um imperativo para enfrentar o desafio da pobreza na Nigéria e alcançar melhores resultados de desenvolvimento. Portanto, um modelo contemporâneo eficiente para o desenvolvimento econômico e social da Nigéria e África em geral.

Palavras-chave: desenvolvimento econômico, cooperativismo inovador, pobreza nigeriana, incentivos políticos.

P13 Empresas cooperativas

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O35 Inovação social

Introduction

In this paper, the basic argument is, if well harnessed, political incentives can be mobilised to enhance cooperatives, mutual groups, etc. into "innovative cooperativism", a philosophy around the advanced economic socialization of the people toward developmental purposes. My presumption is that Africa possesses adequate resources to overcome its poverty challenges if proper linkages are drawn between government and the people. This paper is constructed on the presumption that cooperatives, mutual groups, self-helps etc. are ready platforms upon which a better managed public sector could develop its service delivery potentials. This is anchored on the basis that ideal behaviours by key political actors and institutions, in the short-term will promote aid effectiveness, and grow meaningful roles in social stability and economic development in the medium and long-term.

The challenges of ending extreme poverty in Africa have been long drawn and fraught with peculiarities and paradoxes. In Nigeria, reports from the National Bureau of statistics (NBS) covering a period of 15 years, 2004 to 2017, indicate a scathing revelation of the poverty level in Nigeria. In that period 55 % to 65 % of the country's population have lived in conditions of relative poverty. According to Okoye (2013), this serious escalating crisis of poverty goes with unemployment and disease. It viciously revolves around poor infrastructure, unsustainable consumption, unsustainable use of the environment, obsolete technology, low access to proper education, poor health care, etc. The height of the poverty paradox is the capacity of the Nigerian economy to record consistent growth without a commensurate generation of employment, development of infrastructure nor reduction in poverty-. The "jobless growth" in Nigeria and the pain that comes with it attest to, and reflect the depth of, poverty in Nigeria.

In essence, extreme widespread poverty and underdevelopment often go hand-in-hand, projecting a weak, distressed political economy. This naturally raises the question of institutional response to the poverty challenge. Yagboyaju (2010) raises the following questions in this regard: (a) What is so important about the relationship between politics (public administration) and economics (development) in Nigeria? (b) How deep or broad should this relationship be? (c) In what ways can this relationship and its management affect the developmental aspirations and goals in Nigeria? (d) What are the distinctive characteristics, in respect of the personal (leaders, followers and the reciprocal exchanges between them) and processes, which enhance openness, accountability and the rule of law. The following questions are then added: (a) How well and how often do Nigeria and African countries take self-appraisal on issues around their political economy? (b) How well and how often do Nigeria and other African countries take a comparative analysis of their political economies in comparison to

developed and developing countries around the world, especially, those of Southeast Asia? (c) What needs to be done to reverse poverty in Africa and trigger the desired development? The above questions primarily beg for institutional responses. To this extent, the questions above should be addressed by both public and private sectors, and for the purpose of this study, the government as well as the people.

It is argued that governments in Africa are either dictatorial or democratic and tend to be domineering, both in policy formulation and implementation (Claude Ake, 1996). Governmental position goes deep into the success or otherwise of service delivery in Africa. But the obvious poverty on the continent and its multiplier effects are clear testimonies that the governments in Africa have been reasonably unsuccessful in the discharge of their institutional roles. Although, there are some examples of total state failures in Africa (e.g. Somalia, Liberia (1992-2004), the purpose here is focused on the failure of the state to promote human development; what Williams (2007) described as human flourishing. Zimbabwe under Mugabe and the Democratic Republic of Congo under Mobutu Sese Seko are cogent examples. African governments with less dictatorial leadership have also shown consistent rhythms in the form of a disconnect with their people. This manifests itself in policy formulation, appearing well thought out and with the interest of the people properly considered, but with execution and feedback showing a recurring disconnect between the government and the governed.

In such precarious instances, people look inwards to solve problems that arise because of the failure by the state. Because individual input has gross limitations, a resort to self-help often comes in the form of communal efforts and cooperative societies or, depending on the challenge at hand, a community in the provision of water, electricity, repairs of roads, etc and cooperative societies to promote social bonds and the support of business and economic activities.

Whereas, the government appears to discharge its duties, out-put shows a significant disconnect with the supposed beneficiary, the people, while on the other hand, the coming together of minds to solve problems on the part of the people produces less than the desired results due to the following reasons, Friis-Hansen (2017):

- a) the larger percentage of the people are immersed in financial poverty, the totality of their coming together often ends up insignificant in the face of massive problems created by the state;
- b) mental poverty on the part of the people; this manifests in the form of poor managerial expertise to run the affairs of the "self-help" and mental pettiness which prevents the coming together of different groups to synergise

or even merge to consolidate gains through the formation of a bigger front; and

- c) The absence of a meeting point, between the efforts of the people in their capacity as groups and the various efforts of the government, which is the dominant and better equipped of the two institutions.

The above, and other similar issues and questions that may arise in subsequent sections, will provide the guide for this study.

In addition to the foregoing introduction, this study has four other sections. These are namely, Preliminary Explication of Concepts; Descriptive Analysis of the Poverty Challenge in Nigeria; Cooperatives and Innovative Cooperativism; Political Incentives and the Poverty challenge in Nigeria; Conclusion and Recommendations.

Preliminary Explication of Concepts

Nigerian Poverty and Economic Development

The multi-disciplinary approach to the study of poverty has made a definition of the concept difficult. While some, such as Grusky and Kanbor (2000, p. 11), define poverty in monetary terms, with levels of income and consumption to measure poverty, others such as Lipton and Ravallion (1993:1), define poverty from the parameter of those that fall below a given income and consumption line. However, other approaches such as the basic needs approach, as canvassed by Streeton (1981), and the capabilities approach by Amartia Sen (1999), soon culminated into the United Nations Development Programme (UNDP) Human Development Index (HDI) which is a composite measure of three fundamental dimensions of human development: (a) life expectancy; (b) education attainment; and (c) standard of living, measured by income in terms of its purchasing power parity UNDP (2006, p. 263). Poverty, in the African sense, focusing on Nigeria, is about the gross inability to attain potentials, inability to acquire beyond the basic and inability to optimize resources. The Organisation for Economic Co-operation and Development conceptualizes poverty as the interplay of deprivation in the economic, political, socio-cultural and human spheres (OECD, 2006). This rightly captures the African situation, and the interplay of the variables goes further to create a state of minimal, or in some cases, complete lack of opportunities for Africans which tends to destroy the dignity of those affected. It creates helplessness and parasitic relationships, which often lead to the loss of both self-confidence and self-respect on the part of those affected. The UNDP has consistently rated Africa, especially

Sub-Saharan African (SSA), as the poorest region in the world, with some 400 million people, about half the population, living on less than US\$2.60 a day. African poverty easily reflects in poor income and a consequent poor disposable income/purchasing power syndrome. However, it is the product of a vicious blend of politics, economics, societal and environmental challenges, rolled into one, with the poor virtually unable to surmount the challenge. As posited by Narayan (2000), the poor themselves see powerlessness and voicelessness as key aspects of their poverty.

Cooperatives and Innovative Cooperativism

Poor Africans are social beings. Though powerless and voiceless, they do exercise power and relate on socio-economic issues among themselves; even from time immemorial. Schwettwamn (2014) posited that traditional systems of cooperation, mutuality, reciprocity and solidarity exist in all African societies, and they have remained vibrant till today, in particular in rural areas and in the urban informal economy. Cooperative societies and cooperative efforts geared towards addressing economic and social problems are commonplace in Africa. However, in the face of pressing pressure from constant government failures, they tend to be too small and sometimes arrive too late. Modern cooperatives were introduced into Africa by the colonial masters. After independence, many African countries identified and projected cooperatives as tools for economic growth and social stability, often along the path of state welfareism or African socialism. The African cooperatives of the immediate post-colonial era received significant state support. They were largely seen as government partners in socio-economic development. However, the mid-1980s through the 1990s saw the beginning of the end of the once robust African cooperatives. Schwettwamn, (2014, p. 4) identified two factors responsible for the decline: (a) Structural Adjustment; and (b) Democratization. The severe economic and financial crisis of that era aroused in the public, development practitioners e.t.c agitations against the lacklustre performance of both government and its various development partners including cooperatives. This gradually exposed the corruption and inefficiency in government of which the cooperative societies were channels and partners. The economic and financial crisis brought many African countries, including Nigeria, under the tutelage of the World Bank and the International Monetary Fund (IMF) which in turn saw the implementation of the Structural Adjustment Programme (SAP). This came with the withdrawal of various privileges which the cooperatives hereto enjoyed e.g. subsidies. To Guelke (1996), the collapse in 1989 of communism after the fall of the Berlin Wall, meant the Western Bloc, with its insistence on democratization of all government around the

world, became perhaps the only, but certainly the dominant, ideology many African states under the grip of the World Bank and the IMF and without the support of the Eastern Bloc were left with. There were agitations for democratic reforms and popular participation. This indirectly promoted the presence of private small and medium scale enterprises, who soon rivalled the cooperatives who were already committed to the government as parasitic partners. Thus, the 1990s witnessed a rise in the quantity and quality of small-medium scale enterprises, but saw the downturn in the fortunes of the cooperatives. The above establishes the fact that political incentives were once the pillar upon which the robust years of the African and Nigeria cooperative were built. However, this paper is a study on the place of political incentives and innovative cooperativism in the African poverty challenge.

A look at the current state of cooperatives in Africa in comparison to the pre-1990s shows some striking similarities in terms of number, but deep contrast in substance. According to the ILO (2007), about 7 % of Africans participate in one form of cooperative or another; this is exactly the same as what was obtained in the pre 1990s. This does not include the numbers in the less formal and non-formal cooperatives. However, the scathing contrast is first observed in the weakened position of the Registrar of Cooperatives, a public office that mobilises, disburses and regulates for the cooperatives, among many other important functions. This has led to the unavailability of reliable statistics on cooperatives and their members, an issue that is imperative to the proper formulation of policies and their implementation.

As the well-known unified cooperative model weakens, so emerge other models of self-help e.g. mutual benefit groups, community-based groups, trade groups etc. Wanyama (2009) posits, the shock waves that hit African cooperatives in the mid-1980s and finally reduced them to shadows in the 1990s are still very much present in African states, and they are in various forms. However, the cooperatives now have before them more significant roles to play. These roles are wider in form and deeper in substance in comparison to the pre-1990s. Whereas, the pre 1990s cooperatives were primarily workers, agricultural and agro-allied oriented, the current cooperatives exist not only as cooperatives, but in other forms, such as community oriented self-help, mutual benefits, committee of friends, single-purpose transitory self-help groups, etc. This aside, they transcend virtually all the sectors of economic and social spheres of Nigeria. Whereas cooperative societies were known in the pre-1990s as tools for growth and development, in their current state, they are about survival and growth. Thus, one could state that, though the cooperatives were formerly on top of their game, they are currently struggling for survival. Nevertheless, they remain relevant to current challenges, and in the face of recurring failure on the part of the government in

the discharge of its duties, they remain perhaps the only option for a “people and government” induced development. What is required, is the repositioning of the various models of cooperatives through the twin tools of internal and external restructuring for current challenges. As posited by Schwettmann (2014), cooperatives are currently facing three major crises; namely: (a) crisis of identity; (b) crisis of environment; and (c) crisis of management. Cumulatively, these have reduced cooperatives to a weak “bottom-up” partner in the supposed government/cooperatives economic development synergy. Innovative cooperativism is in the robust resolution of the three crises (Identity, Environment, Management) identified by Schewettmann (2014), and further repositioning of cooperatives along global best practices.

The paper proceeds to briefly discuss findings on the above.

Many cooperatives go by the nomenclature of cooperatives but are not so in character. Cooperatives are built and operated on some basic principles such as: Association of persons voluntarily joined together, Democratic control, Business organisation, Equality and equitable contribution to capital, Acceptance of a fair share, risk and benefit, (Awojuyigbe, 2007). The moment any of the above principles is lost, the process of de-cooperatives begins with the end results often at variance with supposed cooperative results. The legal framework, institutional and administrative structure currently in place in Nigeria and many African states are preventing, rather than supporting, the emergence of genuine, self-managed cooperatives. The withdrawal of subsidies, state protection and government control has weakened cooperatives and made them vulnerable, thus reducing their capacities.

This study does not argue for the re-enactment of the pre -1990 styled cooperatives, but rather true cooperatives that strictly conform to characteristics of cooperatives as identified by the ILO, with a modern legal, institutional and administrative structure that guarantees a private but socially oriented management. This will form the basic structure upon which innovative input can be built. From here, successful models from other climes e.g. Kittbuzt in Israel, Madragon in Spain can be cultivated along with political incentives.

Political Incentives

Incentives are the things that encourage, propel, trigger or motivate a person, persons or institution to choose to act or work and to conduct such affairs in a particular manner or sequence. Incentives are the promissory factors behind choices made. Incentives may be classified as follows; remunerative incentive, moral incentive, coercive incentives. Incentives could also be classified into financial and non-financial

incentives. The purpose here is to inquire into political incentives, the Nigerian way. Nigeria returned to constitutional democracy in 1999. Since then the following pattern of political incentives have been observed in our socio-economic landscape; formal incentives, informal incentives, incentives to formal entities, incentives to informal persons and entities. Formalised political incentives often come in the form of grants, tax rebates etc. Examples include the TETFUND, Petroleum Equalization Fund, low or non-payment of custom duties on the importation of Agricultural and medical equipment etc. These are often enjoyed by only formal organizations or registered persons e.g. universities, hospitals, registered businesses etc.

Informal incentives come in the various allegedly unapproved tax holidays, under-pricing of goods and services on the part of government to preferred formal and non-formal entities. Recently Mallam Nasir El-Rufai, the Governor of Kaduna state, confessed to paying foreign murderous Fulani herdsmen to stop killing innocent residents of the state, while another recent example is the proposed acquisition of private land by the Federal Government of Nigeria for the purpose of cattle colonies for modernizing the business of cattle rearing in Nigeria. Political incentives often come to Nigerians in the form of direct hand-outs that politicians give to the electorate such as cooked food, food stuffs, cash gifts and donations of basic items of equipment to support micro businesses, such as sewing machines, grinding machines, motorcycles etc. The out-going Governor of Ekiti State, Ayodele Fayose, proudly labelled it "stomach infrastructure", a clear attestation to its pettiness, as they are primarily made to win votes during elections and retain some political loyalty within the population of the poverty-stricken masses. It presents to the beneficiaries nothing more than an inconsistent source of subsistence living. A major claim of this study is that the various government leakages, in the form of formal and informal political incentives, could be mobilised for national development if re-channelled into the cooperatives.

Nigerian Development

The subject of Nigeria's development has been around since the 1950's. A fair assessment will show that it has not been static; rather, it has posted some impressive results on some fronts such as the overall quality of life, growth in the GDP, expansion in the service industry etc. The scathing contrast is the rise in underemployment, unemployment and poverty. According to Falola (2018), statistics show that Nigeria is the largest economy in Africa, but also identifies the country as one of the poorest in the world. In 2015, GDP was valued at \$510 billion with about 7 % growth rate per annum, the 26th largest in world; however, human development continues to lag

behind due to bad politics, gross mismanagement and corruption, cumulating into a disconnect between the government and the governed. The disconnect between government and governed is at the foundation of Nigeria's economic underdevelopment. It breeds and sustains encumbrances to the full optimisation of resources, which leads to unsustainable development and sometimes political instability. These unsustainable attempts at development were made evident in the failure of the country to sustain the momentum of the economy of the 1970's, partly due to the oil boom, resulting in the decline during the 1980s due to the oil glut. The multitudes of conversations, myriad of conferences, numerous suggestions and many policies were unable to bring about the desired development on account of their alienation or estrangement from the people.

There are five important development actors in the sphere of the Nigerian-economy: the international community, the Nigerian government, the large organized private sector players and the un-organized private sector players. On the one hand, there is a relative harmony between the first three actors, and a relative harmony between the last two on the other hand. This "harmony" is about quality and quantity of interaction, and class identification. The former is more governmental, while the latter is more about the governed. The inability to have in place an effective comprehensive policy framework that links and builds on the strengths, weaknesses, opportunities and threats (called SWOT analysis), inherent in the two classes, is at the background of Nigeria's poor economic development, unsustainable development and consequently poverty. It is understandable to see how learned authors trace the poverty in Africa to the deficient political economy created by the slave trade and colonial rule. The rape on human and material resources surely leaves lasting marks on the continent.

However, colonial rule brought with it some basic advantages, such as the bringing together of various sub-ethnic and ethnic nations into single states e.g. prior to colonial rule the Igbo ethnic group in Nigeria was deeply rooted in its acephalous tradition, but the colonialist moulded them into a single unit within the defunct Eastern Region of Nigeria. Various ethnic nationalities were brought together to form states. An example is Nigeria, where the Yorubas, Ibos, Hausas, Jukun, Fulanis etc. were formed into a single state, though this brought with it some problems e.g. artificial borders that puts members of a nationality into one country and other members of the same nationality into another. It also availed Africans the opportunity to understudy Western styled political and economic administration. This gave Africans the opportunity to form a hybrid of Western and African traditional modes of administration, an idea that appears not well harnessed.

A Descriptive Analysis of the Poverty Challenge in Nigeria

Poverty in Nigeria is rampant, and widespread. Sometimes about 70 % of Nigeria's population is said to be poor with about 50 % of the population living below the poverty line. About 30 % lives in abject conditions, 85 % of those in cities live in overcrowded spaces, about 40 % of the population lack access to clean water, 60 % of youths have no decent jobs, Falola (2018). These numbers show that development has been elusive, and by consequence poverty might just have been inevitable. Nigeria has six constitutional unrecognized geopolitical zones, 36 states within a Federal Capital Territory and 774 local government areas. The following classification of poverty can be observed in Nigeria; "absolute and relative poverty" and "transitory and chronic poverty". The Northern part of the country, with 19 of the 36 states, is worst hit with poverty in the following order of geopolitical zones; North East, North West and North Central, their peculiar poverty the cultural belief of the majority of the people which abhors western styled education, encourages early girl child marriages and also promotes the "almajiri", among other anti-development practices. It is worthy of note that the North participates less in the practice of cooperatives in comparison to the South. The South of Nigeria has 3 geopolitical zones; South West, South-South and South East.

In comparison, the level of poverty is lower in the south due to wider acceptability and reception given to western education, a traditionally less feudal and more liberal society and its consistent non-governmental drive to move in the way of Western civilization. The south also shows a higher degree of harmonious relationships among its various ethnic nationalities. Generally, Nigeria's poverty within the scope of post-colonial Nigeria is substantially a product of bad politics and political instability, income inequality, ethnic conflicts etc. The bad politics has its foundation in the defective geopolitical structure the British colonialist left for us at independence, a huge Northern region carved beyond its natural boundaries, resulted into smaller Western and Eastern regions, together smaller in size than the Northern region. The aberration of military rule and its dominance by a section of the country, the loyalty of a cross section of senior military officers, and their penchant to act in manners advantageous to a particular sectional interest. Political instability, due to shift from civil to military rule and vice-versa before arriving at the current civil rule which has lasted from 1999 till date and which has been plagued with counter nationalist and sectional agitations that often lead to ethnic tensions which have promoted religious and ethnic militias such as, Boko Haram, Odua People's Congress, Niger Delta Avengers, Fulani Herdsmen, Biafran agitators etc. have taken their toll on the economy and contributed

to the poverty in the country. Income inequality, a product of the disproportional distribution of national income, which is to the advantage of the federal government at 51 %, the state and local governments 49 %, has left a concentration of wealth in the hands of the elite as against the masses, and by consequence the urban against the rural, and within the urban, a huge under-privileged section is poorer in comparison to a small privileged section. Whereas, the privileged section relies heavily on state patronage and leakages, the bulk of the leakage is not retained in the Nigerian economy, but transferred abroad in exchange for products and services to complete the internal leakage – external flow phenomenon. This leaves the under-privileged and ill-equipped in a state of micro thoughts and micro actions and, by consequence, in a vicious state of poverty.

Innovative Cooperativism, Political Incentives and the Poverty Challenge in Nigeria

Political factors, such as actions, decisions, movements, agitations etc. have always produced economic philosophy cum strands of political economy e.g. capitalism, socialism, and communism. Political factors influence the economy, positively or negatively. The economy runs on the strength of political decisions which subsequently grip the business environment. Nigeria is not an exception to this rule, as political trends in Nigeria dictate the pace of the economy, while political incentives such as sub-factors in politics play an important role in economic development. As shown earlier through the three crises, political activities and decisions were at the centre of both the growth and down-turn of the cooperative societies of the pre 1990's.

Political incentives will surely position Nigerian cooperatives as key players in the poverty challenge and economic development of Nigeria. The United Nations, in Resolution A/RES/68/133 described cooperatives as promoting the fullest possible participation in the economic and social development of all people including women, youth, old persons etc."

Socio-economic peculiarities in Nigeria support the engagement of cooperatives as partners in economic development based on a wide range of factors, such as their proven capacities as business firms with capacities for social protection, and agents for aid effectiveness. This is coupled with their capacities as tools in the hands of the public sector to support socio-economic stability and inclusion. Some of these characteristics are as follows:

- a) Cooperative societies are widespread and present in virtually every community in Nigeria although in different form. They have been known to be in existence even before the advent of cooperatives in its modern form as developed through the works of C.F Strickland in 1934.
- b) Based on the length of their presence and their widespread use within communities and various organizations, they boast a large number of participants. Consequently, many Nigerians have at least an awareness of what cooperatives are all about.
- c) They are long term players in economic and social activities and as such, veteran participants in development administration.
- d) They have been around for so long, an attestation to their abilities to respond effectively to dynamic and emerging needs. Their survival is proof of an enduring resilience.
- e) Cooperatives are built on some principles, some of which are people-centeredness and inclusiveness; two major elements that are integral to sustainable development and optimization of political incentives.
- f) Further, the applications of the principles of democracy and equality by cooperatives promote, among others, gender equality and reduced inequalities as presented in goals number 5 and 10 of the SDGs. Democratic principles bring more women on board, thus destroying patriarchal banners and tendencies, bringing about equality of rights during voting, participation etc. Cooperative activities help in bridging the gap between the haves and the have-nots.
- g) Cooperatives have both horizontal and vertical/pyramidal structures, which are essential in the disbursement of political incentives for the actualisation of sustainable development. These structures serve various purposes, principal of which are education and coordination.

The horizontal structure resides in the affiliative tendencies that exist between various primary cooperative societies, while the vertical/pyramidal structure resides in the representative secondary and apex cooperative organizations.

These structures, when well harnessed, serve the educational purpose through the dissemination of information, channelling of orientation and reorientation and as a medium of indoctrination. The structure also serves the coordination of several primary cooperative societies scattered in various nooks and crannies of Nigeria. This is done through the secondary cooperative societies (e.g. Oyo State Federation of cooperative

societies) and which cumulates with the few Apex cooperative societies e.g. Cooperative Federation of Nigeria (CFN) or the National Co-operative Financing Agency of Nigeria (CFAN). This gives their various activities a sense of direction and purpose and aids in the mobilization and disbursement of resources. Importantly, the vertical structure of the cooperative movement transcends the boundary of Nigeria and goes into the international through membership of some organization e.g. International Labour Organisation (ILO), International Co-operative Alliance ICA.

- h) Cooperatives, being local responses to local needs, often possess enormous understanding of the local environment and its challenges and have been known to provide home grown responses to challenges.
- i) Cooperatives are private business enterprises, they serve as a platform for the coming together of entrepreneurs and "part-time entrepreneurs", thus creating a platform for training and development of entrepreneurship, empowerment of members and the creation of jobs.

However, there is need to reposition Nigerian cooperatives into innovative cooperatives through political incentives so as to develop their capabilities to optimise both internally and externally generated resources.

Cooperatives in Nigeria can be divided into three categories, small, medium and large. The priorities of operations could be categorised as follows;

Small cooperatives: Social, economic.

Medium cooperatives: Social, economic, business

Large cooperatives: Economic, business

The small sized cooperatives' primary goal is the social interest of members. When this is actualised, the economic interest becomes the next target. They revolve around the social and economic interests of members and most never truly mature into business organizations.

The medium sized cooperatives' primary concern is the interest of members. However, economic survival and business considerations are always at the centre of their activities while the large sized cooperatives' primary aim is economic consideration, such as member's survival, growth and development. On the medium to long run, they mature into true businesses with capabilities to contest in the market.

The three primary crises of the cooperatives, preventing them from maturing into innovative cooperatives, are broken down below for discursive analysis.

- a) Poor human resources: Most cooperatives in Nigeria lack the adequate human resources to run their affairs. The peculiarity of running a business on social sentiment and consideration, values upon which especially the small and medium sized cooperatives are built, further complicates issues. Even with medium and large-scale cooperatives, where there might be many members with reasonable managerial abilities, that have been developed outside the sphere of the cooperatives, applicability of such expertise into the running of such cooperatives often proves counter-productive or inadequate. This boils down largely to the unique peculiarities of cooperative enterprises. The implication is the inability to optimise resources.
- b) Poor handling of accounts and other documentation: This naturally reduces cooperatives to petty business enterprises, with consequences such as;
- c) Low access to finance and investment: The organised private sector, e.g. banks, insurance companies, investment companies etc. rarely do huge business with informal and improperly organised and managed firms. This reduces the capacities of cooperatives to secure commercial loans from banks, secure insurance cover etc.; facilities which are critical to running modern and competitive businesses. Close to this is;
- d) Poor management of legal and taxation matters: Twenty-first century business is built around fast-paced simultaneously moving transactions, sometimes with legal implications. The desperation, on the part of government to increase revenue, often leads to a multi-level form of taxation. This, coupled with the activities of commercial "sharks," makes the legal and tax aspects of modern business a game for the "best hands", a requirement that many cooperative societies lack.
- e) Lack of support services to advertisement and marketing: Quality advertisement with the right mileage, quality marketing services that obtain the best prices at minimal cost, are easier to obtain by well organised business enterprises. These services are acquired by only those who can afford them. Micro-based and unorganised cooperatives, operating outside the required legal framework, would hardly be able to afford such services, putting them at a disadvantage in the open market. This is related to the next sub-crises.
- f) Lack of access to research and management consultancy: These services are provided by both government and the private sector. The crises of the pre-1990s crippled the office of the Registrar of cooperatives which, among

other services, provided research and management consultancy services to cooperative societies for free or at very minimal cost. This unfortunately is no longer obtainable. Provision of such services by the private sector comes at commercial cost. The unavailability of such services means cooperatives are not technically equipped to deal with fundamental issues around market visibility, meaning they operate on speculative terms.

- g) Poor handling of cooperative societies/community relations: The local community and the Nigerian local governments (774 in all) are at the centre of local planning and service delivery. They are built around three theories; democratisation, efficiency and mobilisation. There is need to promote the relationship that exists between cooperatives and their host environment as economic development, along the standards of the SDGs, must be local community based. Development, as envisaged in this regard, is to be the mobilisation of several successful micro efforts under various macro units. The local communities are most attached to their environment and are often in the best position to harness local peculiarities. Many cooperatives have shown a very high degree of detachment from their immediate environment which has led to non-optimal use of resources.
- h) Poor synergy along the structure of the cooperative movement: This structure as discussed earlier must be reappraised, redesigned and rejuvenated for modern challenges.
- i) Political Interference: Cooperatives often possess representative capacities. A cooperative of artisans could very well represent the particular group of artisans. Politicians, in their quest for power, often patronize the electorate through cooperatives, giving out loans which in theory are to be repaid, but which in practical terms are free gifts in exchange for political loyalty. This gradually makes cooperatives political tools instead of the socio-economic tools which they are meant to be.

The above brings to the fore some of the various problems besetting cooperatives in Nigeria. Thus, it falls on the federal government of Nigeria to approach its economic development attempts with a development strategy for cooperatives designed to transform them into innovative cooperatives through the use of political incentives. The first stage is to put in place, among others, an internal mechanism within the various cooperatives, quality education and training, a restructured governance structure etc. aimed at improved management.

The second stage is the need to put in place some mechanism to bring more cooperatives, mutual groups, self-helps etc. into the cooperative movement at the local level, then improve the quality of the relationship between the local movement and the regional movement and between the regional and the national. This can be achieved through the creation of business opportunities and support.

The third stage involves putting in place statutory provisions which impose and support best practices. Consequently, public policies should be framed with the aim of developing cooperatives from the local to the national, capturing cooperatives from the smallest to the largest. It should also facilitate collaboration between the apex cooperative bodies and their counterparts at the international stage. Innovative cooperativism is the ability of cooperatives, mutual groups and self-helps, to respond to local and national needs with globalization in mind. Such response should be inclusive, affordable, flexible and sustainable. It is built around the following priorities: fundamental human needs and aspirations along all categories and spheres, empowerment towards capacity-building, democratic control and joint ownership, community-based actualisation of the SDGs.

Conclusion and Recommendations

Innovative cooperativism, the philosophy of redesigning and revamping of cooperatives, mutual groups, self-helps, and allied concepts, into business models that will effectively and efficiently address the challenges possessed by poverty in Nigeria and accelerate social and economic development, can be actualized through the use of political incentives. There has always been an interplay between cooperatives and political incentives, but this study has proposed a new model built on a sincere drive for sustainable development; a model that has an open, identifiable and achievable socio-economic goal, one that brings to the understanding of all, an inclusive attempt to proper governance, a model that re-channels leakages and wastes into resources, which blends realism with idealism, though merit based welfare. By the time this model takes its full course, a substantial part of the informal sector of the Nigerian economy, which constitutes about 60 % of its economy, could be captured in the tax net because of their transformation into semi-formal or fully formal tax paying business enterprises. As the increase in public revenue that comes from taxes paid by erstwhile, informal, non-tax paying persons becomes a norm, so will the citizens become interested in how the government spends the various tax they pay. This would very likely lead to a more responsible people-government relationship; another

critical factor for sustainable development. The ability of government and the people to harness and build on the gains from this model, especially at mobilizing several small businesses into single units, will go a long way in addressing the deficit in some critical areas e.g. education, health, electricity, agriculture etc. The implementation of this model will definitely encounter the Nigerian twin challenges of bad-politics and corruption, which has reduced many great ideals into rhetoric since the 1950s.

The challenges, posed by bad-politics and corruption, are well factored into recommendations for the execution of this model. The policy framework is recommended as follows:

1. The revamping and redesigning of the office of the Registrar of cooperatives at both the national and sub-national levels for modern challenges. The position should be advertised and opened up for both career civil servants and private sector practitioners. The aim is to reconcile public and private sector approaches into the ideal and reduce political interference to the barest minimum. The Registrar's role should move from its traditional oversight and collation functions to a modern partner/fiduciary role.
2. All cooperatives, mutual groups etc. should be formally captured through registration. Such registration should be comprehensive, simple-and-fast, efficient and affordable. Importantly, it must link all cooperatives, mutual groups etc. into a single Nigerian cooperative movement, devoid of religious and ethnic sentiments.
3. Establishment of the Nigerian cooperative solidarity funds, through the Cooperative Fund Act, which is to serve as the pool of funds for the "cooperatives/political incentive" model. The fund is to be well published to create enough awareness about its sources, uses, capacities etc. It is to be headed by a Deputy – Governor of the Central Bank of Nigeria (CBN) who in-turn reports to the Governor of the CBN.
4. The Cooperative Fund Act should also include provisions for the establishment of the cooperative Representative council, where various beneficiaries of the cooperatives fund, cooperatives, mutual groups etc. would be represented across all levels.
5. The amendment of the Criminal code and the Penal code to place strict criminal liabilities with heavy penalties on any person or groups of persons who engage in any illegal transaction with cooperative funds.

6. Lastly, strict adoption and application of the International Labour Organization recommendation 193/2002 as adopted by the General Assembly of the International Co-operative Alliance in 1995.
 - a) Voluntary and open membership of cooperatives.
 - b) Democratic member control and member economic control of cooperatives.
 - c) Autonomy and independence of cooperatives must be guaranteed at all times.
 - d) Education, training and information of cooperatives about recent, and anticipated, trends in Nigeria and other countries. Education and information of the general public about the nature and benefits of cooperation and innovative cooperativism.
 - e) Cooperation among cooperatives from the local, sub-national, national to the international.
 - f) Concern for community and the environment.

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