

## **The potential of using information and communication technology for poverty alleviation and economic empowerment in Osun State, Nigeria**

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### **ABSTRACT**

The purpose of this study is to investigate the impact of the ICT programmes introduced by the Telecommunication Industries in Nigeria at reducing the problems of unemployment and poverty. It also examined various efforts made by the government at stemming down poverty and high rates of unemployment among the youths in Osun State, Nigeria. Some of the efforts examined were: National Economic Empowerment Development Strategies (NEEDS) at the national level and State Economic Empowerment Development Strategies (SEEDS) at the state level. Other efforts investigated were the intervention of commercial banks, Non Governmental Organization and private Telecommunication Industries that encouraged the use of ICT and mobile phones for entrepreneurial activities. This study adopted a descriptive survey design. The sample for the study consisted of 1, 496 unemployed youths selected through stratified sampling techniques based on senatorial district, status and gender. A check list questionnaire was developed by the researcher to collect information from the sample. It requested information about their status before self employment, the type of employment, average income per- day and its effects on their house holds. The data collected was analyzed using simple percentages. However out of all the efforts, the impact of the private telecommunication industries in the area of mobile phones affected the poorest families more than any other programme. It was found that 29. 01% rated ICT as a means of job empowerment very high, 18. 98% high, 13% low and 5. 01%very low. On the different sectors of employment generation, small scale mobile telephone has the highest number of youths using it as source of income generation (90. 65%), followed by internet (5. 01%) and computer (4. 34%). The data collected showed that youths that were hither to unemployed and without any source of income now earn between ₦500 to ₦3000 daily as a result of micro- business in street telephony system using mobile phones. The results showed that mobile divides and ICTs have brought more development and economic benefits to the youths in the state than any other aspect of SEEDS. It has also drastically helped to reduce poverty, high unemployment rates and youth unrest in the state.

**Keywords:** *Impoverished, internet, Telecommunication, Mobile-telephones, NEEDS, SEEDS, Cybercafe*

### **BACKGROUND**

Despite the great natural wealth, Nigeria is still poor with social development very limited. World Bank (2007) indicates that two-third of the population are poor. In 1980, poverty rate was 27% while in 1990 it rose to 70%. In the country, poverty level varies across states and has different dimensions. Some of the identified causes of poverty are: high rate of unemployment, lack of essential basic amenities such as: clean and hygienic water, education, health care, high inflation rate and retrenchment. Youth unrest in the country has also been attributed to high unemployment rate among the youths. The federal government realized that without tackling this problem of high rate of employment and poverty, the Millennium Development Goals (MDGs) will not be achieved. These therefore gave birth to different programmes both at the national and

state level. One of the programmes at the national level is the National Economic Empowerment Development Strategies (NEEDS). At the state level, there is the State Economic Empowerment and Development Strategies (SEEDS). Part of the objective of these programmes includes:

- developing strategies that will give the youths residing in both rural and urban centers, the chance of decent and productive work;
- stemming down the population of youths whose income is less than 1 dollar a day and those who suffer from hunger;
- creating employment opportunities through small scale entrepreneurs and thereby inculcate value orientation in them.

The assumption of the government is that if there is a conducive environment for business to thrive and when the youths are empowered to take the advantages of the new opportunities, then the rate of youth unrest will reduce and the MDGs will be achieved. One of the laudable steps taken to address unemployment problem and high rate of poverty is to allow private enterprises to invest in the economy. This eventually led to the establishment of private Telecommunication Industries in Nigeria. The establishments of these industries had positive effect on the economy.

### **RATIONALE FOR THE STUDY**

The level of poverty in Nigeria seems to have continued to exacerbate despite various measures and strategies that Nigerian governments have adopted over the years. In spite of the abundant natural wealth and human endowment, the majority of our people still live in abject poverty. Official statistics from the National Directorate of Employment (NDE) put the unemployment rate at 70%. Also Inyima and Agu (2008) expressed fear as a result of the exponential increase in youth unemployment. According to Agu et-al (2008), youth unemployment in the country have caused serious problems and menace that past administrations have not been able to find a solution to. Some of the social menace are youth unrests in the Niger-Delta region, high incidence of armed robberies, drug / child trafficking and internet frauds which statistics showed are more prevalent among Nigerian youths (Nigerian Punch, September, 2008) It is disheartening to see that in spite of the fact that Nigeria is the 6<sup>th</sup> largest crude oil producing country, it is still the 9<sup>th</sup> poorest country in the world. Though many programmes have been put in place to stem down poverty and unemployment rates, the question being asked by many is why have these programmes not sufficiently addressed this menace?

At the state level, recent census figure released by the National Population Commission (NPC, 2007) put the population of the state as 3, 423, 535 of which 42, 086 are unemployed. The break down is 23, 246 male and 18, 840 female without employment. In order to address the youth unemployment, the newly established Telecommunication Industries decided to help the government by providing youth empowerment programmes through ICTs. This is part of the objectives of both NEEDS and SEEDS. The new initiative is to help the unemployed youths established personal small scale businesses and rural integrated development that will stem down the flow of migration from rural to urban cities. Since there is no systematic research investigation about the impact of the programme on youth economic empowerment and rural households in the State this study is timely. It is hoped that it will reveal the current status of unemployment and the impact of the current efforts on the youths and the rural population.

In order to successfully achieve this, the following research questions are addressed:

- What are the current poverty and unemployment rate in the country?
- What are the current capacity development efforts provided at the national and state level to address the problems of high rates of poverty and unemployment?

- How effective are these capacity development efforts?
- Which of the capacity development effort had more impact on the poorest families in the communities?

## POVERTY AND UNEMPLOYMENT RATE

There have been conflicting opinions about the current unemployment rate in the country while the official publication of Federal Government during the Obasanjo era said unemployment rate was reduced to 50%. However, the recently published census figure (2007) and that of NDE put the unemployment rate at 70%. The most reliable document today is the official statistics from the World Bank.

**Table 1: Dimensions of poverty in Nigeria in 1995-2005**

<b>POVERTY DIMENSIONS AND INDICATORS</b>	<b>1995</b>	<b>1999</b>	<b>2001</b>	<b>2005</b>
<b>INCOME</b>				
Population below US\$1 per day (%)	70.2			
Population below minimum level of dietary energy consumption (%)	13	2.6	2.4	2.4
<b>SERVICE</b>				
Primary school enrolment (female %)	47.8	45.9	35.0	62.0
Primary school enrolment (male %)	52.2	54.1	-	-
Youth literacy (% ages 15-24)	81.1	75.6	87.8	81.3
<b>HEALTH</b>				
Access to essential drugs (%of total population)	-	10	10	10
Access to physicians (per 100, 000 people)	32	<30	<30	<30
Nigerians living with HIV/AIDS (millions)	3.9	>5	3.9	3.9
Prevalence of HIV, female (% ages 15-24)	3.9	3.9	5.8	5.8
Incidence of tuberculosis (per 100, 000 people)	3.9		305	
Under 5 mortality rate (per 1, 000)	187		183	
Infant mortality rate (per 1, 000 live births)	112		110	98.0
Immunization, measles (% of children under 12 months)	441	35	40	98.0
Immunization, full (% of total children)	35	17	62.0	62.0
Maternal mortality (modeled estimate, per 100, 000 live births)	1100	704		
<b>CLEAN WATER</b>				
Access to safe and clean drinking water (% of population)		49.0	49.0	49.0
Access in to safe drinking water (% urban population)		50	49.0	49.0
Access to safe drinking water (% rural population)			40.0	42.0
Access to improved sanitation (% of population)			54	42.0
<b>EMPOWERMENT</b>				
Proportion of seats held by women in national parliament (%)	-	-	-	<5
<b>GENERAL</b>				
Population (millions)	111.3	124.8	-	141.4
Average annual growth in GDP		2.9	125	

**Source:** World Bank Development indicators data box April 2007

The data for the unemployment rate at the state and the national level are provided in Table 2.

**Table 2: Unemployment Rates by Urban, Rural and classification (1984-2007)**

<b>YEAR</b>	<b>Urban (%)</b>	<b>Rural (%)</b>	<b>National (%)</b>
1984	7.9	4.4	6.4
1985	9.8	5.2	6.2
1986	9.1	4.6	6.1
1987	9.8	6.1	5.3
1988	7.8	4.8	7.0
1989	8.1	3.7	4.5
1990	5.9	3.0	3.5
1991	4.9	2.7	3.1
1992	4.6	2.5	3.4
1993	3.8	2.5	3.4
1994	3.2	1.7	2.7
1995	3.9	1.6	2.0
1996	3.9	2.8	1.8
1997	8.5	3.7	3.4
1998	8.3	2.9	4.3
1999	7.0	3.7	4.5
2000	6.6	1.4	3.6
2001	7.8	1.8	3.4
2002	7.2	2.8	2.80
2003	7.0	3.6	4.1
2004	7.0	3.2	4.2
2005	3.4	1.1	5.8
2006	5.8	1.3	2.90
2007	2.90	1.4	5.8

**Source:** CIA World fact book (Nigerian Unemployment Rate) April 2007  
[http://www.indexmundi.com/nigeria/unemployment.](http://www.indexmundi.com/nigeria/unemployment)

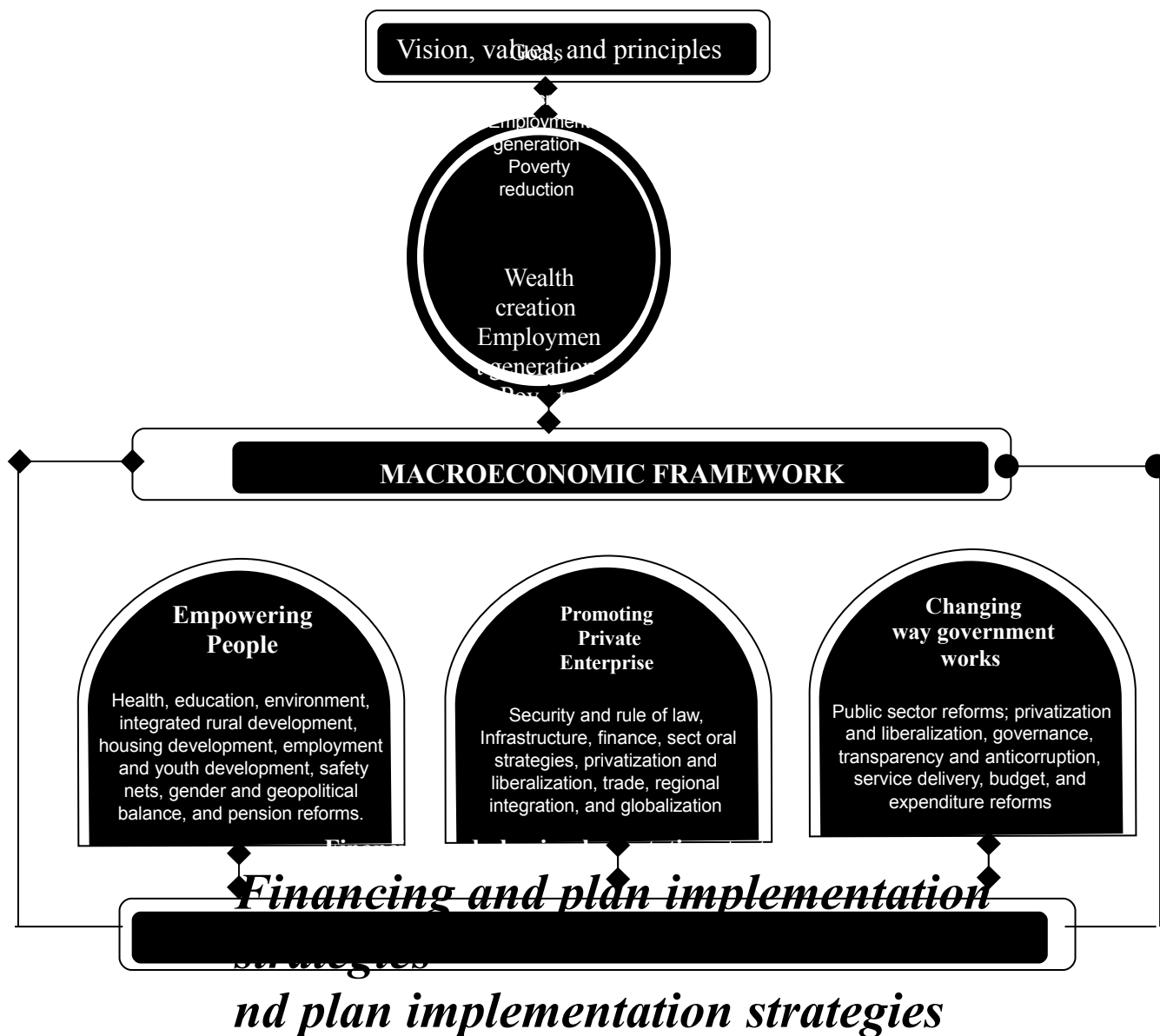
In 1984 the unemployment rate nationally was 6.4% while in 2007 it stood at 5.8%. At the state level, unemployment for urban was 2.90% and 1.40% for rural respectively. It indicated that there has been reduction in the unemployment rate when compared with the data obtained in 1984. The reduction may be connected to the various capacity developmental measures taking by the government.

## **VARIOUS EFFORTS AT REDUCING UNEMPLOYMENT AND POVERTY RATES**

There are several, efforts at reducing the high rates of unemployment and poverty. Some of these are NEEDS and SEEDS

### **What is NEEDS?**

According to the National Planning Commission (2004), it is a strategic plan by the Federal Government to generate employment, reduce poverty and inculcate value orientation and discipline in the people. To achieve the above, the process involves the establishment of macro-economic environment that will empower people, promote private enterprise and change the way government does its work (refer to schematic drawing in Figure 1).



**Figure 1:** Strategic Plan of the Government  
**Source:** National Planning Commission (2004)

**What is SEEDS?**

The State also established State Economic Empowerment and Development Strategies (SEEDS). It is to encourage the establishment of small scale or medium size businesses. The Directorate of Employment, Commercial Banks and other Non Governmental Organizations (NGOS) rose to the challenge.

The intervention of Commercial Banks like Oceanic, U. B. A and Telecommunication Industries like Glomobile, MTN, Celtel, O-Net, M-Tel and Multi-link led to the application of ICTs for

employment generation. The commercial banks provided the necessary knowledge and skill acquisition for youths in ICT after completion of the training, they were provided with loan to start small scale computer and internet services. While the Telecommunication Industries provided facilities for small scale Telephone Centers in both the rural and urban centers. These groups of youth were closely monitored. Apart the above, there were healthy competitions among the different network providers. In order to win more customers the money to purchase hand sets and lines were generally reduced. Preference was given to youth wanting to start small scale telephone business. Many of the youths took up the opportunity offered. Kirkman, Schwab and Cornelius (2002) say, ICT is yet to be adopted or widely used by the youths, but it is those people who are yet to use the internet on a telephone that will gain the potential of ICT. As a result of the potential of ICT in meeting the challenges of youth unemployment, it was adopted both at the national and the state level.

### **WHAT IS ICT?**

For the purpose of the study, ICT is defined as the integration and utilization of computer technologies for the purpose of disseminating information to a target destination or consumer without the constraint of time and space (Adekomi, 2004). Operationally ICTs comprise digital devices either informs of hard wares, or soft wares for transferring information. It includes low cost means of communication like radio, GSM/mobile phones and digital television. On ICT capacity and socio-economic index, UNDP (2001) is of the view that there are no African countries that fit into ICT leadership category. However, South African, Egypt, Algeria and Tunisia are able to find place on the index table, while countries like Ghana, Senegal, Kenya, Tanzania, Sudan and Mozambique are regarded as being marginalized. This is because their scores on the index table, reflects low skills or lack of technological diffusion. It is not sad to note that Nigeria does not appear at all, nor have any score on the index table because of lack of data. However, in another setting, the World Bank classified Nigeria as low-patronage because of inadequate provision of ICT infrastructure such as access to computers and capacity to connect to internet.

### **ICT AND EMPLOYMENT GENERATION**

Himes and Olmo (2002) are of the opinion that there is the unprecedented need to create more than billion jobs to accommodate new entrants and to reduce unemployment rate. Sesan (2004) also states that in developing counties there is an astronomic increase in unemployment. He was of the opinion that by 2010 over 700 million youths will enter the labour market in Nigeria. According to him, the situation is more worrisome as two third of the total population are not sure of employment after the completion of their studies. The saving grace is the one-year compulsory National Youth Service Programme for all university graduates and Higher National Diploma graduates from recognized polytechnics. Other good news is that people are beginning to appreciate the potentials that ICT can offer. There is accelerated development through ICT. Philip (2002) quoting the South African Communication Minister says,

*The knowledge revolution is upon us, we cannot wish it away.  
The question is how we respond to it.*

The Minister therefore called on the delegates to find imaginative ways by which the labour force can be educated to take up the advantages of job opportunities available through ICT. Today there is shift from low-skilled to high skilled labour force. She also calls for a comprehensive campaign to encourage more youths to acquire necessary skill in ICT. In Nigeria the youth have yielded to the call and are using ICT as a launching pad to create entrepreneurial activities such as mobile telephoning, inter net cyber café and computer services. In Osun State for example, there are 200 cyber cafés with a minimum of 10 computers. This is in addition to the mobile

community telephone centers in both the rural and urban centres. Cyber cafe facilities are situated only in the major cities where there are higher institutions of learning. This effort is being gradually integrated to the rural communities though at a slow speed as a result of some challenges that include power supply, lack of necessary infrastructures and negative attitudes. Several foundations like: Fantsaum, Copine in Obafemi Awolowo University, Ile-Ife have facilitated access to ICT in the rural communities. Fantsaum foundation has also provided their members in the rural communities with accesses to micro credits and ICT services for educational economic empowerment and health. In addition they provided ICT skills training and technical support.

## METHODOLOGY

The study employed a descriptive research approach. The sample for the study consisted 1, 496 unemployed youths selected through stratified sampling techniques based on gender and senatorial area. In order to determine the impact on the households, a sample of 1, 496 participants was used. They were selected through stratified sampling procedure based on senatorial district, rural and urban employment status. Basically, only unemployed youths formed the sample for the study. The 1, 496 participants were those without any employment or means of livelihood.

## INSTRUMENT

A checklist questionnaire was developed by the researcher to collect information from the participants. It solicited information about their status before self employment, the type of employment; average in come per-day, awareness of job opportunity and its effects on their households. The questionnaire was very brief and simple because of time limitation on the part of the sample because of the need to attend to their customers.

**Data Analysis:** The data collected was analyzed in simple percentage.

**Table 3:** Different sector of employment using ICT

SECTOR	(%)
Computer operators	65 (4.34%)
Internet	75 (5.01%)
Glomobile Network	700 (46.79%)
MTN Network	249 (16.64%)
M-Tel	239 (15.98%)
Celtel	120 (8.02%)
Multi link	48 (3.21%)

From the data collected the source of employment for the unemployed youths in the state are: Computer Operators (4.34%), internet (5.01%), mobile Telephone services and recharge cards, Glo mobile Networks (46.76%), MTN (16.64%), M-Tel (15.98) Celtel (8.02%) and Multi-link (3.21%). As at present the cyber cafés in the state are constantly under siege by the law enforcement because of the activities of the "Yahoo boys" 10 of such cyber faces have been shut down by the Criminal Investigation Department of the Nigerian Police Force. There is generally

low patronage of internet (5.01%) and computer Business Centre, some of the reasons given for this is the issue of the initial capital to establish, the skills needed and the fact that it does not bring quick returns/profit like mobile communications. Another reason is that of the use of internet or computer commercial centers is restricted to the cities where there are higher institutions and that it is seasonal. Where as mobile telephone services is more profit oriented because there is no problem of electricity and customers. According to the data obtained with regard income generated (refer to table 5) the minimum average gain is N500 daily. However when there is sale, they make a daily profit of N3, 000 usually from the sale of recharge cards and phone calls.

**Table 5:** *Income in Naira generated as result of Telecentres*

<b>INCOME (Naira)</b>	<b>(%)</b>
500	72 (0.05%)
500-900	201 (13.4%)
1,000-1,400	107 (7.15%)
1,500-1,900	250 (16.71%)
2,000-2400	320 (21.39%)
2,500-2,900	320 (21.39%)
3,000-3,400	226 (15.11%)

The picture of the profits made daily by those youths who hitherto did not have any income shows that the majority of youths made a profit between N1,500 and N3,400. The implication of this is that instead of being a burden or liabilities to the society and their parents, they can now support themselves, relatives and even employ other shop assistance that work under them. Apart from the positive impact on the economy, there are the negative impacts as well, i. e. the use of GSM to defraud innocent citizens and internet frauds, which have surged with an alarming rates through out the country. Since business is transacted through ICT called E-commerce platforms, many people have fallen victims of the fraudsters. There is research evidence on negative use of GSM by the youths (Agbu 2004, Sofowora 2008). There are also several media publications and documentary programmes on this issue, the prominent one is the "Satanic Use of GSM among Nigerians" aired on the BBC London. It is also no news that Nigeria tops the list of the countries with Internet fraud popularly called "Yahoo Boys"

With reference to the effectiveness of ICT in creating job opportunities, the data collected is shown in table 6.



**Table 6: ICT Empowerment versus Discovering Job Opportunities**

Discovering job opportunity	ICT Empowerment		
	No	Yes	Total
Very Low	-	75 (5.01%)	75
Low	-	194 (13%)	194
Neutral	-	209 (13.97%)	209
Very High	239 (15.97%)	434 (29.01)	673
High	61 (4.08%)	284 (18.98%)	345
<b>Total</b>	300 (20.05%)	1,196 (79.95%)	1496 (100%)

From Table 6, 29.01% rated ICT as very high, 18.89% high, 5.01% very low and 13% low.

## SUMMARY AND CONCLUSION

Information and Communicant Technologies especially the mobile divides have impacted micro-enterprise of the rural households positively. It has impacted the economic and social relationship of different families with an increase in negotiating financial power. The seemingly increase in the number of the unemployed youths and poverty rates have been reduced. It has increased the awareness of people about ICT's potential for trade. The efforts of the government, the Telecommunication Industries and banking industries both at the national and state level have made tremendous impact on the society and have brought developmental benefits more to the rural areas and the unemployed youths. This is because many of the youths are now self-employed not only that they also employed other shop assistance who are on their pay roll. These have in a way reduced social insecurity and youth unrest as a result of gainful employment.

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