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THE MILLENNIUM DEVELOPMENT GOALS AND POVERTY REDUCTION: A PROGNOSTIC ANALYSIS OF THE CAPITAL MARKET OPTION IN NIGERIA

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Abstract

Nigeria adopted the Millennium Development Goals (MDGs) policy as a remedial measure to addressing her persistent political, economic and social problems. Embedded in the millennium Development Goals (MDGs) is the reduction of poverty and the liberalization of the financial sector with emphasis on the capital market. This was ostensibly geared towards improving the sector's performance, increase its growth returns and invariably alleviates the poverty of Nigerians. Many scholars have questioned the potentials of the capital market to reduce poverty and inequality in developing countries due to market instability, fluctuating exchange and interest rates regime, volatility in prices of equity instruments and unholy insider practices. This paper argued that the capital market has the potentials of alleviating poverty and reduce inequality in the long run given the necessary investment motivation. Investment in equity instruments like shares, bonds and other debt instruments and its associated bonus and dividends benefits has the potentials of reducing the poverty level of the masses especially where corporate governance dictates business relations. The paper therefore recommends awareness creation and the creation of capital trade point for local resource mobilization for investment as alternative strategies for poverty reduction in Nigeria.

Introduction

Nigeria is undoubtedly faced with persistent political, economic and social problems which have resulted to mass impoverishment of Nigerians in the midst of national affluence. The Millennium Development Goals (MDGs) was introduced in 2004 in Nigeria to address the development challenges in the areas of education, health, social security, capital and financial markets and poverty among others. The effectiveness of the MDGs to solve the poverty problem can be enhanced through the development of the capital market. The capital market is a veritable source of mobilizing funds for financing development projects and consequently poverty alleviation. The lack of awareness on the investment potentials in the capital market has limited the sector capacity to alleviate poverty. This is made worse by the absence of capital trade points to mobilize local resources for investment in the capital market. The sharp practices by stakeholders (stock brokers) in the past, the volatility of the market and the perennial nature of dividends distribution in the capital market has constrained massive investment decision making. This has undermined the capabilities of the capital market to alleviate poverty and invariably increased the poverty rate in Nigeria. A large array of equity instruments offers investment channels for investors but this is poorly utilized by the urban and rural poor. The paper explored the inherent potentialities in the capital market using perspectives from secondary data to its impacts on the well-being of Nigerians.

Perspectives on the Capital Market

The capital market is a sub-market within the financial market. The financial market facilitates the efficient mobilization of funds (savings) for investment. It provides borrowers with needed funds to meet their liquidity requirements (FRN, 1997, p.9). This underscored the need for an efficient capital and financial system to promote economic growth. The financial sector comprised the money market, the capital market, the insurance and pension markets. Instruments traded in the capital market are equities, debenture, stocks, gift-edged securities, bonds and financial derivatives like options, futures and swaps have long gestation period. The capital market is an open but regulated market where registration is a prerequisite for participation and a potent instrument for investors' protection. It provides the data bank of market operators and regulatory control mechanisms. The Security and Exchange Commission (SEC) is the apex body saddled with the responsibilities of overseeing the efficient operation of the capital and financial markets in terms of making rules and regulations and enforce compliance on stakeholders. Major breaches are brought before the Administrative Proceeding Committee (APC) for adjudication (Ndanusa, 2003, p.5). It ensures that due process is followed in the mergers, acquisition and take-over of companies. The power of SEC to regulate the capital and financial market is enshrined in the Securities and Exchange Commission Act of 1979 as amended in 1988, 1999 and 2007 respectively. The amendments were carried out with a view to strengthening the values of orderliness, equity and fairness, efficiency, transparency and accountability in the capital market operations. According to Allagha (2001, p.3) an unregulated or under-regulated capital market is an infrastructure and investment risk haven. It therefore becomes necessary to ensure efficient regulation of the capital market to minimize incidences of unethical practices that are capable of derailing business trust and economic growth. Investors are often attracted to market with low risk and high reward ratio. Funds generated from such trading are used to finance capital projects with long term implications on sustainable development. Development recognizes the need for human capital development and exposure of the masses to investment opportunities in the capital market. According to Adesiyan (2002, p.4) the involvement of the masses in equity trading in the primary and secondary market enhances their wealth potentials. However, this is constrained by the economic spiral of low income, low savings and low or no investment thereby aggravating the poverty situation. But the argument of Ballama (2011, p.21) is that the capital market is an indispensable platform for economic growth and national development. Considerations must therefore be given to the restructuring of the capital market with a view to promoting capital market investment and economic growth.

To strengthen the framework of transparency and accountability, corporate governance reform was introduced with emphasis on the policy governing capital market operations, protection of stakeholders' rights, mandatory listing of equities, corporate disclosure, equity in benefits administration, transparency in accounting and auditing of company finance and free access to mechanisms of adjudication ibr infringement on corporate rights by shareholders (UNCTAD, 2006, p. 1-32). This reform measures spearheaded by SEC have strengthened the capacity of the capital market to propel the growth of the Nigerian economy.

Dimensions of Poverty

Discussion about poverty has dominated debates at the political and intellectual forum and domestic, and international arena. Each circle of debate tries to. define what constitutes poverty and its nature and character. The relationship between politics and economy is one the major determinant of man's relationship with poverty. This phenomenal relationship is relative, multifaceted and transcendental to all strata of the human population. Each stratum of the human is associated with one type of poverty or the other with some having covert and overt dimensions. This paper adopts the less-conventional approach in its discussion on poverty and identifies economic poverty, social poverty, moral poverty, vocational poverty, intellectual poverty and ideological poverty as the broad categories of poverty associated with every human population. Within this categorization also are the highly economically endemic poverty group, average economically endemic poverty group and the non-endemic economic poverty group. This paper associates the poverty of the first two groups to economic variables and the last group to ethical variables. A man who is socially poor may lack the ability to keep good relationship. A good relationship is materially rewarding. Good relationship secures the right connection to the source of political and economic power. Economic advantages are distributed by those that who exercise political authority. This informs the Hobbesian quest for political power in many nations of the world and the avaricious desire to retain it by any means possible. A man is said to be vocationally poor when he is not trained on any trade, is not skillful or less skillful and makes no effort to improve his skill due to indolence. Moral poverty diminishes career patronage due to insincerity and dishonesty. It breeds political corruption, poor democratic values ridden with electoral violence against persons and properties, arson and killing. Poverty of democratic values leads to the win-at-all cost situation and the trading of political opportunities for selfish ends. In this instance, the incumbent political class maximizes political gains and alienates masses. Alienation of any type engenders poverty and inequality.

The attempt by policy makers to create channels for political and economic empowerment centered on the alleviation of material poverty. Abject material poverty is associated with low income earners seen as the high level poverty group. They are the ones who are unable to provide the basic necessities of life like shelter, food, clothing and portable drinking water and cannot afford the cost of health and educational facilities for the family and have low or no income and savings. Indeed, low income inhibits accessibility to health and educational facilities, credit facilities and information about investment opportunities especially in the capital market. The growing incidences of poverty in Nigeria have polarized society into the haves and have not, rich and poor and indigenes and settlers and have generated social tension that have distabilised the polity. High rate of poverty is the greatest obstacle to the achievement of the Millennium Development Goals and sustainable development in Nigeria.

Stakeholders in the capital market especially where capital trade points are non-existent have difficulties reaching out to the poor in the rural areas due to the absence of serviceable and motorable roads. The inability of the Federal Government to sustain the policy drive embedded in the Directorate for Food, Road and Rural Infrastructure (DFRRI) project introduced by the Babangida administration has limited government's efforts at opening up the rural economy for investment. This has produced negative spiral in the marketing of rural based agricultural products and in the long term the human welfare index of rural dwellers. Against this backdrop, paragraph 3.4 (2) of the report of the African Peer Review Mechanism (FRN, 2008, p.42) identified the need for the Federal Government of Nigeria to accelerate socio-economic development with a view to achieving sustainable development and eradicate poverty. The UNDP (2009, p.63) reported that over 70% of Nigerians are poor (FRN, 2005, p.28) and are associated with Haralambos and Holborn (2008, p.214) severe deprivation thesis reminiscence in the absence of food, safe drinking water, sanitation facilities, health, shelter, education, information and characterised by joblessness, over indebtedness and dependence among others. Access to information is a critical factor in capital market investment.

The average level poverty groups are those who are gainfully employed and have fair remunerations to guarantee a decent living. Majority of members of this group suffer from the poverty of consumption habit, savings and investment decision making. The middle class in many societies belongs to this class of the poor. The poverty condition of this group may be considered as self imposed. They have access to information about the capital market and could invest in it if they so wish. There is low capital formation by members of this group due to ignorance and inconsistent savings pattern. People in this group are poor due to unproductive consumption and saving pattern.

Poverty is a class imposed and distinguishing phenomenon. It is conditioned by the adverse relations in resources distribution in society and this increases the inequality gap. The interaction of inequality with imperfect capital market may scuttle economic growth and widen the poverty gap. Naragan, Chambers, Shah and Petesch (2000, Pp. 35-64), Seebohn (1899), Townsend (1979), Bradshaw, Mitchell and Morgan (1987), Mack and Lansley (1985) assessed the implication of poverty on the material well-being of individuals and noted that the most vulnerable are women, children, widows, the elderly and illiterates. This is due largely to the predominance of intellectual and vocational poverty among them. Intellectual and vocational poverty is therefore a factor in the discussion about poverty either in the urban or rural areas. An uneducated person with no vocational skill is unemployable and is exposed to extreme conditions of poverty. This has implications on investment in the capital market even when adequate publicity about capital market operations in made.

The ideological poverty group comprises people who are in material terms not considered to be poor but psychologically poor. This group is considered poor because they lack the psychological resources to promote the course of economic recovery for people in the high and average poverty groups. Self aggrandizement, greed and primitive accumulation are the behavioural pattern associated with this group. A review of the measures put in place to address the poverty problem in Nigeria should take into consideration these variables.

Globalization and the Capital Market

Globalization has had a wider influence in man's life. It has affected man's political, economic and socio-cultural life. Globalization has created global values that enhanced economic integration in the world. It has opened up more channels for the integration of market phenomenon. Humbert (1993, Pp.3-10) argued that globalization is the greater openness of national and international economies to the flow of trade, capital, science and technology, foreign direct investment, market integration and offerings (as cited in Aja, 2002, p.27). It has increased the ever-growing importance of international trade to the people and nations of the world. In the same vein, Jean-Louis Muccheielli et al (1998, p.ix-xxi) noted that globalization for countries and for firms is characterized by openness of economies and a global market in which the strategic trade policies focus more on efficient resources seeking along with synergies and standardization in market offerings. Trade globalization has had significant impact on the economic well-being of individuals and nations. Its impact on capital market development and poverty reduction is equally transcending. It resulted to the integration of national economies and markets and increased interdependence. The integration of world economies is one of the strategic steps taken by world leaders to collectively confront the challenges of development. World resources are efficiently redistributed through the instrumentality of trade. Many trade agreements have been initiated to encourage economic interaction among nations and generate trade outcomes that would alleviate poverty in participating countries. Such global attempt at addressing the problem of development led to the introduction of the Millennium Development Goals (MDGs) by the Nigeria government.

The MDGs emphasize financial sector liberalization which has positive implications on world trade and capital market development. The globalization of the capital market has expose securities instruments to the international market and promoted trade linkages and investment across national borders. Strong economic links exists among countries with implications on stock market transactions. For instance, the drastic fall in the price of equity instruments (stock) in New York in 1987 (New York stock Exchange) led to the fall in the prices of stocks in major world stock markets like the Hong Kong Stock Exchange leading to its closure (FRN, 1997, p.24). Many transactions in the international financial system are done through the foreign exchange market. The flow of investment fund across borders makes the globalization of capital market inevitable. This has increased competition in the global market and stimulates foreign capital inflow and outflow. This reaffirms the ability of the capital market to mobilized resources for development across national borders and consequently distributes resources for economic growth, national development and poverty alleviation.

The globalization of security market and the prospect of the international capital market are enhanced by the technology of trade. It exposes investors .to round the clock information on investment, intermediation and issue flotation upon which investment decision are made. But many prospective investors are not in the information loop to tap the gains of globalization in the capital market even with the improvement in information technology. Technology has enhanced market surveillance, the transparency of the market, the reduction of taxes on securities, market investment by national government and elimination of differential treatment of domestic and foreign investors. Globalization led to the listing of domestic companies in foreign stock exchanges, ease access to international market for funds by investors as well as expand the network of operations in the domestic 2nd international markets. The broad access to investment resources makes funds more available for human capital development and the consequent improvement on the well-being ofcitizens.

Millennium Development Goals and Poverty

The failure of many macro-economic policies to yield desirable outcome has led to increased rate of poverty and poor human development index. The result is the reduction jn the welfare index beyond appreciable level. Countries with such development challenges have set development targets to be achieved within specified time limits under the Millennium Development Goals (MDGs) agenda. One of the objectives of the MDGs is to eradicate extreme poverty. The target is to reduce by half the number of people living on less than one dollar a day. About 46.07% Africans live on less than a dollar a day. Other targets are to provide universal primary education for boys and girls of school age, promote gender equality and empowerment and reduction in child mortality. According to Kiregyera (2007, Pp. 137-138) the MDGs is geared towards reducing by 2/3 the mortality rate among children of less than five years. The UNDP report put the infant mortality rate at about 17,000 deaths daily or 6 million deaths annually in third world countries. The introduction of the MDGs was geared towards improving the poor health situation in Nigeria. Official statistics (FRN, 2006, p.226) for year 2007 put the health ratio in Nigeria at: infant mortality rate of 90 per live birth; Child mortality of 191 per 1000 children aged 1 -4 years; Maternal mortality rate of 8 per 1000; Crude death rate of 18 per 1000 population; Crude birth rate of 45 per 1000 population; Life expectancy at birth at 55 years; Total fertility rate of 5.8%; and rate of population increase at 2.58%. This underscored the need for improvement on the health infrastructures with a view to increasing citizens' access to reproductive health facilities. With this, the set target to reduce material mortality rates by 2015 under the MDG concept should have been achieved. Other goals primary to MDG is to combat the spread of HIV/AIDS, malaria and other diseases by increasing access to health treatment plants for victims and sufferers. Health is a national resource that influences human productive values at work hence the maxim that a healthy nation is a wealthy nation.

The seventh goal laid emphasis on the protection of the ecosystem and improvement in access to portable and safe drinking water. This will impact positively on the lives of about 100 million slum dwellers by the year 2020. It is not ironical to state that government's effort at achieving this goal is met at the point of political fantasy. Many people in the rural areas have basically no access to good drinking water. Productive labour hour is loss to the search for drinking water in many rural communities. Infections from water borne diseases like guinea worm, cholera and diarrhea among others are common phenomenon. The ecosystem > under serious threat due to increasing rate of deforestation for want of burning coal for sale ir.d for domestic use (cooking). This has produced negative spirals in the fight against ieforestation and a drain on the bio-diversity resources that could be used for national _e. elopment in future.

More fundamental to this paper is the development of global partnership for 7:: moting a viable financial system with good corporate values and business relations. The reform and development of the financial system is directed at increasing investor's confidence, expand the investment network and investment returns and reduce poverty. It emphasizes trade and financial liberalisation, debt relief and debt cancellation for countries with strong commitment to poverty reduction. This view is in tandem with the opinion of Kiregyera (2007, p. 139), on the need to promote sustainable debt management strategy, the provision of qualitative drugs with improved accessibility criteria, and the public-private partnership in information and communication development. Financial sector liberalization broadened capital market operation and offers more poverty reduction strategies.

One of the cardinal objectives of the Millennium Development Goals (MDGs) is the reform of the financial sector for optimal performance. It is directed at increasing the capacity of the banking sector to finance development projects through improved low interest rate lending. MDGs promote the growth of the insurance sub-sector, mortgage institutions, stock and commodity exchanges, discount houses and the money and capital market. The liberalization of the capital market is a variant of the financial sector reform. The reform of the financial sector ensures that transactions in the capital market are transparent, accountable and decent in information disclosure with a view to increasing the rate of investment and volume of trade. Stores (2002, p.4) noted that reforming the capital market is instrumental to improving the efficiency and effectiveness of the market. Market efficiency generates positive growth returns and given equitable resource distribution reduces poverty and inequality gaps. This is easily achieved under a regulated market environment where legal instruments are put in place to safe guide business relations.

The Investment and Securities Act No. 45 of 1999 as amended by the Investment and Security Act No.29 of 2007 (Olakanmi: 2009, p.5) mandated the Security and Exchange Commission (SEC, 2003, p.21) to regulate and promote the development of the capital market. According to Stores (2002, Pp.6-7) SEC was mandated to regulate investments and securities businesses in Nigeria; register and regulate Securities Exchange, capital trade points, derivatives exchanges and any other recognized investment exchange; and register securities to be offered for subscription or sale to the public among others. This underscores the fact that an efficient capital market is predicated on good regulatory framework. Given the efficient regulation by SEC, progressive result was recorded in equity trading in the Nigerian capital market between 1986 and 2007. The market recorded significant transactions in equity trading of N10.8 billion (USD 86 million) in January 2003 and in March 2003 it recorded N24 billion (USD 188.9 million). In the same vein, market capitalization increased from N256.8 billion (US$ 3.8 billion) in 1998 to N748.7 billion (USS 5.8 billion) in 2002. Indeed, market capitalization witnessed significant growth in local currency but not in the dollar and this has negative implications on the market. In 2002, equity market capitalization grew by N100 billion (US$794 million) and rose to N116 billion (US$0.9 billion) in February 2003. Similarly, the stock index rose by 10.7% but lower than the price of 35.2% in 2001 and 54.0% in 2000. Overall, market capitalization increased from 5.6% in 1992 to 9.4% in 1999, 12.0% in 2001 and 14.0% in 2002 to the Gross Domestic Product (GDP) Ndanusa, 2003, p.3). This increasing trend in market capitalization and its impacts on the Gross Domestic Product (GDP) is shown on the table below.

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Table 1: Market Capitalizations and GDP 1986 2007

Year	Market Capitalization	GDP at Current Market prices	2 as % of (3)
1	U billion (2)	14 billion (3)	
1986	6.79	73.06	9.29
1987	8.30	108.89	7.62
1988	10.02	145.24	6.90
1989	12.85	224.80	5.72 .
1990	16.36	260.64	6.28
1991	23.13	324.01	7.14
1992	31.27	549.81	5.69
1993	47.44	695.99	6.82
1994	66.37	911.07	7.28
1995	180.31	1,960.69	9.20
1996	285.82	2,740.46	10.43
1997	281.96	2,835.01	9.95
1998	262.52	2,765.67	9.49
1999	300.04	3,193.67	9.39
2000	472.90	4,537.64	10.42
2001	662.60	5,178.17	12.80
2002	764.90	5,454.7	14.02
2003	1,359.20	7,180.13 ..	18.93
2004	1,925.90	NA	16.5
2005	2.9 trillion	N.A	19.5
2006	5.12trillion	N.A	28.1
2007	13.3trillion	N.A	58.2

2007 13.3trillion N.A 58.2

Source: CBN Annual Report 2003, 2006 and 2007

The progressive increase in the volume and value of trade in the capital market reflects a positive development in the Nigerian economy. Since development is about people, its impact on the well-being of Nigerians through the bonuses and dividends payment system cannot be overemphasized. An overview of the bonuses paid by a sample of companies in 2003 to investors shows a promising reward ratio.

Table 2: Bonuses Issued and Nominal Value in Naira in 2003

Company	Nominal value in Naira	Bonus share (M)	Value(M)
First Interstate Bank Pic	1.00	109.03	N109.3m
First Interstate Bank Pic	1.00	97.74	N97.74m
1MB International Bank Pic	0.50	292.10	N146.05m
Niger Insurance Pic	0.50	200.00.	N 100.00m
Lion Bank of Nigeria PIc	0.50	100.00	N50.00m
Flour Mills of Nigeria Pic	0.50 .	182.00	N91.00m
Neimeth International Pharmaceutical Pic	0.50	22.75	N11.38m
A.G Leventis Nigeria Pic	0.57	69.93	N39.86m
Trade Bank Pic	0.50	500.00	N250.00m
CAP Pic	0.50	42.00	N21.00m
Academy Press Pic	0.50	43.20	N21.60m
Intercity Bank Pic	0.50	408.79	N204.40m
WEMA Bank Pic	0.50	778.86	N389.43m
Nestle Nigeria Pic	0.50	105.69	N52.85m
Cooperative bank Pic	0.50	1,000.00	N500.00m
R.T Briscoe Nigeria Pic	0.50	30.00	N15.00m
Guardian Express Bank Pic	0.50	100.00	N50.00m
Consolidated Breweries Pic	0.50	132.19	N66.10m
First Bank Of Nigeria Pic	0.50	508.11	N254.06m
NAL Bank Of Nigeria Pic	0.50	265.78	N132.89m
Allco Insurance Pic	0.50	100.00	N50.00m
Guaranty Trust Bank Pic	0.50	1,000.00	N500.00m
Access Bank Pic	0.50	300.00	N150.00m
Unipetrol Nigeria Pic	0.50	29.65	N14.83m
Vita Foam Nigeria Pic	0.50	218.40	N109.20m
A.G Leventis Nigeria Pic	0.50	170.86	N85.43m
Royal Exchange Assistant Pic	0.50	170.86	N85.43m
Lead Bank Pic	0.50	1,050.00	N525.00m
Guardian Express Bank Pic	0.50	246.85	N123.43m
Chattered Bank Pic	0.50	1,741.5	N870.58m
Guinness Nigeria Pic	0.50	471.98	N235.99m
Northern Nigeria Flour Mills Pic	0.50	37.13	N18.57m

Source: SEC Annual Report 2003

The distribution of this gain across income group given broad investment participation has the tendency of alleviating poverty. If the capital market provides bail-out funds for cash strapped investors, its potency in alleviating poverty through increased investment by the masses cannot be undermined. Williams (2011, p.20) reported the payment of 65 kobo per share as dividends to shareholders by the Nigerian Aviation Holding Company in the year 2011. Through the creation of capital trade point (CTP) platform funds could be mobilized from the grassroot for investment in the capital market. This will create a chain of opportunities for rural investors to invest in the critical sectors of the Nigerian economy. The failure of government to establish capital trade point (CTP) has limited her ability to alleviate rural poverty. There are large reserves of idle capital at the grassroot which rarely finds its way into the financial market due to limited spread of banking services and bank liquidity phobia. The collapse of community banks and the inability of local inhabitants to recover saved funds affected the confidence to save in financial institutions (Banks). Such funds are kept in local safe or vaults and are most often lost to armed robbers or household fire outbreak. Rural millionaires are highly predisposed to increasing the size of the family through multiple marriages as alternative source of labour resourcing. Many build large family sizes that are predominantly uneducated and in the long run constitute nuisance to the host community and security threat to the nation at large.

The low level of awareness on capital market investment is not associated with the rural poor alone. Many low income earners in urban centers are not aware of the propriety of capital market investment. As in the rural areas, there is poor correlation between capital formation, savings and investment among low income earners in the urban centres due to frivolous spending. This paper provided possible options for facilitating capital mobilization among the poor for productive investment. A financial synergy should be created for the capital trade points and microfinance banks. Capital trade points should be established in the rural areas with the legal mandate to invest clients' resources in the capital market under a guaranteed warrant issued by the client. The CTP would act as stock broking firms and investor firm and capital trade point fund administrator (CTPFA). Microfinance banks would act as capital trade point funds custodians (CTPFC). Trading with the funds held by (CTPFC) would require clients' mandate and authorization. The CTPFA could issue a mandate form to clients who wish to invest in the capital market. This form would be processed and returned to the CTPFA. The CTPFA will in turn transmit ﬃSfc warrant to the CTPFC for release of clients' funds for investments. This policy should be adopted by government for experimentation and as a policy strategy to test its efficacy in alleviating poverty. With the existence of the Central Securities Clearing System (CSCS) and the Automated Trading System (ATS) trading would be easy if where basic facilities are provided in the rural areas. Share certificates would be issued to the account holder through the CTPFA. The account holder could dispose of part or whole his share holdings with the CTPFA if he so wishes. To promote this ideal, the CTPFC and CTPFA could be exempted from paying corporate taxes in the interim because of the initial challenges they may encounter in the course of pursuing this development goal. The network of financial relationship that exists in the pension industry between the pension fund custodian, pension f-nd administrators (PFA) and the National Pension Commission (PENCOM) could be irplied in this stead too. This will require the review of the mandate of the Securities and

Exchange Commission to accommodate this new policy framework. SEC would play the supervisory role the National Pension Commission plays in the pension industry. The paper identified this option as a veritable platform for alleviating poverty among the rural and urban poor. This implies that the fight against poverty requires a multidimensional approach.

The goal of the Millennium Development Goals to reduce poverty by 2015 would be achieved if this policy framework is incorporated into the poverty reduction strategy of government. The major factor worsening the poverty condition of the poor is capital reproduction. Capital formation is marginally high in many rural areas but limited opportunities exist for its reproduction.

Concluding Remarks

Many policies and programmes introduced by the Nigerian government as strategies for reducing poverty and inequality has recorded marginal result due to its limitation in scope and poor implementation framework. The centralist approach of using public institutions as platforms for poverty reduction has failed to yield the desired result. A decentralist approach where the private sector is fully incorporated into the global strategy for alleviating poverty as enshrined in the Millennium Development Goals and as recommended in this paper is strategic to enhancing the capacity of the private sector as the vehicle for accelerating human capital development. The rural inhabitants hold large reserve of idle capital of inestimable value that is often invested in cash valueless ventures. These funds could be injected into the national economy given effective mobilization. The successful mobilization of local capital for investment in the capital market will go a long way to addressing the social needs of the poor. The greatest challenge to human capital development in Nigeria, Africa and other third world countries is capital reproduction even where there are adequate opportunities for capital formation. The reform of the financial sector and the incorporation of the capital trade point into the financial build up chain for investors in the rural areas would break the circle of poverty and accelerate the pace of human capital development in Nigeria. Government should therefore consider this new option for experimentation irrespective of the initial challenges it may present to the system. Challenges are unique to both old and new policies.

There should be massive awareness and sensitization programme on the benefits of the capital market on local radios, television, newspaper, flyers and other medium of communication at the grassroot. Such functional education is germane to capital market development, poverty alleviation and the achievement of the MDGs. Microfinance banks as the prospective capital trade point fund custodians should be encouraged to concentrate their business operation in the rural areas where financial services are non-existence. Government should consider giving them some measure of leverage to enable them function maximally. Such a measure will bring equity to bear in the distribution of financial gains or growth returns in the capital market. This will facilitate the realization of MDGs goals and increase the gains from the reform of the financial sector in Nigeria.

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