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# Strengthening Small and Medium Scale Enterprises (SMEs) For Poverty Alleviation in Nigeria

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**Abstract:** *Small and Medium Scale Enterprises (SMEs) is recognized as the engine of promoting economic growth, employment opportunities and poverty alleviation both in developed and developing countries. In Nigeria, these are widely accepted and documented by both scholars and policy makers. Unfortunately, the myriad of problems have strangulated SMEs from performing well as expected which make poverty persist in Nigeria. Various programmes were established by the Federal Government towards boosting SMEs and poverty alleviation, but with the unsatisfied result. In this paper, our preoccupation is to accept the fact that strengthening SMEs serves as a means for poverty alleviation in Nigeria. This paper identifies the problems affecting SMEs from not performing well. These are inadequate finance, inadequate infrastructural facilities, lack of sound strategic planning system, multiple taxation, restricted market, unfavourable Government policy and corruption. This paper discovered that the major problems that affect SMEs are inadequate finance, inadequate infrastructure and corruption situation in the country. This paper also recommends a strategy based on strengthening SMEs for poverty alleviation in Nigeria. Firstly the government should provide fund/finance to SMEs for them to play and discharge their duty effectively and efficiently and make loan available on a regular basis and the interest rate charge should be at a single digit. Secondly the Government should provide necessary infrastructures such as power supply, water supply, telecommunication and a sound transportation system. The last both not the least, the Government should intensify the war against corruption by sanctioning anybody found in such act in the country. Therefore, if these major areas are adequately addressed, our SMEs will be an engine of reducing poverty in the country and at the same time contribute to the achievement of the Millennium Development Goal (MDGs) of eradicating poverty and hunger in Nigeria specifically and in Africa generally.*

**Keywords:** *SMEs, economic growth, poverty alleviation, performance, Nigeria.*

## I. Introduction

Small and Medium Scale Enterprises (SMEs) are recognized globally as the engine for growth of modern economies and it provide employment to a large portion of the population or citizens in a given economy than large enterprises and hence contribute to reducing poverty in the country. The realization of the roles play by SMEs in overcoming unemployment rate and hence poverty reduction has been an age of long phenomenon in Nigeria, but the right and actual policies and incentives coupled with the business environment have continued to hinder the pivotal or significant roles SMEs play in addressing Nigeria‘s economic problems (Oba & Onuoha, 2013). Oba and Onuoha (2013) state that issues relating to the development of SMEs have become essential for the growth and development of the most third world nations. It has been clear that they are no nation that ever develops without appreciable inputs from the SMEs segment of their economy. The performance of SMEs as instruments for economic growth and development and poverty reduction among the populace is the topic of interest. SMEs in the case of Nigeria have performed below expectation at a destitute result (Ihua, 2009). SMEs poor performance has added to the high rate of unemployment, poverty, and the low standard of living in the country. Though SMEs provide seventy percent (70%) industrial employment and sixty percent (60%) of agricultural sector employment, and it only account for ten (10%) – fifteen percent (15%) of the total industrial output with a capacity utilization of over thirty percent (30%). Inadequate funds have further aggravated the start-off operations of many business endeavours (Oba & Onuoha, 2013).

Mukras (2003) posits that the incidences of poverty appears and seem to persist. In this paper, our view was that, amongst the menu of available poverty reduction strategies, the strategy with far-reaching potential is that of strengthening SMEs. By undertaking deliberate, and appropriately planned strengthening of SMEs, one will most certainly end up by achieving the following results: raising their employment generating capacities; enhancing their productivity; and consequently placing higher incomes in the hands of poor entrepreneurs. And also the direct way of strengthening the enterprises is to focus our attention on addressing the constraints facing SMEs. With these, SMEs will not only contribute towards poverty reduction, but they will also enhance the welfare and standard of living of the citizens or population of the country (Mukras, 2003).

## II. Concept of Small and Medium Scale Enterprises

So far, there has been no standard, and globally acceptable definition of what connotes "small enterprises" or "medium enterprises" or "small and medium scale enterprises". Within the same country, the definition varies from one institution to the next, from one state or region to another. Also, one particular government or industries may define SMEs in one way, another government or industries elsewhere may define the same SMEs in a different way (Mukras, 2003).

There is no any universal agreement as to what constitute SMEs. Different countries classify their industries or enterprises based on the criteria they adjudged appropriate, with minor or major dissimilarities and similarities, some of the commonly used criteria for what constitute SMEs are the total net assets, number of employees, sales and investment level (Kimambo, 2005). World Bank (2006) opined that medium enterprises are those enterprises that have at most three hundred (300) employees with an annual turnover not exceeding fifteen (15) million USD. Further to the above, there is distinction between small enterprises that have fewer than fifty (50) staff members and up to three (3) million USD turnover while micro-enterprises have up to ten (10) staff members and one hundred (100,000) USD turnover. Central Bank of Nigeria (2010) Small Scale Enterprises are those enterprises that have a total asset base (excluding real estate) which is less than one (1) million naira, and employing or recruiting less than fifty (50) full-time staffs. While Medium Scale Enterprises are those enterprises that have a total asset base (excluding real estate) of less than fifty (50) million naira, and employing or recruiting less than one hundred (100) full-time workers. Nwakoye (1988) stressed that Small and Medium Scale Enterprises are those enterprises that employ between five (5) and one (1) hundred staffs with an annual turnover of almost four hundred thousand naira (N400, 000).

### 2.1 Characteristics of Small and Medium Scale Enterprises

A major feature of SMEs in Nigeria relates to the ownership structure, which primarily revolves around one-man or a family. Nigerian SMEs are predominantly owned by a sole proprietor or partners (Onuorah, 2009). Ogunsiji and Kayode (2010) states that in Nigeria SMEs, it is difficult for owners or managers to obtain short or long term capital from the organized capital market, but instead relies on loans from friends, relatives or money lenders, and also from personal savings. Usually, the same proprietors or managers handle and supervise the production, financing, marketing and personnel functions of the enterprise. The owners or managers vision is mostly confined to the local community in which the businesses operate, and there is little or no knowledge of the wider or distant markets (Ogunsiji & Kayode, 2010).

A major characteristic attributed to SMEs is flexibility, and their survival is often ascribed to their adaptability and speed of response to environmental change (Levy & Powell, 2005). Storey and Cressy (1995), state that SMEs are more flexible than large firms hence they bring about innovation in terms of their goods and service. On the other hand MacGregor et al. (1998) suggest that the characteristics of SMEs based on the organizational environment in which most SMEs operate include a small management team; centralized power and control; informal and inadequate planning and control systems; lack of control over the business environment; lack of resources; limited process and product technology; limited market share; heavy reliance on few customers and a chaotic organizational structure. The authors also find that SMEs have the distinctive advantage of being responsive, flexible, flat structured and simple. Raymond et al. (1998) posits that SMEs are characterized by low levels of organizational maturity hence planning and control processes are less formalized. Also, decision-making is often the sole responsibility of the owner-manager.

### 2.2 Role of Small and Medium Scale Enterprises

SMEs are considered as catalysts to the socio-economic growth and development of any country economy, and there are veritable vehicles and engine for the achievement of macroeconomic objectives in terms of employment generation at low investment cost and development of entrepreneurial capabilities, stemming rural–urban migration, indigenous technology, local resource utilization, and poverty alleviation (Asikhia, 2010). SMEs are acknowledged as the bedrock of industrial development. SMEs in Nigeria does not only provide employment and income for the majority of the country’s citizens but are also recognized and considered as the breeding ground for domestic entrepreneurial capabilities, technological innovativeness, technical skills, and managerial competencies for private sector development (SMEDAN, 2005; Aina, 2007). Currently in Nigeria, SMEs help in promoting the growth of the country’s economy, hence Ojukwu and

Georgiadou (2005) refer to Nigerian SMEs as the cornerstones in which Nigeria economic growth and stability rests. Similarly, Udechukwu (2003) states that SMEs are known to be labour intensive, and SMEs in Nigeria account for over half of the total share of employment.

According to Ogechukwu (2006) SMEs have contributed significantly to Nigeria development by the provision of employment opportunities, marketing of goods and services, and the growth and development of the rural areas. SMEs have also contributed immensely to the growth of indigenous entrepreneurship in Nigeria. From this point in time it has been agree that SMEs are generally regarded as the locomotive that drive the economic engines of growth and poverty eradication in developing countries like that of Nigeria (Yusuf & Schindehutte, 2000).

## III. Constraints to Small and Medium Scale Enterprises Development

The challenges faced by SMEs in Nigeria are very worrisome which hinder its operation towards alleviating or reducing poverty in the country. The following are the constraints faced by SMEs:

### 3.1 Inadequate finance

Levitsky (1996) opined that lack of access to finance or loan has been one of the most pervasive obstacles faced by SMEs in both developed and developing countries. It represents the major challenges which can significantly affect the ability of a firm to grow, upgrade its technology, expand its market, promote its management skills, increase productivity simply to grow and survival in the business environment. Inadequate financial services have been figure out as the primary inhibitors to SMEs development and production in Nigeria (Olutunla, 2005).

Besides insufficient start-up capital from the personal savings of an individual and the contribution from friends and relatives, there are still constrained access to institutional finance from the capital market and banks. The genesis behind the limitation or constraint includes; wrong and unacceptable feasibility report, inability to raise the required equity contribution, lapses to provide collateral securities and incomplete financial documentation (Ojo, 2006; Olutunla, 2005; Omoruyi & Okonofua, 2005).

### 3.2 Infrastructural Facilities

Inadequate infrastructural facilities or deplorable conditions of the available once and it has posed a formidable obstacle to SMEs operations, and hence call for urgent attention by the government (Ojo, 2006).

The obstacle of infrastructure involves inadequate transportation system, shortage of water supply, poor telecommunication system, and lack of electricity to solid waste management. These make businesses to provide expensive parallel infrastructure. These have been a hindrance to the success of SMEs performance in Nigeria (Osamwonyi & Tafamel, 2010).

### 3.3 Strategic Planning Problem

SMEs do not carry out strategic planning in their operations properly. Previous study conducted by Ojiako (1987) claimed that SMEs lack strategic planning system because well active and sound planning serve as a necessary input for sound decision making for new ventures or existing enterprise to succeed in terms of profits maximization and the rest.

### 3.4 Multiple Taxation

Ihua (2009) discovered that the manifold and high taxes are considered to be significant factors that cause SMEs' failure in Nigeria. This is the major obstacle faced by given it to tax consultants and agents hired by the governments at all level. There are not honest in their operations, excessive in their assessment and broken heart in their relationship to the production process. Even some state Government does not help matters; there also add their burden, with such situation SMEs is highly affected significantly. There tax everything in their bid to generate revenue without considering the net effect of SMEs, household incomes and employment (Osamwonyi & Tafamel, 2010).

In another Study conducted by Onugu (2005) opined that the High incidence of a multiplicity of regulatory agencies, taxes, and levies result in high cost of doing business and also discourage entrepreneurs from doing business. These are due to the absence of a harmonized and Gazette tax regime, which would enable manufacturers to build in recognized and approved levies and taxes payable.

### 3.5 Unfavourable Fiscal Policy

It has been recognized that Government policies and programmes regarding SMEs are inappropriate, inadequate or inconsistent, which inhibit the growth and development of SMEs (Ojo, 2006). Onugu (2005) also state that the SMEs sector in Nigeria has not been thriving mostly due to poor implementation of several government policies as well as frequent policy changes or what they call policy inconsistencies.

**3.6 Corruption Problem**

Corruption can be placed amongst the chief hindrances to Nigerian SMEs and its development. Corruption refers to efforts in securing power or wealth through illegal means for a private benefit at public expense or misuse of public power or wealth for private gain and has remained a long-term political and economic challenge in Nigeria. Corruption comprises of illegal payoffs, government officials extorting money from various businesses, the misuse of government funds that could have been used to develop various sectors are channelled to other directions, and so on (Obayelu, 2007).
For SMEs to work well and for it's to reduce or alleviate poverty, its constraints need to be solved efficiently.

## IV. Government Efforts And Regulation Toward Small And Medium Scale Enterprises

The Federal Government has at different times set up agencies to help the development of SMEs in Nigeria. As laudable as they are different obstacles varying from bad policy formulation to poor implementation has been the bane of these bodies. The various government efforts in promoting SMEs are as follows:

**4.1 People's Bank of Nigeria**

The people bank of Nigeria was designed to provide credit facilities to small-scale enterprises that find it difficult to approach the formal financial institutions and are discouraged from the informal ones due to the high cost of borrowing. The bank is a legal, financial institution, some of those attributes that have facilitated their operations are; low transactions costs, prompt disbursement of loans, minimal paperwork, no collateral, etc.

**4.2 Bank of Industry**

Ekwem (2011) posits that Bank of Industry is an amalgamation of the former the Nigeria Bank for Commerce, the National Economic Reconstruction Fund (NERFUND), and the Nigerian Industrial Development Bank whose mission was to transform and support Nigeria Industrial Sector, and to promote and integrate it into global economy by providing financial assistance and business support services as well to attain modern technology for the efficient production of products that are competitive in local or domestic and international markets, and it also help national and foreign entrepreneurs to establish new industries or ventures as well as to modernize and expand the existing ones.. It was set up in 2001 with the principal objective of providing financial support for the establishment of small, medium, and large projects as well as modernization, diversification, and expansion of existing enterprises, and for the repair or rehabilitation of the ailing once.

**4.3 Small and Medium Industries Equity Investment Scheme (SMIEIS)**

Sunusi (2003) opined that The Small and Medium Industries Equity Investment Scheme was formally launched on August 21$^{th}$, 2001, by the President of the Federal Republic of Nigeria, Chief Olusegun Obasanjo, The SMIEIS was initiated not only to bridge the dearth of long-term finance, but also to deal with other bottlenecks to small and medium scale industries development in Nigeria. Banks have historically been averse to lending to SMEs in Nigeria due to the perceived high risk inherent in lending to the sub-sector. Nonetheless with active pressure from the CBN, the banks set up a committee, comprising of 11 banks, to review the challenges in lending to SMEs and advice on how to support SMEs.

The board's principal recommendations resulted in the agreement by banks to commit 10% of their profits before tax to the funding of equity investments in SMEs. The goal of this scheme was to reduce SMEs borrowing and consequently relieve them from interest and other bank charges that were not favourable to their capital structure. It advocated the provision of financial, advisory, technical and managerial support to the performance of SMEs in Nigeria (Dabo, 2006).The objective of SMIEIS was to address some of the factors impeding the attainment of the full potentials of SMEs. It is anticipated that as banks get involved in SME funding and management, confidence in the sub-sector will improve, such that international financial institutions will be encouraged to provide needed financial support for SMEs in Nigeria (CBN, 2003). Also, the CBN had sought and obtained the co-operation of SEC, in enhancing the registration of venture capital companies being set up by banks for participation in the scheme (Dabo, 2006).

**4.4 Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)**

According to Ekwem (2011) stressed that Small and Medium Enterprises Development Agency of Nigeria was established by SMEDAN Act of 2003 to boost and upgrade the Micro, Small and Medium Enterprises Sector for sustainable development of the economy. The agency fixed itself as a "One Stop Shop" for the development of Micro, small and medium enterprises. Micro Enterprises is included in the agency since it forms the bedrock of the SMEs.

The SMEDAN function as been contained in the Enabling Act which is summarized as follows:

1. Stimulating, monitoring and coordinating the development of the MSMEs sector.
2. Initiating and articulating policy ideas for micro, small and medium enterprises' growth and development.
3. Facilitating and promoting development programmes or initiative, support services in other to accelerate the modernization of MSME operations in the country.
4. Serving as a vanguard for rural industrialization, poverty reduction, job creation and enhance sustainable livelihoods.
5. Linking SMEs to internal and external sources of finance, appropriate technology, and technical skills as well as to large enterprises.
6. Promoting information and providing access to industrial infrastructure such as layouts, incubators, industrial parks.
7. Intermediating between MSMEs and the Government. SMEDAN is the voice of the MSMEs.
8. Working with other institutions, as a private and the public sectors to create an effective enabling environment for businesses to flourish in general, and MSME activities in particular.

A well develop MSMEs sector have known as the one that can fight poverty in the country. The coming up of SMEDAN has justified the need to develop the Nigeria's MSMEs in a well structured and efficient manner (Ekwem, 2011).

It has being observed and agreed that that most of these schemes were aimed at providing financial support to SMEs, yet inadequate finance have remained the most influential inhibitor to SMEs development In Nigeria till date. This indicates that most of the programmes were ineffective. Besides, the failure of most of the programmes have also been attributed to poor implementation, inadequate manpower to supervise the project, poor funding, poor project appraisals among others (Sanusi, 2003).

## V. Concept of Poverty

Poverty as a phenomenon that exists in multi-dimensional form; hence, it cuts across the global, national, community, household and individual levels. This show that poverty has no definite definition and it is well researched. Poverty alleviation is at the moment one of the issues on the national government agenda which is in the same line with the Millennium Development Goals (MGDs), which has a primary target or motives of eradicating poverty and hunger in the country (Daramola, 2013).

Due to its social preeminence, the concept of poverty has been given greater attention in the academic space. Sumner (2003) defined poverty as the inability to fulfill the basic requirements to attain a decent life and, therefore, obtain adequate nutrition, housing, and clothing. Bradshaw (2006) defined it in its most general sense as lack of necessities. Poverty is a situation or condition in which people lack satisfactory material or resources (food, shelter, clothing, housing), and are unable to gain access to basic services (education, water, health, sanitation), and are constrained in their own capacity and ability to exercise rights, lend their voices to the institutions, share power and processes which affect social, economic and political environments in which they live and work (Vandenberg, 2006). Asikhia (2010) defined poverty as the condition that limits individual's ability to provide for himself and his loved ones, noting that this condition manifests in the lack of food, clothing, shelter, etc. All the scholars agreed that poverty is largely a state of deprivation, lacking and denial of basic necessities of life.

Poverty is multi-dimensional phenomenon's that affect many aspects of human conditions and situation ranging from the moral, physical to the psychological condition. It is explained as the state of being deficient or poor in money or means of subsistence. The concept of subsistence is measure by the availability of infrastructural facilities, such as solid waste collection, safe water, sanitation, schools, security, and healthcare. By this definition, the majority of people in Nigeria are poor, are being deliberately or inadvertently denied and unable to satisfy these basic necessities of life. Poverty can be categorized, based on different criteria, such as absolute poverty, relative poverty, rural poverty and urban poverty (Ravallion, 1997, 2001). Absolute poverty is explaine as lack of minimum physical requirements or provision for existence; relative poverty, on the other hand, is explained as a situation in which a person's or household's provision or requirement of goods and services is lower than that of others, while Rural poverty is characterize by poor material or resources condition, lack of infrastructures, low level of education, underemployment, low investment, poor health status, and high out- migration, and also urban poverty on the other hand is characterized and considered by environmental degradation, low per capital income, overcrowded accommodation, and other problems or constraints associated with urban areas such as slums, shanties and ghettos.

Findings from the poverty and development research by the World Bank (DFID) situated in Nigeria using participatory poverty assessment method shows that women have not been given priority in Nigeria involves the following: of coping with the material aspects of well-being, the likelihood of having fewer opportunities than men, of having very limited coping strategies and with safety nets and, of constantly living with a sense of insecurity (World Bank, 2006, 2007 & 2008).

Nigeria is endow with abundant human, natural and material resources, which if well exploited can transform the country. For example, Nigeria is an oil-rich country and the sixth largest oil producing and exporting country in the world (Energy Information and Administration EIA, 2011). Consequently, it has generated enormous revenue from exporting crude oil. It has been shown that between $300 and $600 billion revenue that has accrued to the FGN Treasury since oil exploration & production (E&P) began in Nigeria several years ago (Gilbert, 2012; International Crisis Group, 2006; Ofehe, 2005; Long, 2007). However, this enormous revenue has frittered away by a few or little, privilege Nigerian government officials, and also paradoxically led to the impoverishment of majority of people in the Niger Delta region (Aminu, 2013), and by extension the entire people of Nigeria. Corruption has been the bane of Nigeria's growth and development and poverty level. For instance, it was reported that between 1960 and 2007 as much as 300 - 400 billion USD of the country oil revenue has either been misappropriated or stolen by Nigerian officials (Bober, 2007). Poverty in Nigeria is severe not just in rural areas but everywhere, especially where social services and infrastructure are limited or nonexistent. However, the majorities of those who live in rural areas are poor, and there also depend on agriculture for food and income. Small-scale farmers who cultivate plots of lands depend on rainfall rather than irrigation systems to produce about 90 percent of the country's food (Adereti & Ajayi, 2004).

The Federal Bureau of Statistics (FBS) observed that in 1960, 15% of the Nigerian populations were poor, not performing well. This percentage moved to twenty-eight percent (28%) by 1965. By 1985 poverty index was forty-six percent(46%) and by 1996, poverty incidence was sixty-six percent (66%) or seventy-six point six million (76.6m) people out of one hundred and ten million (110m) were poor. In 2006, poverty incidence was shown to have increased to seventy percent (70%) or ninety million (98m) people out of a population of one hundred and forty million (140m). Consequently, the United Nations Human Poverty Index (UNHPI) in 2006 placed Nigeria among the twenty-fifth (25th) poorest nations of the world.

**5.1 Causes of Poverty**

Okuneye et al. (2004) state that poverty is caused as a result of Lack of technical knowledge inadequate productive resources mainly capital and land. Other causes are geographical and occupational factors. Some occurrences that can cause poverty include drought, flood, war, famine, etc. Others include location, family background, societal, population, norms and cultural values, mismanagement of public resources, deprivation, exploitation, market imperfection, and little technological development and the vision and mission of government.

There can also be some external factors such as political and international influences on forms of assistance, ban or restriction on the products of the countries or communities. These rub on poverty incidences and their alleviation. Poverty is caused by acts of violence motivated politically. Poverty results from a lack of resources below some level necessary for a minimally decent life (or for the satisfaction of basic needs), where that level is define in terms of the resources required to avoid harm (Lee, 1996). On the other hand, Irobi (2008) identified the causes of poverty to be political instability, national disasters, corruption, socio-economic disparities, lack of access to education, lack of infrastructure and resources or finance to establish a business.

**5.2 Results of Poverty**

Poverty generally, may result in death, child trafficking, drug trafficking, prostitution, armed robbery, insecurity, rigging of elections by hungry youths are used by politicians for election malpractice, rebellion, terrorism or militancy, lack of basic necessities of life, child labour, transmission of diseases e.g. HIV and Tuberculosis, large-scale corruption, assassination and conflicts of varying dimensions.

Poverty breeds so many threats against innocent children. The worsening economic situation of parents takes their toll on children too as they suffer materially and psycho-emotionally. Research shows that children also suffer from poverty, and they are often the innocent victims of rapid changes in the family, school, and government. Marital breakups around the world have also meant that increasing number of children live with their mothers who in most cases are poor. In some instances where children live with their parents (both), extended families, relations, friends and institutional providers, provide support, as their families struggle to earn a decent wage (Lichter, 1997).

**5.3 Cycle of Poverty**

Vandenberg (2006) states that poverty can create a reinforcing, inter-generational cycle in which the condition of being poor is, itself, a barrier that prevents an escape from poverty. Such a process is multi-dimensional. The lack of income prevents parents from giving their children a proper education to earn a higher income in the future. It forces some parents to send their children to the labour market, depriving the latter of even a basic education. The lack of adequate health care increases susceptibility to disease and injury that, in turn, reduces work time and work power. The lack of appropriate nutrition likewise, sapping the energy needed to plant and cultivate crops, and also to produce and market goods and services in a small enterprise economy. Furthermore, the lack of income results in an inability to invest in productivity-enhancing farm or non-farm (small enterprise) techniques and technologies. These are the characteristics of chronic poverty, a situation in which people remain poor year after year, generation after generation with little opportunity to exit poverty. This vicious cycle of poverty is described in Working out of Poverty: "For individuals, poverty is considered as a nightmare, and it is a vicious circle of poor health, low productivity and shortened life expectancy, reduced working capacity. For families, poverty is a trap. It leads to inadequate schooling, insecure income, low skills, early parenthood, ill health and early death. For societies, poverty is a curse, it bring about fuels instability, it hinder growths, and also it keeps poor countries from advancing on the path of sustainable and development" (ILO, 2003).

## VI. Federal Government Poverty Alleviation Programmes In Nigeria

Poverty alleviation means models adopted to lessen poverty in the society. Salami (2013) posits that past Nigeria governments have implemented a lot of frantic efforts to alleviate poverty in the country. How efficient these efforts have been, and the sincerity in implementing them, remains a recurring question. Like everything that carry out in Nigeria, poverty alleviation or eradication programmes have been handled with so much noise that have yielded little or no result in the country. And he further states the programmes as follows:

The earliest efforts at poverty alleviation were made in 1972 by Gen. Yakubu Gowon, the then Head of State, when he established the National Accelerated Food Production Programmes (NAFPP), and the Nigerian Agricultural Co-operative Bank (NACB), which was devoted to funding agriculture. In 1976, Gen. Olusegun Obasanjo introduced the Operation Feed the Nation (OFN) programme which, like the Gen. Gowon's programme, was designed to encourage food production and food security in an economy that had become increasingly dependent on crude oil. The primary concern for the programme was the encouragement given to ill-prepared undergraduates of our universities to go and teach the rural areas peasant farmers on the modern farming techniques. Many saw (and still see) the OFN as an operation meant to fool Nigerians rather than to feed them because it never yielded the anticipated food security. However, the programmes have failed to overcome the three (3) reasons for this persistent poverty: income inequality, ethnic conflict, and political instability.

Nigeria has historically experienced a lot of ethnic conflicts, and also with the return to civilian rule in 1999; militants from different ethnic and religious groups have become markedly more violent. While this unrest has its roots as a result of poverty and economic competition (BBC News, 2012), its economic and human damages further escalated the problems or obstacles of poverty (such as increase in mortality rate). For example, ethnic group unrest and also the displeasure of local societies with oil companies has contributed their quota to the conflict over oil trade in the Niger Delta region, which threatens the productivity of oil trade, and also the civil unrest might have contributed to the adoption of populist policy measures that actually work in the short-run, and it also impede poverty alleviation efforts.

On the assumption of office as civilian President in 1979, Alhaji Shehu Shagari established the Green Revolution Programme. The aim of this programme, like the one before it, was primarily to provide more food for the teeming Nigerian population. The hallmark of the programme was to curtail food importation and boost crops and fibre production. As the notable writer and social critic, Chinua Achebe, summed up the Green Revolution Programme, "the Revolution gave us more food for thought than food for the stomach". Rather than empower the poor by providing them with the facilities they needed to boost agricultural production, the programme made the rich richer, and the poor poorer. It produced overnight elitist 'farmers' who had no business with farming and, in fact, knew nothing about it. Serving and retired military officers, senior civil servants and top businessmen and politicians used their power and influence to secure acres of land and Certificates of Occupancy (C of O) for themselves, families and friends under the guise of wanting to establish farms. The programme came to a disgracefully abrupt end in 1983 with the Buhari coup that ousted the government. Meanwhile, it gulped more than N3.2b.

Of all the military leaders who have ruled Nigeria, Gen. Ibrahim Babangida would, arguably, remain the only one who introduced the highest number of poverty alleviation programmes. His administration, in 1986 established the People's Bank (PB) and empowered offer soft loans to prospective entrepreneurs without collaterals. Community Banks were encouraged to exist as adjuncts to the People's Bank, and the PB regulated their activities. And also the Directorate of Food Roads and Rural Infrastructure (DFFRI) was created in 1986 with a mandate to open up rural areas through massive constructions of feeder roads and also the provision of basic amenities which would transform them into production centers for the national economy. The hinterland was to be open and made more accessible so that farmers could transport their produce to the markets quickly at cheaper rates, thereby reducing the cost of food production. There was also an attempt to promote rural employment, the understanding being that if infrastructure such as electricity, for example, was available in the rural areas; there would be gainful employment for unskilled workers like welders. In that vein, some roads were constructed, and some other infrastructure was provided to reduce rural-urban migration. However, the programme succeeded more like a beautiful dream than reality after it gulped more than N1.9b. There were strong allegations of diversion of public funds to private pockets and the growth of a new class of millionaires.

The Nigerian Agricultural Land Development Authority (NALDA) was another programme that General Babangida created in 1986 which targeted the agricultural sector and was aim at encouraging large-scale commercial farming by assisting and motivating farmers with inputs and develop land so there can plant, at subsidized rates. This was to reduce the prevalence of subsistence agriculture in the country. The usurpation of the privileges and rights of the underprivileged by the rich, strong, and powerful which has remained a typical Nigerian problem, reared its ugly head again. However, the programme was a failure.

The Structural Adjustment Programme (SAP) was established during the Babangida administration that stressed the greater need for the realization of policies and programmes to alleviate poverty and provide safety nets for the poor. The programme failed because it had no human face in its implementation. Secondly, it did not emphasize on human development and the aggravated socio-economic problems like unequal access to food, income inequality, shelter, education, health and other necessities of life. The only surviving anti-poverty legacy of the Babangida administration, today is the National Directorate of Employment (NDE, also introduced in 1986. The NDE was mandated to design and implement programmes to battle the menace of mass unemployment and also to articulate policies that would develop work programme with labor intensive potentials. The scheme adopted four approaches that included Vocational Acquisition Training, Entrepreneurial (Business) Training, Training for Rural Employment and Training for Labor-Based Works Programme. While thousands of Nigerians may have benefited from the programme, a major drawback has been that the NDE scheme does not have follow-up plans for beneficiaries. Thus, many who did not utilize acquired skills or did not properly invest the loans they took have found themselves in worst states, and that defeats the original aim of the programme. It is on record that all these Gen. Babangida's programmes, including the Family Support Programme (FSP) consumed more than N100billion of the Nigeria's wealth. Not to be beaten by his predecessors and to prove that he too had a way out of the nation's poverty, the late Gen. Sani Abacha in 1993 introduced the Family Economic Advancement Programme (FEAP). The programme gulped over N7billion in its lifespan of two years but disbursed N3.3billion as loans to about 21,000 co-operative societies. Programmes like the Better Life for Rural Women by the late Mrs. Maryam Babangida, and the Family Support Programme (FSP) spearheaded by Mrs. Mariam Abacha established in 1986 and 1993 respectively were, like other programmes before them, initiatives designed to bail out Nigerians from debilitating poverty.

In 1999, the civilian administration of President Olusegun Obasanjo formulated a good number of development policies. Paramount among the development policies was the National Poverty Eradication Programme (NAPEP) which came into being in 2001 with the aim of wiping out poverty from Nigeria by the year 2010. The policy aimed at assuring Nigerians that unemployment, lack of portable water, poor educational system, poor power generation and supply, inadequate infrastructure, poor health care system and insecurity of lives and properties will be things of the past. With all these promises, after about nine years of implementation, it appears that the situation is not in a good shape than what it was before the advent of democracy in 1999.

Despite the above programmes are initiated by the past governments poverty is still prevalent. The only way out is to strengthening the SMEs by solving their challenges factors that affect the sector most especially in the areas of fund, infrastructure and corruption in the country. If these three areas and other areas are effectively and efficiently taken care-off not by the ways it was handled previously, with this,the Small and Medium Scale Enterprises will be strengthened and flourished which will automatically fight and eliminate poverty in the country.

## VII. Conclusion And Recommendations

There is no doubt that SMEs are regarded as the locomotive that drive the economic engine of growth, employment generation and poverty reduction (etc.) as their operations and investments cover all aspect of economic and business activities and this will remain untouched and unproductive if SMEs capacity are not enhance through empowerment programmes. The past programmes initiated by the Government such as DFFRI, NALDA, SAP, NAPEP are used to promote SMEs operations and to alleviate poverty and the likes had either failed outrightly or yielded no significance result, due to poor implementation, lack of good mission and vision, inappropriate planning system, inadequate funding system, corruption and political sabotage. The obstacles and constraints that affect our SMEs from not performing well in order to provide high expected employment opportunity and to reduce poverty in the country are poor or inadequate financing system, poor state of infrastructure, corruption, weak or inconsistency Government policy, poor strategic planning system and multiple tax charge among others. This paper recommends some of the challenging factors that need to be tackling among others, in other to strengthen SMEs for poverty reduction.

Therefore, the Government should adequately fund or provide finance to SMEs for them to play and discharge their duty effectively and efficiently as the engine for economic growth and poverty reduction and the financial institutions should be restructured in such a way that SMEs will get adequate access to loans on regular basis without any delay, and also the interest rate charged on loans among others should be a single digit rate.

The government should provide or make provision for adequate basic infrastructural facilities such as: sufficient electricity supply, provision of water supply, vibrant telecommunication system and to provide state of the art transportation system and networks, with this entrepreneurs will be encourage to invest in SMEs and the existing entrepreneurs will put more effort into their operations.

The last but not the least the Government should liberalized its agencies that fight against corruption such as: Independent Corrupts Practices and other Related Offences Commission (ICPC) and also with Economic and Financial Crime Commission (EFCC) because there are not performing well the way their supposed too, which shows there is something in question with the agencies and because people in power and the likes extorted resources that could have been used to boost SMEs and nothing serious have been done to them. This is the reason for urging the government at all level to come up with an active and effective agencies in the country that will fight against corruption and sanction anybody found been corrupt extorting resources meant for SMEs and among others been it in public institution or private organization. With this recommendation if implemented it will add value to the country's SMEs, and it will also enable the SMEs to play a vibrant role in the economy by helping the government to reduce poverty. By so doing, it will help the country economy to be in the fast-growing economy in the world and also achieve the millennium development goal (MDGs) of eradicating poverty and hunger in Nigeria by extension African.

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