

INCOME AND WEALTH INEQUALITY IN NIGERIA: TRENDS AND DRIVERS

EXECUTIVE SUMMARY



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This paper was written to inform public debate on development and humanitarian policy issues, proffer policy options and inform decision making to improve human development index.

For further information on the issues raised in this paper please email infonigeria@oxfam.org

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Cover photo: Medium shot old woman exterior portrait. Photo by Freepik/Freepik.

Page 3: The palatial mansion, reportedly the most expensive residential building in Abuja, owned by oil magnate Abubakar Aliyu of AA Oil, located on Agunyi Ironsi Street, Maitama. Photo by Moha Sheikh/Moha Sheikh Photography.

Page 9: Mrs. Abosede walks through a waterlogged area in boots at Ilaje community in Lagos State, Nigeria, a low-income neighborhood with poor infrastructure. Photo by Taiwo Aina/Oxfam.



SCAN ME



Nigeria, Africa's most populous nation and a major economy, faces a growing inequality crisis across economic, social, and geographic lines. Despite its natural resources and economic growth, the wealth has not been shared equitably, leaving millions in poverty without access to basic services like healthcare, education, and infrastructure.

There is a widening wealth gap, where a small elite benefit from economic growth while most Nigerians struggle. It examines the structural causes of inequality, such as weak governance, gender disparities, and unequal access to resources. Inequality extends beyond income, affecting health, education, and social inclusion, particularly for women and rural areas.

Regional disparities also worsen the issue, with northern Nigeria experiencing higher poverty and underdevelopment compared to the more prosperous south. This uneven distribution of wealth contributes to social unrest and declining trust in institutions.

We analyze the root causes and effects of inequality in Nigeria, pinpointing areas for urgent policy intervention. We also offer recommendations for reforms to bridge the economic divide and promote inclusive growth, helping Nigeria achieve more sustainable development and improve the lives of its citizens.

Background

Nigeria is marked by extreme inequality, with the gap between the rich and poor widening across multiple dimensions, including income, wealth, education, and access to basic services.¹ Despite being one of Africa's largest economies and a key player in global oil production, the benefits of this economic growth have not been distributed equitably. Instead, they have been concentrated in the hands of a small elite, while millions of Nigerians² continue to live in poverty, struggling with limited access to resources, education, healthcare, and opportunities.

INEQUALITY IN NIGERIA: WHAT THE NUMBERS SAY!

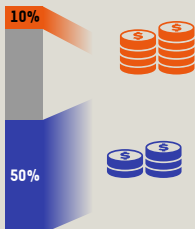
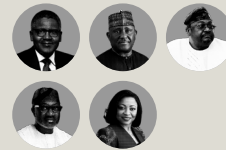


133 MILLION

NIGERIANS (63% OF THE POPULATION) LIVE IN MULTIDIMENSIONAL POVERTY, LACKING ACCESS TO HEALTHCARE, EDUCATION, AND DECENT LIVING STANDARDS.³

\$29.9 BILLION

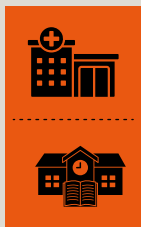
WEALTH OF NIGERIA'S FIVE RICHEST MEN COULD THEORETICALLY END EXTREME POVERTY, YET VAST DISPARITIES PERSIST.⁴



THE TOP 10% CONTROL 31.4% OF THE NATIONAL INCOME, WHILE THE BOTTOM 50% HOLD JUST 22.6%, SHOWING DEEP INCOME INEQUALITY.⁵

60%

OF NIGERIA'S POOREST LIVE IN THE NORTHERN REGIONS, WITH 87% IN SOKOTO COMPARED TO JUST 4.5% IN LAGOS, HIGHLIGHTING STARK REGIONAL DISPARITIES.⁶



50%

OF NIGERIANS LACK ACCESS TO ESSENTIAL SERVICES LIKE HEALTHCARE AND EDUCATION, WHICH FURTHER PERPETUATES THE CYCLE OF POVERTY.⁷

123 OUT OF 146

IN THE 2022 GLOBAL GENDER GAP REPORT, HIGHLIGHTING GENDER DISPARITIES IN EDUCATION AND ECONOMIC PARTICIPATION.⁸ WOMEN HAVE A 35% LITERACY RATE AND EARN ONLY 77 CENTS FOR EVERY DOLLAR EARNED BY MEN FOR THE SAME WORK.^{9, 10}

These numbers paint a picture of a country where inequality is not just an economic issue but a systemic challenge that manifests across different aspects of life, affecting the potential for inclusive growth and sustainable development. The inequality crisis is also exacerbated by institutional weaknesses, corruption, and inefficient governance, which hinder the equitable distribution of resources and opportunities.

Key Findings

The inequality crisis in Nigeria is multidimensional, encompassing disparities in income, wealth, gender, and regional access to basic services like education, healthcare, and infrastructure. The key findings from the study reveal alarming trends that demonstrate how pervasive and deep-rooted inequality is across the country. These findings provide a clear picture of the structural challenges facing Nigeria's efforts to achieve inclusive growth and social justice.



INCOME AND WEALTH INEQUALITY

Nigeria exhibits one of the highest levels of income inequality in sub-Saharan Africa, with wealth highly concentrated among a small fraction of the population. The richest 1% of Nigerians earn far more than the bottom 50%, resulting in a sharp imbalance in the distribution of wealth.¹¹

- The richest 1% in Nigeria hold significantly more wealth than the combined wealth of the rest of the population, creating a vast economic divide.
- Nigeria's Gini coefficient of 0.48 reflects a severe level of income inequality, higher than most countries in sub-Saharan Africa.



INADEQUATE SOCIAL SPENDING

Access to education and healthcare remains highly unequal across Nigeria, with significant gaps between rural and urban areas, rich and poor households, and between genders. The poor performance in these sectors has long-term implications for human capital development and social mobility.

- In rural areas, less than 40% of households have access to electricity, severely limiting educational opportunities and access to healthcare.¹¹
- Over 133 million Nigerians live in multidimensional poverty, with 50% of the population lacking access to essential services like healthcare and education.
- The poor state of healthcare systems, especially in rural areas, leaves millions vulnerable to preventable diseases and malnutrition, with more than 14 million people undernourished in Nigeria as of 2020.¹²



TAXATION DISPARITIES

Nigeria's taxation system remains regressive, placing a higher burden on the poor while allowing wealthy individuals and large corporations to benefit from tax loopholes and waivers.¹³

- Elite actors and large corporations exploit tax holidays and waivers, while smaller businesses and individuals in the informal sector face aggressive taxation.¹⁴
- The absence of progressive taxation prevents wealth redistribution and continues to exacerbate income disparities across the country.¹⁵



POLITICAL AND INSTITUTIONAL CHALLENGES

Inequality is exacerbated by weak governance, corruption, and inefficiencies within Nigeria's public institutions. The elites dominate access to political power, public resources, and economic opportunities, further entrenching inequality. Key institutional challenges include:

- Corruption remains endemic, with public funds frequently diverted away from essential social services to private interests, limiting the effectiveness of poverty reduction programmes.¹⁶
- Government expenditure on social services, such as healthcare and education, remains below global standards, with less than 7% of the national budget allocated to health and education combined.¹⁷

NIGERIA FACES SEVERE INCOME AND WEALTH INEQUALITY, WITH 40% OF ITS POPULATION—ABOUT 83 MILLION PEOPLE—LIVING BELOW THE POVERTY LINE. BY 2020, THE NUMBER OF NIGERIANS IN EXTREME POVERTY HAD RISEN TO 89 MILLION, SURPASSING INDIA'S 73 MILLION, A SITUATION WORSENERD BY THE COVID-19 CRISIS.



REGIONAL DISPARITIES

There is a stark disparity in development and access to resources between Nigeria's northern and southern regions. The northern parts of the country suffer from far higher poverty rates, weaker infrastructure, and lower levels of education and healthcare services, exacerbated by insecurity and violence.

- 87% of people in Sokoto State live in poverty, in stark contrast to 4.5% in Lagos.¹⁸
- Northern Nigeria is disproportionately affected by a lack of infrastructure, with over 60% of the population lacking access to electricity and basic social services.¹⁹
- The insurgency in the North-East and banditry in the North-West have compounded the poverty situation, displacing millions and limiting agricultural and economic activities in these regions.²⁰



GENDER INEQUALITY

Gender inequality remains a significant barrier to Nigeria's development. Women and girls, particularly in rural and northern regions, face systemic barriers that limit their access to education, healthcare, and economic opportunities.

- 60% of out-of-school children are girls, primarily in northern Nigeria, where cultural and socioeconomic factors severely limit educational opportunities for young women.²¹
- Women account for only 41% of business ownership, despite representing nearly half of the agricultural workforce. Their economic contribution is further constrained by limited access to land and financial resources.²²
- The gender gap in political participation and representation is pronounced, with women accounting for only 8.1% of gubernatorial candidates and 14.2% of legislative positions.²³

Recommendations

A. For Governments – National and Sub-national Levels



Increase Social Spending

Nigeria needs to increase spending on social sectors like health, education, and social protection, currently far below global benchmarks. Prioritising pro-poor sectors will improve access to essential services and help reduce inequality.



Implement Progressive Taxation

The government should implement a progressive wealth tax targeting the super-rich to raise billions for social programmes. A comprehensive wealth registry and stronger tax enforcement will ensure high-net-worth individuals contribute fairly.



Invest in Human Capital

Investing in human capital is key. Policies improving education, job creation, and healthcare are essential. Supporting living wages and reducing corruption will enhance labour productivity and help Nigeria achieve higher Human Development Index (HDI) scores by 2030.



Support Agriculture

Prioritise smallholder farmers by improving access to credit, land, and rural infrastructure. Strengthening agricultural policies will enhance food security, reduce poverty, and bridge the rural-urban divide.



Reform Land Policies

Establish a National Land Commission for transparent governance, conduct a National Land Audit, and protect customary land tenure. Address gender disparities and ensure land redistribution programmes promote equitable land access.

B. For Non-State Actors

Non-state actors should collaborate with the government and grassroots organisations to promote inclusive policy development, hold authorities accountable, and ensure effective implementation of pro-poor initiatives. They must advocate for women's rights, support community-based solutions, and push for gender equality and access to economic opportunities.



Conclusions

Inequality in Nigeria is deeply entrenched, driven by factors such as income disparity, regional inequalities, gender imbalances, and weak governance. Despite its economic potential, wealth remains concentrated among a few, leaving millions in extreme poverty. Limited access to healthcare, education, and essential services, especially in northern and rural areas, has widened the gap, restricting social mobility and economic opportunity.

Gender inequality and regional divides between North and South further exacerbate the problem, worsened by poor policy implementation and corruption. Without urgent action, Nigeria risks increased social unrest, poverty, and stagnant growth. To address these disparities, the government must prioritize equitable policies, increase social spending, and ensure resources reach the most vulnerable, fostering a more inclusive and prosperous society.

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Our work in Nigeria is hinged on three pillars: (i) Accountable Governance (ii) Gender Justice (iii) Just Economies
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