

# INCOME AND WEALTH INEQUALITY IN NIGERIA: TRENDS AND DRIVERS

POLICY BRIEF



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

Page 4: 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 15: Houses in a densely populated, poor neighborhood at the heart of Lagos State, Nigeria, built near inadequate drainage systems, highlighting the severe lack of essential infrastructure for the poor. Photo by Taiwo Aina/Oxfam.

Page 16: Man checking his empty wallet. Photo by Jubjang/Rawpixel.com



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## Executive Summary

The inequality crisis in Nigeria is marked by extreme disparities in income and wealth, posing significant challenges to the nation's socio-economic stability. Despite being Africa's largest economy, Nigeria ranks among the countries with the highest levels of inequality globally. Over 83 million Nigerians, approximately 39% of the population, live in extreme poverty, surviving on less than \$2 a day. The Gini coefficient for Nigeria stands at approximately 35.1%, indicating a severe concentration of wealth, with the top 10% of the population controlling around 32.5% of the national income, while the poorest 10% hold only 2.3%. This wealth disparity underscores the barriers to social mobility faced by many, particularly in rural areas, where access to essential services is critically limited.

This crisis is exacerbated by inadequate social spending, with Nigeria investing only 2.5–3.5% of its budget in education and 4–7% in healthcare—figures that fall significantly short of global benchmarks. As a result, access to quality public services is severely limited, especially in

rural areas, where less than 40% of households have access to electricity, and many lack clean water and adequate healthcare.

Regional disparities further entrench inequality, particularly between the northern and southern regions of the country. Northern states face significantly higher poverty rates, with the North-West recording poverty levels of 80%, in stark contrast to below 10% in wealthier southern states like Lagos.

In light of these challenges, this policy brief presents critical recommendations for both government and non-state actors. To reverse the inequality crisis, there is an urgent need to increase social spending, implement progressive taxation, invest in human capital, and reform agricultural and land policies. Collaborative efforts must be made to ensure equitable access to opportunities and resources, addressing the systemic issues that perpetuate poverty and inequality in Nigeria. By taking decisive action, Nigeria can work towards a more inclusive economy, ultimately improving the quality of life for all its citizens.



# Understanding the Nigerian Inequality Crisis

In Nigeria, inequality has remained a persistent challenge despite the country's vast natural resources and economic potential. The disparity between the rich and poor has been exacerbated by historical, socio-economic, and political factors. From income gaps to unequal access to essential services like education, healthcare, and infrastructure,<sup>1</sup> the effects of inequality are deeply entrenched in the country's development landscape.

Nigeria's economic growth has often been disconnected from real progress in poverty reduction. While a small elite enjoys significant wealth, a large portion of the population continues to live in extreme poverty. This gap is evident in rural-urban divides, where rural areas suffer from poor infrastructure and limited access to public services, while urban centers, although better equipped, also face rising unemployment and underemployment.

According to reports, Nigeria ranks among the countries with the highest levels of inequality globally, with over 83 million people living in extreme poverty.<sup>2</sup> The Nigerian government has made numerous efforts to address these disparities through poverty reduction programs, but implementation gaps, corruption, and inefficient allocation of resources have hindered significant progress. These challenges are further exacerbated by an underperforming educational system, healthcare deficits, and lack of investment in key sectors such as agriculture.

This policy brief underscores the urgent need for coordinated efforts at all levels of government and among non-state actors to reverse the inequality crisis. The recommendations in this brief are aimed at tackling systemic issues and introducing policies that promote equitable growth and sustainable development.



**133 MILLION**

NIGERIANS (63% OF THE POPULATION)  
ARE MULTIDimensionALLY POOR.



**OVER 95 MILLION**

NIGERIANS LIVE ON LESS THAN \$2 A DAY

**NIGERIA STRUGGLES WITH SEVERE INEQUALITY, WITH 40% OF ITS POPULATION (83 MILLION) LIVING IN POVERTY. BY 2020, 89 MILLION NIGERIANS SURPASSED INDIA'S 73 MILLION IN EXTREME POVERTY, A SITUATION WORSENERD BY COVID-19.**

## What's Holding Nigeria Back?

Nigeria faces a growing inequality crisis that threatens the country's socio-economic fabric, limiting opportunities for millions and perpetuating cycles of poverty. Despite its status as Africa's largest economy and one of the world's leading oil producers, the benefits of Nigeria's wealth are concentrated among a small elite, while the majority of the population remains trapped in poverty.<sup>3</sup> This widening gap between the rich and the poor reflects deep-rooted systemic challenges that have stifled inclusive growth and sustainable development.

The problem of inequality in Nigeria is multifaceted, encompassing income disparities, unequal access to quality education and healthcare, limited employment opportunities, and uneven distribution of public services. As highlighted in the report, Nigeria's Gini coefficient, a measure of income inequality, is one of the highest in sub-Saharan Africa. The richest 10% of Nigerians control a significant proportion of the nation's wealth,<sup>4</sup> while over 83 million people live on less than \$2 a day.<sup>5,6</sup> This income disparity is further accentuated by regional divides, where northern Nigeria, particularly the North-East and North-West, faces the worst poverty and educational outcomes, while southern states enjoy relatively better access to services and infrastructure.<sup>7</sup>

A major contributor to this inequality is inadequate social spending. Nigeria spends far less on critical sectors such as health, education, and social protection than the global or even African averages.<sup>8</sup> This underinvestment has resulted in deteriorating public services that fail to meet the needs of the population, particularly in rural areas, where access to basic amenities like electricity, clean water, and healthcare is severely limited. Additionally, the education system is marred by low-quality infrastructure, high dropout rates, and a significant gender gap, with millions of children, especially girls, out of school.<sup>9</sup>

Furthermore, the high cost of governance and endemic corruption have worsened the problem. Public resources are often mismanaged or diverted away from intended developmental purposes, enriching a few at the expense of the many. This elite capture of state resources perpetuates inequality, undermining the government's ability to implement effective poverty reduction strategies.<sup>10</sup>

The agricultural sector, which employs a large portion of the population, particularly in rural areas, remains underdeveloped due to insufficient investment, poor infrastructure, and outdated farming practices. Small-scale farmers, who constitute the bulk of agricultural producers, have limited access to finance, markets, and modern inputs, further entrenching poverty in rural communities.

**NIGERIA'S INEQUALITY CRISIS IS A PRODUCT OF SYSTEMIC INEFFICIENCIES, INCLUDING LOW SOCIAL SPENDING, POOR GOVERNANCE, AND UNEQUAL ACCESS TO OPPORTUNITIES. ADDRESSING THESE ISSUES IS CRITICAL TO FOSTERING INCLUSIVE ECONOMIC GROWTH, IMPROVING THE QUALITY OF LIFE FOR ALL NIGERIANS, AND ENSURING LONG-TERM STABILITY AND DEVELOPMENT.**

# Inequality in Nigeria: What the Numbers Say!

The inequality crisis in Nigeria is underpinned by striking and often alarming statistics that illustrate the depth of the socio-economic challenges faced by the majority of the population. **According to the World Bank's Human Capital Index (HCI), Nigeria ranks 167th out of 174 countries,** highlighting the country's critical deficiencies in health and education, which are key indicators of human capital development. This poor ranking reflects the vast number of Nigerians who lack access to quality education and essential healthcare, limiting their ability to contribute productively to the economy.

One of the most significant indicators of inequality in Nigeria is the Gini coefficient, which stands at approximately 35.1%, one of the highest in sub-Saharan Africa. This measurement of income inequality reveals that a disproportionate share of the country's wealth is concentrated among a small elite, with the richest 10% controlling a significant portion of the nation's resources. In contrast, over 83 million Nigerians, or about 39% of the population, live in extreme poverty, surviving on less than \$2 a day. This extreme poverty has worsened in recent years, with the number of people classified as extremely poor increasing by 18% between 2016 and 2022.

## 123 OUT OF 146

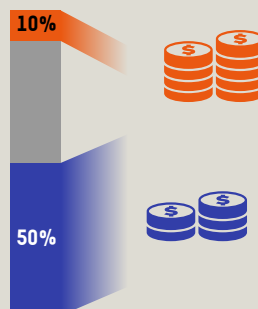
IN THE **2022 GLOBAL GENDER GAP REPORT,** HIGHLIGHTING GENDER DISPARITIES IN EDUCATION AND ECONOMIC PARTICIPATION. **WOMEN HAVE A 35% LITERACY RATE AND EARN ONLY 77 CENTS FOR EVERY DOLLAR EARNED BY MEN FOR THE SAME WORK.**



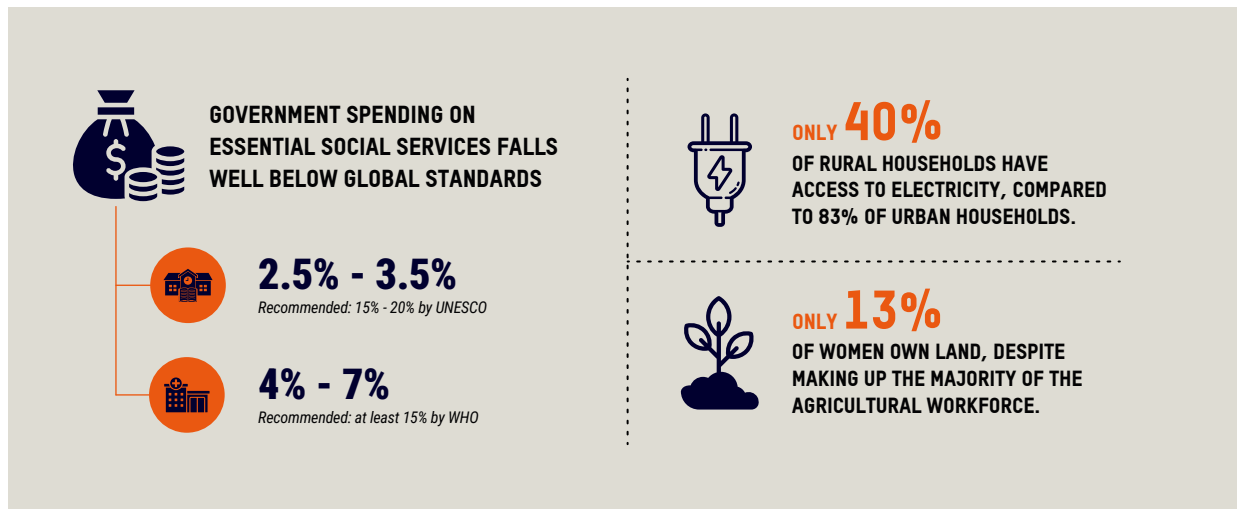
Geographical disparities further compound the inequality crisis. The northern regions of Nigeria, particularly the North-East and North-West, experience the highest levels of poverty, illiteracy, and poor health outcomes. According to reports, more than 50% of girls in these regions are out of school, with female primary school net attendance rates of 47.7% in the North-East and 47.3% in the North-West.<sup>11, 12</sup> The lack of access to education, especially for girls, perpetuates gender inequality and limits opportunities for women to escape the cycle of poverty. In contrast, southern states like Lagos and Ogun have significantly higher literacy rates and better access to public services, highlighting the regional imbalances in resource distribution.<sup>13</sup>



**NIGERIA HAS ONE OF THE HIGHEST GINI COEFFICIENT IN SUB-SAHARAN AFRICA**



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

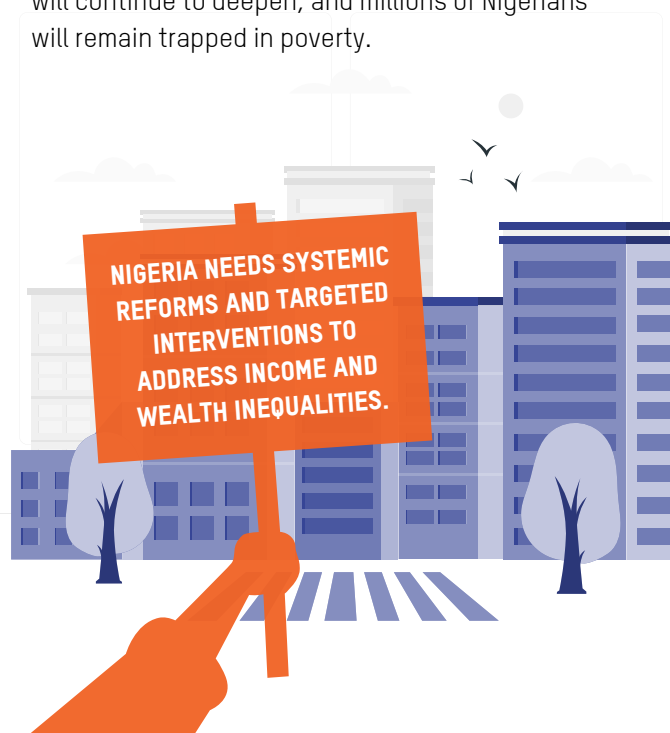
POLICY BRIEF > **INEQUALITY IN NIGERIA: WHAT THE NUMBERS SAY!**

In terms of social spending, Nigeria invests between 2.5% to 3.5% of its budget on education and 4% to 7% on healthcare, which are well below global standards.<sup>14</sup> These low levels of social spending limit the quality and availability of essential services for the population. For instance, only 40% of rural households have access to electricity compared to 83% of urban households,<sup>15</sup> and one-third of Nigerian households do not have access to safe drinking water. The inadequacies in public service provision further exacerbate inequality and limit opportunities for economic and social mobility.

Agriculture, which employs nearly half of Nigeria's workforce and contributes about 25% of the country's GDP, is another sector marked by inequality. Women constitute a significant portion of the agricultural workforce but hold only 13% of land ownership.<sup>16, 17</sup> This gender disparity in land ownership undermines women's ability to benefit equitably from agricultural investments and reinforces the cycle of poverty in rural communities. Additionally, small-scale farmers, who are the backbone of Nigeria's agricultural sector, face numerous challenges, including

limited access to finance, modern inputs, and markets, which further stifles their productivity and earnings.

These figures paint a stark picture of the inequality crisis in Nigeria. They underscore the urgent need for systemic reforms and targeted interventions to address the disparities in income, access to education and healthcare, and regional development. Without addressing these issues, the country's socio-economic challenges will continue to deepen, and millions of Nigerians will remain trapped in poverty.





## Key Findings

The key findings from the report on inequality in Nigeria highlight critical socio-economic disparities that are deeply embedded within the country. These findings offer a comprehensive view of how poverty, access to education, social spending, and taxation contribute to widening inequality across various sectors and demographics.



### Income and Wealth Inequality

Income and wealth inequality in Nigeria remain pervasive, with the top 10% of the population controlling a significant portion of the country's wealth.<sup>18</sup> According to the report, this group captures around 32.5% of the national income, while the poorest 10% hold only 2.3%. The disparity is further exacerbated by limited opportunities for social mobility, meaning that those born into poverty are likely to remain in it. This unequal distribution of wealth has also led to disparities in access to basic services such as healthcare, education, and housing. Wealth accumulation in Nigeria is often tied to political connections and influence, further entrenching elite dominance and leaving the poor with limited avenues for economic advancement.



## \$29.9 BILLION



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



#### INCOME DISPARITY:



10% EARN 12.6X MORE THAN THE 10%  
20% EARN 6.3X MORE THAN THE 20%



### Inadequate Social Spending

Nigeria's social spending on critical sectors like health and education remains well below global standards. The government allocates between 2.5% to 3.5% of its budget to education and 4% to 7% to healthcare, significantly less than the recommended levels by international organisations.<sup>19</sup> This low investment has led to poor public services, particularly in rural areas, where access to quality education, healthcare, and basic amenities like clean water and electricity is severely limited. The lack of adequate funding prevents the country from addressing basic human capital development needs, trapping millions in poverty and limiting their potential to improve their economic situation.



40%

OF NIGERIANS LACK  
ACCESS TO HEALTHCARE.



1 IN 10 NIGERIANS (APPROXIMATELY  
22 MILLION) SPEND MORE THAN 10%  
OF THEIR INCOME ON BASIC HEALTH  
SERVICES.



LESS THAN 2% OF HOUSEHOLDS  
RECEIVE SOCIAL PROTECTION BENEFITS.

ONLY 10 MILLION NIGERIANS ARE  
COVERED, THOUGH 90 MILLION LIVE  
ON LESS THAN \$2 A DAY.

## POLICY BRIEF &gt; KEY FINDINGS



## Taxation Disparities

Nigeria's tax system is heavily skewed in favour of the wealthy, further deepening inequality. The country's taxation structure remains largely regressive, with the burden of taxes falling disproportionately on the poor. The super-rich and large corporations often benefit from tax waivers, holidays, and loopholes that enable them to avoid paying their fair share.<sup>20</sup> In contrast, small and medium-sized enterprises (SMEs) and individuals in the informal sector bear the brunt of aggressive tax collection measures. The absence of a progressive tax system exacerbates the wealth gap,<sup>21</sup> as it allows the elite to accumulate more wealth while the poor and middle class continue to struggle with multiple taxation and limited government services.



## Regional Disparities

Inequality in Nigeria is not only based on income but also has a strong regional dimension. The northern regions of Nigeria, particularly the North-East and North-West, suffer from higher rates of poverty and lower access to basic services compared to the southern regions. The poverty rate in the North-West stands at 80%, while the North-East has a rate of 76%, compared to much lower rates in the southern states like Lagos, where it is below 10%.<sup>22</sup> These regional disparities are further exacerbated by insecurity, poor infrastructure, and limited economic opportunities, particularly in rural areas. The unequal development between the north and south contributes significantly to the overall inequality crisis in Nigeria.



ALIKO DANGOTE, AFRICA'S RICHEST MAN, HAS PAID A MERE 1% TAX RATE OVER THE PAST 15 YEARS DESPITE SUBSTANTIAL PROFITS FROM HIS BUSINESSES.



APPROXIMATELY  
**5 TRILLION**

(18.5% OF THE 2024 FEDERAL BUDGET) IS LOST DUE TO TAX INCENTIVES GRANTED TO LARGE CORPORATIONS.

## PROGRESSIVE TAXATION POTENTIAL



A PROPOSED WEALTH TAX ON NIGERIAN MILLIONAIRES AND BILLIONAIRES COULD GENERATE UP TO US\$2.4 BILLION ANNUALLY BASED ON A STRUCTURE OF:

2% ON NET WEALTH ABOVE US\$5 MILLION

3% ON NET WEALTH EXCEEDING US\$50 MILLION

5% ON WEALTH ABOVE US\$1 BILLION

1% TAX ON NET WORTH ABOVE \$1 MILLION COULD RAISE \$7.5 BILLION

**60%**

OF NIGERIA'S POOREST POPULATION ARE CONCENTRATED IN THE NORTHERN REGIONS.

**76.3%**

PERCENTAGE OF INDIVIDUALS LIVING BELOW THE \$1.90 POVERTY LINE RESIDING IN NORTHERN REGIONS OF NIGERIA.

**84.6%**

PERCENTAGE OF INDIVIDUALS LIVING BELOW THE \$1.90 POVERTY LINE RESIDING IN RURAL AREAS.



AVERAGE HOUSEHOLD INCOME IN THE NORTH IS AROUND ₦50,000, WHILE IN THE SOUTH, IT EXCEEDS ₦75,000 PER MONTH.

## POLICY BRIEF &gt; KEY FINDINGS



## Political and Institutional Challenges

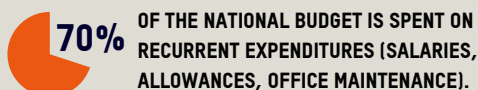
Political and institutional challenges, including corruption, weak governance, and elite capture, are key drivers of inequality in Nigeria. The report notes that many of Nigeria's wealthiest individuals have accumulated their fortunes through political connections or direct participation in government. Public resources are often diverted to benefit the elite, while the general population suffers from inadequate public services and infrastructure. Corruption undermines public trust and reduces the effectiveness of poverty reduction programs, as funds meant for social investment are often misappropriated. The lack of accountability and transparency in government institutions also hinders efforts to tackle inequality and improve the living standards of the poor.<sup>23</sup>



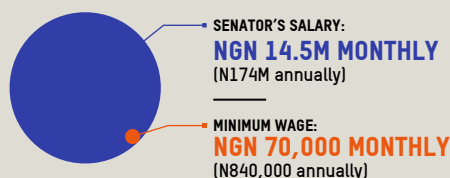
## Gender Inequality

Gender inequality remains a significant challenge in Nigeria, contributing to the overall inequality crisis. Women are disproportionately affected by poverty, with limited access to education, healthcare, and economic opportunities. The literacy rate among women is 35%, compared to 59.5% for men, and women own only 13% of agricultural land, despite making up nearly half of the agricultural workforce.<sup>24</sup> Women are also severely underrepresented in politics and decision-making roles.<sup>25</sup> In the 2019 elections, only 80 women contested for governorship positions compared to 984 men. These gender disparities limit women's ability to contribute fully to the economy, further entrenching poverty and inequality in the country.

## HIGH COST OF GOVERNANCE



## LAWMAKERS' SALARIES VS. MINIMUM WAGE



IT WOULD TAKE A FEDERAL WORKER 207 YEARS TO MATCH A SENATOR'S ANNUAL SALARY.

## IMPACT OF CORRUPTION



BETWEEN 2006 AND 2013, **NGN 1.34TN** WAS STOLEN BY 55 INDIVIDUALS, WHILE CORRUPTION CASES INVOLVING HIGH-PROFILE POLITICIANS **TOTALED NGN 21.63TN AND \$47.4BN OVER 15 YEARS**, ACCORDING TO A 2022 REPORT.

## 123 OUT OF 146

IN THE **2022 GLOBAL GENDER GAP REPORT**, HIGHLIGHTING GENDER DISPARITIES IN EDUCATION AND ECONOMIC PARTICIPATION.

DESPITE WOMEN ACCOUNTING FOR 41% OF BUSINESS OWNERSHIP IN NIGERIA:

- LITERACY RATE STANDS AT JUST 35%
- WOMEN EARN ONLY 77 CENTS FOR EVERY DOLLAR EARNED BY MEN FOR THE SAME WORK



WOMEN HOLD JUST **6.4% OF NATIONAL ASSEMBLY SEATS**. IN THE 2019 ELECTIONS, **80 WOMEN AND 984 MEN RAN FOR GOVERNORSHIPS**, WHILE **234 WOMEN AND 1,649 MEN SOUGHT SENATE SEATS**. FROM 1999 TO 2020, THERE WERE **136 MALE AND 66 FEMALE MINISTERIAL APPOINTMENTS**.

# Recommendations

Reversing Nigeria's inequality crisis requires a multifaceted approach, with concerted efforts from both government and non-state actors. A series of targeted policy interventions are needed at both national and sub-national levels. These recommendations focus on increasing social investment, promoting fair taxation, improving human capital, and reforming key sectors like agriculture and land governance.

## A. For Governments – National and Sub-national Levels



### INCREASE SOCIAL SPENDING

Nigeria's spending on critical social sectors, including healthcare, education, and social protection, is currently far below global benchmarks. To reverse the trend of inequality, the government must substantially increase its budgetary allocation to these pro-poor sectors. Social spending needs to be targeted at improving access to essential services for vulnerable groups, ensuring a more equitable distribution of national wealth. Adequate investment in these areas will help reduce poverty, enhance human capital development, and promote inclusive growth. By prioritising rural and underdeveloped regions, the government can begin to close the gap in access to healthcare and education, especially for marginalised communities.



### IMPLEMENT PROGRESSIVE TAXATION

A progressive wealth tax should be implemented to ensure that the wealthiest Nigerians contribute a fair share to social development. This tax should target high-net-worth individuals and the super-rich, who currently benefit disproportionately from the country's wealth. Establishing a comprehensive wealth registry will help track assets and ensure compliance with tax regulations, while stronger tax enforcement mechanisms will curb tax evasion. By doing so, the government can raise billions of naira that can be directed toward funding social programmes and poverty alleviation initiatives. Additionally, ensuring that corporate entities, particularly multinational companies, pay fair taxes will further contribute to reducing inequality.



## POLICY BRIEF &gt; RECOMMENDATIONS



## INVEST IN HUMAN CAPITAL

Investing in human capital is critical to fostering long-term economic growth and reducing inequality. The government should focus on improving education, healthcare, and job creation to support the development of a more productive and equitable workforce. Increasing access to quality education, particularly for girls and marginalised communities, will lay the foundation for higher labour productivity. Policies that support the implementation of living wages, reduce corruption, and promote good governance will create a conducive environment for economic growth. If Nigeria can make progress across these areas, it can aim to significantly improve its Human Development Index (HDI) score by 2030, elevating the country to "high human development" status.



## SUPPORT AGRICULTURE

Agriculture remains a key sector for Nigeria's economy, employing nearly half of the workforce. However, smallholder farmers continue to face significant challenges, including limited access to credit, land, and infrastructure. The government must prioritise agricultural policies that focus on improving rural infrastructure, such as roads and storage facilities, to enhance market access for small-scale farmers. Additionally, by offering targeted support through subsidies and credit facilities, the government can empower subsistence farmers, helping to bridge the rural-urban divide and improve food security. Strengthening agricultural policies that promote sustainable practices and resilience to climate change will also ensure that the sector contributes effectively to poverty reduction.

## POLICY BRIEF &gt; RECOMMENDATIONS



## REFORM LAND POLICIES

Land ownership and governance play a crucial role in perpetuating inequality in Nigeria. To address this, the government should establish a National Land Commission responsible for overseeing land governance, ensuring transparency, and resolving disputes. Conducting a National Land Audit will provide vital data on land ownership, usage, and distribution patterns, helping to inform policy decisions. Ensuring that land redistribution programmes are inclusive and promote equitable access is critical, especially for women and marginalised communities. Strengthening customary land tenure systems will help protect the rights of rural populations, while addressing gender disparities in land ownership will contribute to reducing inequality across the country.

### A. For Non-State Actors

Non-state actors, including civil society organisations, private sector players, and community-based groups, play a vital role in addressing inequality. They must collaborate with the government and grassroots organisations to promote inclusive and equitable policies. Non-state actors should advocate for the protection and promotion of women's rights, ensuring that women have equal access to education, healthcare, and economic opportunities. Moreover, they should hold governments accountable for the implementation of pro-poor policies and ensure that the voices of marginalised communities are represented in decision-making processes. By fostering transparency, supporting community-led solutions, and pushing for gender equality, non-state actors can play a crucial role in reversing Nigeria's inequality crisis.

## Conclusion

The gap between the rich and poor continues to widen, with wealth concentrated in the hands of a few, while millions of Nigerians remain in multidimensional poverty without access to essential services like healthcare and education. The persistent inequality crisis in Nigeria is a complex issue deeply rooted in systemic challenges spanning income distribution, social spending, governance, and regional disparities. This policy brief has highlighted the critical areas where intervention is needed, including progressive taxation, increased social spending, agricultural investments, and land reforms.

To address these issues, it is crucial that the government, in collaboration with non-state

actors, adopts a more inclusive, transparent, and equitable approach. Targeted investments in human capital, infrastructure, and rural development will play a key role in bridging these divides. Equally, progressive taxation and policies to improve governance and accountability will be essential in ensuring that resources are more equitably distributed across the country.

Achieving these goals will require sustained political will, effective implementation of policies, and active participation from both the public and private sectors. By addressing the root causes of inequality, Nigeria can chart a path toward inclusive growth, improved social mobility, and a more equitable society for all its citizens.







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**IN NIGERIA, THE ECONOMIC  
SITUATION IS DIRE, WITH  
MILLIONS STRUGGLING TO MAKE  
ENDS MEET AS PRICES RISE  
FASTER THAN INCOMES.**



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**OXFAM**

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Oxfam is a confederation of 20 affiliates operating globally in 80 countries, working to see a world without poverty. We are a worldwide development organization that mobilizes the power of people against poverty. Around the globe, we work to find practical, innovative ways for people to lift themselves out of poverty and thrive. We save lives and help rebuild livelihoods when crisis strikes, and we campaign so that the voices of the poor influence the local and global decisions that affect them.

Our work in Nigeria is hinged on three pillars: (i) Accountable Governance (ii) Gender Justice (iii) Just Economies  
Oxfam in Nigeria strives to fight poverty and inequality by empowering civil society organizations and advocating for change in Accountable Governance, Economic and Food Systems, and Gender Justice. Our aim is to create a transparent, inclusive, and just society in Nigeria through collective action and empowerment. The Future is Equal!

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