



# Food, finance and fuel: the impacts of the triple F crisis in Nigeria, with a particular focus on women and children

## Lagos State Focus

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The global economic downturn of 2008/09, coupled with the food and fuel crises, has exacerbated poverty and deprivation through shrinking employment opportunities, reduced wages and remittances, declining levels of demand and cuts in government expenditure – especially with regard to basic services. A particularly vulnerable group, and one on which the crises are likely to have a long-lasting impact, is children. Evidence shows that, when children are withdrawn from school, are required to work, suffer early life malnutrition or are victims of neglect or violence, there are likely to be long-term, often lifelong and even intergenerational consequences. The extent to which an economic crisis intensifies these phenomena is thus a matter of major concern, as are policy responses to crisis episodes (see Harper et al., 2009).

The impacts of the 3F crisis in Nigeria remain largely under-analysed, in part because of the dearth and poor quality of existing data. This Background Note presents key findings of a study that maps the impacts of the 3F crisis on vulnerable social groups, particularly women and children, as well as related coping strategies undertaken by households across Nigeria's six socioeconomic zones.

Understanding the links between three crises that originate at an international level and outcomes that affect children at local levels is a complex endeavour, as the channels of impact are many, are often non-linear and operate at different levels. In order to reflect the heterogeneity of the three different crises, this analysis adopts three key con-

ceptual frameworks that accommodate the multiple and often contradictory linkages. By mapping the various possible channels of transmission of the effects of the crises, from the macro through to the meso levels, these frameworks are proposed as critical analytical tools for examining the effects of different types of crises on child well-being (see Figure 1 overleaf for the framework to analyse financial crises; this is modified in the main report to explore the food and fuel crises).

Together with in-country stakeholders, the following states in the six socioeconomic zones of Nigeria were selected: Lagos, Kano, Edo, Imo, Benue and Adamawa. Selection criteria included the likelihood of different channels of crisis impact – food price variability, remittance dependency, rising unemployment, declining trade opportunities, cuts in state government spending and rising vulnerabilities owing to economic malaise – and security, logistical and network considerations. To reflect demographic and socioeconomic heterogeneity, two or three locations within each state were selected, with the assistance of state-level stakeholders.

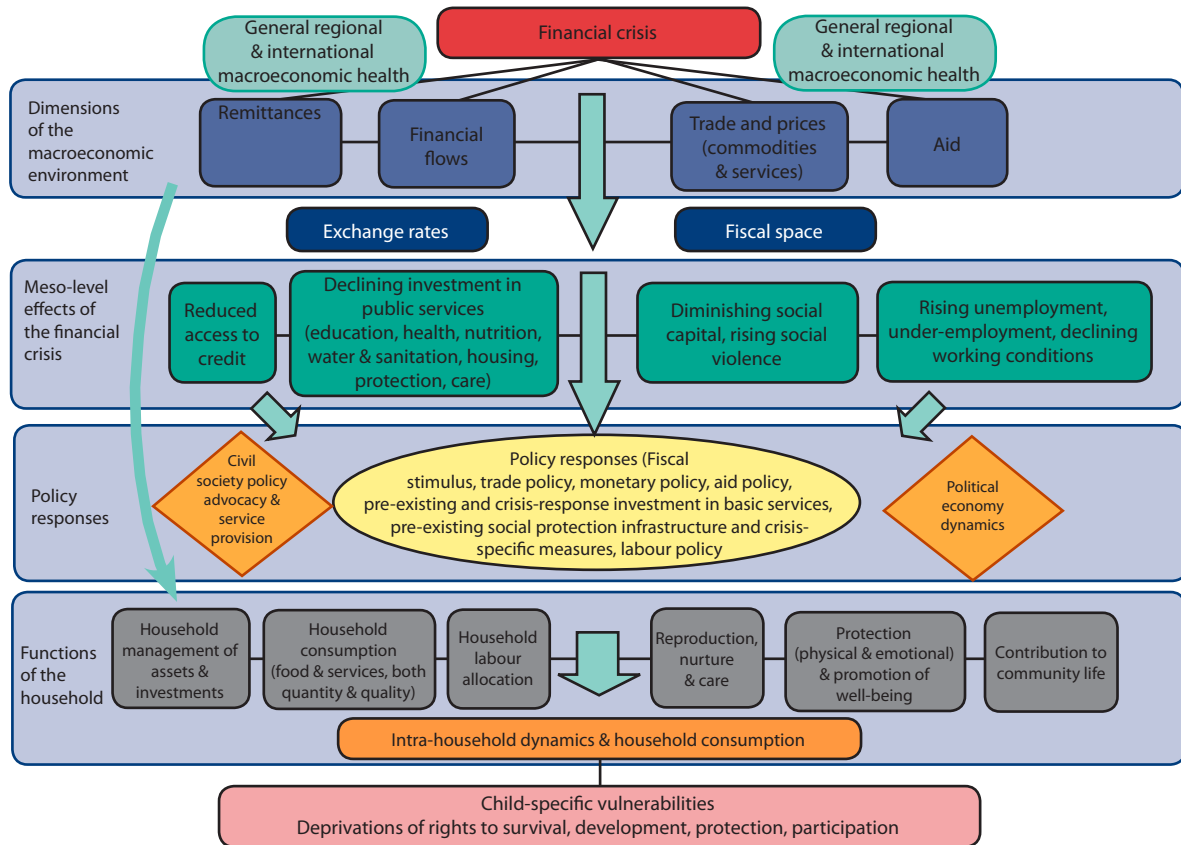
A mixed methods approach was used, consisting of: 1) a comprehensive review of secondary literature; 2) analysis of nationally representative household surveys, complemented by a household survey in Lagos and Kano; 3) key informant interviews (KIIs) with government, donor, non-governmental organisation (NGO) and academic stakeholders; 4) focus group discussions (FGDs); and 5) in-depth interviews (IDIs) with community members.

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Figure 1: Framework to understand possible effects of the financial crisis on child well-being



## National context

Nigeria has become a dominant force in sub-Saharan Africa, with a strong economy (the growth rate was at 6% in 2009: UNDP, 2009) and booming oil and agriculture sectors. However, an overdependence on the production and export of oil and a reliance on food imports have rendered the economy vulnerable to global price fluctuations. Downturns in government revenues are transmitted to states through reductions in federal transfers and cuts in expenditure on employment and services. Economic vulnerability is further enhanced by a dependence on fluctuating remittance flows, and poor infrastructure and corruption have resulted in restrictions on foreign direct investment (FDI) (Ajakaiye and Fakiyesi, 2009).

Ethnic and religious conflict has become a social concern, and poverty, gender discrimination and violence against children and women have been on the increase. Weak social security systems (IRBC, 2007) have been unable to mitigate the effects of social problems. The country's political landscape is split between the mainly Muslim north and the primarily Christian south – a situation that has exacerbated political in-cohesion (Salawu and Hassan, 2011). Resource allocation is inequitable: 20% of the populace controls 65% of national wealth (UNDP, 2009). Extreme poverty spiked from 6.2% in 1996 to 22% in 2004, and food poverty reached 35% the same year (UNICEF, 2008), with 64% of the population suffering from multiple deprivations (UNDP, 2010). Indicators of the existence of child poverty and deprivation are prevalent, namely, high child and infant mortality rates, low education

completion rates and high levels of child labour. Poverty also remains highly gendered, with women constituting the majority of the poor, unemployed and socially disadvantaged.

## Impacts of the crisis

### Macroeconomic shocks

**Food and fuel prices:** Since 2003, food prices in Nigeria have shown a steady long-term upward trend, characterised by short-term variability with pronounced peaks and troughs between mid-2005 and early 2008. This is mirrored by the prices of other goods and corresponds with the rise and fall of international food staples (see Figure 2). In spite of Nigeria's enormous potential, the poor state of the agriculture sector has led the country to become a net importer of agricultural goods. For example, to satisfy domestic demand, Nigeria imports an average of 1.8 million tonnes of rice per year (FAO, 2010). This reliance on food imports, coupled with steadily rising prices, makes it vulnerable to international fluctuations in food prices.

However, thus far, assessments indicate that Nigeria displayed considerable resilience during the 2007-2008 global food price hikes in terms of aggregate effects, and has avoided a national food crisis. The Millennium Development Goal (MDG) Report (NPC, 2010) identifies a number of factors that have cushioned the country against food crisis, such as relatively good harvests, household dependence on own food production, the diversity of staple crops and increased government investment in the agriculture sector.

## Lagos State Background Focus

**Politics:** Lagos state is highly urbanised, comprising 37-41% of Nigeria's urban population (World Bank, 2005). A total of 70% of its population is in urban areas and about 30% in rural areas. The state occupies only 0.4% of the country's land area and gains an estimated 300,000 inhabitants every year above its natural growth rate, making it one of the fastest-growing urban centres in the world. It is the economic nucleus of the country, reputedly accounting for about 57% of total value added in manufacturing and about 40% of the nation's most highly skilled manpower (Okunlola, 1996).

The administrative capital of Nigeria, Lagos state is made up of five divisions, namely, Lagos Island Eko, Epe, Ikorodu, Badagry and Ikeja. These divisions are further divided into 20 local government areas (LGAs). Dependency on federal revenue transfers has decreased from 41% to 35%, and 16,846 new public staff were recruited between 2007 and 2010, in contrast with states where the recruitment embargo has not been lifted. Further reforms are evident in public-private partnership projects in various sectors, the development of various skill acquisition programmes and a microfinance scheme that has benefited young people. Lagos was also recently the first state to adopt the federal Freedom of Information Bill. Significantly, women comprise over 60% of the state judiciary. However, only three women have joined the 43-member State Executive Council (including the Deputy Governor, the Commissioner for Women's Affairs and Poverty Alleviation and the Secretary to Government) and only 7 sit in the 40-member State House of Assembly (NBS, 2009c).

**Economic context:** Although the capital of Nigeria was shifted from Lagos to Abuja in 1991, Lagos' status as a mega city continues to make it the country's economic, financial and commercial nerve centre, contributing 32% of the country's gross domestic product (GDP) in 2004 as well as over 60% of its industrial establishments and foreign trade, 65% of commercial activities and about 40% of payment for employment in the country. (Lagos Indicator, April/May 2010). The state is reported to house about 2,000 industries, 250 financial institutions and 200 firms listed on the Nigerian Stock Exchange, and contributes 70% of the nation's national gross industrial output and 60% of its production value. However, this situation is expected to have changed somewhat as a result of the impacts of the global financial crisis of 2008/09.

The formal sector in Lagos state comprises the public sector and private organisations such as financial institutions, oil companies and commercial houses, most of which are parts of larger conglomerates. A comparative analysis of unemployment rates in Lagos state and Nigeria from 2000 to 2004 show that these fluctuated compared with those in Nigeria as a whole, although data for 2000-2003 show that urban unemployment was at a much higher level than rural unemployment for these three years (NBS, 2009d). Agricultural employment, although limited, is high in Lagos state owing to the existence of market opportunities, and consists largely of fisheries and urban high-value agriculture such as poultry (ibid.). The mainly non-farming informal sector provides the greatest potential for employment, especially for women, which has led to high demand for alternative, marketable skills through vocational training.

### Key facts:

#### Employment and income

- More than three in every five households (63%) in the state classify themselves as poor. The proportion of male- and female-headed households defining themselves as poor is very similar, at 63.6% and 62.9%, respectively (NBS, 2006).
- General unemployment in the state is 19.5% compared with the national average of 19.7% (NBS, 2009d).
- In terms of the percentage distribution of those unemployed by state, in 2005 10.2% of all those unemployed aged 15 years and above in Nigeria were situated in Lagos. Of these, 9.4% were men and 11.4% were women (NBS, 2008). For youth, 26% of individuals aged 15-24 years were situated in Lagos (ibid.).

#### Health

- Lagos state has the sixth-largest number of people living with HIV and AIDS. Prevalence in the state increased from 3.5% in 2001 to 5.1% in 2008, compared with a national average of 4.6% for both years (NBS, 2008).
- At the state level, 59% of households had access to medical services, with the majority in urban (88.1%) rather than rural (54%) areas (NBS, 2006).
- Female genital mutilation/cutting prevalence in 2006 was at 36.5%. This was considerably higher in urban areas, at 37.6%, compared with 21.2% in rural areas (NBS, 2006).

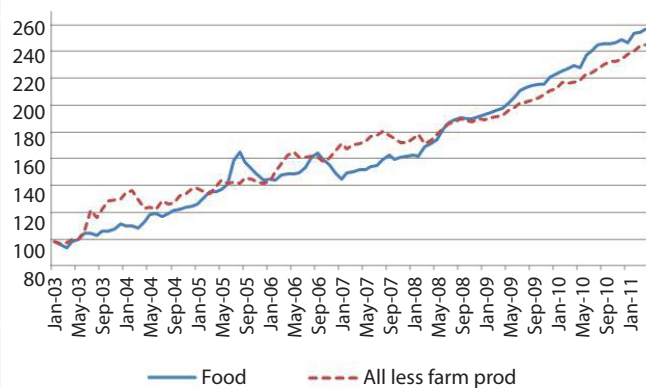
## Education

- Literacy rates in Lagos for both adults and youth are the highest in the country, at 95% and 99%, respectively, compared with a national average of 66% for adults and 80% for youth (NBS, 2009).
- Primary net enrolment rate for the state is 81.8% (males – 84.2% females – 79.3%) and completion is at 20.2% (NBS, 2006)
- Secondary school net enrolment is 69.8% for the state and completion is at 60.1% (NBS, 2008).

## Children

- More than six in every ten children under five years old (68.9%) born in the state have had their births registered (urban – 69.7% rural – 61%) (NBS, 2006)
- The proportion of under-five children who had received full immunisation in 2006 was 81.2%; 2.5% of children did not receive any vaccinations (NBS, 2006).
- In the South West zone of Nigeria, where Lagos state is situated, the infant mortality rate in 2008 was 59 deaths per 1,000 live births compared with a national average of 87. The under-five mortality rate was 89 deaths per 1,000 live births compared with a national average of 171 (NPC and ORC Macro, 2009).
- Lagos state is one of 24 states in Nigeria that has domesticated the 2003 Child Rights Act which sets out the rights of Nigerian children as well as providing for a system of child justice administration.

Figure 2: Steadily increasing food and non-food prices in Nigeria, 2003-2011



Source: NBS data.

However, this aggregate picture hides significant variations in effects within the country and across societal groups. Our analysis suggests that the short-term variability has affected the welfare status of certain communities and households, as well as their access to food, with poor net food buyers facing disproportionate difficulties in managing these shocks.

Despite being Africa's biggest oil producer, Nigeria imports more than 80% of its domestic fuel, owing to a lack of refining capacity, which makes the country vulnerable to increasing international fuel prices. Similar to food prices, fuel prices have followed a long-term upward trend that appeared to stabilise at around N65 per gallon in 2010. Fuel prices display a lower short-term variability than food prices in most states, confirming global evidence that food prices tend to be subject to more sudden shocks in the short run than fuel prices. The Nigerian government has addressed international fuel price volatility by

subsidising the pump price. However, our analysis suggests that fuel subsidies may have had a muted effect in terms of cushioning the impacts of rising fuel costs on household consumption patterns across the sample states, especially among the poor, whose access to petroleum products, and kerosene in particular, remains scarce and unpredictable.

Financial crisis: The financial crisis is explored by examining impacts on exports, FDI, remittances, foreign aid/official development assistance (ODA) and economic growth and pro-poor development. Changes in exports, via a reduction in both demand and the price of oil, are likely to be the key channel through which macro effects of the recent global financial crisis have been manifested in Nigeria. This channel has operated primarily through a reduction in government revenues owing to an abrupt drop in international oil prices,<sup>1</sup> combined with declining export earnings and balance of trade, filtering through to the exchange rate,<sup>2</sup> inflation, foreign investments, external reserves and the current account of the balance of payments.<sup>3</sup>

In terms of FDI flows, a decline of 14% between 2008 and 2009 was seen,<sup>4</sup> which in turn had an impact on productive capacity, the balance of payments and employment. This substantial decline, given FDI's importance for stimulating economic growth and employment, is of serious concern for Nigeria.

Assessments of the scale of the impact on remittance flows vary, although most show negative changes of varying degrees in 2009. According to World Bank (2011) data, international remittance inflows have increased sharply since 2003, rising more than fourfold between 2003 and 2007 (e.g. from less than 2% of gross domestic product (GDP) to over 5%: almost \$10 billion). The global crisis seems to have reduced the rate of growth of remittances rather than the inflow. The IMF and the Central Bank of Nigeria point to a more severe impact, suggesting a decline of 4% in remittance flows between 2008 and 2009. Moreover, according

## Box 1

### Employment loss:

'A lot of lay-offs from the financial sector and the banking sector as a result of the crisis', as banks 'can no longer sustain the level of income they pay' (Lagos, KII 14).

Overall, people were increasingly anxious and insecure about their jobs, reporting that 'access to meaningful employment has been decreasing in the past four to five years', and this has been reflected in a growing engagement of people and children in informal work (Lagos, FGDs 1-3).

### Declining income:

'As a trader, I used to purchase more goods five years ago than I do now. My capital appears bigger than before, but it can only buy fewer goods due to inflation' (Edo, FGD 5).

According to a female respondent in Owerri, 'civil servant families are getting less money nowadays', which comes on top of 'already small and irregular salaries' (Imo, FGD 2).

In Adamawa, current salaries and delays in their disbursement are 'insufficient to secure people a decent life', especially with ever-increasing inflation and reduced purchasing power, which has also led to civil servant strikes, (Adamawa, KIIs 1 and 3).

to Nigeria Living Standards Survey (NLSS) data for 2003/04 (NBS, 2004), a period in which remittances should have represented around 2% of GDP, remittances accounted for only 0.2% of total state income on average, reaching only about 1% of each state's households. Qualitative data from the current study also suggest that remittances – and international flows in particular – have been declining among certain households.

ODA dropped from 1.3% of gross national income (GNI) in 2007 to 0.7% in 2008 (OECD data). Although Nigeria does not appear to be very dependent on aid, ODA remains an important source of funding within the social sectors, particularly for the lower tiers of government, which are responsible for delivering social services. This means that even a small reduction in ODA levels is likely to have an impact on state and local government capacity to protect vulnerable households from increasing deprivation, thus hindering progress toward development objectives such as the MDGs. A dearth of statistical data on this rules out any conclusive assertions, however.

Economic growth and pro-poor development remain disconnected. Despite difficulties in 2009, Nigeria's relatively robust economy has largely been maintained, owing to strong performance in non-oil sectors – particularly agriculture. Notably, the GDP growth rate has been relatively stable and robust (up to 2009 at least). However, Nigeria has failed to translate relatively stable growth into improvements in terms of employment and poverty, which have remained at very high levels in relation to the country's income status.

## Impacts on employment, income and household consumption capacity

Employment and income: Employment and income were

explored by examining changes in formal and informal labour markets and income and labour patterns among youth, women and children. While high levels of unemployment in the formal labour market pre-date the crisis and are an ongoing challenge in most states of Nigeria, evidence from both our fieldwork and secondary data analysis suggests that the risk of unemployment has been aggravated by the crisis. During the period of financial crisis, Nigeria recorded a sharp increase in the total unemployment rate, which went up to 19.7% in March 2009, compared with 14.9% in the same period in 2008 (NBS, 2010). These changes have important age and gender dimensions: during 2007-2009, young people experienced the most dramatic jumps in unemployment, from 25.9% to 41.6% (and nearly 50% in urban areas) (ibid), and unemployment among women rose from 43.5% 48.9% between 2007 and 2009 (ILO, 2010).

This was corroborated by the qualitative fieldwork, where respondents reported that, although reductions in public sector employment were an ongoing issue, the financial crisis had led to further cuts (e.g. in Benin City and Owerri City) (although we were unable to confirm this through statistical data). This trend was partly associated with cuts in federal government allocations to the states in 2009 and a subsequent embargo on public sector employment. Fieldwork findings also show that, in Lagos, for instance, respondents saw the financial crisis as being linked directly to widespread industry closures, international relocations and reductions in financing for micro-enterprise by the banking sector.

Overall, there are strong indications that the food, fuel and financial shocks have led to important changes in income levels across the sampled sites, although these vary across states, households and individuals. An analysis of Lagos Kano Household Survey data shows a decline in real incomes among the poor over the 2007-2010 period, irrespective of the state and area of residence. This is corroborated by qualitative evidence that reveals a general perception of real incomes declining over the past three to four years, as prices of food, transport and other basic goods have risen. In addition to hikes in food prices, household incomes have been squeezed from a number of different directions, including job losses, pay cuts, wage delays and, in some cases, declining remittances. At the same time, data suggest that food price increases can benefit crop producers as far as real income is concerned, with important heterogeneity in outcomes between and within states.

Qualitative data also reveal variations with regard to income reductions experienced between different types of employees. Poor petty traders in Imo, Benue, Lagos and Edo, for example, have experienced the most direct consequences of rising prices and inflation, reporting that their returns from business are 'getting leaner'. In the public sector (in Adamawa, Imo and Benue in particular), we kept hearing complaints that wages and earnings among civil servants had not kept pace with the rise in food and other basic costs. The quantitative data reveal gendered variations in terms of poverty and vulnerability: for female-headed households living in Lagos, the probability

## Box 2: The effects of the 3F crisis on access to health, education and social support

'A lot of pregnant women would rather be on their farms to earn their living than spend time attending antenatal care activities at the health institutions. The current financial crisis has worsened the situation thereby moving access to health care by many mothers much lower in their scale of preferences' (Imo, KII 4).

'Recently the high cost of education has made many children drop out from school. If you go into the bush now, you will find many children there picking palm kernel, which they sell to help their parents' (Imo, FGD 2).

The scale and nature of support from friends was perceived to be weakening in urban Edo; for example, 'more households are struggling now to make ends meet' (FGD 3). Similarly, in Imo, social networks were seen by some to be 'breaking down because of financial hardships [while] the scale of support was also seen as decreasing' (FGD 3).

According to a female respondent, 'the difference is that in the society where you have two sexes, you see, the access to money of men in the community is different from access to money of women in the community so women mostly have to turn to this petty trading, but for men to make it they go into community loans' (Benue, FGD 2).

of reporting better income levels in 2008 was on average 13% lower than in 2009, and a similar size effect (12%) was observed among female-headed households residing in urban areas relative to male-headed households.

Labour patterns: Generally, the study found that food and fuel price shocks, compounded by declining real incomes, generate pressure for people to work harder in order to earn more income to cope. While multiple jobs are a common coping strategy, evidence in both the quantitative and qualitative research shows an increased diversification of livelihoods, predominantly in the informal sectors. For example, the quantitative household surveys show that households in rural communities (vis-à-vis urban areas) increase their working hours during the 'hungry season' to cope with food insecurity and other hazards emerging from food price variability. LKHS data also show that about 15% of rural households resort to working more hours to cope with food and fuel price variability, whereas nearly 10% engage in additional casual works to compensate for losses caused by external shocks. In the qualitative study, a common response to declining purchasing power among poor households was to diversify and increase sources of income, usually by starting businesses and/or taking on additional jobs, which often involves informal and in some cases illegal work.

There was also evidence of women (particularly mothers) increasingly being employed in off-farm paid labour and working longer hours to make additional household income. Additional working hours contribute to parental time poverty and affect child nurture, care and protection. While child labour pre-dates the crises, the study found that rising food prices and subsequent constraints on household budgets tend

to increase the phenomenon. The LKHS shows that increased child labour during the financial crisis – from 98 hours per month in 2008 to 106 hours per month in 2009. Qualitative data confirm these findings. In very poor households, children take paid work, often in hazardous conditions, to support the household economy, to the detriment of their schooling and health. There are differences with regard to gender and age, however: a rise in food prices increases the incidence of child labour more among female than male children, particularly in less agricultural states.

Access to credit: According to quantitative data, credit availability in Nigeria seems to have been protected from the international squeeze, although the Federal Budget Office indicates that the stock market crash has led to banks clamping down on credit. Data availability is limited, but there are some indications that the financial crisis has led to changes in credit access among small and medium enterprises, with the most discernable effects noted in Lagos.

While the poor faced challenges in accessing loans before the crisis, there is evidence of financial shocks further exacerbating credit access for this group, particularly through microcredit channels. This is despite the fact that accessibility has improved over the past five years, with an increase in the number of organisations providing microcredit. The crisis may have affected infant (and financially weak) organisations that are highly dependent on external sources of funding.

Informal lending arrangements – from borrowing from friends and relatives to membership-based clubs/support groups to thrift groups – remain an important safety net for the poor, particularly women. However, there are some indications of a reduction in informal sources of lending. At the community level, several respondents noted that communities' access to bank loans and NGO microcredit had dried up in recent months. In Edo, those few with access to lending complained of growing access constraints owing to more stringent conditions put in place by the banks. One key informant cited large-scale loan defaults.

### Changes to the consumption capacity of households

Food consumption: The micro-level evidence indicates that impacts of food price variability have been greater than is reflected in the macro-level data, as the majority of households in sampled communities (poor households in urban areas in particular) are experiencing growing food insecurity. Eating fewer meals and smaller amounts was commonly reported, with many families cutting down from eating three times to eating twice or even once a day. Buying cheaper food staples was also a response: in Imo state, relatively cheap carbohydrate food like garri and fufu had replaced protein as the core component of the diet. Similarly, very poor families in Adamawa 'resorted to the bush to collect wild fruits' during the height of food price shocks.

Those more likely to be adversely affected are the urban poor, because they are more likely to be net consumers of food and to consume more fuel-related products, whereas the rural

poor tend to rely more on their own food production. However, findings from this study are more mixed, particularly with regard to the rural poor. Thus, in Edo, Benue, Imo and Lagos, the majority of respondents stressed that access to food had been declining over the past four to five years, particularly in urban communities, owing to their reliance on purchased food, which is becoming increasingly more expensive. In some rural areas (e.g. Edo and Adamawa), respondents reported that staple foods (garri, plantain, yams, rice and beans) were fairly affordable, which made households relatively food secure. However, even within the rural population, and among specific groups of people, there was increasing differentiation. Most notably, women and children suffer disproportionately from food crises. While quantitative evidence suggests a fairly gender-neutral impact of food price changes on education, health and economic variables, evidence from our qualitative fieldwork strongly supports the case for gendered intra-household food dynamics. When asked which family members were most affected by food insecurity, FGD participants predominantly identified children and women from poor families as bearing the brunt of rising costs of food and other goods.

**Fuel consumption:** Fuel shortages were routinely reported across sample states, resulting largely from smuggling and hoarding, particularly by middlemen (especially in Imo, Adamawa, Edo, Kano and Lagos). Fuel is often sourced from the black market, especially in rural communities, which leaves households very susceptible to price increases and fluctuations. Hence, according to the qualitative fieldwork, rising fuel and transportation costs have had direct impacts on household consumption patterns – not only with regard to the immediate consumption of fuel but also in terms of access to critical goods affected by its pricing, such as food and pure water. This has also led to an increased reliance on alternative fuel options, with poor households switching from petrol or gas to kerosene, firewood, charcoal and even sawdust (Edo and Benue).

However, the quantitative analysis does not show a positive relationship between fuel and food prices. In fact, the correlation between monthly fuel and local rice prices was negative or insignificant for the majority of states between 2001 and 2010. Political economy issues may explain this discrepancy: at the individual level, very small price increases are significant, as prices are not regulated but rather determined by individual sellers in the community.

**Effects on health and access to health care:** A weak health system with poor and unequal distribution of infrastructure and personnel pre-dates the crises. However, again, in many cases the combined effects of financial, food and fuel shocks have further compromised the situation – particularly with regard to mothers and children. In our qualitative research, diminishing household purchasing power was widely cited as a key barrier to health care access. This has resulted in, among other things, an inability to pay for increasing drug and treatment costs, leading to self-diagnosis and self-medication (Edo). Impacts have been particularly on pregnant women and children. Existing cost barriers prohibit women from seeking

antenatal care, with many preferring to continue working on farms; many pregnant women also depend on traditional birth attendants for delivery, with often severe outcomes for themselves and their children.

Fuel shocks also play an important role here, as access to health care is exacerbated by the rise in fuel prices and related transportation costs, particularly in remote rural areas. These problems were reported widely in Adamawa, Benue, Lagos and Imo.

Malnutrition and other chronic diseases, particularly affecting child and maternal health, are reportedly on the rise. As discussed above, a common response of families to food shocks is to modify their eating pattern, resulting in hunger and a poor diet, with many people across the sampled states (except in Adamawa) facing the risk of acute malnutrition. Although not representative of the entire population, quantitative household surveys in Lagos found that the effects of the food price increase, coupled with infectious diseases arising from poor sanitation, seem to have been especially harsh in deprived urban areas, as incidence of ill-health has been shockingly high. In Lagos, a relatively large increase in ill-health was noted: from 81% in 2008 up to 88% in 2009 and then to 94% in 2010. This jump coincides with a food price increase associated with severe floods that took place in southern regions of the country that year.

**Access to education:** Although there were strong signs of school withdrawal before the crisis, owing to, among other things, the poor quality of education (with insufficient and inadequate infrastructure, limited staff, low salaries, etc.), rises in school dropouts and absenteeism were found also to be the result of growing difficulties in affording school costs and transport fees, especially in rural areas. States more dependent on fuel-related consumption were found to experience a less severe drop in school retention when domestic petrol prices increase, pointing to the ability of more affluent states to maintain their children's education in the face of fuel shocks.

Traditional views with regard to children's role in assisting with the family's income, as well as expectations according to gender and age, also affect education. Children are perceived to be an essential workforce, and the opportunity costs of education among poor families are high in the context of increasing financial hardship. Many parents interviewed felt they had no choice but to withdraw their children from school when faced with financial difficulties. In rural Lagos and Edo, for example, children as young as five years old are increasingly involved in assisting their parents on the farm and selling produce at the market; some also become apprentices to traders and other children hawk even in schools, by selling goods to their fellow students.

A strong gender bias was evidenced across states in the econometric analysis, with girls often withdrawn from school to ensure boys' or younger siblings' education (e.g. in Adamawa). Moreover, the quantitative evidence suggests that being a girl increases the probability of early dropout: in 2006 and 2007, a girl living in

Lagos faced, on average, a 2% higher probability of dropping out of school than a boy living in the same locality; by 2008, the odds of a girl dropping out had increased to 10%, with the strength of the correlation significant at 1%.

### Social impacts

Informal networks of support and community solidarity: Community solidarity and informal networks of support, such as associations/community groups, extended kin and family and faith-based organisations (FBOs), were all cited as key sources of support in coping with various shocks and dealing with long-term poverty. These groups provide not only critical financial assistance for expenses such as health care and education, but also social capital and psychosocial support. Hence, in Edo and Lagos state town, union and women's community groups were seen to play an important safety function, with respondents noting that more people were joining groups in order to deal with adversity and to organise help for those in need – leading also to an increase in community cohesion. Adolescents in Imo and Adamawa also reported a growing importance of social networks and membership in faith-based or political youth organisations, although this growth was not linked directly to the impacts of crisis.

Reliance on family members in times of crisis was also a critical source of support in all sampled communities. In rural areas of Imo and Edo, for instance, extended family support

was still functional despite increasing hardship.

While the majority of respondents said they attended church for spiritual protection and moral guidance, churches were also identified as important safety nets in times of need. Respondents in Edo reported that their church provided help with school fees for high achievers who come from poor families, as well as business support; in some communities, schools run by churches provide teaching or nanny jobs to local girls. In Benue, cash assistance received from FBOs enables some households to cover immediate needs and pay for health care or schooling.

Participants considered support provided by non-state actors uneven – NGO and FBO initiatives in urban communities in Edo and Lagos state were seen to play an important role as social safety nets; by contrast, in Imo and Adamawa, NGO support during the crisis was perceived to be effectively absent. In the absence of effective government assistance and NGO support, communities have learnt to depend mostly on self-help projects and informal forms of support.

The chronically poor were identified as having the least access to social networks and community support, for example in the acutely poor Sabon Gari village in Adamawa, where poverty has prevented the establishment of functional community-based savings/lending groups among poor members of the community.

Despite the importance of informal forms of support, there was some indication that these have been diminishing since the start of the crisis. Some community-based lending groups have disbanded, since members cannot afford to repay their debts, and support from friends and families has been weakening. Additionally, while informal community solidarity networks are critical to support households to deal with shocks, the insurance they provide can be limited: the qualitative data show that very poor households which lack access to informal support networks are adopting particularly harmful coping mechanisms in order to deal with shocks. Examples include people resorting to illegal livelihoods, sex work, hazardous and exploitative child labour and distress sale of assets. Additionally, across all states, respondents noted an increase in substance abuse as a coping mechanism, particularly among youth, as well as a rise in crime and insecurity as a result of unemployment. All of these have led to growing insecurity and distrust, particularly in urban communities in Benue and Imo. In rural Adamawa, crime was said to be increasing because of unemployment and agricultural failure.

Intra-household dynamics: There is some evidence from the qualitative research of financial stress reshaping gender and intra-household relations, with women (and often children) largely assuming increased responsibility for the household economy. Economic hardship generally results in greater demands on women's time; while evidence is still fragmented in Nigeria, there is some indication that women in sampled states (especially Edo, Imo and Lagos) are working more or longer hours to make additional household income to deal with food and financial shocks, and this is increasing their time poverty. Women are also spending more time collecting water and fire-

### Box 3: Household coping strategies and impacts on child rights

In Edo, child labour has been described as so essential to the household economy that 'without the efforts of children, parents cannot eat' (Edo, FGD 1), while in Benue many children reported that they had to act as breadwinners to ensure household survival (Benue, FGD 2).

In Owerri, adolescents complained of both lack of diversity in their diet and lack of proteins: 'Around here people cannot have fresh food again, when people eat it is mainly the staple food garri. No meat, no egg and the problems are partially because of the economy. You eat what you see, not what you want' (Imo, FGD 3).

In Lagos, very poor people who cannot afford health care reportedly 'wait until their sickness becomes an emergency before they start running around and calling for help', sometimes with catastrophic health consequences (Lagos, FGD 1).

A mother of two in Sabon Gari told us the following story regarding coping strategies. 'About four years ago, when I gave birth to my twins, we ran into critical problems through lack of food. My husband did not have money and I had no food to eat even though I was breastfeeding my twins. I had to sell all my clothes and belongings to buy food, but even this wasn't enough.'

In Benue some girls have been pushed into commercial sex work by their parents 'to make money [... even] though it is not their wish to go and work the[re] but they cannot help it' (Benue, FGD 5).



wood to deal with the impacts of fuel price shocks.

While in some instances women's increased responsibility for the household economy has been perceived to lead to positive effects, the majority of respondents reported that it had not translated into greater autonomy or a higher position within the household, with patterns of patriarchal decision making remaining unchallenged. Some women reported that, even where they had become the chief breadwinner, husbands retained sole entitlement to make decisions on the household budget.

Increasing time pressures for parents, and women in particular, has in some cases manifested itself in worsening mental health, rising intra-household tensions and changes in the amount of child care and protection – findings which are reported widely in countries undergoing financial stress (Harper et al., 2010). Several women across the sampled states reported suffering from growing depression, anxiety, frustration and general psychological ill-being, which in many cases has been linked directly to food and fuel price shocks. Increased pressures on women's time can also trigger emotional and psychological ill-being and can increase domestic violence, household conflict and divorce rates. While official statistics are lacking on this, there is some indication in our primary research that family breakdown is on the increase in the sampled states, especially among poor families, in part because of financial difficulties and rising stress. Reports of wife beating, triggered by disputes over money and women supposedly neglecting household duties or questioning their husband's authority, were also noted in the fieldwork.

### Impacts of shocks on children's rights

The implications of the 3F crisis on children's rights to survival (health and nutrition), development (education) and protection (from abuse, neglect and violence) are discussed here. The nature of these issues means that reliable quantitative data are scarce. This section therefore primarily discusses insights from our fieldwork, drawing also on pre-existing trends noted across countries undergoing economic hardship, to highlight potential impacts. Overall, it is clear that economic hardship is likely to have aggravated pre-existing child deprivations, particularly with regard to child survival and protection.

**Right to survival:** Adequate nutrition is often one of the first casualties of reduced purchasing power of households during economic and food shocks. Statistical data indicating changes in children's nutritional status since the onset of the 3F crisis in Nigeria are not available. However, our primary research showed strong evidence of reduced consumption in terms of both the quality and the quantity of food. Nigeria has a high pre-existing burden of child malnutrition (41% of children are stunted and 14% suffer from acute malnutrition (wasting): NPC and ICF Macro, 2009), thus the risk of negative impacts of crises on child health and nutrition in Nigeria is significant. So far, there does not seem to be conclusive evidence of worsening health status among children, but econometric analysis indicates that, in the presence of food price variability, children are more prone to suffer in terms

of morbidity than adults. Our research also produced evidence of some reductions in health care visits or health expenditure in response to increased food prices and reduced income. Given the pre-existing vulnerability of children to infant and under-five mortality in Nigeria, it may be anticipated that declines in health care access among poor and vulnerable households have had a negative impact on child survival rates. Further monitoring of the key health and nutrition indicators discussed here would indicate whether this is the case, and whether certain groups or regions of the country are being particularly affected.

**Right to development:** Evidence from both the quantitative and the qualitative research suggests that rising food and fuel prices are linked to higher school dropout rates, especially among the poor and girls, although the intensity of impacts varies across the states. We also found evidence of some children's school performance being compromised because they needed to take on paid activities to support the household income: half of those children who reported a decline in school performance, which led to school dropouts, were less able to concentrate, more tired and had less time to study. The first two of these can be linked to food insecurity, whereas the latter is associated with intra-household decisions with regard to child labour. Household chores also affect children's education by usurping time needed to do assignments or get to school on time. There are numerous reports of time spent collecting fuel and hawking having negative implications on schooling, as less time is available for study or to rest and play.

These findings are worrisome, given that enrolment, completion and progression rates at all levels of education are already low in Nigeria, with serious inequities in terms of gender, geographic zones, states, local governments and schools. School dropout in favour of entry into work is typically not reversible with regard to human capital development.

**Right to care, nurture and protection:** The neglect of child welfare by families, communities and the government in Nigeria pre-dates the current crisis, with indications of an increase in parents' inability to provide for and protect their children. This has implications for child labour and exploitation and parental neglect.

Evidence from our primary research indicates that, in the presence of food and fuel price variability, children face a heightened risk of being exposed to dangerous, exploitative and even life-threatening employment. This is compounded by the absence of constructive coping strategies and social protection support. Although official evidence linking the effects of price-related shocks to child exploitation is lacking, anecdotal evidence suggests increased involvement of poor younger children and adolescents in potentially harmful types of work such as hawking and domestic work; long hours working in physically demanding work with inadequate rest; and exposure to psychological and physical risks.

The crisis has also been perceived to exacerbate other child protection concerns, such as trafficking and transactional sex. Interviews in Benue suggested an increase in transactional sex

## Lagos State Focus - Impacts and Coping Responses<sup>1</sup>

**Employment and income:** Evidence from the Lagos Kano Household Survey (LKHS) reveals that 65% of households in Lagos are living below the World Bank's \$1.25 per day poverty line, reflecting the severity of poverty and inequality in areas of high economic affluence in the country (Calí and Niño-Zarazúa, 2011). Furthermore, households living in Lagos have, on average, an annual income of \$1,395, with female-headed households generating on average \$133 less than male-headed households (ibid.).

A fundamental channel through which the 3Fs have affected poor and vulnerable households is the labour market. For poor and vulnerable households with limited capital endowments, income-generating activities, self-employment and seasonal waged labour represent the most important sources of income. According to the LKHS, only 27% of household members are waged employees, reflecting the heavy reliance of the poor and vulnerable on self-employment and informal labour arrangements (Calí and Niño-Zarazúa, 2011). Widespread industry closures and international relocations owing to lack of credit, currency devaluation and dropping consumer demand, predominantly affecting employment in energy, textiles and banking, have all resulted in private sector job losses and had severe consequences for the informal sector market (ibid.). According to the qualitative evidence, access to meaningful employment has been decreasing in the past four to five years, reflected in a growing engagement of young people and children in informal work (FGD 1-3).

Lagos was particularly affected by the reduction in remittance flows incurred by wider factors relating to the global financial crisis, and access to credit has become increasingly difficult, reflected in the closing-down of many microfinance institutions as a result of widespread defaults (Calí and Niño-Zarazúa, 2011).

**Consumption:** According to some respondents, access to food has been declining over the past four to five years, particularly in urban communities, given their reliance on purchased food, which is becoming increasingly expensive (FGD 1, 3). This is corroborated by quantitative evidence from the LKHS. Lagos has also felt the impacts of the escalating cost of kerosene and electricity. According to one key informant, household electricity bills have increased 'fourfold or [even] tenfold' as most families have had to 'look for alternative sources of power to keep the household going', resulting in many households having to purchase generators (KII 14).

Impacts of price variability have been mixed. In terms of food consumption, some maintain stable eating patterns (IDI 1-4, 9, 10); others have substituted cheaper foodstuffs or borrowed money from family, neighbours or microcredit organisations (IDI 2, 4; KII 4, 10). Women also tend to feed their husband and children first (KII 4). Town unions and women's community groups also play an important safety net function in Lagos, with evidence of strong community support for those in need.

The quantitative study reveals a relatively large increase in ill-health, from 81% of people in 2008 to 88% in 2009 and then up to 94% in 2010, coinciding with food price increases associated with natural calamities – in particular severe flooding that took place in southern regions of the country (Calí and Niño-Zarazúa, 2011). Increased fuel costs have resulted in households adopting a number of coping mechanisms, including altered food consumption and intensified labour patterns (ibid.); the qualitative evidence suggests that fuel price increases have also provoked changes in health care-seeking behaviours owing to increased transportation costs, particularly for those situated in the more remote areas of Lagos state, for example Koji village (IDI 1, 2, 7, 10). Households have resorted to self-medication or inexpensive, locally brewed herbs (agbo) as a first course of action, especially for minor illnesses (ibid.). Hospitals are used as a last resort and only in the most serious situations, with a drop in the number of women attending antenatal checkups or giving birth with a trained attendant, resulting in increasing mortality rates (FGD 1).

This switch, in combination with reduced food consumption, can 'place people at risk of malnutrition and ill-health, with long-term implications' particularly for HIV and AIDS patients (KII 7). School dropout rates have also increased, particularly for girls, for whom the probability of dropping out has become progressively higher than that for boys over the past four years (an 8% increase in this time) (Calí and Niño-Zarazúa, 2011). This is related to families needing extra earners to generate income or no longer being able to afford school-related costs, including transport, particularly in rural areas.

<sup>1</sup> This material was triangulated with quantitative findings for the National Report

Child care and protection: Although not a new occurrence, child ill-being did see an increase between 2006 and 2010, suggesting that the 3Fs may have exacerbated existing problems (Calí and Niño-Zarazúa, 2011). According to one key informant, child labour, abuse and early marriage have all increased, as has child trafficking in rural Lagos, particularly of girls, as a result of economic problems and the consequent increased stress on family relations (KII2). It was not possible to substantiate these claims, however, since data in these areas are hard to obtain. Child labour in particular is perceived as common and closely associated with a lack of parental employment and of affordable schooling (FGD 2).

among children as a result of growing pressures on household budgets owing to food price shocks. There was also some indication of increasing numbers of children and young people at risk of being trafficked, mainly for labour purposes (e.g. in Imo, Lagos and Edo).

Perceptions of children as economic assets, compounded by children's lack of agency and voice, are also reflected in the early marriage of girls (particularly in Imo). Although the crisis was not seen as intensifying this phenomenon, it may be inferred that financial hardship has compelled some families to resort to early marriage as a coping strategy.

Meanwhile, although quantitative data on changing child care patterns in Nigeria are not available, there are some indications of diminished quality and availability of care for children. As noted above, parental time is becoming scarcer with parents (including mothers) doing more than one job. The quantity and quality of caring time for children is therefore likely to suffer. Several reports emerged in the qualitative fieldwork of the shock-induced financial strain resulting in increased workloads and less caring time, and children's perceptions of parental neglect have strained relationships between parents and children.

## Formal economic and social policy responses

### Macro policy responses

Support to the banking sector: Since August 2009, an estimated N620 billion has been distributed as part of the bailout introduced by the government to respond to reduced credit accessibility. However, to date, these measures have had only a limited impact in terms of access to credit for the poor, as attempts to stimulate the microfinance and small and medium enterprise sectors have failed to overcome the credit rationing from finance institutions resulting from the banking crisis.

Fiscal stimulus package: A fiscal stimulus package of \$1.6 billion was introduced in 2009, representing 0.7% of Nigeria's 2009 GDP. The expansionary position was focused largely on private sector-led growth, with considerable funding allocated to physical infrastructure and boosting specific sectors, such as commercial agriculture and industry. To create the necessary fiscal space (and to sustain federal government spending in the context of declining government revenues), the Nigerian gov-

ernment had to draw extensively on the excess crude account and foreign reserves in 2009 and 2010. The fiscal stimulus was important, but criticisms have been expressed for its limited pro-poor focus and inadequate targeting of vulnerable groups, with concerns raised within civil society that the poorest groups have largely been excluded from economic recovery. A closer analysis of the fiscal stimulus spending reveals that only 0.12% of the 2009 package was allocated to transfers to low-income groups and only 12% of the 2010 capital expenditure budget was committed to human capacity development, while social sector spending as a proportion of overall expenditure in fact declined in 2009 and 2010 (ILO, 2010; Okogu, 2010).

Food security measures: In 2007-2008, as part of efforts to address food insecurity, the federal government took a number of actions to ensure that (staple) foods were available at an affordable price and food stocks were managed effectively. In 2008, drawing on the National Strategic Grains Reserve, 53,610 tonnes of sorghum, maize and millet were released, while N80 billion was provided to import 500,000 tonnes of rice within five months, which was then sold locally at subsidised prices (Ajakaiye and Fakiyesi, 2009). Other strategies envisaged included the completion of 25 silo projects; the construction of 60 specialised warehouses to increase storage capacity; local production of fertiliser; the rehabilitation of irrigation infrastructure by the River Basin and Rural Development Authorities; and the setting aside of 1.68% of the Natural Resources Fund for agricultural research and development over the next four years (Ajakaiye and Fakiyesi, 2009; NISER, 2009). According to the World Bank, the government's response to growing food insecurity was timely and contributed to abating the pressures of the food crisis. However, according to KIIs and the broader literature, measures were 'provisional in nature and insufficient in addressing food demands among poor and vulnerable groups'.

Labour measures: In April 2009, the government initiated several labour measures aimed at tackling declining real wages in the public sector and income insecurity, especially among youth. First, in 2009, as part of the safety net, the government settled outstanding wage arrears and benefits in a number of public sectors, using a total of N62.4 billion of the fiscal stimulus package. A further N387 billion was allocated in 2010 towards increases in public sector wages and arrear payments in education and health as well as core civil servants, after public strikes by both university staff and tertiary health

care staff. Second, and also to address rising income and employment insecurity, the government designed a short-term public works scheme, targeting able-bodied and out-of-work youth. Third, and mainly in response to the acute youth unemployment challenge, a supplementary budget of N500 million was allocated to the National Directorate for Employment. This has gone towards supporting existing projects such as the Vocational Skills Development Programme, which provides training for unemployed school leavers and school dropouts, and Entrepreneurship Development Centres, which had provided training for 6,505 males and 2,993 females by March 2009 (ILO, 2010).

These are positive but limited measures. During the fieldwork, concerns were raised that, beyond immediate relief, the response has not been able to compensate adequately for rising costs of living, especially for families in the lower wealth quintiles. Fears were also expressed that government support had ignored the vast majority of workers in the informal sector, who are not benefiting from any safety net measures. While

well-designed public works schemes can reach large numbers in a short time span, vulnerable groups (e.g. children, the elderly, women, carers and the sick) are likely to be excluded. Finally, government employment support does not resolve long-term employment issues for a majority of beneficiaries, as public works jobs are seasonal and low paid.

Social policy and social protection responses: Despite the fiscal stimulus package, measures to cushion vulnerable groups against the economic and social impacts of shocks have been limited. This has been exacerbated by declining expenditure in the social sector: an assessment of the federal government budget reveals that the situation of the social sector has worsened since 2008, with estimated expenditure on education and health in 2009 showing a decline both in the amount allocated (N466 billion) and in their share of total federal expenditure (14.19%) (CBN, 2009). Thus, federal budget allocations to health as a percentage of the total budget reduced from 6.5% in 2007 to 3.7% in 2010, although there has been an increase in the 2011 budget to 5.6% of the total budget. The National Health

## Lagos State Focus - Methodology<sup>1</sup>

### Site selection:

The research took place in Ikeja – an urban neighbourhood of Lagos state – and Bishop Koji village – a rural riverine community in close proximity to the adjacent mainland of Apapa.

Oregun is a part of Onigbongbo local council development areas in Ikeja LGA of Lagos state. Apart from its proximity to the seat of state government, it is also home to an urban slum.

Bishop Koji village is a riverine village in the Amuwo-Odofin area. This area is plagued with poverty owing to a lack of access to the mainland, with water transport largely unavailable during the rainy season. It is a fishing village of about 10,000 people with little or no social infrastructure such as schools, health facilities or safe drinking water.

### Key informant interviews

14 KIIs were conducted with representatives from various organisations, including representatives of the Ministries of Planning and Budgeting, Education and Women's Affairs and Poverty Alleviation; one LCDA chairman; three representatives of non-governmental organisations; and two people working for international funding agencies focusing on education, social policy and community empowerment. The objective was to determine how policymakers, advisors and other key stakeholders view the impact of the 3Fs in Lagos state and to explore how this has affected government budgetary allocation and spending.

### Focus group discussions

FGDs were conducted by an interviewer and two note takers in both the rural and the urban locality with separate groups of men, women and adolescents. The aim was to explore how men and women, including adolescent boys and girls, are differentially affected by shocks and how their coping mechanisms vary accordingly.

### In-depth interviews

A total of 12 in-depth interviews were conducted with both male and female heads of household, female and male adults and female and male adolescents. Six interviews were conducted in urban areas and six in rural areas.

<sup>1</sup> This material was triangulated with Quantitative findings for the National report

Bill envisages an increase in the federal allocation to health by just over 2%.

According to Hagen-Zanker and McCord (2011), social protection is on average 0.6% of GDP and 2% of consolidated government spending, with civil service schemes taking up a large proportion of social protection spending (in 2009 it was 50%). Notably, social protection and social assistance as a percentage of government spending were on a downward trend between 2007 and 2009 – during the most critical period and when demands for assistance were expanding. Finally, while social protection has shown a threefold increase since 2009, it is still at a much lower level than the other social sectors.

Since the lower tiers of government rely heavily on these allocations from the Federal Account, particularly for the delivery of essential social services, declines in federal revenues in 2008-2009 led to a contraction in the resources available for state governments and local government areas (LGAs). Data from the Central Bank of Nigeria (CBN) (2009) show a decline in the expenditure of state and LGAs by 4% and 23%, respectively, in 2009 (Eboh, 2009; NPC, 2010; Philips, 2010). Our interviews with a range of state ministries and departments largely confirmed these concerns.

Social protection support in Nigeria currently comprises a combination of initiatives that can be grouped into three broad categories: social assistance, social insurance and social services. While some of these can play an important role in protecting households from poverty and vulnerability, their potential in Nigeria is hampered by their limited scale and reach. Their unpredictability is also of concern, since most initiatives are highly dependent on donor financing and their successful scaling-up depends on the extent to which states and LGAs are willing and able to allocate increasing amounts of funds in a context of unreliable budgets and intense competition among various priorities. Finally, such programmes face a number of institutional and governance weaknesses that may render them inefficient and challenging to scale up. These include limitations in the capacity to formulate, deliver and evaluate programmes; poor infrastructure and capacity within the health and education systems; weak coordination; and the reluctance of states and LGAs to engage in expanding these schemes.

However, even taking into consideration the above challenges, the expansion of such kinds of responses, which have been identified as critical to cushion the effects of crises on the poor in Nigeria, have thus far largely been ignored in the government's anti-crisis response (Achike and Ichoku, 2010). In our fieldwork, a number of social protection activities, at both federal and state levels, were identified; however, while these are important for people to cope with poverty more generally, none of these was set up specifically to mitigate the impacts of the global crises. These include the federal-level In Care of the Poor (COPE) conditional cash transfer and the Maternal and Child Health Programme, which have the potential to support the most vulnerable from the worst impacts of the crisis.

Child-sensitive social protection and child protection measures: Despite demands made by communities interviewed in

the qualitative component of the study, the government has failed to prioritise nutrition in the anti-crisis response, apart from through small-scale school-feeding initiatives in several states. Community-based nutritional programmes are chronically under-funded, and other social assistance initiatives that have an important child-sensitive focus (e.g. the Maternal and Child Health Programme and COPE) have woefully inadequate coverage. Interviews with communities and government officials in sampled states revealed that the current child protection system is still very fragile, lacking long-term political and financial commitment.

## Policy implications

Before discussing specific recommendations, and in order to lay the foundation on which these recommendations could be applied with the ultimate aim of reducing the poverty impacts of future crises (particularly on women and children), three broad macro-level issues need to be considered:

- A better balance between short- and long-term policy responses is needed to improve the effectiveness and adequacy of responses to covariate shocks. The response should include a complementary package of expanded social protection and agricultural measures that build the capacity of households, caregivers and children to better deal with shocks – without them having to resort to detrimental coping strategies.
- Children must be prioritised when designing both short- and long-term anti-crisis responses, since they absorb crisis effects (through reduced education and health, increased work, reduced nurture and care, etc.) with little ability to defend themselves.
- Strong political commitment is required to ensure that a sustained increase in budget allocations to social sectors is achieved in order to address significant deficits in child and household welfare.

Thus, policies designed to boost economic growth will be more effective at reducing poverty and vulnerabilities among women and children if they are accompanied by higher budget allocations to social sectors, particularly with the objectives of 1) improving public service accessibility (health, education and water and sanitation); and 2) extending social protection programmes. Agricultural policies and child protection policies and programmes may complement these responses in addressing food insecurity and child protection deprivations that result from financial shocks at the household level.

It is clearly beyond the scope of this report to recount in detail the debate on financing, but some policy alternatives would have desirable revenue-raising implications, in particular:

- Raising revenues through taxation and earmarking revenue for social sector budgets – for example VAT on tobacco and alcohol; taxation on, or renegotiating the terms of contracts with, foreign companies involved in the exploitation of natural resources such as oil; and reducing tax evasion via the strengthening of tax collection systems;

- Shifting expenditure from other areas to social sectors – for example, there could be an exploration of generalised subsidies that show large leakages to the non-poor while diminishing the tax base. Shifting expenditure from generalised subsidisation to child-focused social policies would have a stronger effect on poverty and well-being if targeting policies were carefully designed, although political economy factors may pose a major constraint to these type of policy alternatives.

The challenge is to find a formula for a financial mix (including some of the policies above) that would allow the government to increase the ratio of tax revenues to GDP and enhance the longer-term sustainability of social expenditure (Barrientos and Niño-Zarazúa, 2011).

In addition, Nigeria has opened up the possibility of putting part of its national savings towards long-term investment that is beneficial for children’s human development, through the Sovereign Wealth Fund. The physical investment arm – the Nigerian Infrastructure Fund – will enable the government to accelerate badly needed improvements in social sector infrastructure, particularly in areas that can have long-term welfare impacts, such as hospitals, schools and sanitation. Whether this will be balanced against also much-needed investment in growth-enhancing infrastructure, such as roads, bridges and railways, will depend on political economy considerations. It will be critical to ensure that large investment flows to physical infrastructure are accompanied by increased allocations to recurrent spending, so doctors, teachers, nurses and other social sector workers can supply the labour needed to improve the quality of services. It is in this context that the policy options discussed above gain relevance.

Based on the impacts summarised in previous sections, the following short-/medium-term and longer-term policy recommendations are suggested.

Alleviate food insecurity and adverse nutritional impacts caused by rising food prices

In the short/medium term:

- Expand funding and strengthen the implementation of measures of current community-based nutrition programmes targeting poor and vulnerable populations;
- Ensure better management of food supply across states, as well as adequate regulation of food markets. This entails timely monitoring of the development of local food prices in order to enable prompt, appropriate policy responses.

In the long-term:

- More comprehensive efforts to assist small-scale farmers and those engaged in fishing and livestock (particularly the poor, women and child-headed households) to strengthen their food production. This may include strengthening access to credit facilities for poorest farmers; rehabilitation of infrastructure (irrigation in particular); the provision of storage silos for households; and expansion of the input subsidy programme and timely distribution of fertiliser to poorest farmers;

- Undertake more concerted efforts to address the ongoing fuel crises, with a particular emphasis on making affordable fuel available.

Support household incomes through social protection policies in order to reduce the risk of damaging or distress coping strategies

- Scale up and improve the effectiveness of existing social protection programmes, with a focus on COPE and the Maternal and Child Health Programme;
- Strengthen state government capacity to promote the expansion of social protection instruments. This will include obtaining political and institutional support, sourcing financial resources (with support from the federal government) and strengthening monitoring and evaluation systems.

Provide support to families to preserve their access to and utilisation of basic services in times of crisis

- Provide incentives for families to keep children in school, focusing on the most vulnerable individuals and poorest households. Measures could include targeted income and/or in-kind social assistance (fee waivers) for school-age children to help with the direct and indirect costs of schooling;
- Expand primary school feeding programmes to ensure that the quantity and quality of food children receive are not compromised;
- Improve the quality of education and strengthen infrastructure across states, with a specific focus on rural areas. The government’s Education Tax Fund provides an important source of financing for infrastructure and resources;
- Ensure people’s access to health care in times of crisis by expanding the existing National Health Insurance System and rolling out a community-based health insurance scheme.

Strengthen child-sensitive social protection systems and programmes

- Expand financial and human resources to implement Child Rights Act legislation and monitor budgets to assess the level and efficacy of spending;
- Strengthen capacity and awareness among officials working in child welfare areas and social workers dealing with vulnerable families and children. In particular, strengthen the mandate and capacity of the Ministry of Women’s Affairs and Child Departments to design and implement child protection policies and programming;
- Promote collaboration and synergies across government agencies dealing with child-related issues;
- Strengthen the capacity – both technical and financial – of existing local child protection committees and the family court;
- Support efforts to translate the Child Rights Act into local languages for wider distribution and comprehension, encouraging states to adopt legislation that prohibits the violation of women’s/girls’ rights (most importantly early marriage);
- Strengthen support to initiatives and actors working to sensitise the public to children’s rights and child abuse, includ-

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ing promoting the participation of children and adolescents in public fora;

- Strengthen capacities of relevant agencies and state and local governments to monitor children and adolescents, especially girls, at risk of falling into trafficking, hawking and/or commercial sex work. Institute stiffer penalties for offenders breaking the law.

## Conclusions

Overall, this study highlights the complex pathways through which food, fuel and financial shocks affect families and children in Nigeria. While households are trying hard to adapt to and manage these shocks, evidence shows how these coping mechanisms have negatively impacted on children's well-being by increasing their vulnerability to malnutrition, school withdrawal, exploitative forms of child labour, inadequate parental care and nurture and, ultimately, poverty. Findings also show that the crisis is exacerbating previous deprivations and vulnerabilities – underscoring the importance of timely, targeted and comprehensive social protection measures.

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#### Endnotes:

- 1 Oil prices dropped dramatically from \$147 per barrel in July 2008 to \$47 per barrel in January 2009.
- 2 The All Share Index dropped 68.5% between March 2008 and March 2009 and market capitalisation tumbled 63% in the same period.
- 3 According to the International Monetary Fund (IMF) World Economic Outlook, general government revenues suffered a 38% decline in 2009, leading to a deficit of N1.09 trillion, with subsequent implications for social sector allocations.
- 4 <http://unctadstat.unctad.org/TableViewer/tableView.aspx>.

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