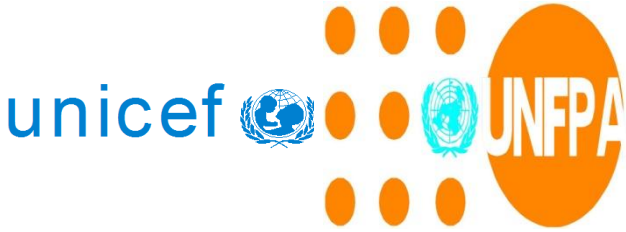
The potential for cash transfers in Nigeria

Rebecca Holmes, Michael Samson, Wendy Magoronga, Banke Akinrimisi with Jenny Morgan

February 2012



Acknowledgements

This research project was commissioned by UNICEF Nigeria and the Nigeria National Planning Commission, funded by UNICEF Nigeria and UNFPA, and carried out by ODI and EPRI in partnership with GADA and CEWHIN. The project resulted in the following six reports:

- Hagen-Zanker, J. And Holmes, R. (2012) 'Social Protection in Nigeria: Synthesis Report'. ODI/UNICEF Nigeria
- Holmes, R. and Akinrimisi, B. with Morgan, J. and Buck, R. (2012) 'Social Protection in Nigeria: Mapping Programmes and Their Effectiveness'. ODI/UNICEF Nigeria
- Holmes, R., Samson, M., Magoronga, W. and Akinrimisi, B. with Morgan, J. (2012) 'The Potential for Cash Transfers in Nigeria'. ODI/UNICEF Nigeria
- Jones, N., Presler-Marshall, E., Cooke, N. and Akinrimisi, B. (2012) 'Promoting Synergies between Child Protection and Social Protection in Nigeria'. ODI/UNICEF Nigeria
- Samuels, F., Blake, C. and Akinrimisi, B. (2012) 'HIV Vulnerabilities and the Potential for Strengthening Social Protection Responses in the Context of HIV in Nigeria'. ODI/UNICEF Nigeria
- Hagen-Zanker, J. and Tavakoli, H. (2012) 'An Analysis of Fiscal Space for Social Protection in Nigeria'. ODI/UNICEF Nigeria

The authors gratefully acknowledge the fieldwork inputs of Joshua Samson, Bose Ironsi, Nkiru Okoro, Olasumbo Oladipo Saad Yahaya, Lesley Adams and Jessica Hagen-Zanker. Many thanks to the focus group and key informant interview participants in Adamawa, Benue, Edo and Lagos and key informants in Abuja. Thanks also go to Rhiannon Buck for research assistance and Roo Griffiths for editorial assistance.

We thank participants at the validation workshops in Lagos, 24 October 2011, Enugu, 26 October 2011 and Abuja, 28 October 2011 for their helpful comments.

Overseas Development Institute
111 Westminster Bridge Road
London SE1 7JD, UK

Tel: +44 (0)20 7922 0300
Fax: +44 (0)20 7922 0399
www.odi.org.uk

Contents

Tables, figures & boxes

Tables

Figures

Boxes

Abbreviations

AEO	African Economic Outlook
AU	African Union
BIG	Basic Income Guarantee
CBHIS	Community-based Health Insurance Scheme
CBN	Central Bank of Nigeria
CCT	Conditional Cash Transfer
CDA Stars	Child Development Account: Savings, Training and Rewarding Savers
CDC	Community Development Committee
CEDAW	Convention on the Elimination of Discrimination Against Women
CFPR	Challenging the Frontiers of Poverty Reduction
CGS	Conditional Grants Scheme
COPE	In Care of the Poor
CPRC	Chronic Poverty Research Centre
CREHS	Consortium for Research on Equitable Health Systems
DFID	UK Department for International Development
DHS	Demographic Health Survey
ESSPIN	Education Sector Support Programme in Nigeria
FCT	Federal Capital Territory
FGD	Focus Group Discussion
FGM/C	Female Genital Mutilation/Cutting
FGT	Foster-Greer-Thorbecke
FMOH	Federal Ministry of Health
FMWA&SD	Federal Ministry of Women Affairs and Social Development
FSW	Female Sex Worker
GDP	Gross Domestic Product
IDI	In-depth Interview
ILO	International Labour Organization
IMF	International Monetary Fund
KII	Key Informant Interview
LEAP	Livelihood Empowerment Against Poverty
LGA	Local Government Area
M&E	Monitoring and Evaluation
MARP	Most-at-risk Population
MCH	Maternal and Child Health
MDA	Ministries, Departments and Agencies
MDG	Millennium Development Goal
MDGs-DRG	MDGs Debt Relief Gains Fund
MSM	Men Who Have Sex with Men
NAPEP	National Programme for Poverty Eradication
NBS	National Bureau of Statistics
NDE	National Directorate of Employment
NEEDS	National Economic Empowerment Strategy
NGO	Non-governmental Organisation
NHIS	National Health Insurance Scheme
NLSS	Nigeria Living Standards Survey
Norad	Norwegian Agency for Development Cooperation
NPC	National Planning Commission
NSITF	Nigeria Social Insurance Trust Fund
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OSA	Office of the Special Advisor
OSSAP-MDGs	Office of the Senior Special Assistant to the President on the MDGs
OVC	Orphans and Vulnerable Children
PATHS	Partnership for Transforming Health Systems
PHC	Primary Health Care
PRAI	Poverty Reduction Accelerator Investment
PRB	Population Reference Bureau
SAVI	State Accountability and Voice Initiative
SESP	State Education Sector Project
SIGI	Social Institutions and Gender Index

SMEDAN	Small and Medium Scale Enterprise Development Agency
SMOH	State Ministry of Health
SUBEB	State Universal Basic Education Board
Triple F	Food, Fuel, Financial
UBE	Universal Basic Education
UK	United Kingdom
UNAIDS	Joint UN Programme on HIV/AIDS
UN	United Nations
UNDP	UN Development Programme
UNFPA	UN Population Fund
UNGASS	UN General Assembly Special Session
UNICEF	UN Children's Fund
VEDS	Village Economic Development Solutions
VPF	Virtual Poverty Fund
VVF	Vesicovaginal Fistula
WHO	World Health Organization

Executive summary

In recent years, the government of Nigeria and its development partners have sought to develop social protection instruments as a mechanism to tackle high rates of poverty and vulnerability in the country and to support development progress in both the economic and the social spheres. As such, social protection is emerging as a policy objective, with cash transfers identified at the federal level and to some extent the state level as a potentially important instrument to achieve these goals.

This report examines the role of cash transfers in Nigeria and discusses considerations for the appropriateness and feasibility of different types of cash transfers in the Nigerian context. It is part of a project funded by the UN Children's Fund (UNICEF) Nigeria that aims to support the government of Nigeria in realising its overarching development strategy (Vision 20: 2020) and developing a national social protection strategy.

Methodology

The analysis draws on both primary and secondary research carried out between January and June 2011. A review of literature on cash transfers in Nigeria was carried out, including an analysis of policy and strategy documents, cash transfer programme documents, impact evaluations and other available grey literature. Key informant interviews (KIIs) were carried out with stakeholders at the national level and in selected local government areas (LGAs) in Abuja, Adamawa, Benue, Cross River, Edo, the Federal Capital Territory (FCT), Jigawa, Kano, Katsina and Lagos. Primary data collection also involved focus groups discussions (FGDs) and in-depth interviews (IDIs) with COPE beneficiaries (adults and adolescents) in Adamawa, Benue, Edo and Lagos as well as with non-beneficiaries in Adamawa and Edo. A micro-simulation targeting analysis was carried out using data from the 2004 Nigerian Living Standards Survey (NLSS).

Poverty and vulnerability in Nigeria

Nigeria is a middle-income country with high dependence on oil revenues, although there has also been growth in the non-oil economy in recent years. Nigeria is socially and culturally diverse, with over 250 ethnic groups. Almost half of the population is Muslim and the other half is Christian. Politically, Nigeria reinstated a democratic regime in 1999 after over 30 years of military rule. Corruption remains a major challenge to development, however. Institutionally, Nigeria has a decentralised political system which consists of three tiers: federal, state and local levels, comprising 36 state governments and 774 LGAs. Sub-national governments have autonomy over economic development policy, budget regimes and expenditure patterns. States and LGAs range considerably in size, population and resources, resulting in huge variations in economic and social development between states.

Despite strong economic growth, 54% (approximately 75 million people) of Nigeria's population lives in poverty. While recent forecasts suggest that poverty may be reducing slightly, of most concern is the fact that the poverty rate has doubled in the past 20 years. Nigeria is also highly unequal: the Gini coefficient was 43.8 as of 2005 (Ortiz and Cummins, 2011). Meanwhile, income inequality is just one dimension of poverty in Nigeria: poverty and vulnerability are also highly influenced by social and other factors, including geography, ethnicity, age and gender. Patterns of poverty vary particularly by geographic location and are influenced by socio-cultural and religious norms and the prevalence of conflict and instability. High numbers of people affected by HIV and AIDs are also a key concern, especially when this relates to particularly vulnerable groups. The severity of poverty and vulnerability has also been exacerbated by the recent food, fuel and financial (Triple F) crisis. With few formal policies to support the poor to mitigate the impacts of increasing food and fuel prices, higher unemployment and a reduction in remittances, for example, poor households have had to rely on increasingly negative informal coping strategies, with potentially severe consequences for their future.

Effectiveness of cash transfers

There are currently two main cash transfers being implemented in Nigeria – both are conditional. Other small-scale cash transfers include a child savings scheme in Bayelsa state and a disability allowance in Jigawa.

In Care of the Poor (COPE) is a government-run conditional cash transfer (CCT) which started as a pilot in 2007 and is now in its third phase. The objective of COPE is to break the intergenerational transfer of poverty, to reduce the vulnerability of the core poor in society against existing socioeconomic risks and to improve their capacity to contribute to economic development in the community, state and nation.

Three other **CCTs** (referred to in this report as CCTs for girls' education) are currently being implemented through the state education sector in Nigeria, supported by the UK Department for International Development (DFID), UNICEF and the World Bank, in Kano, Bauchi and Katsina states. These CCTs aim to reduce girls' dropout resulting from early marriage specifically in the transition period from primary to secondary school.

Research carried out with beneficiaries of the COPE programme in four states indicates that COPE income transfers have been relatively important to poor households, supporting them to buy goods, meet social service expenses and, to some extent, invest in income-generating activities. However, the value of the transfer is very low, especially for large households, and is reduced in the face of high food prices in some states. This suggests that cash transfers may not be the most appropriate social protection instrument in some states in Nigeria, and that other options should also be considered (e.g. a mix of food and cash transfers, fee waivers).

Moreover, programme delivery has not been uniform or consistent. In particular, training components to support households' investment in productive activities have not always been delivered. As such, there are limitations related to the programme's ability to support households to invest in income-generating activities. Apart from poor implementation, this also owes to the characteristics of chronic poverty, the labour-constrained nature of some households (see discussion below) and the design features of the programme (e.g. beneficiaries receive COPE for only one year).

Cash transfers in the context of Nigeria's high poverty and inequality rates

Examining the appropriateness of cash transfers – and in particular CCTs – in the context of high rates of poverty and vulnerability in Nigeria highlights a number of important issues.

A main concern is the limited coverage of current cash transfer programmes. For instance, COPE reaches 0.001% of the poor. Current targeting policy, based on the CCT design, restricts eligibility to a subsection of the poor by limiting the number of potential beneficiaries to households with school-age children plus another categorical identification (e.g. elderly, female-headed, HIV and AIDS affected). There is therefore a need to think about possible sequencing of cash interventions which cover a larger section of the poor (see targeting section below), which may mean that different conditions are attached (e.g. labour) or no conditions are in place at all.

A key challenge with cash transfers is that the value of the transfer is very low compared with the need of households, especially in the context of increasing prices and variations in state-level provision of services (e.g. if health and education are free or not), etc. Therefore, consideration of different cash transfer programme design features, such as price index linking, is needed, as well as of what type of social protection instrument is best suited to achieving the main objective of the programme at the state level. For instance, food/nutrition transfers may be more appropriate to support food security, or targeted fee waivers to support access to services. The different instruments need to be considered at state level, as objectives may vary given the different patterns and drivers of poverty and vulnerability, including socio-cultural norms as well as income poverty factors. As such, while CCTs may make sense in some states based on policy objectives and poverty and vulnerability needs, other states have shown an interest in expanding conditions to cover health or nutrition. Other priorities may

mean that different types of transfers, for instance disability assistance, cash for work or pensions, may be more suitable at the state level.

Overall, there is limited international evidence that cash transfers, and CCTs in particular, improve health and education *outcomes* – the evidence suggests that they improve *access* to services. The quality of services is therefore a key concern and must be considered in the Nigerian context, where challenges in this regard are high. As other types of cash transfers also show improved access to services, conditionality itself may not be the key determinant.

As such, this report argues that other factors, such as length of programme participation, value of the transfer, predictability and regularity of transfers and availability of complementary services may be more important than conditions in the Nigerian context.

Delivering cash transfers in Nigeria

The ability to deliver and implement cash transfers is a key determinant as to whether they are an achievable social protection instrument in the country. Nigeria faces a number of key challenges in this respect. Limited institutional capacity at the federal level to develop policy, provide guidance and implement effective monitoring and evaluation (M&E) systems to support state-specific CCTs is a key challenge. And yet an overarching vision and plan for social protection is urgently needed to support the scale-up of cash transfer interventions at a state level. Limited institutional capacity is also found at the state level and can undermine the ability of the state's policymakers to choose appropriate cash transfer programmes and also to deliver and monitor existing CCTs (e.g. COPE). Given these institutional constraints, cash transfers with a simple design (e.g. no conditionalities) which put less of a burden on administrative capacity and limited resources may be seen as more appropriate.

Inter-sectoral institutional coordination is not easy for any country, not least Nigeria, but is vitally important to the success of cash transfer programmes. Concerted efforts and institutional incentives are often needed to improve coordination – both horizontally (across sectors) and vertically (between the state and the federal levels). There are some emerging practices of these at the state level (e.g. in Jigawa). In addition, irrespective of conditionality, cash transfers (indeed any social protection programme) require effective coordination between programmes to ensure their effectiveness. Development partners need to ensure that they promote such linkages between state-level actors and do not create parallel systems. Other initiatives show some positive steps towards improved coordination, for instance the types of programmes being funded from the Millennium Development Goals (MDGs) Debt Relief Gain (DRG) fund, which include free health services. There is a need to ensure coordination is in place for other types of services too, including social welfare services, HIV services, banking and economically productive activities.

Challenges with service delivery and infrastructure also make the case for CCTs in Nigeria more problematic. Despite improvements in services over recent years, low health, education and child deprivation outcomes for the poor in particular, and low spending on these sectors, demonstrate that simultaneous – and significant – investment is needed here to maximise the potential for cash transfers. In this scenario, it might be more efficient to prioritise expenditure on improving the quality of services, rather than designing a complex CCT which requires additional resources for monitoring conditions. Quasi-conditions, or soft conditions, based on awareness raising may be more cost effective and beneficial.

Finally, accountable and transparent mechanisms are needed within the design of any social protection programme. Federal and state levels need to build on existing initiatives which institutionalise such mechanisms. There also needs to be more attention to bottom-up accountability – increasing beneficiary awareness of programme entitlements and ensuring there are mechanisms for participants to claim these rights and hold implementers accountable for delivery.

Targeting

Analysis of the NLSS finds that targeting households with children – particularly very young children – is an effective strategy for minimising inclusion errors and increasing the poverty-

reducing efficiency of cash transfers. Of all the demographic proxies, targeting households with children under the age of five years provides the most efficient approach in terms of reducing poverty, particularly the poverty gap. If this approach were taken, it could be possible to reach up to 60% of the poor (as measured by the higher poverty line). However, this still entails a 40% exclusion error of poor households – a significant number of people. While categorically targeting this group may be most efficient in terms of reaching poor households, options for different types of social protection – and cash transfer – instruments should be considered based on the above considerations of the types of poverty and vulnerability that need to be addressed and the capacity of the household.

Affordability

The cost of different types of cash transfers is beyond the scope of this paper, but taking a broad definition of social protection shows that government expenditure on social protection is currently estimated at 1.4% (Hagen-Zanker and Tavakoli, 2012).[1] This is much lower than other social sectors: education has the highest budget share out of all social sectors, taking an average of about 12% of government expenditure; health expenditure takes around 7% on average (ibid.). Even compared with other African countries, the government's allocation to social protection is low.

COPE currently reaches only 0.001% of the poor and represents less than 5% of total funds allocated by the MDGs-DRG to ministries, departments and agencies (MDAs) at the federal level (excluding state contributions). This is lower than allocations to other sectors, and in fact fell from N10 billion in 2007 ($78 million) to just over N2 billion ($13.2 million) in 2009 (Dijkstra et al., 2011). Just over 10% of the budget is spent on administration and monitoring (of conditions), even though this has been identified as the weakest component of the programme.

Simulating a geographically targeted benefit demonstrates that, to reach all households with children under five years in Jigawa and Kogi (two of the poorest states in Nigeria) equivalent to the current low COPE benefit – N2,500 per month – would cost N17 billion per year (based on the NLSS 2003 demographic profile). This represents approximately 0.05% of Nigeria's 2010 gross domestic product (GDP) and would reach 57% of the poor in these two states (based on the moderate poverty line), which represent 2% of all households in the country. Targeting errors of inclusion would be very low – 91% of the beneficiaries would be poor. However, this would cost almost 30% of the total allocation to social protection per year as discussed in the national policy document Vision 20: 2020 (where N186 billion is budgeted over a three-year period).

In this context, Nigerian policymakers and development partners should consider the relative importance of and budgetary allocations to the conditional features of cash transfers, in comparison with reallocating expenditure towards, for example, scaling up the programme to cover a larger proportion of the poor; increasing the value of the transfer; increasing the length of programme participation; improving the delivery of transfers so they are regular and predictable; creating awareness of beneficiaries to utilise services through soft conditions; and improving basic service delivery for access to complementary programmes and services.

Acceptability

A two-track approach is needed to garner political support for cash transfers. First, political support should be built at the federal level so that the government can take a leadership role in terms of presenting an overarching strategy for social protection, which can then guide states to select and prioritise interventions according to their needs and fiscal and institutional capacity. This should include a wider variety of different types of cash transfers as well as different social protection instruments. Second, in order for social protection to be politically acceptable, states need to have more information and knowledge on the different types of

[1] Nigeria's federal structure and the absence of a computerised budget system mean it is extremely difficult to obtain comprehensive budget data (both budgeted and actual) for the country on a federal, state and local level. To compensate for data gaps, the authors utilise estimation techniques to present a complete picture. Social protection includes all expenditure on women, poverty and social development affairs (Hagen-Zanker and Tavakoli, 2011).

instruments available in order to make informed decisions based on i) specific poverty and vulnerability rates (appropriateness); ii) potential to maximise existing structures and actors (to ensure programmes are achievable and there are complementary programmes to add value to the social protection programme); and iii) fiscal realities in a given state (affordability and the adequacy of the value of the transfer).

Policy implications

The final part of this report suggests a number of policy recommendations for the federal and state governments and development partners. These centre around the following five areas:

- Promote knowledge sharing and awareness of different types of social protection – and cash transfer programmes;
- Carefully consider and prioritise cash transfer design features beyond a focus on conditionality;
- Scale up existing cash transfer coverage by increasing fiscal space, strengthening institutional capacity and increasing political commitment;
- Improve institutional coordination to deliver a social protection package;
- Strengthen accountable and transparent mechanisms.

1 Introduction

Despite strong economic growth in Nigeria, 54% of the population remains living in poverty. Of significant concern is the fact that, despite recent claims that poverty may be reducing slightly, the poverty rate has doubled in the past 20 years. Nigeria is also highly unequal: the Gini coefficient was 43.8 as of 2005 (Ortiz and Cummins, 2011). Approximately 20% of the population owns 65% of the national wealth (UNDP, 2009).

Income inequality is just one dimension of poverty in Nigeria. Poverty and vulnerability are also highly influenced by social and other factors, including geography, ethnicity, age and gender. For instance, a low gender equality ranking reflects the inequalities in human capital, political representation and economic participation between women and men. Meanwhile, with over 60% of the population below 18, children are represented disproportionately in poor households. Nigeria's under-five mortality and maternal mortality rates for the poorest are among the highest in the world, and poverty and deprivation exacerbate child protection issues, including trafficking, prostitution and abuse.

Patterns of poverty vary by geographic location and are also influenced by socio-cultural and religious norms and prevalence of conflict and instability, as much as by economic environment. High prevalence rates of HIV and AIDS are a key concern, especially for particularly vulnerable groups. High rates of unemployment and limited availability of livelihood opportunities in rural and urban areas also continue to restrict the economic opportunities available to men and women, and youth, preventing a route out of poverty. The severity of poverty and vulnerability has been exacerbated by the recent food, fuel and financial (Triple F) crisis. With few formal policies to support the poor to mitigate the impacts of increasing food and fuel prices, higher unemployment and a reduction in remittances, for example, poor households have had to rely on increasingly negative informal coping strategies, with potentially severe consequences for their future.

In recent years, the government of Nigeria and its development partners have sought to develop social protection instruments as a mechanism to tackle high rates of poverty and vulnerability in the country and to support progress in both the economic and the social spheres. As such, social protection is emerging as a policy objective. Cash transfers have been identified at the federal level and to some extent the state level as a potentially important social protection instrument to achieve these goals.

This report is part of a project that aims to support the government of Nigeria in realising its overarching development strategy (Vision 20: 2020) and in developing a national social protection strategy. The project aims to address gaps identified in national policy in terms of social assistance provision for orphans and vulnerable children (OVC) and children under the age of five, as well as for the disabled, the elderly and those without access to social protection support. Through five thematic reports (this one on cash transfers and reports on social protection mapping and effectiveness, HIV and AIDS, child protection and fiscal space), it aims to provide policy-oriented research-based evidence to inform an implementation plan for such national strategies mentioned above.

This report examines the role of cash transfers in Nigeria and discusses the appropriateness and feasibility of the different types in the Nigerian context. It is organised as follows. Section 2 outlines the methodological approach. Section 3 presents the social protection conceptual framework which guided the project and the cash transfer conceptual framework applied to this report. Section 4 presents a poverty, vulnerability and inequality profile of Nigeria. Section 5 analyses the effectiveness of COPE cash transfers, drawing on fieldwork in four states. Section 6 examines the potential role of cash transfers in the context of Nigeria's high rates of poverty and inequality. Section 7 analyses the constraints faced in implementing transfers. Section 8 presents findings of an economic analysis of different targeting options. Section 9 briefly assesses the affordability of cash transfers. Section 10 discusses political commitment to cash transfers. The final section concludes and offers policy implications.

2 Methodology

This report draws on both primary and secondary research carried out between January and June 2011. A review of the literature on cash transfers in Nigeria was carried out, including an analysis of policy and strategy documents, social protection programme documents, impact evaluations and other grey literature, covering the period from approximately 2004-2011.

Key informant interviews (KIIs) were carried out with stakeholders at the national level and in selected states and local government areas (LGAs) (including relevant government, donor, international and national non-governmental organisation (NGO), civil society and academic actors (see Appendix 1)). Sites included Abuja, Adamawa, Benue, Cross River, Edo, the Federal Capital Territory (FCT), Jigawa, Kano, Katsina and Lagos (see Appendix 2 for core research questions on cash transfers). Primary data collection involving focus groups discussions (FGDs) and in-depth interviews (IDIs) took place with In Care of the Poor (COPE) beneficiaries (adults and adolescents) who received cash transfers in Adamawa, Benue, Edo and Lagos as well as with non-beneficiaries in Adamawa and Edo (see Table 1 for site selection rationale and Appendix 3 for COPE FGD questions). We also draw on findings from the Triple F crisis study that the Overseas Development Institute (ODI) is carrying out with the UN Children's Fund (UNICEF).

The case studies were carried out in four states – Adamawa, Benue, Edo and Lagos – chosen based on previous and current implementation of COPE; prevalence of HIV and AIDS (at least two were to be in high prevalence states) and specific child protection vulnerabilities;[2] general state poverty profile and susceptibility to shocks and stresses; and geographical spread across the northern and southern regions (two in the north and two in the south), to maximise synergies with the ODI/UNICEF Impacts of the Triple F Crisis project (see Table 1).

Table 1: Site selection

State	General poverty profile	COPE implementation
Adamawa	Adamawa, North East, was selected for its high poverty rate	Matched funding for Phase 3
Benue	Benue, North Central, was selected for its high levels of social vulnerability, its position as the nation's food basket and its declining trade opportunities	Not matched funding
Edo	Edo, South South, was selected to represent the landlocked centre of Nigeria; although income poverty rates are reportedly not as high as in other states, social vulnerabilities such as child trafficking and labour are significant	Not matched funding
Lagos	Lagos, South West, was selected because of its position as the economic centre of Nigeria and its urban density	Matched funding for Phase 3

A micro-simulation targeting analysis was also carried out using data from the Nigeria Living Standards Survey (NLSS).

[2] Case studies for the child protection and HIV reports were carried out in the same states.

3 Conceptual framework

Social protection is commonly conceptualised as a set of interventions which aim to address poverty, vulnerability and risk. Such interventions may be carried out by the state, by non-governmental actors or the private sector, or through informal individual or community initiatives.

In this report, we take as our starting point the need to apply both an economic and a social analysis lens to poverty and vulnerability in order to support the development of appropriate social protection policies and programmes in Nigeria. We draw on Devereux and Sabates-Wheeler's (2004) transformative social protection framework, which takes into consideration both economic and social sources of risk and is based on a framework whereby social protection promotes social equity as well as economic growth.

3.1 A gender and lifecycle approach to poverty, vulnerability and inequality

It is increasingly recognised that poverty and vulnerability are multidimensional, and that vulnerability to risk includes not only economic and environmental dimensions, but also social and lifecycle features. Of the five poverty traps identified by the 2008-9 Chronic Poverty Report, four were non-income measures: insecurity (ranging from insecure environments to conflict and violence); limited citizenship (lack of a meaningful political voice); spatial disadvantage (exclusion from politics, markets, resources, etc., owing to geographical remoteness); and social discrimination (which traps people in exploitative relationships of power and patronage) (CPRC, 2008).

Distribution and intensity of poverty, risk and vulnerability are likely to be experienced differently at the community, household and individual level depending on a number of factors, including stage in the life-course (infant, child, youth, adult, aged), social group positioning (gender, ethnicity, class) and geographic location (e.g. urban/rural), among other factors. For children in particular, the experience of risk, vulnerability and deprivation is shaped by four broad characteristics of childhood poverty and vulnerability (Jones and Sumner, 2007):

- Multidimensionality – related to risks to children's survival, development, protection and participation in decisions that affect their lives;
- Changes over the course of childhood – in terms of vulnerabilities and coping capacities (e.g. young infants have much lower capacities than teenagers to cope with shocks without adult care and support);
- Relational nature – given the dependence of children on the care, support and protection of adults, especially in the earlier parts of childhood, the individual vulnerabilities of children are often compounded by the vulnerabilities and risks experienced by their care givers (owing to gender, ethnicity, spatial location, etc.);
- Voicelessness – although marginalised groups often lack voice and opportunities for participation in society, voicelessness in childhood has a particular quality, owing to legal and cultural systems that reinforce their marginalisation (Jones and Sumner, 2007).

Gender inequality also cuts across both economic and social dimensions of poverty, vulnerability and inequality (Holmes and Jones, 2010). The differential distribution of resources (financial, social, human and physical capital) between men and women, as well as differential social roles and responsibilities, means the options available to men and women to respond to macro- and micro-level shocks and stresses as well as to long-term chronic poverty are likely to vary (ibid.). Household members' vulnerability is also likely to vary, according to household composition (e.g. dependency ratio, sex of household head, number of boys and girls); individual/household ownership and control of assets (land, labour, financial capital, livestock, time); access to labour markets, social networks and social capital; and levels of education.

3.2 Social protection framework

The term 'social protection' has evolved differently in different socioeconomic and political contexts. In high- and middle-income countries, many interventions are embedded in broader social policy frameworks. Interventions are increasingly being adopted in low-income countries too, as social protection is seen as an effective mechanism to support poverty reduction as well as to protect the poor/near poor from falling into, or further into, poverty.

A common definition of social protection is one which includes all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks and enhance the social status and rights of the marginalised. The overall objective is to reduce the economic and social vulnerability of poor, vulnerable and marginalised groups and, in particular, to support the poor to overcome the demand-side barriers which prevent them from accessing basic economic and social services. Such interventions may be carried out by the state, non-governmental actors or the private sector, or through informal individual or community initiatives.

As such, social protection interventions often aim to tackle extreme poverty; given the depth and breadth of poverty and inequality in a country like Nigeria, it is increasingly important that approaches adequately address the multidimensionality of poverty at the intra-household, household and community level, as described above.

For this report, Devereux and Sabates-Wheeler's (2004) transformative social protection framework offers the most relevant conceptual approach, as its analytical view goes beyond safety nets and encompasses the following four social protection measures:

- *Protective* (protecting households' income and consumption, which includes social assistance programmes such as cash transfers, in-kind transfers, fee waivers to support access to basic and social services);
- *Preventative* (preventing households from falling into or further into poverty, including, for instance, health insurance programmes, subsidised risk pooling mechanisms);
- *Promotive* (promoting household's ability to engage in productive activities and increase incomes, for example through public works employment schemes, agricultural inputs transfers or subsidies); and
- *Transformative* (addressing social inequalities and discrimination, which includes, for example, core social protection programmes which tackle gender inequality and promote child rights and linkages to awareness-raising programmes or tackling discrimination) (see Table 2).

Taking a transformative approach may be reflected in the core design of social protection The transformative perspective is particularly useful in understanding and addressing societal power imbalances that encourage, create and sustain poverty and inequality – extending social protection to arenas such as equity, empowerment and economic, social and cultural rights (Devereux and Sabates-Wheeler, 2004; Holmes and Jones, 2010; UNICEF, 2010). Taking this approach also allows for a better conceptual understanding of the dimensions of poverty and vulnerability and of the fact that the distribution of resources is influenced by factors at the community, household and intra-household level.

Taking a transformative approach may be reflected in the core design of social protection interventions and/or in linkages with complementary programmes and services. Indeed, maximising the effectiveness of social protection requires complementary measures, which may not be considered a core component but are necessary to ensure an effective enabling environment to achieve social protection objectives. These include complementary services (basic social services such as quality health, education and social welfare services, as well as economic services including infrastructure, functioning markets and opportunities for financial inclusion such as microcredit and microfinance) as well transformative programmes (such as sensitisation and awareness-raising campaigns to transform public attitudes and behaviour

along with efforts to change the regulatory framework to protect marginalised groups from discrimination and abuse) (see Table 3).

Table 2: Transformative social protection approach

Type	Poverty-focused social protection intervention	Types of instrument
Protective	Social assistance	Cash transfers, food transfers, fee waivers for social services, school subsidies, school feeding
Preventive	Social insurance	Health insurance, premium waivers, subsidised risk-pooling mechanisms
Promotive	Productive transfers, subsidies and work	Agricultural inputs transfers, fertiliser subsidies, asset transfers, public works programmes
Transformative	Social equity measures	Equal rights/social justice legislation, affirmative action policies, asset protection

Source: Adapted from Devereux and Sabates-Wheeler (2004)

Table 3: Complementary measures and programmes

Complementary pro-poor measures	
Complementary social services	Health, education, social welfare, child protection
Complementary economic services	Financial inclusion, agricultural extension, infrastructure, markets, microcredit, microfinance

A child-sensitive approach to social protection (see Box 1) can include social protection measures which benefit children without explicitly targeting them (e.g. pensions, household grants, public works programmes), or those which benefit children directly (e.g. child grants or targeted fee waivers). Making social protection more child sensitive has the potential to benefit not only children but also their family and community and national development as a whole.

Marcus and Pereznieto (2011) emphasise an important conceptual clarification between child protection and social protection. UNICEF defines child protection as 'preventing and responding to violence, exploitation and abuse and unnecessary separation from family' (UNICEF, 2011). Social protection helps to build a protective environment for children by 'reducing the socio-economic barriers to child protection' (ibid.) through policies that contribute to economic security, ensure access to basic social services and contribute to preventing violence and exploitation.

Given that many ministries of social welfare play a coordinating role in social protection, there are opportunities for synergies between these and social protection programmes, including mechanisms for awareness raising and referral. As part of a stronger social protection system, there are opportunities and a number of possible entry points for strengthening linkages so as to address children's vulnerabilities in a more integrated way. Such opportunities include, for example, linking cash transfer beneficiaries to complementary supportive programmes, including preventative and responsive social welfare services (e.g. measures to tackle harmful forms of child labour or human trafficking), where necessary (Jones and Holmes, 2010a).

Box 1: Principles of child-sensitive social protection

- Avoid adverse impacts on children, and reduce or mitigate social and economic risks that directly affect children's lives.
- Intervene as early as possible where children are at risk, in order to prevent irreversible impairment or harm.
- Consider the age- and gender-specific risks and vulnerabilities of children throughout the lifecycle.
- Mitigate the effects of shocks, exclusion and poverty on families, recognising that families raising children need support to ensure equal opportunity
- Make special provision to reach children who are particularly vulnerable and excluded, including children without parental care, and those who are marginalised within their families or communities due to their gender, disability, ethnicity, HIV and AIDS or other factors.
- Consider the mechanisms and intra-household dynamics that may affect how children are reached, with particular attention paid to the balance of power between men and women within the household and broader community.
- Include the voices and opinions of children, their care givers and youth in the understanding and design of social protection systems and programmes

Source: DFID et al. (2009).

3.3 Cash transfers conceptual framework

Cash transfers are a sub-component of social protection, falling under the 'social assistance' heading. Formal contributory cash transfers fell outside of the terms of reference for this project. Targeted cash transfers include:

- Cash given to individual households;
- Cash grants, cash for work (rather than interventions such as monetisation, microfinance, insurance, budget support or fee waivers);
- Cash as an alternative to in-kind transfers such as food aid, agricultural inputs, shelter and non-food items.

Cash transfers can include a wide variety of aims and objectives, which affect their design, target group and implementation mechanisms. Table 4 shows the variety of types of cash transfers, including conditional transfers (CCTs) and unconditional transfers, cash for work, child grants, pensions and disability allowances.

Table 4: Typology of cash transfer approaches

Type of cash transfer	Programme details	Main objectives	Target beneficiaries
CCTs for human development	Regular income transfers, tied to behaviour conditions, e.g. school attendance and health visits	Improve health, nutritional and educational outcomes	Children in poor households
Cash for work	Cash payment of wages for public works projects	Reduce seasonal vulnerability and increase household income	Able-bodied adults in poor households (family members benefit indirectly)
Unconditional cash transfers	Regular income transfers to poor households, without any conditions attached	Increase household income to meet basic needs	Poor households, sometimes those with no available labour
Social pensions	Regular income transfers to the elderly	Provide basic means of subsistence to the elderly	The elderly (often benefiting other family members indirectly)
Child grants	Income transfers to households with children	Support to meet basic needs of children	Children (often benefiting other family members indirectly)
Disability grants	Income support for people with disability	Support disabled people's access to services and basic needs	The disabled, especially those who cannot work

Source: Holmes and Barrientos (2009).

Different types of cash transfers can contribute to the four objectives of social protection outlined above in the following ways:

Directly:

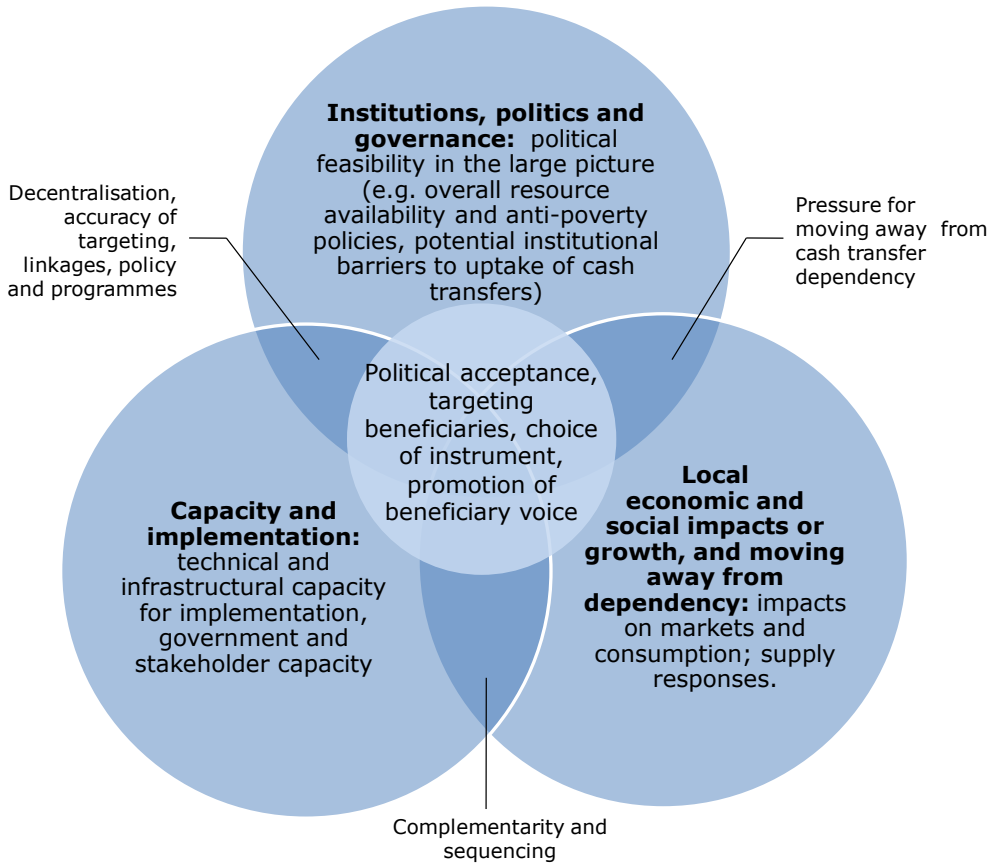
- Supporting/smoothing household consumption and income through regular and predictable transfers;
- Preventing distress sales of assets/the use of eroding coping strategies;
- Allowing investment in productive activities and investment in the development of human capital (health, education).

Indirectly:

- Enhancing women's status in the household;
- Enabling access to other social and economic services and programmes, if institutionally linked;
- Promoting community empowerment and awareness through sensitisation activities.

Selecting the most appropriate type of social protection instrument – which may include selecting an appropriate type of cash transfer – is context specific, and depends on economic, social and political factors. Slater et al.'s (2008) conceptual framework (see Figure 1) presents four key arenas which influence the uptake, design, implementation and effectiveness of cash transfers: i) institutions, politics and governance; ii) capacity and implementation; iii) political acceptability; and iv) local economic and social impacts.

Figure 1: Cash transfer conceptual framework



Source: Slater et al. (2008).

Slater et al. (2008) argue that the political context for cash transfers is potentially complex, but understanding it is an essential step in making the context more favourable for transfers. The overall political feasibility of cash transfers depends on, for example, the type and extent of political commitment to poverty reduction and the overall availability of resources for social transfers. Political acceptability on a more day-to-day basis will depend on the size and cost of administrative effort to implement cash transfers, but also on the perceptions of the electorate: prejudices against perceived 'handouts' will limit cash transfers to 'cash for work' modalities, in which the poor are seen to be 'earning' transfers.

These considerations are located at the intersection of all three circles in the figure, as are issues of targeting and instrument choice. Targeting is a political process as much as a technical one, and has implications for the outcomes of cash transfers. The final element located at the intersection of all three themes is beneficiaries' 'voice' – programmes, schemes and projects should be designed and delivered in ways that promote the ability of intended beneficiaries to recognise and claim their entitlements. Thus, criteria for inclusion must be simple and transparent, delivery systems robust and information readily accessible.

Other overlapping subthemes include extent of decentralisation, which links practical implementation costs with political decisions to implement a cash transfer. Complementarity and sequencing are also issues at the interface of implementation and impact.

This report discusses the role of cash transfers in Nigeria through these four lenses.

4 Poverty and vulnerability in Nigeria

Nigeria is a middle-income country, with high dependence on oil revenues, although in recent years the non-oil economy – especially agriculture and services – has been growing (AfDB et al., 2009). Nigeria is socially and culturally diverse, with over 250 ethnic groups. Muslims and Christians take up around half of the population each.

Nigeria reinstated a democratic regime in 1999 after over 30 years of military rule. Government corruption remains a major challenge to development. Institutionally, Nigeria has a decentralised political system which consists of a three-tier government (federal, state and local), consisting of 37 state governments and 774 LGAs. Sub-national governments have autonomy over economic development policy, budget regimes and expenditure patterns (Norad, 2010). States and LGAs range considerably in size, population and resources, resulting in huge variation between states.

This section outlines the key poverty, vulnerability and inequality statistics in Nigeria, paying particular attention to income poverty, health and education, HIV and AIDS, gender inequality and child protection deprivations. It then discusses the impact of the Triple F crisis on the poor drawing on findings from Gavrilovic et al. (2011).

4.1 Poverty and inequality

Income poverty

The majority of the Nigerian population lives in poverty, despite the wealth in the country. Despite indications that poverty may be declining (AfDB et al., 2009; NPC, 2010), of significant concern is that, between 1980 and 2004, both rural and urban poverty more than doubled, from 28.3% to 63.3% in rural areas and from 17.2% to 43.2% in urban areas (UNDP, 2009). Nigeria's national poverty line states that 54% of the 140 million population lives in poverty (approximately 75 million people) (NPC, 2010), of whom 22% were defined as 'core poor', i.e. extremely poor in 2004 (UNDP, 2009). This is a huge challenge in terms of development and poverty reduction.

High population growth and rural to urban migration mean Nigeria has become increasingly urban, with 47% of the population now living in towns and cities (PRB, 2010).[3] While discussions of the experiences of the rural poor dominate the literature, given the depth and severity of poverty as well as its higher incidence in rural areas,[4] several authors, including Osinubi (2003), argue that policymakers should be paying more attention to urban poverty, as the number of urban poor and the depth of poverty in urban areas are increasing.

Inequality in income and asset distribution, unequal access to basic infrastructure and services and social-cultural norms are key drivers of poverty, vulnerability and inequality in the country (see UNDP, 2009). Indeed, Nigeria has one of the most unequal societies in the world (AEO, 2010). According to the UN Development Programme (UNDP, 2009), inequality increased between 1985 and 2004 (from 0.43 to 0.49), although others suggest it has been decreasing (from 0.491 in 1990 to 0.438)[5] (Ortiz and Cummins, 2011): overall, however, it remains high. When adjusted to reflect inequality, Nigeria's Human Development Index value drops significantly, from 0.423 to 0.246 (UNDP, 2010).

This is around the average in relation to the region (the sub-Saharan African average was 44.2 in 2008[6]) (ibid.); internationally, it is higher than in Ethiopia and India, but lower than in Brazil and Madagascar (AfDB et al., 2009). Meanwhile, figures mask a large disparity among states,

[3] In 2000, Nigeria had 438 cities with a population over 10,000 – the highest in West Africa (UN-HABITAT, 2010).

[4] Nsikakabasi and Ukoha (2010); Ojowu et al. (2007); Okuneye (2004); Okunmadewa et al. (2005); Rural Poverty Portal (2010).

[5] Where 0 represents complete equality and 1 represents complete inequality

[6] Unweighted average values based on Solt (2009).

with the belt of states across the middle of the country having the highest levels of inequality (ibid.). This is a factor of a rapidly increasing population and a growing poverty gap, whereby a greater proportion of Nigeria's wealth is concentrated in the hands of the wealthiest: approximately 20% of the population owns 65% of the national wealth (UNDP, 2009). The benefits of the wealth generated by oil production are not distributed among the Nigerian population (Okunmadewa et al., 2005), the poor rarely feel poverty reduction measures (ibid.) and the decentralised nature of the political system means state expenditure on pro-poor activities is most often subject to political will.

Despite the fact that Nigeria is a lower middle-income country and has experienced robust, high levels of economic growth since 2005 (growth rates remained strong over the economic crisis, in part because of the buffer provided by Nigeria's large level of international reserves as well as low debt (IMF, 2010)), the country remains highly reliant on oil revenues. For instance, according to a key informant from the International Monetary Fund (IMF), the agriculture sector accounts for 40% of the economy but does not drive growth,[7] although the sector has grown over recent years[8] (AfDB et al., 2009). Of the almost half of the population involved in this sector, 80% are subsistence farmers (ActionAid, 2010). Data from the 2003 NLSS shows that, among all occupational groups, agriculture has the highest poverty incidence rate, at 62.7% (Ojowu et al., 2007). Stronger growth in this sector (and overall in the non-oil economy) may have contributed to falling poverty rates since 2003. Data from the 2009 NLSS have not yet been analysed (AfDB et al., 2009).

Limited growth and economic opportunities in agriculture sector are key challenges for poverty reduction,[9] as is the high proportion of the population (at least 75%) working in the informal sector (NHIS, 2010) and the huge unemployment rate, particularly among youth. The official unemployment rate as of February 2011, 19.7%, is likely to be hugely underestimated, according to a key informant from the Ministry of Labour and Productivity, and reports suggest an estimated 50 million youths are unemployed (Aigbokhan, 2008; World Bank, 2010). According to one source, Nigeria will need to create 15 million new jobs over the next 10 years just to keep employment at current levels; to halve unemployment, it will need to create 24 million new jobs, expanding the labour market by almost 50%; and to bring it to 7% by 2030, the labour market needs to nearly double in size, with almost 50 million jobs created (Next Generation Nigeria, 2010). Unemployment is a concern not only in terms of rates of poverty and inequality, but also in relation to the country's security:

> *'large cohorts of unemployed or underemployed young people destabilise their societies, fuelling crime and creating conditions where civil conflict becomes more likely. Instead of collecting a dividend, a country that is not well prepared to make the most of its baby boom generation can find itself in the midst of a demographic disaster' (ibid.).*

Education, health and nutrition

Poverty incidence is highly correlated with educational attainment in Nigeria. Households headed by individuals with little or no education experience the highest poverty incidence, depth and severity (Ojowu et al., 2007; OSSAP-MDGs, 2010). Nigeria has made improvements

[7] With 5% projected growth for crop production.

[8] The non-oil sector provides a livelihood for the majority of Nigerians. Driven by agriculture, manufacturing, minerals and telecommunications, it has grown at more than 8% per year, accelerating to over 9% in 2007-2008. Improved fiscal management has been responsible for most of the recent macroeconomic improvements (AfDB et al., 2009).

[9] Despite a land mass of 923,768 km^2, a huge amount of forest (12.2%), arable (35.1%) and irrigated (0.7%) land (Oriola, 2009; Rural Poverty Portal 2010) and a wealth of natural resources, numerous factors restrict farmers to subsistence farming and limit the potential of the agriculture sector. These include a lack of rural infrastructure, including roads and markets; lack of access to new technology; limited land (ibid.; ActionAid, 2010; Ogunlela and Ogunbible, 2006; Rural Poverty Portal, 2010); environmental problems (associated with high export production (of oil and gas) and mining in the Niger Delta, which has been responsible for deforestation, desertification and flora and fauna depletion (UN, 2002)); high levels of disease; the successive military rule and agricultural and economic policies of governments prior to 1999 (AfDB et al., 2009; Ogunlela and Ogunbible, 2009); rapid population growth and over-population; and conflict and insecurity (economic development and poverty reduction in Nigeria is thwarted by ethnic and religious tensions and conflict, particularly in the Niger Delta, where environmental degradation and trade in stolen oil fuels violence (see AEO, 2010).

in net enrolment in primary school: 9 out of 10 eligible children are now in school as a result of Universal Basic Education (UBE) interventions and enrolment in private schools (NPC, 2010). However, this figure masks the fact that disadvantaged groups are still excluded and education quality remains poor: the country still has more than 7 million children out of primary school, of whom girls constitute about 62% (ibid.). It also masks attendance: the 2008 Demographic Health Survey (DHS) shows that net attendance at primary is 62.1% (NPC and ICF Macro, 2009). Approximately 15 million children under 14 are working to support their family and pay their school fees (UNICEF Nigeria, 2006).

A higher proportion of boys than of girls enrol in both primary and secondary school. Nigeria missed the 2005 target of gender parity in education, although enrolment of girls in school rose from 78% to 85% between 2000 and 2008 (NPC, 2010). The gross enrolment ratio has been consistently over 10% higher for boys than for girls. At secondary level, although enrolment of both boys and girls has risen, it has been higher for boys than girls. Dropout rates for girls tend to be significantly higher in schools that do not have separate toilet facilities for boys and girls (ibid.). Unsurprisingly, all this also means that literacy rates are higher for males than for females, at 82.5% and 64.3%, respectively, for 15-24 year olds. Meanwhile, although there has been an increase in young women's educational attainment since the 1990s (UNGASS, 2010), there is still a significant gender gap in certain regions. The North West and North East have the highest proportion of persons with no education – roughly 7 in 10 women and half of men – whereas the South South has the lowest percentage of those who have never been to school (15% among females and 8% among males) (NPC and ICF Macro, 2009).

As in the education sector, there have been improvements in health outcomes over the past few years, although there is still cause for significant concern. The under-five mortality rate has improved, from 201 deaths per 1,000 live births in 2003 to 157 in 2008 (NPC, 2004; 2009, in NPC, 2010). Similar improvements have been made on infant mortality,[10] which reduced from 100 deaths per 1,000 live births in 2003 to 75 in 2008 (NPC, 2010). Nevertheless, Nigeria remains is 18th out of 193 countries ranked in terms of under-five mortality rate and, despite being the wealthiest country in the West and Central Africa region, its under-five mortality rate is above the average (of 150) (UNICEF, 2011).

Rates differ substantially between rural and urban areas, geographic zones and wealth quintiles. For example, the under-five mortality rate is 121 deaths per 1,000 live births in urban areas, compared with 191 in rural areas (NPC and ICF Macro, 2009). It ranges from 89 in the South West to 222 in the North East (infant mortality is also lowest in the South West, at 59 deaths per 1,000 births, and highest in the North East, at 109 (ibid.)). Under-five mortality rates are lowest for children in households in the highest wealth quintile (87 deaths per 1,000 live births); the rate for the lowest wealth quintile is 219. Maternal mortality fell from 800 deaths per 100,000 births in 2003 to 545 in 2008 (NPC, 2010). This falls far short of the Millennium Development Goal (MDG) target of 136.

Malnutrition is also a serious risk among the poor. Despite the nutritional status of children remaining fairly constant between 2003 and 2005 (NPC and ICF Macro, 2009), stunting and wasting rates for children under five remain a key concern. Stunting[11] has long-term effects: 41% of children under five are stunted and 23% are severely stunted (ibid.) (the West and Central African average is 40% (UNICEF, 2011)). Rural children are more likely to be stunted (45%) than urban children (31%), and zonal variation in the nutritional status of children is substantial, with stunting highest in the North West (53%) and lowest in the South East (22%) (NPC and ICF Macro, 2009). Wasting[12] rates are also of concern, and higher than the West and Central African average of 10% (UNICEF, 2011): 14% of children under five are wasted. Children in the South East are the least likely (10%) to be underweight, whereas children in the North East and North West are the most likely (35% each) (NPC and ICF Macro, 2009).

[10] Probability of dying before the first birthday

[11] Height for age.

[12] Weight for age.

HIV and AIDS[13]

Although Nigeria's HIV prevalence appears to have stabilised in the past 10 years, the epidemic still remains a major public health challenge. The sheer size of the population means that Nigeria is second only to South Africa in terms of numbers of people affected by HIV and AIDS. Indeed, with an estimated 3.3 million people living with HIV, Nigeria bears nearly 10% of the global burden of HIV (UNAIDS, 2010). While the HIV and AIDS epidemic can be framed as a generalised epidemic, there are concentrated epidemics among high-risk groups or most-at-risk populations (MARPS). Vulnerable groups in Nigeria include youth (mainly young women), pregnant women, OVC and the elderly. Such groups are particularly vulnerable because of socioeconomic, age and gender characteristics as well as their location. MARPs, who include female sex workers (FSWs) and men who have sex with men (MSM), are at a higher risk of HIV and other sexually transmitted diseases because of behaviours or occupations that place them at risk of unsafe sex; the above more demographic, locational and structural vulnerabilities are also likely to affect them.

There is significant variation in HIV prevalence rates among regions, states and localities. At the regional level, HIV prevalence ranges from 2% in the South West up to 7% in the South South (FMOH, 2010). Prevalence at state level ranges from 1% in Ekiti in the South West zone to 10.6% in Benue in the North Central zone (ibid.). However, the highest prevalence rate (22%) has been recorded in the LGA of Bwari in the FCT (Rhodes and Simic, 2005). There are also marked differences among urban and rural areas. HIV prevalence is higher in urban (3.8%) than in rural (3.5%) areas (FMOH, 2009). However, access to antiretroviral therapy is significantly lower in rural areas of Nigeria, with 3% of rural health facilities providing services in comparison with 20% in urban areas. This gap in service provision is further widened by the fact that there are already fewer health facilities in rural areas, even though most Nigerians are living in such locations (Amanyeiwe et al., 2008).

As a result of HIV and AIDS, households have reduced levels of income and declining agricultural production and family assets. Other impacts include increasing numbers of widows and orphans and increases in elderly- and child-headed households. High numbers of OVC have led to an increase in dependency ratios: 90% of poor households in Nigeria are composed of 20 or more individuals. Another impact of HIV and AIDS, affecting women and OVC disproportionately, is disinheritance and the loss of property. Moreover, with an estimated 3.3 million people living with HIV in Nigeria, the number of individuals requiring health services is increasing, implying a significant rise in the patient-to-health centre and patient-to-health professional ratios, as well as an increased workload for health providers.

Gender inequality

According to UNDP (2009), Nigeria exhibits poor equality between men and women in terms of basic capabilities as well as the extent to which women and men are able to participate actively in economic and political life and in decision making. These inequalities have significant regional variations, strongly influenced by cultural, religious and traditional norms. Higher inequality is present in the northern region, particularly the North West and North East.

Women lag behind on most socioeconomic development indicators (Ajani, 2008). They face consistent inequalities in terms of access to and control over land, credit facilities, technologies, education and health. Poverty therefore often affects women more intensely than men (Social Watch, 2005). In rural communities, female-headed households tend be the poorest, given cultural norms which inhibit women from inheriting land – traditionally, on the death of her husband, a widow is dispossessed of all her husband's property (Rural Poverty Portal, 2010). Incidence of food insecurity is also higher for female- than for male-headed households –49% compared with 38% – although women improve household food and nutrition security by spending more of their income on food (Ajani, 2008).

Despite women's significant role in the production, processing and marketing of food crops (Rural Poverty Portal, 2010), their potential is restricted by low ownership of land (38.1% of

[13] This section draws on the HIV report for this project (Samuels et al., 2012).

men compared with 7.2% of women) and credit (11.6% of men and 9.8% of women) (NBS, 2009). Men continue to control farm decisions and productive resources (Ajani, 2008). Similarly, microcredit opportunities are more available for men (79.2% compared with 29.8% for women) (NBS, 2009).

Women's labour market participation rate is 39.5% compared with 74.8% for men (UNDP, 2009). Employment in non-agriculture specifically stands at 67.5% of men compared with 32.5% of women (NBS, 2009). Again, there is significant state variation, with Akwa-Ibom and Ondo (South South and South West) the highest, at 59.5% and 56.5% of women, respectively, and Jigawa and Zamfara (North East and North West) the lowest, at 4.3% and 3.7%. Women also receive a smaller proportion of non-agricultural wages: 67.7% for males, 32.3% for females (the proportion earned by men is more than twice that earned by women).

Social risks and vulnerabilities are also significant for women. According to the 2008 DHS, 28% of females questioned had experienced violence since the age of 15; this was higher in urban areas (30%) than in rural areas (26%). The indigenous practice of female genital mutilation/cutting (FGM/C), which carries significant physical and psychological health risks for women, is also widespread (Mbakogu, 2004; PRB, 2010). FGM/C is practised by approximately 33% of all households across ethnic and religious groups in all parts of the country, although there is a higher prevalence in the eastern and southern regions. FGM/C is most commonly performed on girls between the ages of 4 and 18, although ages vary. In 2008, 29.6% of women aged 15-49 had been exposed to FGM/C (PRB, 2010).

Although the government publicly denounces FGM/C, no legal action has been taken to eradicate the practice (Mbakogu, 2004). Indeed, although discrimination on the grounds of gender is prohibited in the Nigerian constitution, because Nigeria is a federal republic each state has the authority to draft its own legislation. The combination of federation and a tripartite system of civil, customary and religious law makes it very difficult to harmonise legislation and remove discriminatory measures. Based on its Social Institutions and Gender Index (SIGI) value of 0.21991, Nigeria ranks 86th out of 102 non-Organisation for Economic Co-operation and Development (OECD) countries.[14]

Child protection deprivations[15]

As the median age in Nigeria is only 17.1 years (UNDP, 2010), and over 17% of the population is under the age of six (NPC and ICF Macro, 2009), poverty has tremendous impacts on children's protection needs. It threatens the survival of many Nigerian children, reflected in high rates of child and infant mortality; high prevalence of malnutrition; and often limited educational opportunities. Nigerian children are highly vulnerable to income poverty but also to a wide variety of other economic and social factors. These include urbanisation and migration; health shocks; environmental degradation; domestic violence and family fragmentation; broader societal violence and conflict; social exclusion and discrimination; harmful traditional practices based on cultural values; and orphanhood and loss of family.

As we have seen, 15 million children under the age of 14 are working across the country (UNICEF Nigeria, 2006). Working often long hours in semi-formal and informal businesses, they are frequently exposed to dangerous and unhealthy environments for little pay. Child labour interferes with children's schooling and their physical and psychosocial health, and feeds Nigeria's trafficking problems, as many child labourers are controlled by highly profitable syndicates.[16] Early marriage is also prevalent in the country. A quarter of all girls are married as adolescents, with negative implications for their human capital development as well as their intra-household bargaining power and access to resources.[17] Coupled with customary laws that fail to protect the rights of women and girls, and cultural practices such as fosterage, Nigeria's

[14] http://my.genderindex.org/.

[15] This section draws on the child protection report for this project (Jones et al., 2012).

[16] According to a key informant from the National Agency for the Prohibition of Trafficking in Persons (NAPTIP).

[17] Aronowitz (2006); Dottridge (2002); NPC and ICF Macro (2009); Okojie (2003).

girls are particularly vulnerable to child protection deficits (ibid.). Accusations of child witchcraft are also common, and may result in abandonment and death (Cimpric, 2010).[18]

4.2 Impacts of the Triple F crisis on the poor

According to Gavrilovic et al. (2011), the recent Triple F crisis had a number of effects on the poor which have exacerbated existing patterns of poverty and vulnerability. These include reduced employment opportunities, decreases in the real value of wages, more people seeking informal work and a reduction in household income through the devaluation of the naira, in a context of increased food and fuel prices and inflation, limited job opportunities, reduced remittances and limited informal lending channels.

At the household level, these effects have resulted in a number of adverse effects on the poor, especially as formal support to help households cope has been limited. Food insecurity has increased as food price rises have resulted in growing food insecurity (particularly in urban areas), which has been linked to sustained declines in food production as well as reduced household budget allocations towards food. For some, food and fuel shocks have led to the modification of consumption, including the purchase of cheaper and less nutritious food staple substitutes, cutting back on meals and, in dire circumstances, scavenging and/or going hungry. The costs of staple food items have also increased as a result of fuel shocks, mainly via a rise in transport costs, with both net food consumers and producers negatively affected.

Effects on health and access to health care and education are also key concerns: while high costs and low utilisation of medical services predate the crisis, the crisis has exacerbated this. Diminishing household purchasing power has in some cases led to an inability to pay for increasing drug and treatment costs. Fuel shocks also play an important role in health care access, with transport costs deterring some women from even attempting to reach antenatal facilities. Women living with HIV and AIDS (and the children they support) are unable to pay for essential medication owing to lack of an adequate income. Health problems associated with malnutrition are also reportedly on the rise.

Likewise, in terms of education, rises in school dropouts and absenteeism are resulting from growing difficulties affording school costs and transportation fees, especially in rural areas. In many states, children are seen as an essential workforce, and the opportunity costs of education for poor families are high in this context of increasing financial hardship. In contrast, states more dependent on fuel-related consumption 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.

At the community level, existing traditional forms of support have been eroding, with some community-based lending groups disbanding when members cannot afford to repay their debts. Even support from friends was perceived to be weakening in some states as a result of financial hardship.

At the intra-household level, the impacts of the crisis have implications for gender roles, women's rights and children's development in particular. Evidence shows that financial stress is reshaping gender and intra-household relations, with women (and often children) assuming increased responsibility for the household economy, with resultant challenges to traditionally patriarchal household decision making. Changes in the consumption of varied and necessary amounts of food are also disproportionately affecting children's nutritional and health status, and changes in the provision of health care and consumption capacity have particularly affected maternal and child health. As we have seen, the crisis has also compounded educational deprivations among girls and rural children especially, with evidence of school withdrawals and increased child work. The quality and availability of care for children have been diminishing.

[18] Witchcraft is deeply rooted in traditional belief in Nigeria, especially in the South South (Akpan and Oluwabamide, 2010). Suspected children can be beaten, ejected from their homes and left to fend for themselves.

5 Effectiveness of cash transfers

This section looks at the effectiveness of cash transfers in Nigeria. It first provides an overview of cash transfer programmes currently being implemented in the country, and then discusses indicative findings from the fieldwork carried out with COPE KIIs and beneficiaries in Adamawa, Benue, Edo and Lagos states.

5.1 Current cash transfer programming in Nigeria

Currently, cash transfers based on the Latin American model, using conditions linked to education and/or health, are the main types of transfer programming being implemented in Nigeria. Other small-scale cash transfers include a child savings scheme in Bayelsa state and a disability allowance in Jigawa.

COPE is a CCT which started as a pilot in 2007 and is now in its third phase. The objective is to break the intergenerational transfer of poverty and reduce the vulnerability of the core poor in society to existing socioeconomic risks, and to improve the capacity for human contribution to economic development in the community, state and nation.

The programme's design draws on the Latin American model. Beneficiary households receive a monthly Basic Income Guarantee (BIG) for one year and then a lump sum Poverty Reduction Accelerator Investment (PRAI). The BIG ranges from $10 to $33, depending on the number of children in the household; a further $50 per month is withheld as compulsory savings, which is provided as the PRAI (up to $560) to the head of the household. Entrepreneurship and life skills training are provided to beneficiaries to maximise the PRAI. Payments are based on households meeting two key conditions: the enrolment and retention of children of basic school age in basic education (Primary 1 to junior secondary education), where a child must maintain at least 80% school attendance, and participation in all free health care programmes. According to a key informant from the National Programme for Poverty Eradication (NAPEP), COPE is effectively the same across the country, even though the name might be different.[19]

The programme started as a pilot in 12 states and became compulsory across all states in the second phase. It is currently in its third phase, with state governments required to match funding. In this third phase, the programme is subject to state commitment to its implementation. A total of 12 states have committed funding: Katsina and Kebbi (North West); Bauchi and Adamawa (North East); Kogi and Niger (North Central); Bayelsa and Cross River (South South); Anambra and Abia (South East); and Osun and Lagos (South West).

Programme coverage is extremely small. NAPEP's own estimates suggest that COPE has now reached approximately 22,000 households. Dijkstra (2011b) find that 18,750 households have been trained by COPE. This results in coverage of less than 0.001% of the poor.[20] Rollout has been uneven and currently, even with matched funding, resources to reach a wider population are constrained. For instance, in Jigawa, COPE reaches 50 households in 17 LGAs, covering 850 households in total (even though there is currently a proposal to cover about 2,800 households in all 27 LGAs) (KII with Budget and Economic Planning Directorate). The population of Jigawa is over 4 million and the poverty rate is 90%. In Adamawa, which has a poverty rate of over 70% and a population of over 3 million, 50 households in 10 LGAs (out of 21) have been targeted, reaching 500 households in total so far.

[19] For instance, in Cross River state, COPE is called Comfort. In Niger state, local committees are called village social assistance committees, not communities.

[20] Calculation based on the assumption of 54% poverty rate, population 140 million and mean household size of 4.4 (NPC and ICF Macro, 2009).

Targeting is guided by national policy and initially included a combination of geographical, community-based and household targeting[21] (NAPEP, 2007). COPE is targeted at households with children of basic school age with the following characteristics: headed by poor females; aged; physically challenged; vesicovaginal fistula (VVF) patients; HIV and AIDS patients. A community development committee (CDC) coordinates the identification of beneficiaries; this usually includes a district head, a social welfare officer, a health assistant, a headmaster of a primary school, a women's leader, a councillor representing the ward and religious leaders (one imam and one pastor).

COPE was designed at the national level by NAPEP, the Office of the Senior Special Assistant to the President on the MDGs (OSSAP-MDGs) and state representatives (including those from State Ministries of Education), with support from the World Bank, and is implemented through state governments. In 2010, under the third phase, OSSAP-MDGs announced that state governments would take control of the CCT through the Conditional Grants Scheme (CGS) in order to improve sustainability. The CGS has a number of thematic areas, including education, health, water and cash transfers, and its criteria for approval for CCTs include that there must be an implementing agency, the state must be conversant with CCTs and they must have a supply side in place (tied to school enrolment, primary health care (PHC), schools) (according to a key informant at OSSAP-MDGs). At the state level, COPE is implemented mainly by NAPEP in collaboration with the Small and Medium Scale Enterprise Development Agency (SMEDAN) and the National Directorate of Employment (NDE).

The programme is funded from the MDGs Debt Relief Gains fund (MDGs-DRG) (and now also by state counterpart funding, as seen above). Budget data are limited. Dijkstra et al. (2011) report that allocation to three 'safety nets'[22] was N10 billion ($78 million) in 2007 and N2 billion ($13.2 million) in 2009 through the MDGs-DRG.[23] NAPEP (2007) states that, in Phase 1, the programme cost N1 billion ($7.8 million), with N2.4 million ($18,720) allocated to each of the 12 states and the FCT. A key informant at NAPEP estimated that each state allocated N30 million ($234,000) to the BIG, N42 million ($327,600) to the PRAI and N2.4 million ($18,720) to NGO paymasters (funds for beneficiaries in the FCT were half those in the states, but paymasters received the same). Coordination and monitoring was N131.8 million ($1 million) (ibid.) (approximately 13% of total cost of Phase 1). Currently, in Phase 3, states are required to match funding from the federal government.

Three other **CCT** programmes are currently being implemented in Nigeria – in Kano, Bauchi and Katsina – to reduce girls' dropout as a result of early marriage, specifically in the transition period from primary to secondary school.[24] The pilots are running for three years, from 2011 to 2014. The cash transfers are transferred to beneficiaries on a regular basis (every two months). In Kano, two benefit levels are being tested: N5,000 (approximately $32) and N2,500 (approximately $16), according to a KII with a representative of the Education Sector Support Programme. Receipt of the income transfer is conditional on girls' 80% attendance at school. In Katsina, the design also focuses on creating linkages with other programmes and institutions. As such, the CCT includes a 'referrals' component, where beneficiaries are referred to a specialised institution when necessary (KII with respondent from Ayala Consulting).

In Kano, there are around 12,000 beneficiaries, but the aim is to extend the programme to all rural girls in the eligible LGA/catchment areas. The pilot covers one cohort moving through the schooling cycle, through Primary 5 and 6 and Junior Secondary 1 of selected schools. Targeting is determined primarily by the availability of schools supported by the Education Sector

[21] Initial geographical targeting included North Central – Kogi (88.55%), Kwara (85.22%); North East – Bauchi (86.28%), Gombe (83.5%); North West – Jigawa (95.07%), Kebbi (89.65%); South East – Ebonyi (43.33%), Enugu (31.12%); South South – Delta (45.35%), Cross River (41.61%); and South West – Ekiti (42.27%), and Lagos (63.58%) (NAPEP, 2007). Current funding is dependent on states' own financial commitment.

[22] COPE, the Maternal and Child Health (MCH) programme and Community-based National Health Insurance (CBHIS).

[23] Total expenditure includes COPE, the Youth Empowerment Project – Keke NAPEP (a soft loan scheme) and the Village Economic Development Solutions (VEDS) (a microfinance scheme for cooperatives).

[24] In early primary school years, there are no huge differences in school attendance by gender.

Support Programme in Nigeria (ESSPIN),[25] so that the supply side is guaranteed. In rural areas, the programme management unit is selecting schools in poor areas; in urban areas, however, schools are selected using proxy means testing (according to a key informant from ESSPIN). In Katsina, stakeholders (Office of the Special Advisor (OSA), UNICEF and the State Universal Basic Education Board (SUBEB)) selected nine LGAs for the pilot, with 7,000 households/9,000 girls as beneficiaries. Like in Kano, there is the expectation, based on impact evaluation results, that the cash transfer will be scaled up to all 36 LGAs (KII with respondent from Ayala Consulting).

The CCTs in Bauchi and Katsina were conceptualised and funded by UNICEF and the World Bank, which offer technical support, with Ayala Consulting providing support to design and implementation. Consultants are based at the state level and liaise with state education and programme management counterparts. In Katsina, OSA adopted the programme and started its design and implementation with key technical assistance from UNICEF Kaduna office. In Kano, the CCT is funded partially by DFID through ESSPIN. DFID funds three LGAs and the states should fund nine; as they did not have the funds, a World Bank loan was reallocated (KII with respondent from ESSPIN).

Aside from these CCTs, there are few other cash transfer programmes targeted at the poor. There has been some discussion internationally on an **Oil to Cash** proposal in the Niger Delta (KII with respondent from the World Bank).[26] Bayelsa state has recently introduced the **Bayelsa Child Development Account: Savings, Training and Rewarding Savers** (CDA Stars), designed by Columbia University and the Global Assets Project at the New America Foundation.[27] CDA Stars will open seeded bank accounts for 1,000 junior secondary students from public schools spanning eight LGAs. The students and the schools are selected by lottery, however, not through eligibility-based targeting.

In Jigawa, the governor has initiated a **social security allowance** (cash transfer) consisting of a monthly payment of N7,000 (approximately $46) to physically disabled persons as provided under Law 6 of 2007 (KII with respondent from the Budget and Economic Planning Directorate). The allowance covers 5,000 families (respondent from the State Accountability and Voice Initiative (SAVI)).

5.2 Effects of cash transfers on the poor: indicative evidence from four states

There is currently no systematic baseline approach or monitoring and evaluation (M&E) analysis in COPE to assess the impacts of the cash transfers at the state or aggregate level beyond a focus on outputs. A recent evaluation of the MDGs-DRG (Dijkstra et al., 2011a; 2011b) found very limited empirical evidence on the impacts of the safety net programmes. The CCT for girls' education will have an M&E system based on baseline data; however, no impact evaluations have taken place yet because of the newness of the programmes.

Much of the discussion on cash transfers in Nigeria thus far has therefore been based on anecdotal, local-level experiences of COPE and assumptions drawn from international experiences of cash transfers in terms of their impacts on reducing poverty and inequality.

Research conducted for this project on the effects of cash transfers on the poor draws on the recent MDGs-DRG evaluation (Dijkstra et al., 2011a; 2011b), an assessment of CCTs (World Bank, 2009) and primary research conducted through KIIs, FGDs and IDIs with COPE

[25] ESSPIN works on education reform, mainly on a state level, in six states (three in the north, three in the south), in the hope of replication across the whole country in the long run. Supply-side work consists of improving the capacity of states to deliver planning and budgeting (human resources and collecting, processing and using data); governance; and delivery (higher quality services, head teacher support, more effective supervision and infrastructure, especially water and sanitation). On the demand side, it engages with communities by helping to develop/strengthen school-based management committees, e.g. through training (KII with respondent from ESSPIN).

[26] See http://blogs.cgdev.org/globaldevelopment/2011/01/oil-to-cash-an-idea-to-fight-the-resource-curse.php and Zimmerman and Holmes (2011).

[27] See www.bayelsacdastars.com.ng/.

beneficiaries in Adamawa, Benue, Edo and Lagos, as well as FGDs with non-beneficiaries in Adamawa and Edo.

Dijkstra et al. conclude that the target population of COPE in Nigeria is still 'too small for the programme to make a palpable impact' and that, since the most recent income poverty data are from 2004, it is as yet impossible to examine an eventual effect from the social safety net programme.

Food consumption

Across all the four states, COPE beneficiaries stated that one of the main positive effects of the cash transfer was improved household consumption.

> *'We bought food items. The money brought about a change in our economic situation. I was able to respond better to the needs of the children and my wives' (adult male, Adamawa).*

> *'We used to eat garri [from cassava tubers] four times daily before because that was the only food we could afford' (Edo).*

However, the small value of the transfer has limited its effectiveness. In FGDs in Benue and Lagos, beneficiaries responded that, although the money was helpful, it was not enough to meet all the basic needs of the household for a particular month, and suggested increasing it. Similar findings were highlighted in a review of COPE in 2009, which found that beneficiaries suggested increasing the amount to between N11,850 ($78 ($2.50 per day)) and N18,200 ($120 ($3.80 per day) per month. The small value of the transfer is exacerbated by the large numbers of people in households. This was highlighted by polygamous households in Adamawa in particular. UNDP (2009) estimates that 90% of poor households in Nigeria are composed of 20 or more individuals, especially in the northern region, where polygamy is common. This has important implications for cash transfer programme design, which has so far (in the case of COPE) transferred benefits on the basis of a household having a maximum of five children (as per the NLSS definition of households averaging 4.4 members).

> *'The problem I have is that I have a large family and the money was not enough to cater for our needs. It has helped us to feed while the money lasted but it was not enough' (adult male, Adamawa).*

> *'The problem is not the adequacy of the funds, it is my large family. I have 4 wives and 20-something children' (Adamawa).*

> *'The monthly transfer often lasted three weeks because as soon as I receive it, I buy food in bulk' (widow, Adamawa).*

The small value of the transfer was also highlighted as a key challenge by an official in Edo, especially in the context of high rates of inflation:

> *'How can a family of four to six people effectively live on an income of N5,000 per month? This is laughable at Nigeria's inflation rate of 11%. How possible is it that a family of six would feed, clothe and meet educational needs of the family on a grant of N5,000? It is impracticable and this money would be unable to alleviate anybody's poverty either in the short or long run.'*

Indeed, the value of the transfer appears to have diminished even further in the context of the recent Triple F crisis. As Gavrilovic et al. (2011) find, food prices have increased in a number of states, affecting households that predominantly buy their food, including those living in urban areas. In addition, heightened fuel prices have increased transportation costs, making it more expensive for people to travel to access basic services, particularly health care.

Access to services

Dijkstra et al. suggest that COPE has helped to retain over 100,000 children who would have dropped out of school as a result of poverty. Our research confirmed that the CCT received by beneficiaries in all four states was used to pay children's school fees and for related school

expenses (such as notebooks). Beneficiaries noted that they were also able to take their children to health centres, thus were meeting the two conditions attached to the cash transfer. However, it is unclear whether at the end of the programme children are continuing in school.

> *'I paid the children's school fees and kept some money back' (adult female, Adamawa).*
>
> *'The money brought about a big change in our lives. We were able to feed, buy school materials for the children. Besides, the money was timely. It came at a time when we needed to pay N3,200 in the school and one of the children also fell ill at the time and we were able to get medication from the money' (widow, Adamawa).*
>
> *'We use money for school fees, health, housing and feeding' (Benue).*
>
> *'I used to buy drugs from patent medicine stores. But now I go to hospital whenever the kids are sick and there is improvement in the food intake of children' (widow, Edo).*
>
> *'To the best of knowledge, in Apapa LGA all the 40 families that benefited have been encouraged to send their children to school and even the children know that NAPEP is responsible for their schooling' (Lagos).*

While no beneficiaries reported encountering difficulties meeting the education and health conditional requirements, KIIs with state and local government officials noted that, where LGAs were chosen based on reasons other than the availability of the services, deficits in the supply side did create challenges (discussed further later).

Investment in productive activities

Some households were able to invest the PRAI lump sum into small-scale income-generating activities. In Adamawa, it was reported that some beneficiary households engaged in petty trading out of the monthly N5,000 to make a little income with which to cater to the needs of their family. Some of the women who received the lump sum spent it on trading activities such as selling logs, rearing goats for sale, etc.

> *'I also bought some rams for fattening and subsequent sale' (adult female, Adamawa).*
>
> *'I began to trade with the money [PRAI]. I bought timber logs for N11,000 and paid N2,000 to the lumberjack. From the investment, I make a profit of N1,500 weekly or fortnightly' (widow, Adamawa).*

In Lagos, respondents indicated that the lump sum payments had enabled them to set up salons or DJ shops. In Edo, some beneficiaries reported joining rural entrepreneurship training and receiving training on basic business skills of their choice. The lump sum was spent on establishing provision stores, expanding farms, petty trading, supporting a cow meat market, buying machines for grinding cassava, etc.

However, for many respondents, particularly in Adamawa, the PRAI was consumed rather than invested. Part of the problem was that beneficiaries were not aware of the training component of the project and as such no household members benefited in such training.

> *'Most of the beneficiaries did not invest the lump sum. Some used it for feeding, others for things like fencing of their houses, etc. This makes a mockery of the process as beneficiaries soon revert to their former state' (KII in Adamawa).*
>
> *'We bought food items like rice, guinea corn etc. We bought food items in bulk. The money was not used for any investment but was all spent on food' (adult male, Adamawa).*

Both government officials and beneficiaries suggested that, although the concept of the PRAI makes sense, expectations that households will graduate from the programme through the

PRAI within one year are unrealistic. Despite representing a big amount for the poorest, the PRAI is inadequate to set up a sustainable business (FGD with female beneficiaries, Edo). Indeed, there is a perception that "graduation" has not happened in practice (KII with OSSAP-MDG Office).

Relative importance of COPE transfer

Despite the limitations of the cash transfer, COPE staff and beneficiaries suggested that participation in the COPE programme provided households with an alternative positive coping strategy. This is important in the context of chronic poverty, where many beneficiaries receive little or no other type of formal support and usually rely on begging, children hawking in the street and support from family and friends.

For instance, according to a KII in Adamawa, prior to the commencement of the project, many of the beneficiaries went about begging for alms; after the intervention, they were able to fund their basic needs. There was also a reduction in hawking by children. COPE is reported to have provided an important and predictable source of income for a number of households in Adamawa during their participation in the programme.

> *'I have never received any support from other programmes but in comparison to help from family and friends, it was important in terms of amount and regularity' (adult male, Adamawa).*
>
> *'I have never received any support from other programmes. [COPE] was very important, more important than help from family and friends. It ensured we had food to eat regularly' (widow, Adawama).*
>
> *'[How would you have paid for these things if you hadn't received assistance through COPE (informal systems of support)?] Sometimes people helped me with money, some N1,000 and some N2,000. Friends, extended family members, neighbours. This is usually a once in a while gesture' (adult male, Adamawa).*
>
> *'[How would you have paid for these things if you hadn't received assistance through COPE?] We would not have been able to afford the things we bought. We have no support from anywhere apart from the proceeds from begging, which are meagre' (adult female, Adamawa).*

Similar accounts were heard in Edo and Lagos. For instance, one interviewee suggested that a beneficiary used to borrow money at high interest rates, but the COPE intervention had reduced the need to do this. In Lagos, respondents noted that support from the COPE programme was more beneficial than that formerly received from community members, as it was regular and in some cases included enough support to set up longer-term income-generating activities (e.g. the PRAI).

Community relations

In many cases, indirect effects of social protection mechanisms (both positive and negative) can be found at the community and household level (e.g. Adato, 2000; Holmes and Jones, 2010). Findings on COPE's effects at the community level in the four case studies were mixed. One KII from Benue mentioned that COPE had helped to increase social cohesion. In Lagos, it was observed that COPE had benefited the community, as those who had formerly depended on donations and support from community members were now supported by the cash transfer and able to set up small businesses, thus contributing positively to the economic profile of the area. However, interviews with non-beneficiaries in Adamawa suggested that, while there had not been any adverse effects on community relations (e.g. creating tensions between beneficiaries and non-beneficiaries), the positive effects for individual households receiving COPE had not had any spill-over effects to the wider community (FGD with adult men, non-beneficiaries, Adamawa; FGD with adult women, non-beneficiaries, Adamawa).

Women's empowerment

Interviews with officials in Adamawa and Benue suggested that women had been empowered by COPE, in particular economically, by being able to engage in trade to bring an income to the household.

In some states, such as Adamawa, more women than men have been targeted, as female-headed households are often seen to be most in need. However, targeting women with small-scale cash transfers do not necessarily translate into women's empowerment or challenge existing and deep-rooted gender inequalities (see Holmes and Jones, 2010), and interviews with beneficiary households suggested that women's decision making, workload, labour roles and relationships with men within the household had not changed as a result of COPE.

> *'It has not changed the behavioural pattern in my home. Our relationships remain the same' (adult male, Adamawa).*

> *'[My husband] never told me how much [he received from COPE]. When he collects the money he does not show me. I don't know what he does with the money. He never gave money for food' (adult female, Adamawa).*

In Benue, it was reported that increased provision of food in the house as a result of the cash transfer had helped to indirectly reduce tensions in the house, but had not addressed power imbalances or gender inequality within the household with regard to male dominance in decision making on the utilisation of funds and resources. Similarly, in Edo, it was reported that, despite an improvement in the livelihoods of beneficiaries, this had not been sufficient to change gender/power relations between men and women, especially as these relate to decision making in all spheres (FGD with female beneficiaries, Edo).

5.3 Summary of key issues

Overall, cash transfers through COPE have been relatively important to poor households – supporting them to buy goods, meet social service expenses and, to some extent, invest in income-generating activities. However, the value of the transfer is very low, which is a problem for many households (especially large households) and is also decreasing in value in the face of high food prices. This suggests that cash transfers may not be the most appropriate social protection instrument and that other options should also be considered (e.g. a mix of food and cash transfers, fee waivers). Moreover, programme delivery has not been consistent – in particular, training components have not always been delivered. There are limitations with regard to supporting households to invest in income-generating activities, partly because of poor implementation but also because of the nature of chronic poverty, especially in labour-constrained households (see discussion below).

6 The role of cash transfers in the context of Nigeria's high poverty and inequality rates

This section examines the current coverage and eligibility of cash transfers (challenges and opportunities for scaling up are discussed in more detail in the following section on implementation) and the appropriateness of the existing cash transfer design in terms of addressing the types of risk and poverty that households face in different regions.

The two cash transfers currently implemented in Nigeria have distinct objectives, although there is a degree of overlap. COPE takes a three-track approach to addressing poverty: alleviating short-term consumption deficits; promoting investment in livelihoods in the medium term; and breaking the long-term intergenerational transmission of poverty with a focus on health and education. The CCTs for girls' education also aim to alleviate short-term immediate needs and break the intergenerational transmission of poverty but the primary objective is to increase girls' education and prevent early marriage.

6.1 Coverage and eligibility

Over half of the population in Nigeria lives in poverty – at 54%, this equates to almost 75 million people. Of particular concern is the rapid increase in poverty that Nigeria has experienced over the past 20 years: the rate has more than doubled. The potential reach of pro-poor programmes to reduce poverty and vulnerability is therefore staggering – and urgent.

Nigeria's main safety net programme – the COPE CCT – reaches only a fraction of the poor, however. Estimates suggest it currently reaches less than 0.001% of the poor at a national level,[28] and this is reflected at the state level. In Jigawa, for instance, COPE covers 50 households in 17 LGAs (a total of 850 households) (although a proposal to cover 2,800 households has been submitted under the 2011 CGS); (KII with Budget and Economic Planning Directorate, Jigawa State), as the population is 4.5 million and the poverty rate 90%, coverage is less than 0.001%.[29] Similarly in Cross River, despite a smaller population (just over 3 million) and a lower poverty rate (approximately 40%), COPE reaches less than 0.02%[30] of the poor: it operates in all 196 wards but targeted only 15 households in each in 2009, and 15 in 2010 with matched funding through the CGS. In total, then, it has covered 5,880 households in the state (with plans to reach 9,800 in total if additional funding is received) (KII with Department of International Donor Support, Cross River). In other states, only a few hundred households have been targeted: in Adamawa, for instance, which has not yet matched funds under the CGS (although it agreed to do so), the number of beneficiary households was reduced by half from 1,000 to 500 households (KII with NAPEP).

Pilot cash transfer programmes have tended to be small across sub-Saharan Africa, although they reach a higher proportion of the poor than is currently the case in Nigeria. In 2009, coverage was at 3% of eligible households in Zambia, 8% in Malawi and 9% in Kenya, despite more than five years of operations in Zambia and Malawi. Meanwhile, households considered eligible, variously defined as 'ultra poor', 'extreme poor', 'hardcore poor', 'incapacitated' or 'non-viable', comprise only 10% of the overall population in Malawi and Zambia and 19% in Kenya. If calculated in terms of all poor households, these programmes cover less than 1% of all such households in Zambia, 2% in Malawi and 4% in Kenya (McCord, 2009).

In South Africa and in other regions, middle-income countries with large poor populations (e.g. India, Indonesia, Brazil) reach millions of beneficiaries with their cash transfer programmes: South Africa's social grants reached 14 million in 2009/10, 28% of the population (Hagen-Zanker and Morgan, 2011); Indonesia's unconditional cash transfer (fuel subsidy) covered

[28] Calculation based on assumption of 54% poverty rate and mean household size of 4.4 (NPC and ICF Macro, 2009).
[29] Assuming 4.4 members in the household.
[30] Assuming 4.4 members in the household.

19.2 million households in 2008 (Arif et al., 2010), technically the entire poor population[31] (where 10 million households live below the poverty line) (Weber, 2006); and Brazil's CCT targeted 12.5 million households in 2010, approximately 41% of the poor (Veras Soares et al., 2007). Importantly, these programmes were designed and budgeted at the outset to scale up nationally. Moreover, in each of these countries, cash transfers are part of a broader package of social protection mechanisms to address poverty, which is particularly important given that different types of cash transfer programme design often determine the eligibility of the poor.

We discuss targeting issues in more detail below, but it is worth noting here that the current focus on tying CCTs to children's health and education restricts eligibility to households with children of a certain age. As the broader goal of COPE is to support household livelihood opportunities, this creates a tension between the programme design and its objectives. Meanwhile, the eligibility criteria may be problematic even for those households with children. For instance, COPE tends to target households which may be labour constrained, for example female-headed households (with just one income earner) or households affected by HIV and AIDS. For these households, taking advantage of investment opportunities for economically productive activities includes risk taking that may not be possible or desirable (see Farrington et al., 2004 for more on social protection and risks for agricultural productivity).

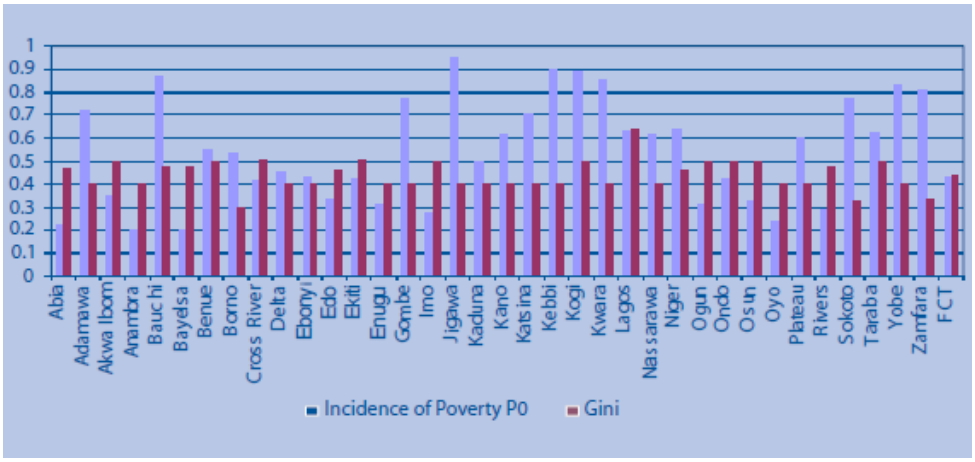
Moreover, in the context of Nigeria, where millions of households are poor, targeting a small subgroup of beneficiaries risks excluding many other households that are only marginally less poor but do not have the required characteristics, with some beneficiaries 'leapfrogging' those who are only very marginally richer (Ellis, 2008).

As such, it is important to consider the appropriateness of other types of cash transfers that cover a larger section of the poor population. These are discussed more below, and depend on the main priority of the programme, but may include, for instance, public works programmes targeted at households with labour capacity (given high unemployment, especially among youth); unconditional cash transfers to labour-constrained households; or cash grants to households with children or the elderly. It is important to keep in mind that restricting eligibility should not be the primary driver of a social protection instrument – rather the instrument should respond to vulnerability.

6.2 Value of the transfer

As discussed, inequality in Nigeria is high. The Gini coefficient was 43.8[32] as of 2005 (Ortiz and Cummins, 2011), although this, like poverty rates, varies significantly by state (see Figure 2).

Figure 2: Poverty and inequality across states



Source: UNDP 2009).

[31] However, the subsidy is not targeted to the poor and reports suggest it benefits middle-income households.

[32] Where 0 represents complete equality and 100 represents complete inequality.

Addressing high levels of poverty and inequality not only has implications for coverage (scale) and targeting (e.g. targeting the poorest), but also involves key consideration with regard to the value of the income transfer: at what level does the transfer need to be set to address the depth of poverty meaningfully?

It is not clear on what basis the level of the basic (monthly) income transfer for COPE was set. The transfer ranges according to household size, with a maximum of N5,000 ($33) for a household with five children. This works out at approximately $1 a day for a family of five. It was suggested that this is not sufficient to support a household's monthly needs and indeed, the value of the transfer is influenced by both social and economic factors, including household size and structure (polygamous households in the north for example) and the cost of accessing services. In the case of the CCTs for girls' education, the benefit level was set in relation to the direct and indirect costs of accessing secondary education (rather than on the basis of household consumption, for instance).[33] The amount is consistent across the three states where the CCTs are being implemented (Bauchi, Kano and Katsina), but in Kano two benefit levels are being tested: N5,000 (approximately $33) and N2,500 (approximately $16) (KII with ESSPIN).

In the case of COPE, beneficiaries must meet education and health conditions, which are free. However, (as identified in the CCTs for girls' education), there are indirect costs associated with accessing education and also health services. Findings from the recent Triple F crisis suggest that, for instance, increased transport costs have negatively affected households' access to health services, in particular maternal and child health care (Gavrilovic et al., 2011). Moreover, for income transfers (regardless of conditionality) to improve demand for services, they must also be able to help households cover direct costs. Given the relatively high prevalence of private health services in Nigeria (especially in the south of the country – 60% compared with the 20% in the north (KII with UNICEF)), the bulk of health costs are borne directly by the individual, with often catastrophic effects on the poor (CREHS, 2010).

At the same time, the value of the transfer in the context of the Triple F crisis is likely to have eroded further, as declining household purchasing power and increased transport costs, for instance, have negatively affected households' access to services (Gavrilovic et al., 2011).

In other countries, such as Ethiopia and Bangladesh, cash transfer programmes have responded to eroding values of income transfers by increasing the transfer amount (e.g. index linking to market prices) and/or switching to or combining food/in-kind transfers with cash. For instance, in Bangladesh, food price inflation in 2008 caused extreme difficulty for many of the poor to meet even basic consumption needs. Two donor-supported programmes, the Chars Livelihoods Programme and Challenging the Frontiers of Poverty Reduction (CFPR), which provide stipends to households receiving an asset transfer, introduced a food-indexed cash stipend (CFPR) and a 'sunset-claused' food allowance targeted to women and children in the case that the price of rice remains above a certain floor-to-ceiling price range. The latter intervention was introduced as a result of evidence that distress asset sales had increased, as had the number of those meeting eligibility criteria (Holmes et al., 2008). Index-linking transfer values can be an administratively complex process, however, and can result in higher budget expenditure. In this context, it is important to consider whether cash is the most appropriate form of support, or whether a different type of transfer – such as food (or a mix of food and cash), or targeted fee waivers for instance – would be more suitable.

6.3 Programme conditions

Conditionality in cash transfers is often an area of contentious debate. There are advantages and disadvantages to attaching conditions to transfers. Proponents of CCTs argue that conditions increase health and education outcomes for poor children; strengthen state–citizen accountability relations through the use of 'co-responsibilities'; and improve institutional coordination of the supply side of services. Opponents argue that it is the regularity and

[33] In order to determine the opportunity cost, the unit used the Nigeria National Census 2006. To determine direct costs, the unit sampled costs incurred by pupils, mainly transportation and food (KII with Ayala Consulting).

predictability of transfers (not the conditions) that are important to support human development outcomes; that conditions are paternalistic; and that they add a further complex administrative and financial layer for countries with often limited institutional capacity.

In both COPE and the CCTs for girls' education, cash transfers are conditional on children attending health (COPE) and education (COPE and CCT) services. COPE was designed at the federal level with donor support and includes a focus on health and education to help facilitate progress towards the MDGs. As COPE is funded through the MDG-Debt Relief Gains fund, at a conceptual level at least, it has focused on conditions, largely transferring the Latin American CCT model to Nigeria with a focus on MDG attainment. However, there appears to have been little discussion of the advantages and disadvantages of CCTs in comparison with other types of cash transfers (see Table 4 in Section 3) that could be implemented in the country, including unconditional cash transfers, child grants, pensions, cash for work programmes, etc.

Some states have accepted the CCT design from federal level. As one KII in Jigawa stated, for instance, 'I am not sure if there was any attempt to study which form of social assistance interventions would make the most impact. CCT came to the state through NAPEP and because it seems a rationally well-conceived programme it was adopted and being implemented.' (KII with Budget and Economic Planning Directorate, Jigawa State). In Cross River, conditions were based on needs and demand identified by baseline studies, which showed high rates of children not in school and not accessing health facilities (KII with Department of International Donor Support, Cross River),; CCTs were thus preferred to establish linkages with other programmes, on issues such as school attendance, antenatal care, immunisation of children, etc., as seen in Jigawa (KII with Budget and Economic Planning Directorate).

In the case of the CCTs for girls' education, it was evidence on inequality in girls' education which led to the design of the cash transfer across all three pilot states. For instance, the NLSS (2006) showed inequality in enrolment and attendance rates of girls in upper primary and secondary schools: while there is almost an equal amount of males (50.9%) and females (49.1%) living in Kano state, only 29.6% of girls are attending secondary school compared with 70.3% of boys; approximately 76% of girls drop out between primary and secondary schools (KII with CCT consultant in Kano). CCTs were seen as the most appropriate mechanism to address this problem to change the behaviour of households (ibid.).

Significant regional (state) and geographical (rural/urban) variations are likely to influence the appropriateness of the conditions, yet COPE's design at the federal level included only very small variations at the state level (e.g. COPE in Lagos focuses on children street hawkers as a target group). A disaggregation of Nigeria's socioeconomic indicators by geopolitical region and state reveals that many of the states in the North East and North West zones lag far behind on many of the health and education MDGs in (World Bank, 2011). In addition, access to health care centres is easier for urban dwellers than rural dwellers (FMWA&SD, 2008).

Some states identified that they may want to make additions to the core cash transfer design. For instance, while education (especially for girls) is more desirable in the north, health is important in some states in the Southwest zone, while skills acquisition a major preference in the Southeast zone (NAPEP, 2009). Interviews at the state level confirm a desire to amend conditionalities. Kano may want to extend education conditions to health (KII with UN Population Fund (UNFPA) and World Health Organization (WHO)). In Jigawa, the 2011 CGS CCT proposal integrates a skills acquisition component for non-literate adults of selected households to provide a sustainable means of livelihood at the programme end. In Cross River, the baseline study to COPE identified malnourishment as a serious concern and there is currently discussion about including nutrition as well as cash, so as to prioritise education, health and nutrition (KII with Department of International Donor Support, Cross River). Other poverty issues that may be prioritised at the state level include youth unemployment in Lagos and Edo (World Bank, 2011).

State variation in terms of priorities in addressing poverty and vulnerability is therefore an important consideration in the appropriateness of CCTs. Again, the use of different types of

cash transfers (e.g. public works) and instruments (e.g. nutrition-focused) should be discussed more systematically.

Indeed, importantly, international evidence on whether conditions can actually break the intergenerational transmission of poverty has not yet been clarified. Findings from middle-income countries suggest positive results from enrolling children in school and improving access to health, yet there is limited evidence as to whether it is the conditions *per se* which are responsible for the increased use of services (e.g. 3ie, 2010; Lagarde et al., 2009). Moreover, recent studies find that, while CCTs support improved *access* to services, this does not necessarily translate into better health and education *outcomes*. For instance, a World Bank study in 2009 which reviewed existing evidence on the impacts of CCT programmes found that, while programmes helped reduce extreme poverty rates, increases in school attendance did not necessarily result in better learning outcomes, and improved utilisation of public health services did not necessarily translate into health outcomes, given poor quality of services and other factors affecting health and education outcomes.

Studies on other types of cash transfers, such as pensions, child grants and public works programmes, which are not conditional, also demonstrate increases in household expenditure on services, especially for children. As such, it is argued that it is factors other than the conditionality, such as the regularity and predictability of income transfers, which are just as, or more important than, the conditions themselves (3ie, 2010).

In other countries where the supply side of services has been a constraint and where monitoring of conditions has not been applied rigorously, 'quasi-conditions' have been put in place which focus on awareness raising and providing information to beneficiaries, rather than the use of punitive conditions (e.g. Ghana's Livelihood Empowerment Against Poverty (LEAP)).

6.4 Length of programme participation and complementary services

COPE attempts to address both short- and long-term poverty, with the overarching aim of households graduating out of the programme within one year, assuming that householders are then able to take advantage of other productive activities available at the local level (e.g. microfinance, agricultural opportunities). However, the timeframe in which COPE expects graduation to occur is unrealistic. Evidence from other countries (e.g. Bangladesh, Ethiopia) demonstrates that graduation is a complex process, requiring not only that appropriate complementary activities be in place but also that poor households' resilience is built, which takes years.

This has been recognised as a key constraint of the COPE programme. KIIs in Jigawa and Cross River highlighted this:

> *'The CCTS being a one year programme, the question is what happens to the households after the cash transfer ends. Would enough have been done to say beneficiaries are permanent lifted above the poverty line? Lack of skills and smallness of the amount available to beneficiaries as Poverty Accelerator Investment raises this concern' (Jigawa).*

> *'The thinking now is that 12 months is not effective for reducing extreme poverty and moving towards income earning and there is a need to put in place other mechanisms to "anchor" livelihood opportunities, e.g. microfinance' (Cross River).*

In addition, alongside payment of the PRAI (compulsory savings in the form of a lump sum transfer), a member of the household is in theory given some training on a livelihood in which to invest the money, but this component of the programme is not yet being implemented effectively (see below). Moreover, at the conceptual level, there is a need to consider the types of complementary services and programmes households need to access during the programme in order to support their ability and opportunity to graduate.

Evidence from social protection programmes in other parts of the world which combine protective and promotive objectives suggests that large lump sums of money (or assets)

without simultaneous and ongoing support will lead to consumption rather than investment of the money (Slater and Farrington, 2009). In addition, significant investment in addressing both the economic and the social risks facing households is needed. This includes investing both human and financial resources in developing programme beneficiaries' skills, capacities, confidence and empowerment as well as tackling broader community inequalities (such as exclusion and limited social capital) (Holmes et al., 2008).

There has been some recognition of this in Nigeria, that there is a need to provide better linkages to productive resources (e.g. microfinance) to support the livelihood opportunities which COPE is supposed to create. This was specifically highlighted in Cross River and also in the FCT: better linkages are needed (e.g. to microfinance) to promote businesses and livelihoods; COPE needs to be a 'CCT Plus' and be linked with complementary interventions (KII with Department of International Donor Support, Cross River, KII with CGS, in FCT).

Institutionalising referrals and programme linkages to maximise the potential of cash transfers needs to be integrated into design to ensure better implementation of this in practice. Moreover, it is important (as important as the poverty and vulnerability analysis) to conduct a market analysis to ensure that the type of productive activities promoted within the programme will be effective. This will be particularly important if the programme scales up, in order to prevent the market flooding with similar types of products.

6.5 Socio-cultural factors: gender and age inequalities

Cash transfers in Nigeria to date have focused mainly on addressing economic sources of risk – income-related deficits in terms of accessing services. The CCTs for girls' education, however, have taken a broader approach, by aiming also to tackle social sources of risk, in particular girls' early marriage, and to promote behavioural changes in the household through, for example, sensitisation delivered through monthly meetings, first with village heads and later on with communities. Meetings will also include training on different subjects, like nutrition, HIV and entrepreneurship, through a communication strategy led by trained community leaders and imparted in liaison with partner stakeholders' representatives, like the State Ministry of Health (SMOH) (KII with Ayala Consulting). A 'beneficiary empowerment' component is also planned: committees of beneficiary mothers will in turn demand, for example, better service from the programme or training on a certain subject that the community needs. The aim of this is to create a link with staff at the local level, improving the dynamics of communication and therefore also acting as a channel through which the programme will adjust to beneficiary requirements (ibid.). As recent findings from Mexico indicate, beneficiaries of CCTs are now demanding better quality services and forcing service providers to improve their performance (Barber and Gertler, 2010, in 3ie, 2010).

Indeed, this approach recognises that it is not always just income which affects the use of services. In Nigeria, socio-cultural norms also play an important role: girls' early marriage and a preference for boys' education, for instance, are also responsible for inequitable schooling rates. With regard to health care, almost 75% of married women in the lowest wealth quintile do not make their own decisions with regard to their own health care (NPC and ICF Macro, 2009) – this varies significantly by region from around 80% in the North West (not disaggregated by wealth quintile) to around 30% in the South West (ibid.). Lack of information and fear of side-effects, as well as mothers' educational attainment, also affect health service utilisation – and has been found to influence the coverage of child immunisations.

Recognising these barriers to accessing services will be important to the success of cash transfer programmes. They will need either to incorporate design changes to deal with such obstacles (e.g. encouraging behaviour change by targeting girls in the CCTs) or explicitly to support linkages between cash and other programmes and mobilise community awareness.

In other countries, cash transfers are targeted to women in the household and have often made strategic linkages to both community awareness raising and other services and programmes, to broaden what is primarily a narrow target on income to maximise the potential to address other sources of poverty and vulnerability. Evidence suggests that a

number of supporting mechanisms need to be in place in order to promote women's empowerment and gender equality through income transfer programmes. These include institutionalising programme linkages to other services (government and NGO) such as those which specifically address women's rights (e.g. awareness raising on women's rights, programmes addressing gender-based violence); actively supporting women's confidence, skills and leadership through training and skills sessions, community leadership positions and encouraging women to participate in programme governance structures and meetings; and designing and implementing cash transfer programmes with women's empowerment/equality as an objective from the outset, so that programme implementers sensitise the household and community to gender equality goals.

In Nigeria, a wealth of programmes and actors (e.g. civil society organisations) at the local level could be leveraged to support a programme in this way. For instance, many programmes take an integrated approach to supporting people living with HIV and AIDS, which includes material support, food/nutrition, livelihoods and socio-cultural sensitisation and empowerment.

6.6 Summary of key issues

This section has looked at the appropriateness of cash transfers – and in particular CCTs – in the context of high rates of poverty and vulnerability in Nigeria. A number of important issues emerged. Current targeting policy, based on the CCT design, limits potential beneficiaries to households with school-age children. Another categorical identification (e.g. elderly, female-headed, HIV and AIDS-affected) means only a fraction of the poor are covered. This is factor is also associated with costs (discussed in the next section). There is a need to think about possible sequencing of cash interventions to cover a larger section of the poor (see targeting section below), which may mean that different conditions are attached (e.g. labour) or no conditions are in place at all.

A key problem with cash transfers, as opposed to other types of social protection instrument, is that their value is very low compared with the need of households, especially in the context of increasing prices and variations in state-level provision of services (e.g. if health and education are free or not), etc. Therefore, consideration of different cash transfer programme design features such as index linking is needed (although this demands higher administrative capacity and financial resources), as well as of what type of social protection instrument is best suited to achieving the main objective of the programme at the state level. For instance, food/nutrition transfers may be more appropriate to support food security, or targeted fee waivers to support access to services. Indeed, the different instruments need to be considered at state level, as objectives may vary given the different patterns and drivers of poverty and vulnerability – which include socio-cultural norms as well as income poverty. As such, while CCTs in some states may make sense based on policy objectives and on poverty and vulnerability needs, some states have shown interest in expanding conditions to health or nutrition. Other priorities may mean that different types of transfers, for instance disability benefits, cash for work or pensions, may be more suitable at the state level.

Overall, there is limited international evidence that cash transfers, and CCTs in particular, improve health and education *outcomes* – the evidence suggests they improve *access* to services. Quality of services is therefore a key concern and must be considered in the Nigerian context, where challenges in service delivery are high (see discussion below). As other types of cash transfers also show improved access to services, conditionality itself may not be the key determinant.

Indeed, other factors, such as the length of the programme, the value of the transfer, the predictability and regularity of transfers and the availability of complementary services may be more important than conditions. Therefore, these are the key issues to consider when developing a cash transfer and assessing whether it is an appropriate social protection response to poverty and vulnerability at the state level.

7 Delivering cash transfers in Nigeria

The section above discussed the appropriateness of cash transfer *design* in Nigeria. This section considers the challenges associated with *implementing* cash transfers in Nigeria, in particular institutional capacity, institutional coordination, accountability and transparency mechanisms, availability of resources and the supply side of services and infrastructure.

Of particular importance is the decentralised governance environment of Nigeria, which has critical implications for the development and delivery of cash transfer programmes in the country. The 1999 constitution makes provisions for the roles and responsibilities of federal, state and local governments. State-level governments have autonomy in relation to economic development policy, budget regimes and expenditure patterns: they are responsible for the delivery of public services and are able to interpret national policies (e.g. they can operate their own version of UBE and set up SUBEBs to do this (Eldon and Gunby, 2009)). The federal government is responsible for monitoring and evaluating the actions of sub-national governments. The challenges associated with this governance environment are discussed in more detail below.

7.1 Institutional capacity

At the national level, the federal government has been responsible for designing and funding social protection interventions. Given the decentralised nature of Nigeria's governance system, state governments are responsible for adapting policies and implementing programmes. However, the state level also faces the most significant capacity constraints. This is highlighted by Omar (2009), who states that staff, particularly at sub-national level, are 'under-skilled and under-qualified'. Indeed, many sub-national governments lack capacity and/or the political will to provide key services effectively for their residents. In order to address this problem, institutional capacity to design and deliver CCTs in Nigeria has to date been heavily supported by development partners.

The World Bank provided technical assistance to NAPEP in the early stages of COPE's design, which included access to core courses on social safety nets and CCTs and study visits to Turkey and Kenya for exposure to global programmes and design issues (NAPEP, 2009). Consultants were recruited to support NAPEP in the design of the framework (ibid.). At the implementation stage, the World Bank provided technical assistance to 4 of the 12 pilot COPE states based on requests by state governments (Niger, Cross River, Yobe and Enugu –existing partner states of the World Bank).

Development partners are no longer supporting the COPE programme in terms of technical capacity, although the DFID, UNICEF and the World Bank are supporting the Bauchi, Kano and Katsina state governments to pilot the CCT for girls' education (NAPEP, 2009). These are implemented through a state implementation unit, which receives technical assistance from a donor-funded resident consultant for one year. The resident consultant also provides training to staff assigned to the implementation unit and the management unit in CCT knowledge and managerial skills.

Limited institutional capacity continues to affect COPE implementation, with capacity challenges identified as one of the key constraints at state level. In Jigawa, for instance, the KII highlighted challenges with regard to human resources and technical capacity in the implementing agency, and that capacity gaps, particularly in terms of effective implementation and monitoring to ensure achievement of the ultimate objective of breaking intergenerational poverty, need to be filled (KII with Budget and Economic Planning Directorate, Jigawa State). Moreover, training for CCTs has not been systematic: it is only 'by chance', if programme implementers have been trained (ibid).

While NAPEP, the main implementing institution at the local level, has experience in delivering poverty reduction programmes, KIIs emphasised that a key challenge in implementing COPE

was delivering but also, in particular, *monitoring* the conditions: 'while conditions are in place for receiving the cash transfer, in practice there often isn't effective monitoring to ensure that follow-up conditions are observed like school attendance and immunisation' (KII in Jigawa). In Adamawa, NAPEP staff working on the project receive a monthly monitoring allowance of N10,000;[34] however, staff felt that this was low given the 'daunting tasks' associated with the project. According to them, some beneficiaries live in very remote areas across 'impossible terrain', especially during the rainy season; some places cannot be accessed even by motorcycle. This was echoed in Benue, Cross River,[35] Jigawa[36] and Lagos.[37] Differing capacity across states also makes it difficult to *scale up* the programme (KII with OSSAP-MDGs).

While there are short-term mechanisms through which to address capacity gaps for *personnel* (e.g. training, increasing numbers of staff and resources), there is a longer-term challenge in terms of capacity weaknesses in the *systems* that need to be in place to implement cash transfers effectively. For instance, there is weakness in the capacity of the overall welfare state, with huge gaps in the social worker system, regulation and coverage at community level (KII with Save the Children UK) (see below). Scaling up requires political as well as financial and institutional resources, which have all been identified as key challenges in COPE.

The CGS (which requires states to match federal funding) and donor support are attempting to help overcome these technical and financial challenges (see section below for further discussion on political issues and the CGS). Indeed, it is suggested that donors could continue to play a key role in addressing capacity gaps through technical assistance. This has been a major component of the CCTs in Bauchi, Kano and Katsina, where technical assistance has been provided to build capacity of implementing units and to share knowledge and lessons learnt within the country (KII with Ayala Consulting). However, even with both the CGS and donor support, the coverage of the cash transfer programmes remains negligible. As such, other capacity building mechanisms for scaling up also need to be considered.

In other countries, such as Brazil and India, institutional incentives are put in place to support improved accountability, coordination and capacity. India's national public works programme, for instance, penalises state- or village-level governments if they do not provide employment within 15 days of the demand for a job. In Brazil, a number of institutional reforms were enforced when Bolsa Família was consolidated from a number of small state-led CCTs into a federal-driven programme, including a single registry, performance-based financial incentives to states and implementing partners and the promotion of knowledge sharing (see Box 2).

[34] To be increased to N20,000.

[35] Because of logistical challenges, if a household is two to three hours from the collection point, it accumulates three months of payments, for example.

[36] Technically, however, both the implementing Agency (the Directorate of Economic Empowerment) and the implementation committee do not exhibit adequate capacity to monitor compliance with CCT conditions and other technical considerations of the programme, such as impact evaluation and so on.

[37] Inadequacies observed in infrastructure included lack of official vehicles for programme implementers to carry out M&E and raise awareness of and mobilise participants, etc.

Box 2: Experience of Brazil's Bolsa Família in building accountability, institutional coordination and capacity

Bolsa Família is managed centrally by the Ministry of Social Development, yet numerous other agencies, both centralised and decentralised, are involved in the implementation of the programme. The development of the single registry system has enabled beneficiaries to access additional programmes and services – such as health, primary education and social assistance – as well as enhancing both horizontal (between sectors) and vertical (across different government levels) coordination among institutions. This is a significant departure from a historically fragmented social policy institutional framework in Brazil. The single registry system, initially started in 2001, has been identified as 'the single most important management tool' available to Bolsa Família: the single social assistance database is based on a system of unique identification numbers, to serve as a targeting and monitoring instrument to reduce both duplicate registrations and administrative costs, to monitor eligibility requirements, to improve efficiency and to ensure horizontal coordination between social policies (ILO, 2009).

However, the relatively complex institutional structure is also associated with a number of complex challenges. These include managing third party implementers to ensure quality implementation by actors other than the federal government, namely, the 5,564 municipalities responsible for registration in the single registry system, monitoring of conditionalities and making payments.

Administrative and financial capacity and levels of political commitment to delivering the programme vary vastly across the thousands of municipalities. In addition, given the multiple array of municipal-level programmes, sub-national CCTs mean Bolsa Família faces an additional challenge in relation to potential duplications (Lindert et al., 2007).

A number of solutions have been put in place to try to overcome these key challenges. These include:

- Establishing formal joint management agreements between the Ministry of Social Development and all municipalities in order to formalise municipal implementation roles and responsibilities, setting up minimum standards for programme operation and carrying out audits (Lindert et al., 2007).
- Developing an Index of Decentralised Management to assess municipal quality of implementation, in order to enable provision of performance-based financial incentives (administrative cost subsidies) and better quality implementation (Bastagli, 2008). Targeted training and capacity building is given to municipalities with low scores (Lindert et al., 2007).
- Agreeing performance-based contracts, e.g. with the Caixa Econômica Federal, which is also subject to audits under the oversight and controls network (Lindert et al., 2007).
- Agreeing joint cooperation contracts with other sub-national programmes in order to avoid duplications and to enable the facilitation of vertical integration and/or linking Bolsa Família beneficiaries to complementary services (Lindert et al., 2007).
- Knowledge sharing across municipalities to promote an exchange of municipal experiences, including field visits as part of the awards process for good practices (Lindert et al., 2007).

Source: Holmes et al. (2011).

7.2 Institutional coordination

The Vision 20: 2020 document identifies institutional coordination as 'the major constraint to social protection in Nigeria'. It states that current social protection 'has no coordinating MDA [ministry, department or agency] and as such the projects and programmes to accomplish the objectives and targets is embedded in various MDAs'. Indeed, institutional coordination for social protection in general at the federal level is very weak, and suffers from a number of challenges, including weak leadership by the NPC; multiple actors with overlapping agendas and unclear roles and responsibilities; and few institutional incentives or mechanisms to promote better horizontal and vertical coordination.

Limited institutional coordination has important implications for the role of cash transfers, especially CCTs, as their success is reliant on the availability of other services.

Institutional coordination *within* cash transfer programmes is especially important, given the nature of CCTs. CCTs and public works programmes are considered more demanding in terms

of institutional coordination than unconditional cash transfers. One advantage of CCTs, however, is that they can provide incentives to institutionalise coordination, at least between MDAs responsible for cash transfers and education and health MDAs.

The challenges of coordination within cash transfer programmes were recognised at the inception of COPE, and federal and state government representatives and development partners agreed to reform and strengthen the programme in July/August 2009. Drawing on experience from Brazil (another country operating a federal system), it was agreed to harmonise institutional and functional responsibilities. Federal agencies were to coordinate, fund, provide technical support to and conduct M&E for the programme. State and LGA agencies were to implement the programme (fund, identify beneficiaries, transfer cash incentives, supervise conditionalities, monitor, among others) (NAPEP, 2009).[38]

This strengthening approach notwithstanding, institutional coordination remains a key challenge at the federal and state levels. At the state level, there are a number of different ways in which states are trying to coordinate cash transfers with relevant other institutions and agencies. In Cross River, for instance, the Department of International Donor Support coordinates all donor activities in the state, including the CGS, and manages the MDGs (KII). In Jigawa, the MDG Goals Coordination and Monitoring Department was established under the Directorate of Budget and Economic Planning almost four years ago. This is also responsible for coordinating the CGS in collaboration with the implementing agencies (see Box 3).

Box 3: Institutional coordination in Jigawa

The CGS in Jigawa is being implemented directly by the Directorate of Economic Empowerment, a government agency established to implement specific poverty alleviation and economic empowerment programmes. There is also an oversight state implementation committee, chaired by the commissioner of finance (even though this function is largely being performed by the permanent secretary of the Budget and Economic Planning Directorate). OSSAP-MDGs is responsible at the federal level and the directorate office is the direct link to this (including coordination with LGAs). The state implementing committee has as members the chief executives of all the implementing agencies. There is also an inter-ministerial technical committee responsible for additional routine and periodic supervision and monitoring (with membership from Education, Health, Budget and Economic Planning and Local Governments, along with NAPEP (the federal agency)). At the LGA level, Departments of Planning, Research and Statistics acts as the key contacts in the implementation of MDG projects, including local project monitoring and reporting (KII with Budget and Economic Planning Directorate).

In Jigawa, the implementation committee, comprising representatives from other relevant government agencies, has to some degree addressed the challenges associated with limited institutional coordination:

> *'Having an implementation committee with representations from other relevant government agencies has to a limited extent reduced the severity of staff inadequacy and has in fact ensured an integrated approach in the implementation in terms of compliance with the stipulated conditions of participation. Eventually, the agency would have source for additional staff by whatever means possible (internal staff transfers or new recruitments)' (KII Jigawa).*

The CCTs for girls' education also have several committees at the federal and state level. In Katsina, for instance, the steering committee sets the policy (State Ministry of Education, SUBEB, Office of the Special Advisor (OSA) and UNICEF). Technical committees with representatives from LGAs (education secretaries and field officers) coordinate implementation mechanisms and ensure their feasibility in the field (KII with Ayala Consulting). The implementation unit consists of members from SUBEB and OSA, and 20 field officers assigned by SUBEB (ibid.). In Kano, coordination mechanisms include the management unit and weekly technical working group meetings.

[38] Donor partners are expected to provide technical and financial support to help build the system and to strengthen the structure for the CCT at both federal and state levels.

With regard to institutional coordination *between* programmes, there are two key challenges (not necessarily specific to *conditional* cash transfers). The first is the structures being set up. Despite initial coordination between development partners and the government on COPE, DFID, UNICEF and the World Bank have subsequently set up structures parallel to COPE at the state level to implement the CCTs for girls' education.[39] This issue will need to be resolved, as there is consensus that the government needs to take the lead on social protection for it to be sustainable. While parallel structures may need to be in place in the short term to support effectiveness, transparency and efficiency, in the long run there should be convergence: development partners should prioritise supporting *systems* and *structures*, not just *projects*. Examples of positive donor and government coordination in other social protection interventions include the CBHIS for instance, where international agencies such as DFID, UNFPA and WHO are providing technical assistance through design and scoping study initiatives (PATHS2, 2011).

As such, development partners need to support both the federal government and state governments. At the federal level, they need to support the government in developing an overarching policy on social protection which provides guidance to the state level on different types of social protection instruments – including different cash transfers – which can be adapted to their needs. Strengthening coordination between sectors will be an important component of this, given the cross-cutting nature of social protection. At the same time, states will need technical assistance to interpret the most appropriate and feasible interventions and to deliver them building on existing capacity, structures and actors. Technical support should support existing delivery channels where possible, as well as inter-sectoral coordination at the state level.

The second challenge is coordination *between* cash transfers and other supply-side/referral services. The CGS is trying to overcome this by, for example, implementing cash transfers and the free MCH programme simultaneously. Currently, however, there is extremely limited policy guidance from the federal level (e.g. in the Vision 20: 2020) on how cash transfers and service providers (e.g. Health, Education, Social Welfare, etc.) can better support one another in practice. Improved coordination between sectors could also support opportunities to address multiple vulnerabilities and risk and to integrate gender, OVC, child protection and HIV issues into cash transfer activities (e.g. through referral services or awareness raising). Other sectors have forums where strategic actors can share knowledge, for example on the issue of OVC response. For example, the Development Partners Forum meets on a quarterly basis; the National Steering Committee brings together different agencies and partners, including poverty alleviation-focused agencies such as SMEDAN; and a National Technical Coordinating meeting (KII with Federal Ministry of Women Affairs and Social Development (FMWA&SD)). Identifying a cash transfer focal point to be represented in these meetings and bodies could be beneficial.

This is also important at the state level. In Katsina, for instance, a key problem identified by the CCT team is that, although there has been a focus on education service delivery, there has been little priority given to the financial inclusion of the most vulnerable families or supporting their access to credit markets. In other words, there has been focus on supply, but not on the demand side of accessing productive services. More coordination at state level is therefore also seen as an urgent priority to provide this type of service to the community (KII with Ayala Consulting).

7.3 Services and infrastructure

In addition to institutional capacity, coordination and accountability constraints, two further challenges were identified in relation to the implementation of cash transfers in Nigeria: inadequate supply of basic services (health and education) and limited financial infrastructure.

[39] A number of reasons are cited for this, including concerns over the effectiveness and efficiency of COPE implementation as well as the preference to liaise directly at the state/local level and, in particular, to leverage governance resources through progressive governors in states on specific programmes (KIIs with DFID and NPC).

While cash transfers can promote access to basic services by increasing household income and therefore overcoming the direct and indirect costs of services, problems associated with the supply of services can be as significant a constraint to households' utilisation of these.

Indeed, despite investments and improvements in recent years, particularly in the health sector, service delivery in Nigeria remains poor. Phillips (2009) notes that interventions to improve service delivery in Nigeria have traditionally taken a top-down approach, prioritising tertiary and secondary facilities at the expense of primary 'front-line' facilities. However, as noted above, the division of roles and responsibilities between the federal and local levels mean that LGAs are responsible for providing services, with logistical support from state governments. This means the tier of government with the least resources (both financial and human) as well as the least capacity is responsible for providing essential basic services (ibid.).

A key question for Nigeria is whether it makes sense, given supply-side constraints beyond the cost of services, to make cash transfers conditional on attending services. KIIs emphasised that inadequate health facilities and schools – in terms of quality of service provision and distance – are real constraints to the effectiveness of CCTs in the country (see Box 4).

Given these challenges, service availability has often determined where cash transfers are implemented. CCTs for girls' education, for instance, are being implemented only where beneficiaries can access donor-supported education facilities[40] (ESSPIN, State Education Sector Project (SESP) in Kano). Similarly for COPE, some LGAs were chosen for the availability of health and education services. While this may make sense in the short term to ensure the effectiveness of existing programmes and pilots, in the medium to long term addressing supply-side deficits is an urgent priority if cash transfers (conditional or unconditional) are to be scaled up as a poverty response across the country. Moreover, at present, monitoring of conditions appears to be almost non-existent in COPE because of capacity constraints; this may be the most appropriate path to take, especially in the short term.

[40] During November and December 2010, a supply capacity assessment was carried out in approximately 600 schools in Katsina, with 160 ending up included in the programme (i.e. they provided adequate accommodation for students based on a student-teacher ratio). Assessment results were shared with pertinent stakeholders (SMOH, SUBEB) for further action. Once stakeholders improve the capacity of excluded schools, there will be a second assessment; if positive, the schools will be included in the programme. Note that, in Katsina, the CCT programme does not penalise transfers; rather, incentives are given on compliance. In Kano, meanwhile, supply of education services was raised as an issue; nearly 1,300 Primary 6 girls could not find space in Junior Secondary 1 (KII with Ayala Consulting).

Box 4: Health and education service delivery

Nigeria's service delivery challenges are compounded by the fact that both the health and the education budgets are significantly lower than international best practice standards. The public education system, for instance, is often described as 'failing', unable to meet demand for primary and secondary education. There are huge regional-, gender- and income-based disparities with regard to access, there is a shortage of teachers – many of whom are under-qualified and under-motivated – and there is limited investment within the system (Eldon and Gunby, 2009).

Similarly, the health sector is plagued with problems, such as low efficiency and effectiveness; poor budgetary allocations; ineffective use of resources to run the system; and unbalanced and inequitable distribution of resources (skilled personnel, health care providers, etc.), largely in favour of urban elites (NHIS, 2010). The National Health Strategy Plan has costed interventions to prioritise five childhood diseases at $37 per capita annually. Even if funding were available, however, it is argued that it could not be delivered owing to poor supply, and in practice the cost would be much higher. Moreover, 50% of households in Nigeria live within 30 minutes' walk of the nearest community health facility, and 9.8% live at 3 hours' walking distance, although more rural households took less than 30 minutes (56.1%) than urban households (37.6%) (FMWA&SD, 2008). Distances to referral centres (the next level of health care) are longer: 54.2% of households cover more than 4 km, with only 11.7% covering less than 1 km; 65% of rural dwellers travel more than 4 km, but only 33.2% of urban dwellers cover the same distance (ibid.). There is also a shortage of adequate trained personnel in nearly all medical institutions (surveyed), coupled with a gross inadequacy of drugs (ibid.).

In terms of HIV services, although access to anti-retroviral therapy has improved, coverage is still low: based on the WHO 2010 guidelines, it is at 21%, or 302,973 people out of an estimated 1.4 million people living with HIV and AIDS who need access to these essential drugs (WHO et al., 2010).

Given these capacity constraints, making linkages to broader social welfare services to address child protection deprivations, for instance, is also a challenge. Indeed, significant service delivery challenges are found in child protection, especially as the sector is not prioritised by policymakers and government agencies charged with these objectives are among the most marginalised. Jones et al. (2012) find that there are very few professional personnel, such as social workers, particularly at local levels. Coordination is low, programming fragmented, planning spotty, data limited and budgets inadequate and vulnerable. Reliance on international agencies for funding and implementation is very high, with local Nigerian NGOs occasionally serving as intermediaries. This situation exacerbates fragmentation and makes sustained programming difficult. For instance, only a tenth of children aged 0-4 are registered at birth, and this varies significantly by region: 30% of children in the South West are likely to be registered compared with 2% in the North Central zone (FMWA&SD, 2008).

Limited financial infrastructure is also a challenge in delivering cash transfers (regardless of conditionality). In Kano, two types of payment agencies are being tested: banks and the community, through school-based management committees (KII). In relation to COPE, KIIs noted that most villages and communities do not have banks for cash transfers (e.g. Benue, Lagos), especially those in remote areas. In these cases, NGOs are used to deliver cash to beneficiary households. Even where banks are available, rural people are not conversant with their operations and do not have access to the system. Beneficiaries confirmed that the long distances some (especially those who are physically handicapped) had to cover to receive their monthly payment from the NAPEP office were a major challenge. Improvements to the financial system, especially for the poor, are therefore needed if any type of cash transfer is to be scaled up in the country.

7.4 Accountability and transparency

The governance environment of Nigeria has critical implications for the development and delivery of cash transfer programmes. At the federal and state level, it is fraught with challenges. While there are distinct roles and responsibilities for the federal and state levels, this division is often not adhered to or is contradicted by more recent legislation. This issue is often compounded by independence and by mistrust of higher government as well as by a lack of transparency and accountability between the two levels of government. While the federal

government is responsible for monitoring and evaluating the actions of sub-national governments, it generally lacks the capacity to do this. This results in a lack of upwards accountability to the federal level. Meanwhile, sub-national governments do not often make public their revenue allocations and budgets. This lack of information and the fact that few people are engaged in any way with local government (e.g. few states collect tax effectively) leads to a lack of downward accountability between sub-national government and residents.

As a result, corruption is a huge challenge across government and sectors (Freinkman, 2007). In particular, it has been suggested that inter-governmental transfers – both federal to state and state to local – are a major source of corruption within Nigeria (Norad, 2010). According to Social Watch (2009), every day the electronic and print media report cases of corruption and diversion of resources by government officials. Vision 20:2020 identifies corruption and lack of transparency in the administration of social protection programmes as a key challenge, and there is a great deal of dissent online as to the effectiveness of the COPE programme. Concerns around corruption are particularly vocal and NAPEP has attracted the attention of the Economic and Financial Crimes Commission: in 2009, a senate committee reported abuses of office by NAPEP officials, most of which centred around diversion and misappropriation of funds. Lack of proper M&E is also cited as a concern, despite N1.8 billion being provided for this purpose between 2006 and 2008.

As identified by one KII

> *'Political patronage of political party loyalists portends serious developmental challenges for both the state and the country. Significant number of government managed programmes is based on political patronage and not on the merits or demerits of the programme. COPE is not an exception to this rule. Because these programmes are used to score political gains they often do not meet the reason for which they were established in the first place.'*

Such challenges were also identified in other KIIs. For instance, in Benue, a key problem identified was lack of transparency and accountability, poor communication and no database to track and report on the programme's implementation.

In the context of COPE, a number of mechanisms have been put in place to try to reduce these challenges and to promote accountability and transparency: the federal government agency employs the services of a bank to act as paymaster and to manage the funds, with cash disbursements paid directly into a bank account at the state level. Banks then transfer this to the microfinance bank in the community that is nearest to the beneficiaries. Direct disbursement is made to beneficiaries using records such as photographs, names, addresses and identification by LGA councillors, who usually know them (KII with NAPEP). In Jigawa, all payment processes are reportedly certified by externally appointed project consultants and by the State Due Process Project Monitoring Bureau, with provision for periodic audit by external audit firms (KII with Budget and Economic Planning Directorate).

The CGS also aims to tackle the governance difficulties identified above. Its aim is to improve efficiency, increase accountability and strengthen the governance dimensions of service delivery by building on the resources, knowledge and capacity that exist at sub-national level. The scheme relies on states putting forward programmes that fit into pre-decided categories that map onto the MDG, with grants conditional on states and their programmes meeting minimum requirements and agreeing to sign and abide by written guidelines (Phillips, 2009). The conditionality of the scheme contributes towards sub-national capacity by placing responsibility on state governments as well as increasing accountability and communication between federal and state level. The conditions also aim to address many of the issues that hinder the delivery of basic services and to promote state ownership of programmes. They insist on accountability and financial responsibility through M&E, with an emphasis on inter-governmental cooperation and support woven in.

These characteristics have reportedly been effective in engaging (some) sub-national governments: the CGS is reported to have been successful in many ways. In 2007, state

reports suggested an average project completion rate of 96%, significantly higher than the federal or most states' budget implementation performance. There are also reports that accountability has improved within the programmes (Phillips, 2009) although this depends on the M&E provided to the Virtual Poverty Fund (VPF) by a combination of professional experts and civil society (ibid.) (see Box 5). There have also been problems. Necessary policy reforms and the introduction of electronic payments have caused delays in implementation schedules. In addition, the popularity of the scheme has placed a large burden on the federal level, whose responsibility it is to monitor and evaluate the programmes: the scheme had expanded from 4,000 projects in 2007 to 10,000 in 2008. This huge increase has compromised M&E and so weakened the stringency with which conditionality is enforced – a factor which may compromise the effectiveness of the scheme as it gains popularity (ibid.).

Box 5: Institutionalising monitoring systems through the Virtual Poverty Fund

The MDG VPF (through which COPE and the MCH programme are funded) has put in place a budget tracking system and also a decentralised M&E framework for monitoring outputs and outcomes in which the private sector and civil society are involved. As projects are implemented through MDAs, and also through states (since 2007) and LGAs (since 2010 or starting in 2011), the VPF has sought to institutionalise these practices more broadly (Dijkstra et al., 2011a). Currently, while the VPF M&E system is widely seen as good practice, federal agencies and states are not (yet) applying it for other expenditure (ibid.). However, there seems to have been some influence on project formulation and planning, as MDG costing exercises are becoming more common and these exercises are integrated into medium-term sector strategies. It is hoped that these changes will lead to more effective government spending and thus to better service delivery in the future (ibid.).

Similar mechanisms to promote accountability and transparency have been put in place in the case of the CCTs for girls' education, to ensure that stakeholders are involved in all the processes and are monitoring expenditures according to projected budgets. The CCT Management Information System contributes to the transparency of processes, data management and transfer amounts, following access protocols. There is a very strict reconciliation process, and a third party works as a transfers' agency (bank) (KII with Ayala Consulting). All funds for the CCTs are earmarked (ibid.). However, weak governance concerns have had an effect on the way that donors implement their support to development programmes. There is a preference to disburse aid 'closer to the people' at the state and LGA level: donors prefer to work with particular pro-poor state governors on programmes rather than across states on structural issues (Eldon and Gunby, 2009). It is unsurprising that donors choose to work in states that appear to be the most likely to adopt responsive behaviour in governance and service delivery in order to provide best practice examples. However, this is problematic because it means that the underlying challenges in the majority of states are not addressed or resolved in a way that would make it possible scale up projects to reach a larger proportion of the poor.

In addition to state–federal level concerns, there has been little attention to promoting bottom-up accountability from civil society in the social protection sector. Gillies (2010) argues that it might be more possible to address governance failures in Nigeria if the population saw them as directly affecting their own income levels, for example if redistribution of oil revenues was delivered through cash transfers rather than through debt relief or donor channels.

Research in the four case study states indicates that many communities are not aware of the COPE programme – partly because of its sparse coverage. For instance, in Adamawa, only five beneficiaries are selected from each ward in a LGA. Moreover, beneficiaries are not always aware of the programme's components, which means there is less scope for them to hold the programme implementers accountable to delivering the whole programme. Again in Adamawa, this was identified as a problem particularly in relation to the training components of COPE where some beneficiaries did not receive training. In Benue, beneficiaries do not always know about or have experience of banking, which means that there is potential for corruption in the amount transferred to them. Indeed, poor beneficiaries in Benue had encountered problems using the banking system, including not understanding about irregular signatures, bank

minimum balances and administrative costs. This problem is compounded by the fact that there are no transparent or accountable mechanisms in place at the local level, and poor communication and limited monitoring within the COPE programme can increase the opportunity for leakages.

The challenges above highlight the need to build appropriate accountability and transparency mechanisms within the systems in which social protection programmes are being implemented. It will also be important to encourage bottom-up systems of accountability between citizens and the state. Programmes such as SAVI are working on these issues. If cash transfer programmes are rolled out, it will be important not only that households and communities are aware of their entitlements (and also why they may not be entitled to it) to hold implementers accountable, but also that grievance mechanisms are put in place, as has been done in other social protection programmes, in India and Ethiopia for example.

7.5 Summary of key issues

This section has looked at whether cash transfers – in particular CCTs – are achievable in Nigeria. As discussed earlier, the length of the transfer, its predictability and its regularity are just as important as its design features. In addition, the availability of quality services is a key determinant of their effectiveness. Nigeria faces a number of key challenges in this respect. Of particular importance to date has been limited institutional capacity at the federal level to develop policy, provide guidance and implement effective M&E systems to support state-specific cash transfers or alternative social protection programmes. An overarching vision and plan is needed to support the scale up of cash transfer interventions at a state level. Limited institutional capacity is also present at the state level, in relation to both determining appropriate cash transfer programmes and delivering and monitor existing CCTs (e.g. COPE). Given these constraints, consideration of cash transfers with a simple design (e.g. no conditionalities), which put less of a burden on administrative capacity and financial resources, may be appropriate, especially if this were to support scaling-up potential within a state.

Development partners have an important role at the federal level to support the government to develop an overarching social protection policy and to strengthen coordination mechanisms among sectors and between state and federal stakeholders. At the state level also, they have an important role in providing technical assistance, but this needs to be delivered through existing channels and systems where possible. This would include supporting both short-term capacity (e.g. trainings) and long-term structures and systems (and possibly institutional reforms).

Inter-sectoral coordination is not easy, but is vitally important to the success of cash transfer programmes. Concerted efforts and institutional incentives are often needed to improve coordination, both horizontally and vertically. Some practices of these are emerging (e.g. in Jigawa). In addition, irrespective of conditionality, cash transfers (indeed any social protection programme) require effective coordination between programmes to ensure their effectiveness. Donors need to ensure that they promote such linkages between state-level actors and do not create parallel systems. Other initiatives show some positive steps towards this, such as programmes being funded from the MDGs-DRG, including free health services. There is a need to ensure this for other services too, including banking and economically productive activities.

Challenges with service delivery and infrastructure make the case for CCTs more problematic in Nigeria. Despite improvements in services over recent years, low health, education and child deprivation outcomes for the poor in particular and low spending on these sectors demonstrate that simultaneous – and significant – investment is needed to maximise the potential for cash transfers. In this scenario, it might be more efficient to prioritise expenditure on improving the quality of services, rather than designing a complex CCT which requires additional resources for the monitoring of conditions. Quasi-conditions, or 'soft conditions', based on awareness raising, may be more cost effective and beneficial.

Finally, accountable and transparent mechanisms are needed within the design of any social protection programme. It is important to build on existing initiatives, such as the CGS and the

VPF, to institutionalise such mechanisms at the federal and state level. There also needs to be more attention to bottom-up accountability – increasing beneficiary awareness of programme entitlements and ensuring there are mechanisms for participants to claim these rights and hold implementers accountable for programme delivery.

8 Targeting

Targeting cash transfers in low- and middle-income countries is often contentious: resource and capacity constraints typically mean that difficult targeting decisions need to be made. In Nigeria, given the huge population and the large proportion of the population living in poverty, decisions need to be made on clear criteria and there will inevitably be difficult trade-offs.

This section aims to be a starting point for guiding targeting policy decisions in Nigeria by presenting the findings from an analysis of NLSS data on the potential effectiveness of different targeting mechanisms (policy) and their efficiency in reducing poverty (see Appendix 4 for a full analysis).

The discussion includes an overview of the advantages and disadvantages of different targeting approaches, followed by a quantitative analysis that includes several steps for each approach:

1 Identification of the beneficiary group through micro-level household analysis;
2 Quantification of the prevalence of the beneficiary group within the general population on an individual and household basis;
3 Measurement of the poverty rate of households and individuals within households, including both the beneficiary group and those not in the beneficiary group;
4 Measurement of the other Foster-Greer-Thorbecke (FGT) poverty indicators (poverty depth and severity) for both the beneficiary group and those not in the beneficiary group.

The analysis is carried out on a weighted basis so that the measured indicators provide estimators for the entire Nigerian population.

First, Table 5 distinguishes between targeting policy (*who should be eligible*) and targeting implementation (*how to identify those who are eligible*) (Slater and Farrington, 2010) and summarises the comparative advantages and disadvantages of different targeting methods.

Table 5: Comparative advantages, disadvantages and cost requirements of different targeting methods

Type	Description	Advantages and disadvantages: skills and inclusions/exclusion errors	Cost
Targeting policy			
Poverty targeting	Defines eligibility in terms of poverty status, e.g. based on household expenditure or income	High demands on staff capacity, minimal exclusion rates	High
Social categorical targeting	Defines eligibility in terms of broad social categories such as age, gender, ethnicity, caste, economic or occupational status (e.g. landless), social status – can target universally in the identified categories or be poverty targeted	Low/no demands on staff capacity but can incur significant inclusion and exclusion errors if not poverty focused	Low
Geographical targeting	Defines eligibility in terms of geographical regions - can target universally in the identified categories or be poverty targeted	Low/no demands on staff capacity but can incur significant inclusion and exclusion errors if not poverty focused	Low
Self-selection	Access to programmes unrestricted but design (e.g. low wages on public works, timing of benefits, subsidies on or transfers in inferior goods, location of pay points) makes the programme attractive only to the poorest	Low/no demands on staff capacity but may incur errors of exclusion and/or stigma	Low

Type	Description	Advantages and disadvantages: skills and inclusions/exclusion errors	Cost
Targeting implementation			
Income means test	Involves direct assessment of whether a household is eligible for the programme based on independent verification of income (usually salary or tax records)	Provides most rigorous indication of eligibility but impractical in developing countries with large informal sectors	High
Simple proxy means test	Usually requires a household visit by a programme social worker using simple proxy indicators such as housing quality, food stocks, etc. to determine eligibility	More practical in countries without formal records of household income; less demanding than proxy means tests, but less rigorous and prone to large inclusion and exclusion errors	Medium
Proxy means test	Generates a score for applicant households based on observable characteristics (according to a formula derived from statistical analysis of data from household surveys) such as location and quality of dwelling, ownership of durable goods, demographic structure of household, education and/or occupation of adult members	Provides the most rigorous proxy measure of means, but requires highly trained staff and also produces significant exclusion and inclusion errors; can be difficult to understand which may exacerbate community tensions	High
Community-based targeting	Uses community members/leaders to decide who in the community should benefit	Lower demands on human capacity than means tests conducted by government social workers or proxy means test, but normally has to be accompanied by some form of means test; risks of bias resulting from social cleavages or power relations within communities; difficult to apply in urban areas	Low-medium

Source: Adapted from Farrington et al. (2007).

8.1 How effective are different targeting approaches in reducing poverty?

Categorical targeting: children (poverty rates)

The first targeting exercise analyses poverty rates for people living in households with children categorised based on various age thresholds: all children up to their 18th birthday; children under 5 years (0–4); children under 10 years (0-9); children under 15 years (0-14); and children between the ages of 12 and 17 (inclusive).

The benefit can be considered as a universal child benefit distributed to all households with children within the indicated age group.

A total of 89.7% of Nigeria's population lives in households which include at least one child under the age of 18 years; 23.3% of these are very poor as measured by the low poverty line and 60.3% are poor as measured by the higher poverty line.[41] As such, only 10.3% of Nigeria's population lives in households which do not include at least one child up to the age of 18: 8.0% of these are very poor as measured by the low poverty line and 27.6% are poor as measured by the higher poverty line. The large difference between the poverty rates for people in households with children and those for people in households without children suggests that targeting children is an effective way to reach the poor.

[41] The 23.3% who are very poor are also included within the 60.3% who are classified as poor

Disaggregating households with children by age shows that the highest poverty rate is reported for households which include at least one child under the age of five years. A total of 51.6% of Nigeria's population lives in households which include at least one child up to the age of five years; 25.9% of these are very poor as measured by the low poverty line and 64.5% are poor as measured by the higher poverty line. The fact that poverty rates are even higher for those living in households with the youngest children suggests that targeting these households is an even more efficient way to reach the poor. Poverty rates decline modestly as the age threshold for the proxy indicator rises.

Categorical targeting: children (poverty gap)

On the FGT poverty indicators for the groups analysed above, if we use the low poverty line as the poverty benchmark we find that people in households with children have on average a poverty gap indicator (P1) of 7.2%, compared with an indicator of 3.1% for people in households without children. Poverty is greatest among people in households with the youngest children (under five years) and among people in households with children between the ages of 12 and 17 years: the two groups are equally poor as measured by the poverty gap indicator. Using the high poverty line as the poverty benchmark shows consistent results.

Again, this suggests that people living in households with children are significantly poorer than people living in households without, making targeting children a very effective way to minimise both inclusion and exclusion errors. The younger the age threshold for a child-targeted benefit, the lower the inclusion error but the higher the exclusion error. This negative trade-off between inclusion and exclusion errors is typical of targeting choices along efficient frontiers.

Categorical targeting: female-headed households, elderly, orphans (poverty rates)

The second targeting exercise analyses poverty rates for other groups within the population: female-headed households, households including people 65 years or older, households including any orphan, households including orphans for whom both parents are dead ('double orphans') and households including orphans for whom only one parent is dead ('single orphans'). Similar to the child-oriented scenarios above, the benefit can be considered in the form of a categorical benefit distributed to all households within each identified group.

Only 10.4% of Nigeria's population lives in female-headed households; 15.2% of these are very poor as measured by the low poverty line and 43.5% are poor as measured by the higher poverty line.[42] A total of 89.6% of Nigeria's population lives in male-headed households: 22.4% of these are very poor as measured by the low poverty line and 58.2% are poor as measured by the higher poverty line. Poverty rates for female-headed households are actually lower than those for male-headed households. Similar findings in Bangladesh and Nepal can be explained by the tendency for very poor female-headed households to merge with male-headed households, with the male then heading the combined household. Less poor female-headed households are more likely to maintain their independence. The result is an average poverty rate for people living in female-headed households that is lower than that for people living in male-headed households.

Likewise, only 14.4% of Nigeria's population lives in households that include a member who is 65 years of age or older; 22.5% of these are very poor as measured by the low poverty line and 55.7% are poor as measured by the higher poverty line. As such, 85.6% of Nigeria's population lives in households which do not include a person 65 years of age or older: 21.5% of these are very poor as measured by the low poverty line and 56.8% are poor as measured by the higher poverty line. There is not a large difference in poverty rates between people living in households with older people and those in households without older people.

A similar result follows for households with orphans. Only 29.6% of Nigeria's population lives in households that include an orphan: 23.2% of these are very poor as measured by the low poverty line and 57.9% are poor as measured by the higher poverty line. As such, 70.4% of Nigeria's population lives in households which do not include an orphan: 21.0% of these are very poor as measured by the low poverty line and 56.2% are poor as measured by the higher

[42] The 15.2% who are very poor are also included within the 43.5% who are classified as poor.

poverty line. There is only a small difference in poverty rates between people living in households with orphans and those in households without orphans.

This small difference is actually the net effect of differing poverty conditions for single orphans and double orphans. A total of 22.1% of Nigeria's population lives in households with single orphans: 24.6% of these are very poor as measured by the low poverty line and 61.2% are poor as measured by the higher poverty line. Both these poverty rates are higher than the associated national averages for the entire population. However, for the 10.1% of the population in households that include double orphans the poverty rate is only 21.5% using the low poverty line and 51.7% using the high poverty line. Both these poverty rates are lower than the associated national averages for the entire population. People in households with single orphans face a higher poverty rate than people in households with double orphans. This likely reflects a situation in which a parent dies, leaving the remaining parent living with the child and further impoverished. When both parents die, a selection process assigns the child to a new household, with less poor households more likely to be selected to take responsibility for the double orphan.

Categorical targeting: female-headed households, elderly, orphans (poverty gap)

Using the FGT poverty indicators for the groups analysed above shows that people in female-headed households have a poverty gap indicator (P1) of on average 4.8%, compared with 7.0% for people in male-headed households, reinforcing the previous result that female-headed households are less poor than male-headed households.

Likewise, people in households with older people have a poverty gap indicator (P1) of on average 7.2%, compared with 6.7% for people in households without older people, reinforcing the previous result that older people households face poverty conditions similar to households without older people. Similarly, the poverty gap of people living in households with orphans is 7.4%, compared with 6.4% for people living in other households. The poverty gap for people living in households with single orphans is 7.9%, the same as that for people living in households with young children (less than 5 years). Yet the poverty gap for people living in households with double orphans is 6.7%, lower than that of any child-oriented categorical group. An analysis of poverty severity indicators (P2) indicates similar relative comparisons.

Similar results are found using the higher poverty line as the benchmark.

In sum, this evidence documents a number of surprising results. Female-headed households are not poorer than male-headed households, and households with older people are not much poorer than households without older people. Similarly, households with orphans are not much poorer than households without orphans, but this aggregate comparison obscures an important distinction: households with single orphans are much poorer than households without orphans, while households with double orphans are not poorer than the average household in Nigeria. Comparing this analysis with the analysis of households with children in the previous section, the most consistent group indicated for poverty targeting is the group of households with young children (under five years), followed by households which include single orphans.

Targeting using housing proxies for poverty (poverty rates)

The third targeting exercise analyses poverty rates for people living in households with identified housing characteristics: a floor made of mud, dirt or straw; absence of piped drinking water for the household; and absence of an electricity power source for lighting.

A total of 29.9% of Nigeria's population lives in houses with mud, dirt or straw floors: 33.1% of these are very poor as measured by the low poverty line and 74.6% are poor as measured by the higher poverty line. As such, 70.1% of Nigeria's population lives in other households: only 16.8% of these are very poor as measured by the low poverty line and 49.1% are poor as measured by the higher poverty line. A household is about twice as likely to be very poor (and about 50% more likely to be poor) if it has a mud, dirt or straw floor (compared with other flooring types).

Absence of a piped drinking water source provides a similarly useful proxy, with 79.4% of Nigeria's population living in houses without piped drinking water: 23.3% of these are very poor as measured by the low poverty line and 59.9% are poor as measured by the higher poverty line. A total of 20.6% of Nigeria's population lives in other households: only 15.3% of these are very poor as measured by the low poverty line and 44.4% are poor as measured by the higher poverty line. The gap in poverty rates between the two groups is not as great as that for the flooring proxy, mainly because so many households lack piped drinking water.

Absence of an electric power source for lighting provides an indicator nearly as efficient as flooring type but targeting almost twice as many people. A total of 54.0% of Nigeria's population lives in houses without an electric lighting source: 27.1% of these are very poor as measured by the low poverty line and 67.7% are poor as measured by the higher poverty line. A total of 46.0% of Nigeria's population lives in other households: only 14.6% of these are very poor as measured by the low poverty line and 43.7% are poor as measured by the higher poverty line. As with flooring type, a household is about twice as likely to be very poor (and nearly 50% more likely to be poor) if it lacks an electric power source for lighting (as opposed to having access to one).

Targeting using housing proxies for poverty (poverty gap)

Using the FGT poverty indicators for the groups analysed above confirms the main conclusions drawn in the preceding analysis. People in households with mud, dirt or straw floors have a poverty gap indicator (P1) of on average 10.4%, twice the indicator (5.2%) for people in other households, corroborating the effectiveness of this proxy in identifying poor households. Use of a piped drinking water proxy is less effective, with the average poverty gap indicator for households without this resource of 7.2% only about 50% higher than that for households with piped drinking water. The effectiveness of the electric power source for lighting proxy is close to that of the flooring type proxy, even though it targets nearly twice as many households. People in households without an electric power source for lighting have a poverty gap indicator (P1) of on average 8.5%, compared with 4.7% for people in other households. An analysis of poverty severity indicators (P2) indicates similar relative comparisons and use of the high poverty line confirms the results.

In sum, this evidence suggests that conventional household proxies for poverty may be effective in identifying poor households in Nigeria. Presence of a mud, dirt or straw floor identifies a potential target group of 30% of the population who are twice as likely to be very poor as the rest of the population. Lack of an electric light source identifies a larger group (54% of the population) with the same greater likelihood of extreme poverty. Combinations of proxies may identify more specific groups with higher probabilities of poverty. However, the use of proxy means testing as a targeting approach can be a challenging and is a risky mechanism for reaching the poor (Samson et al., 2010).

8.2 Summary of key issues

This analysis demonstrates that targeting households with children – particularly very young children – is an effective strategy for minimising inclusion error and increasing the poverty-reducing efficiency of cash transfers. Of all the demographic proxies, targeting households with children under the age of five years provides the most efficient approach in terms of reducing poverty, particularly the poverty gap. If this approach were taken, it could reach up to 60% of the poor (as measured by the higher poverty line). However, while categorically targeting this group may be most efficient in terms of reaching poor households, options for different types of social protection – and cash transfer – instruments should be considered based on the above considerations of the types of poverty and vulnerability that need to be addressed and the capacity of the household.

9 Affordability of cash transfers in Nigeria

The targeting analysis above suggests targeting policy that can improve the efficiency of reaching a large proportion of the poor population by minimising inclusion and exclusion errors and reducing the poverty gap. At the same time, the fiscal implications of reaching such large numbers in Nigeria need to be considered carefully. Actual budgeting of different types of cash transfers is beyond the scope of this paper, but this section briefly points to some of the key issues in terms of the affordability of cash transfers in Nigeria.

9.1 Current spending on cash transfers

Currently, taking a broad definition of social protection, government expenditure is estimated at 1.4% (Hagen-Zanker and Tavakoli, 2012).[43] Of this, social assistance (excluding civil service schemes) is at 0.4% of GDP. This is much lower than other social sectors: education has the highest budget share out of all social sectors, taking an average of about 12% of government expenditure; health expenditure takes around 7% on average (ibid.). Even compared with other African countries, the government's allocation to social protection is low.[44] Social spending has also been declining as a proportion of government expenditure in the context of the recent Triple F crisis. Gavrilovic et al. (2011) find that estimated expenditure on education and health in 2009 showed a decline, both in the amount allocated to the social sectors (N466 billion) and in their share of total federal expenditure (14.19%) (CBN, 2009). Since the lower tiers of government rely heavily on these allocations, particularly for the delivery of essential social services, declines in federal revenues in 2008-2009 led to a contraction in the resources available for the state governments and LGAs.

The Vision 20: 2020 implementation document mentions allocations to social protection for 2010-2013 at N186 billion. However, the budget does not define the type of social protection programmes this will be allocated to. Indeed, there is no costed plan with regard to implementing a social protection package in Nigeria, or particular types of cash transfers.

The limited nature of resources allocated to COPE seriously constrains the programme's implementation and potential scale-up. Cash transfers have to date been financed out of the MDGs–DRG fund and represent less than 5% of the total funds allocated to MDAs at the federal level. This is lower than allocations to other sectors, and in fact fell from N10 billion in 2007 ($78 million) to just over N2 billion ($13.2 million) in 2009 (Dijkstra et al., 2011).[45]

With coverage currently at less than 0.001% nationally, one KII in Lagos summed up the challenge: current funds are 'grossly inadequate compared to the intimidating number of people who need such assistance. There is need to increase funding in order to meet the target people in the communities […] some community members had to be dropped due to insufficiency of resource.'

The longer-term vision for ensuring the sustainability of funding for COPE has been to devolve responsibility to the states to scale up through increased financial commitment to cash transfers through the CGS. At the state level, however, CGS allocations have focused mainly on PHC and water and sanitation. Only a small proportion – 10% of the total N121 billion ($915 million) over 2007-2009 – has gone to other interventions, including CCTs (and youth empowerment and agriculture): a maximum of $91 million across 36 states and the FCT.

[43] Nigeria's federal structure and the absence of a computerised budget system mean it is extremely difficult to obtain comprehensive budget data (both budgeted and actual) for the country on a federal, state and local level. To compensate for data gaps, the authors utilise estimation techniques to present a complete picture. The data sources, methodology and limitations are now discussed in more detail in the full report. Social protection includes all expenditure on women, poverty and social development affairs (Hagen-Zanker and Tavakoli, 2012).

[44] Nigeria spends a significantly lower share of government expenditure (0.9% in 2006-2007) on social protection than much poorer countries (Ethiopia, Kenya, Malawi, Mozambique and Uganda spent an average of 1.4% in the same year (Hagen-Zanker and Tavakoli, 2012)).

[45] Total expenditure includes COPE, the Youth Empowerment Project – Keke NAPEP (a soft loan scheme) and VEDS.

Specifically, through the CGS, only 12 states out of 36 have committed resources to CCTs, which has resulted in varied allocations across both the northern and southern geographical zones. Cross River has allocated N465 million ($3 million); Kebbi N150 million ($1 million); Katsina N91.8 million ($0.6 million); Anambra N82 million ($0.54 million); and Adamawa, Bauchi, Kogi, Niger, Bayelsa, Abia, Osun and Lagos all N72 million ($0.47). Even in these states, the financial resources allocated to the transfer have enabled targeting of only a fraction of the poor. As a KII in Adamawa noted, 'the need is enormous and what is done under COPE is just like a drop of water in an ocean'.

While at the federal and state level it is recognised that funds are insufficient to reach all households in need (KII with NAPEP), no projection seems to have been made in relation to scaling up the cash transfer – identifying a budget or making adjustments or amendments to the level of transfer. This is particularly important in the context of the impacts of the Triple F crisis, given that the real value of the naira has been eroding as a result of increased costs of food and services. Different options for targeting, transfer levels and design (e.g. conditional or unconditional) have not yet been discussed at any meaningful level.[46] Meanwhile, in CCTs, more funds need to go towards monitoring and coordination – but for COPE this has been identified as one of the weakest components.

In addition, recent evidence from evaluations of cash transfer programmes in other countries questions the cost effectiveness of conditions: the evidence that financial incentives increase the utilisation of services but do not necessarily improve health and education outcomes 'puts into question the cost-effectiveness of encouraging utilization when services are of poor quality' (3ie, 2010). There is also a challenge in identifying the marginal benefit of conditional over unconditional transfers:

> *'If monitoring conditionality is costly, and complying with the co-responsibilities is time-consuming for the household, it is important to determine whether conditions are necessary to ensure the desired healthseeking behaviour. In some cases, it is probable that poverty was the entire problem and only increased income was needed, but this should be carefully considered in the design stage' (ibid.).*

9.2 Potential costing of cash transfers

One estimate of the potential costs of social redistribution in Nigeria considers how much the richest fifth of the population would have to contribute as a proportion of their disposable income to move all members of society above a $1 or $2 income threshold. It suggests that costs would be 'exceptionally high', demanding the virtual appropriation of all disposable income of the richest fifth to meet the $2 threshold (Clunies-Ross and Huq, 2009, in Dostal, 2010).

Simulating a geographically targeted benefit also demonstrates some of the potential actual costs involved in scaling up cash transfers in Nigeria. A benefit to all households with children under five years of age in Jigawa and Kogi (two of the poorest states in Nigeria) equivalent to the current low COPE benefit – N2,500 per month – would cost N17 billion per year (based on the NLSS 2003 demographic profile). This represents approximately 0.05% of Nigeria's 2010 GDP and would reach 57% of the poor in these two states (based on the moderate poverty line), which represent 2% of all households in Nigeria. The benefit would result in very low targeting errors of inclusion – an estimated 91% of the beneficiaries would be poor. However, it would cost almost 30% of the total allocation to social protection per year as discussed in Vision 20: 2020 (where N186 billion is budgeted over a three-year period). An even lower benefit – based on 20% of the inflation-adjusted 2004-2005 poverty line (for one adult) – would cost less than half that amount – approximately N7 billion (depending on inflationary

[46] In the CCTs for girls' education there are also budgetary restrictions as to the number of potential beneficiaries; universal transfers have not been considered; it is not possible to afford different transfer levels which involve high operational costs; and there has been no discussion of the financial implications of different types of cash transfers (unconditional/conditional) (KIIs with Ayala Consulting and consultant in Kano).

assumptions). Scaling up to approximately 20% of Nigeria's households would cost about half a percent of Nigeria's GDP with the N2,500 monthly benefit level.

In sum, Nigerian policymakers and development partners should consider the relative importance of and budgetary commitments to the conditional features of cash transfers, in comparison with reallocating expenditure towards, for example, scaling up the programme to cover a larger proportion of the poor; increasing the value of the transfer; increasing the length of programme participation; improving the delivery of transfers so they are regular and predictable; creating awareness of beneficiaries to utilise services through 'soft conditions'; and improving basic service delivery for access to complementary programmes and services.

10 Acceptability of cash transfers in Nigeria

This final section examines the political acceptability of cash transfers.

10.1 Regional commitment to cash transfers

At the regional level, Nigeria demonstrated an interest in developing social protection in general, and cash transfers in particular, as part of the African Union's (AU's) Conference of Ministers of Social Development, which adopted a social policy framework that included a 'minimum package' of social protection in October 2008. AU Heads of State endorsed this in early 2009, noting that 'social protection has multiple beneficial impacts on national economies, and is essential to build human capital, break the intergenerational cycle of poverty, and reduce the growing inequalities that constrain Africa's social and economic development' (Regional Experts Meeting on Social Protection, 2008). Member States will be called on to develop financial plans of action for the design and rollout of a minimum package of social protection measures – however, this has not yet happened.

The Social Protection Floor initiative – an international initiative led by the International Labour Organization (ILO) which includes a minimum set of social rights for the population through services and transfers to guarantee minimum income security and access to essential services is currently being developed.

10.2 National and state-level commitment to cash transfers

The policy traction of international, regional and national level social protection initiatives has, to date, been low. Targeted cash transfers in Nigeria originated from the MDGs-DRG fund proposal, as a result of recommendations from the Social Protection Advisory Group based on the Latin American CCT model. Other types of social protection mechanisms in the country are also relatively new, for instance the CBHIS, or are small-scale state-led programmes (e.g. public works programmes or subsidies) targeted at the poor. Despite two national draft policies on social protection, and the emergence of social protection as a 'policy thrust' in recent national development plans (e.g. the National Economic Empowerment Strategy (NEEDS) and the Vision 20: 2020 Implementation Plan), there has been little policy traction at the federal or state level in terms of a realistic overarching vision/objective for social protection. Discussion of the advantages and disadvantages of different types of social protection instruments most appropriate to address the needs in the country has been limited. As such, political commitment to social protection needs to be galvanised at the federal level for the government to take a leading role in supporting state-level initiatives.

In the case of CCTs, it appears that there has been little, if any, debate, about the appropriateness of such transfers versus unconditional cash transfers at the federal or state level, or indeed of the different types of cash transfer and targeting options that might be suitable at the state and local level.

Given the devolved nature of Nigeria's political system – with state expenditure priorities being autonomous – political commitment to COPE is very much determined by state decisions. In theory, states are left to promote the demand for services by analysing their own cultural issues and characteristics. However, to date the social protection agenda has been largely driven by top-down federal design of programmes across states, irrespective of diversity between and within states. A number of states have reported that CCTs are appropriate based on the need to address deficits in the area of human capital development; others, however, have argued that the health and education conditionality has served to reduce political commitment. This is the case particularly in the south, where these deficits are less severe (KII with NAPAP).

Commitment to cash transfers has been generated as a result of the following factors:

- Evidence from the Latin American CCT model;
- The MDGs-DRG source of funding for COPE (linked to the other MDGs, in particular health and education);
- Evidence in some states on poor use of services;
- The perception that conditions would support the effective implementation of the programme in terms of reaching its objectives and therefore facilitate political support for the programme;
- Perceptions of transfers as an appropriate mechanism to reach the 'non-active poor';
- Perceptions of transfers as a mechanism to promote graduation out of poverty;
- A history of microfinance and grants in some states.

The current financial commitment to COPE through the CGS, however, indicates that no significant level of political commitment has yet been generated. Despite the rollout of COPE across all states in Phase II, in only a third of all states (12) are participating in the most recent phase of the programme (KII with NAPEP): Katsina and Kebbi in the North West; Bauchi and Adamawa in the North East; Kogi and Niger in the North Central; Bayelsa and Cross River in the South South; Anambra and Abia in the South East; and Osun and Lagos in the South West.

Even states that have committed to funding in theory do not always allocate the budget in practice. In Adamawa, for instance, key informants noted that this was a problem not just with COPE but also with other types of poverty reduction programmes.[47] State governments often approve counterpart matching only verbally, or default on written commitment, and there is usually no correspondent release of funds by the federal government (KII with respondent from NAPEP). The situation is similar in other states, where federal and donor funding is pulled out when states do not provide counterpart funding (e.g. KII with NAPEP in Benue).

Key factors driving commitment are also often based on individual governors' agendas. For instance, in Lagos, poverty alleviation programmes come under the control of the deputy governor, and COPE is reported to enjoy political support from the Lagos state government, which is committed to the progress of the wider poverty reduction agenda. This support is observable in linkages between COPE and skills empowerment and acquisition programmes at the Local Government Centre. In Jigawa, the governor's pro-poor approach is evident in the initiation of broader social protection activities, such as the disability grant, and in the setting of a regulatory framework to avoid future political fluctuations in commitment (Law 6 of 2007 was enacted to guarantee the payment of social security allowances to the most vulnerable among the poor and requires LGAs in the state to be part of the initiative (KII with Budget and Economic Planning Directorate in Jigawa)). In Cross River, the focus of the current government is to address rural poverty with and beyond COPE through rural infrastructure (e.g. roads) and increasing access to water and sanitation, with the overall objective of addressing the needs of rural communities by supporting livelihoods and income (KII with Department of International Donor Support).

Recent Drivers of Change research carried out by SAVI in five states (Enugu, Jigawa, Kaduna, Kano and Lagos) identified the key developmental issues of importance to the people and stakeholders in each state. Social protection was referred to briefly only in Lagos (providing safety nets for the vulnerable by mobilising funds from taxes to support economic growth (SAVI, 2009a)) and Jigawa (an enabling environment to support girls' education and high interest to address this through a CCT (SAVI, 2009b)). In order to understand the factors which influence commitment to social protection, as well as those which block it, in a more meaningful way, applying a Drivers of Change or political economy analysis to social protection beyond the five states covered by SAVImay be beneficial.

[47] Reference was made to VEDS, funded by the federal government with the state government matching this (KII with respondent from NAPEP).

10.3 Summary of key issues

In sum, it appears that if social protection is to gain momentum as a viable policy agenda in the country then galvanising political support and leadership for social protection in general is urgently required. A two-track approach is needed. First, political support should be built at the federal level so that the government can take a leadership role in terms of presenting an overarching strategy for social protection, which can then guide states to select and prioritise interventions according to their needs and fiscal and institutional capacity. This should include a wider variety of different types of cash transfers as well as different social protection instruments. Second, in order for social protection to be politically acceptable, states need to have more information and knowledge on the different types of instruments available in order to make informed decisions based on i) specific poverty and vulnerability rates (appropriateness); ii) potential to maximise existing structures and actors (to ensure programmes are achievable and there are complementary programmes to add value to the social protection programme); and iii) fiscal realities in a given state (affordability and the adequacy of the value of the transfer).

11 Conclusions and policy recommendations

In the past 20 years, Nigeria has enjoyed strong economic growth, but at the same time the poverty rate has doubled and inequality remains extremely high. While it is projected that poverty and inequality are reducing, and progress is being made in social sector outcomes (such as health and education), the majority of the population remains in poverty, with few job and livelihood opportunities, poor education and health outcomes, high rates of HIV and child protection deprivations. More recently, the impacts of the Triple F crisis have served to exacerbate both the economic and social sources of risk facing poor households.

Social protection is increasingly attracting government and donor resources as a poverty reduction measure in low- and middle-income countries to reduce poverty and vulnerability, promote growth and increase stability. The sector is emerging in Nigeria as the government recognises the need to address not only deficits in the supply of services but also demand-side issues. Cash transfers are one of three interventions currently being driven from the federal level as part of a social protection response (along with the Maternal and Child Health Care Programme (MCH) programme and the Community-based Health Insurance Scheme (CBHIS)).

COPE is a Conditional Cash Transfer (CCT) targeted at households with children of basic school age with additional characteristics deemed to represent the poorest of the poor (e.g. female-headed households, aged, HIV and AIDS affected). In addition, three of the government's development partners (DFID, UNICEF and the World Bank) are supporting a CCT for girls' education (primary school) in three states. Currently, though, the existing CCT approach is reaching only a fraction of the population. In theory, meanwhile, cash transfers can be used as just one mechanism as part of a coordinated social protection response – in particular, they can address income/consumption deficits (if services and markets are working well) and, if linked to broader programming, can support broader poverty reduction objectives.

The aim of this paper was to assess the potential role of cash transfers in the Nigerian context. The main findings of the research are summarised below, followed by a number of policy recommendations for government and development partners.

11.1 Effectiveness of cash transfers

A recent study on the MDG Debt Relief Gains Fund (MDGs-DRG) fund by Dijkstra et al. (2011a; 2011b) finds that the target population of COPE in Nigeria is still too small for the programme to make a palpable impact'. Focus Group Discussions (FGDs) and interviews with COPE beneficiaries in Adamawa, Benue, Edo and Lagos provide indicative evidence that COPE has helped households smooth consumption deficits and supported access to health and education, but also that the value of the transfer is not sufficient to cover the basic needs of a household (particularly large ones). Some households have been able to make small investments in productive activities, but many have not been able to take advantage of the investment component of the programme. Despite these problems, COPE is reportedly relatively important given the limitations of other informal support and in comparison with the negative coping strategies that households have to employ in the context of chronic poverty. The research found no evidence of COPE having indirect impacts on community or gender relations.

11.2 Appropriateness of cash transfers

This report argues that conditions are only one out of a number of important design features that need to be given more attention in discussions on the appropriateness of different types of cash transfers in the country. First, of particular concern is the extremely low coverage of existing cash transfer programmes: COPE reaches less than 0.001% of the poor. Even compared with other pilot programmes in sub-Saharan Africa this proportion is very small; it looks even smaller when compared with other middle-income countries, such as Brazil, whose programming reaches 41% of the poor (12.5 million households). Importantly, in countries

where cash transfers reach a large proportion of the poor, these programmes were designed and budgeted for at the outset for national scale-up. Moreover, in these countries, cash transfers are part of a broader package of social protection mechanisms to address poverty.

Second, COPE targeting criteria are not necessarily suitable to the programme's objectives. For instance, female-headed households, the elderly and those living with HIV and AIDS may be labour constrained and less likely to take advantage of the productivity-enhancing livelihoods component of the programme. Moreover, given that millions of households are poor in Nigeria, targeting a small subgroup of beneficiaries risks resulting in the exclusion of many other households that are only marginally less poor but do not have the required household characteristics, which could result in beneficiaries 'leapfrogging' those who are only very marginally richer.

Third, the low value of the transfer is a critical concern, especially in different socio-cultural contexts (e.g. in polygamous households in the north) and also in the context of the impacts of the Triple F crisis, which has seen rising food prices, increased transportation costs and decreasing household income across the country, and particularly in some states.

Fourth, the length of the programme (one year) is too short, and the expectation that households will then move into a sustainable livelihood from the investment of a one-off lump sum is unrealistic. There is a need for other types of support (both economic and social) through complementary services and programmes to accompany it.

Fifth, it is not just cost barriers which prevent the poor from accessing services; other factors include socio-cultural constraints. Designing a social protection package with sequenced social protection interventions for different target groups and/or institutionalising referral programmes and services need to be considered as options.

Finally, while conditions may make sense in many states, regional variations influencing access to services need to be taken into account, as do the main drivers of poverty. There is no convincing international evidence that it is the conditions in cash transfers which improve access to services. Moreover, what evidence is available mainly shows that CCTs can support *access* to services – it does not prove improved health and education *outcomes*. Regularity and predictability of increased household income could be more important factors in improving access to services than conditions themselves, and this should be considered if cash transfers are to be scaled up in Nigeria.

11.3 Delivering cash transfers

In terms of implementing and delivering cash transfers, the majority of the challenges that need to be overcome apply to any type of cash transfer (or social protection programme). However, the additional capacity and financial resources needed for CCTs in particular should be considered within this context.

A major challenge lies in institutional capacity, especially at the state and local level, where the responsibility for delivering services lies. Development partners have played a key role in developing the institutional capacity of COPE in the past, and currently support the CCTs for girls' education. KIIs with state staff pointed to limited resources and structures to effectively monitor conditions and to scale up the programme beyond a small proportion of the population as major difficulties in this regards.

Inadequate institutional coordination was also identified as a key challenge to implementing cash transfers, in particular CCTs, as they rely on services being in place for their effectiveness. State-level committees have been set up to try to overcome these coordination challenges. Another concern is that donors have created parallel systems for the CCTs for girls' education (outside those existing for COPE) at the state level. In the medium to long term, development partners should be supporting capacity building within structures and systems to improve the potential to implement social protection, such as cash transfers, as well as improved inter-sectoral and federal–state coordination mechanisms.

As highlighted above, there is little evidence on the impacts of CCTs on the health and education *outcomes* of the poor. This is particularly problematic when basic service delivery is inadequate. Low expenditure on education and health in Nigeria has led to inadequate supply (especially in rural areas) and poor quality of services. This problem is compounded in the social welfare system: it is characterised by extremely limited and poor quality child protection interventions. This means existing cash transfer programmes select beneficiaries on the basis of service availability. While this may be an appropriate solution in the short term, addressing supply-side deficits in general needs to be prioritised if any type of cash transfer is to work effectively.

Limited financial infrastructure was also identified as a challenge. Despite the use of local-level NGOs to deliver cash to beneficiaries, beneficiaries identified long distances to banks as a problem. Meanwhile, beneficiaries' limited knowledge of the banking sector creates opportunities for corruption and diversion of resources.

Indeed, high rates of corruption in Nigeria mean that strengthening accountability and transparency mechanisms will be paramount within any cash transfer programme. This has already been recognised in existing cash transfer programmes and mechanisms have been put in place to address it, such as the CGS, institutionalisation of M&E systems through the Virtual Poverty Fund (VPF) to strengthen accountability within COPE and various measures, such as earmarking funds, in the CCTs for girls' education. It will also be important to ensure that accountability is strengthened from the ground up and that beneficiaries are aware of programme design and can hold programme implementers to account.

11.4 Targeting

Resource and capacity constraints typically mean that difficult targeting decisions need to be made. In Nigeria, given the huge population and the large proportion of the population living in poverty, decisions need to be made on clear targeting criteria and difficult trade-offs will be inevitable. Using Nigeria Living Standards Survey (NLSS) data, our targeting analysis represents a starting point to guide targeting policy decisions in Nigeria by looking at the potential effectiveness of different targeting mechanisms (policy) and their efficiency in reducing poverty.

The analysis demonstrates that targeting households with children – particularly very young children – is an effective strategy for minimising inclusion error and increasing the poverty-reducing efficiency of cash transfers. Of all the demographic proxies, targeting households with children under the age of five years provides the most efficient approach in terms of reducing poverty, particularly the poverty gap.

This analysis also yields a few surprising conclusions:

- Female-headed households are not poorer than male-headed households;
- Households with older people are not much poorer than those without older people;
- Households with orphans are not much poorer than those without orphans, but
- Households with single orphans are much poorer than those without;
- Households with double orphans are not poorer than the average household.

Proxies for poverty based on housing characteristics show significant potential in terms of identifying poor households. Both presence of a mud, dirt or straw floor as well as absence of an electric power source identify potential target groups that are about twice as likely to be very poor as the rest of the population. Other potentially effective proxies – such as absence of piped drinking water in the dwelling – identify poor households but also target the overwhelming majority (nearly 80%) of Nigeria's population. Care must be taken in developing a proxy means test, as global experience suggests this is a challenging and risky approach. While categorical targeting using demographic groups may be less precise (at least on the drawing board) in identifying poor households, these targeting approaches are usually more socially acceptable, reducing indirect targeting costs and lowering implementation errors.

11.5 Affordability

Cash transfers have to date been financed out of the MDGs-DRG fund. COPE currently reaches only 0.001% of the poor and represents less than 5% of total funds allocated to MDAs at the federal level (excluding state contributions). This is lower than allocations to other sectors, and in fact fell from N10 billion in 2007 ($78 million) to just over N2 billion ($13.2 million) in 2009 (Dijkstra et al., 2011). Just over 10% of the budget is spent on administration and monitoring (of conditions), even though this has been identified as the weakest component of the programme.

The targeting analysis above suggests targeting policy that can improve the efficiency of poverty reduction. At the same time, while this analysis suggests the most efficient way of reaching a large proportion of the poor population by minimising inclusion and exclusion errors, the fiscal implications of reaching such large numbers in Nigeria will need to be considered carefully (actual budgeting is beyond the scope of this paper).

However, simulating a geographically targeted benefit demonstrates some of the potential actual costs involved in scaling up cash transfers in Nigeria. A benefit to all households with children under five years in Jigawa and Kogi (two of the poorest states in Nigeria) equivalent to the current low COPE benefit – N2,500 per month – would cost N17 billion per year (based on the NLSS 2003 demographic profile). This represents approximately 0.05% of Nigeria's 2010 GDP and would reach 57% of the poor in these two states (based on the moderate poverty line), which represent 2% of all households in the country. Targeting errors of inclusion would be very low – 91% of the beneficiaries would be poor. However, this would cost almost 30% of the total allocation to social protection per year as discussed in the Vision 20: 2020 (where N186 billion is budgeted over a three-year period). An even lower benefit – based on 20% of the inflation-adjusted 2004-2005 poverty line (for one adult) – would cost less than half that amount – approximately N7 billion (depending on inflationary assumptions). Scaling up to approximately 20% of Nigeria's households would cost about half a percent of Nigeria's GDP, based on the N2,500 monthly benefit level.

In this context, Nigerian policymakers and development partners should consider the relative importance of and budgetary allocations to the conditional features of cash transfers, in comparison with reallocating expenditure towards, for example, scaling up the programme to cover a larger proportion of the poor; increasing the value of the transfer; increasing the length of programme participation; improving the delivery of transfers so they are regular and predictable; creating awareness of beneficiaries to utilise services through soft conditions; and improving basic service delivery for access to complementary programmes and services.

11.6 Acceptability

Finally, the factors which influence the political acceptability of cash transfers have been briefly examined. Discussions on appropriate types of social protection programmes in general, and cash transfer programmes in particular, have been very limited in Nigeria. With its origins in development partner support and the availability of the MDGs-DRG fund, the CCT agenda has been pushed at the expense of other types of cash transfers.

At the federal and state level, commitment to cash transfers as a poverty reduction approach is influenced by a number of factors:

- Evidence from the Latin American CCT model;
- The MDGs-DRG source of funding for COPE (linked to the other MDGs, in particular health and education);
- Evidence in some states on poor use of services;
- The perception that conditions would support the effective implementation of the programme in terms of reaching its objectives and therefore facilitate political support for the programme;

- Perceptions of transfers as an appropriate mechanism to reach the 'non-active poor';
- Perceptions of transfers as a mechanism to promote graduation out of poverty;
- A history of microfinance and grants in some states.

However, cash transfers do not yet appear to have generated broad-based support in the country, as evidenced by the small number of states committing matched funding through the CGS and the programme's limited coverage. As such, supporting broader-based political commitment to social protection at the federal and state level should be seen as a priority.

11.7 Policy implications

This report points to a number of policy implications for government and development partners to strengthen the social protection – and cash transfer – agenda in the country.

1. Promote knowledge sharing and awareness of different types of social protection – and cash transfer programmes

Development partners can support the government at the federal level to develop an overarching social protection policy framework which will also promote knowledge and awareness of the different types of social protection instruments that may be suitable for addressing poverty and vulnerability at the state level. Cash transfers may be one such instrument, seen as part of a broader social protection package.

In particular, supporting the selection of appropriate interventions could be achieved by asking the following questions (the '6 As'[48]) about specific instruments:

1 Is it *appropriate* (is the instrument appropriate to achieve its goals and objectives of reducing poverty and vulnerability?)
2 Is it *achievable* (are there adequate resources, institutional capacity and services to ensure that this instrument will work?)
3 Is it *acceptable*? (is there popular and government support for this type of social protection instrument?)
4 Is it *affordable* (what are the implications of this instrument for cost and affordability?)
5 Is it *adequate* (e.g. the value of the transfer?)
6 Does it *add* value (does it complement other programmes, and are complementary programmes and services in place?)

At the state level, development partners can provide technical support to policymakers to answer these questions to develop an appropriate context-specific social protection response to poverty and vulnerability, and support the implementation of programmes by building capacity and promoting improved institutional coordination.

2. Carefully consider and prioritise cash transfer design features beyond a focus on conditionality

International evidence suggests that conditions attached to cash transfers have not resulted in improved health and education outcomes. Given high levels of poverty and vulnerability in Nigeria, exacerbated by the impacts of the Triple F crisis, the limited resources allocated to cash transfers and institutional capacity and service delivery constraints, policymakers should consider the following design features:

- Scaling up the programme to cover a larger proportion of the poor at state level;
- Increasing the transfer value (consideration of index linking);
- Considering the use of food transfers or mix cash and food (especially where food prices have increased);
- Increasing the length of programme participation;

[48] Developed by Rachel Slater of ODI.

- Improving the delivery of transfers so they are regular and predictable;
- Creating awareness of beneficiaries to utilise services through soft conditions (rather than penalising participants);
- Improving basic service delivery for access to complementary programmes and services in education and health but also in HIV and child protection services;
- Investment in rural financial infrastructure (banks) and capacity for people to access them;
- Including state-specific additional components (e.g. CCT Plus) – e.g. nutrition, HIV focus;
- With the PRAI, carefully consider the appropriateness of household labour capacity (e.g. female-headed households, HIV), the need for investment in labour/skills/market analysis and other factors which need to be addressed (e.g. household health, resilience to disasters, longer-term subsistence support).

3. Scale up existing cash transfer coverage by increasing fiscal space, strengthening institutional capacity and increasing political commitment

The current level of cash transfer programme is extremely small given the high rates of poverty in Nigeria. Scaling up existing cash transfers will entail increasing fiscal space, strengthening institutional capacity and increasing political commitment at the federal and state levels. Development partners can assist the government in various ways in this, for instance by supporting the inclusion of social protection in a medium-term financing plan before MDGs-DRG funding ends; providing technical support to strengthen systems and mechanisms for scaling up pro-poor social protection beyond small standalone projects; strengthening political commitment to social protection – and cash transfers – for instance by supporting the provision of evidence to the Ministry of Finance, the Budget Office and the National Assembly as well as state-level governors on the benefits of cash transfers in reducing poverty, supporting economic growth and contributing to stability; encouraging linkages between government, development partners and civil society to champion social protection – especially through an equity lens; improving M&E systems and dissemination of good practices by designing indicators and systems to measure impacts, disaggregated by sex and age; and carrying out a detailed political economy analysis of the drivers of change in social protection, and in particular cash transfers.

4. Improve institutional coordination to deliver a social protection package

Cash transfers should be considered as one part of a broader social package. Improved institutional coordination, for example through technical working groups with cross-sectoral federal- and state-level representation, could help in developing a policy framework for social protection which prioritises and sequences interventions. For instance, given the huge number of the poor in Nigeria, one cash transfer design may not be appropriate for the entire poor population, but a sequenced approach to social protection (one which could include institutionalising referrals and programme linkages, for instance) could help target the poor with types of intervention most suited to their needs.

Here, it will be important to consider providing institutional incentives (such as in Brazil and India) and building on and strengthening existing emerging reforms to better coordinate institutions (e.g. the CGS) and deliver pro-poor services.

5. Strengthen accountable and transparent mechanisms

Of particular importance will be putting in place mechanisms for accountability and transparency. This could include donor-funded technical support in Ministries Departments Agencies (MDAs), strengthening the capacity of the federal and state levels to operate systems such as the CGS and investing in programmes' M&E. It will be equally important to ensure that beneficiaries are informed about cash transfer programme design and can participate in programme governance committees, for instance, and can access fair grievance procedures. This entails sensitising not only beneficiaries, so the programme's design can be monitored

during implementation, but also the broader community, so they can understand the rationale for targeting.

References

3ie (2010) 'Conditional Cash Transfer Programmes: A Magic Bullet to Improve People's Health and Education?' Impact Evaluation 01. New Delhi: 3ie.

ActionAid (2010) 'Nigeria Country Fact File'. www.actionaid.org.uk/doc_lib/nigeria.pdf.

Adato, M. (2000) 'The Impact of Progresa on Community Social Relations'. Washington, DC: IFPRI.

African Development Bank, UK Department for International Development, US Agency for International Development and World Bank (2009) 'International Development Association Country Partnership Strategy for the Federal Republic of Nigeria (2010-2013)'. Washington, DC: World Bank.

African Economic Outlook (2010) 'Nigeria'. www.africaneconomicoutlook.org/en/countries/west-africa/nigeria/.

Aigbokhan, B.E. (2008) 'Poverty, Inequality and Growth in Nigeria: A Case Study'. ACGS/MPAMS Discussion Paper 3. Prepared for UNECA.

Ajani, O. (2008) 'Gender Dimensions of Agriculture, Poverty, Nutrition and Food Security in Nigeria'. NSSP Background Paper 4. Washington, DC: IFPRI.

Amanyeiwe, U., Laurel, H., Aneesa, A., et al. (2008) *Nigeria HIV/AIDS Service Provision Assessment*. Bethesda, MD: Health Systems 20/20 Project, Abt Associates Inc.

Arif, S., Syukri, M., Holmes, R. And Febriany, V. (2010) 'Gendered Risks, Poverty and Vulnerability: Case Study of the Raskin Food Subsidy Programme in Indonesia'. London: ODI.

Central Bank of Nigeria (2009) 'Statistical Bulletin 2009'. www.cenbank.org/OUT/2010/PUBLICATIONS/STATISTICALBULLETINS/2009/Part_A/PartA.html.

Chronic Poverty Research Centre (2008) *The Chronic Poverty Report 2008-9: Escaping Poverty Traps*. Manchester: CPRC.

Cimpric, A. (2010) 'Children Accused of Witchcraft: An Anthropological Study of Contemporary Practices in Africa.' Dakar: UNICEF WACRO.

Consortium for Research on Equitable Health Systems (2010) 'Measuring Catastrophic Health Care Expenditures in Nigeria: Implications for Financial Risk Protection'. Research Brief. London: CREHS.

Department for International Development, HelpAge International, Hope & Homes for Children, Institute of Development Studies, International Labour Organization, Overseas Development Institute, Save the Children UK, UN Children's Fund, UN Development Programme and the World Bank (2009) 'Advancing shild-Sensitive Social Protection'. Joint Statement. www.unicef.org/socialpolicy/files/CSSP_joint_statement_10.16.09.pdf.

Devereux, S. and Sabates-Wheeler, R. (2004) 'Transformative Social Protection.' Working Paper 232. Brighton: IDS.

Dijkstra, G., Akanji, B., Hiddink, C., Sangarabalan, S. and de Mevius, F.X. (2011a) 'Mutual Interests – Mutual Benefits: Evaluation of the 2005 Debt Relief Agreement between the Paris Club and Nigeria'. Summary Report. Ecorys Nederland BV and Oxford Policy Management.

Dijkstra, G., Akanji, B., Hiddink, C., Sangarabalan, S. and de Mevius, F.X. (2011b) 'Mutual Interests – Mutual Benefits: Evaluation of the 2005 Debt Relief Agreement between the Paris Club and Nigeria'. Main Report. Ecorys Nederland BV and Oxford Policy Management.

Dostal, J. (2010) 'Pension Reform in Nigeria Five Years On: Great Leap or Inappropriate Policy Design?' 60th Conference of the Political Studies Association. Edinburgh, 29 March-1 April.

Eldon, J. and Gunby, D. (2009) *States in Development: State-building and Service Delivery*. London: HLSP.

Ellis, F. (2008) '"We are all poor here": Economic Difference, Social Divisiveness and Targeting Cash Transfers in Sub-Saharan Africa'. Social Protection for the Poorest in Africa: Learning from Experience. Entebbe, 8-10 September.

Farrington, J., Slater, R. and Holmes, R. (2004) 'The Search for Synergies between Social Protection and Livelihood Promotion: the Agriculture Case'. Working Paper 232. London: ODI.

Farrington, J., K. Sharp and Sjoblom, D. (2007) 'Targeting Approaches to Cash Transfers: Comparisons across Cambodia, India and Ethiopia'. London: ODI.

Federal Ministry of Women Affairs and Social Development (2008) 'Child Health Indicators Survey Report. Volume 1'. Abuja: Department of Child Development, FMWA&SD.

Freinkman, L. (2007) *Intergovernmental Relations in Nigeria: Improving Service Delivery in Core Areas*. Washington, DC: World Bank.

Gavrilovic, M., Alder, H., Cali, M., Cullen, E., Harper, C., Jones, N., Samuels, F. and Niño-Zarazúa, M. (2011) 'The Impact of the Food, Financial and Fuel (3F) Crises on Women and Children in Nigeria'. London: ODI

Gillies, A. (2010) 'Giving Money Away? The Politics of Direct Distribution in Resource-rich States'. Working Paper 231. Washington, DC: Center for Global Development.

Hagen-Zanker, J. and Morgan, J. with Meth, C. (2011) 'South Africa's Social Security System: Expanding Coverage of Grants and Limiting Increases in Inequality'. Development Progress Stories. London: GATES/ODI.

Hagen-Zanker, J. and Tavakoli, H. (2012) 'An Analysis of Fiscal Space for Social Protection in Nigeria'. London: ODI.

Holmes, R. and Barrientos, A. (2009) 'Child Poverty: A Role for Cash Transfers?' London: ODI/UNICEF.

Holmes, R. and Jones, N. (2010) 'Gender-sensitive Social Protection and the MDGs'. Briefing Paper 61. London: ODI.

Holmes, R., Mannan, F., Dhali, H.H. and Parveen, M.S. (2010) 'Gendered Risks, Poverty and Vulnerability in Bangladesh: Case Study of the Challenging the Frontiers of Poverty Reduction Programme, Specially Targeted Ultra Poor II'. London: ODI.

Holmes, R., Hagen-Zanker, J. and Vandemoortele, M. (2011) 'Social Protection in Brazil: Impacts on Poverty, Inequality and Growth'. London: ODI.

Holmes, R., Farrington, J., Rahman, T., and R. Slater (2008). 'Extreme Poverty in Bangladesh: Protecting and Promoting Rural Livelihoods', ODI Project Briefing No 15, September 2008.

International Monetary Fund (2010) '2010 Regional Economic Outlook, Sub Saharan Africa'. October. Washington, DC: IMF.

Joint UN Programme on HIV/AIDS (2010) *Report on the Global AIDS Epidemic*. Geneva, UNAIDS.

Jones, N. and Sumner, A. (2007) 'Does Mixed Methods Research Matter to Understanding Childhood Well-being?' Well-being in Development Working Paper 39. Bath: University of Bath.

Jones, N., Presler-Marshall, E., Cooke, N. and Akinrimisi, B. (2012) 'Promoting Synergies between Child Protection and Social Protection in Nigeria'. London: ODI.

Lagarde, M., Haines, A. and Palmer, N. (2009) 'The Impact of Conditional Cash Transfers on Health Outcomes and Use of Health Services in Low and Middle Income Countries'. *Cochrane Database of Systematic Reviews* 4.

Marcus, R. and Pereznieto, P., with Cullen, E. and Jones, N. (2011) 'Children and Social Protection in the Middle East and North Africa. A Mapping Exercise'. London: ODI.

Mbakogu, I.A. (2004) 'Exploring the Forms of Child Abuse in Nigeria: Efforts at Seeking Appropriate Preventative Strategies'. *Journal of Social Sciences* 8(1): 23-27.

McCord, A. (2009) 'Cash Transfers: Affordability and Sustainability'. Project Briefing 30. London: ODI and SDC.

National Bureau of Statistics (2007) 'Nigeria Living Standards Survey 2006'. Abuja: NBS.

National Bureau of Statistics (2009) 'Annual Abstract of Statistics: Men & Women in Nigeria'. Abuja: NBS.

National Health Insurance Scheme (2010) 'NHIS-MDG/Maternal and Child Health (MCH) Project'. Abuja: NHIS.

National Planning Commission (2010) 'Nigeria: Millennium Development Goals (MDG), Countdown Strategy: 2010-2015'. Abuja: NPC.

National Planning Commission (2011) 'Nigeria Vision 20: 2020: First National Implementation Plan 2010-2013'. Abuja: NPC.

National Planning Commission and ICF Macro (2009) *Nigeria Demographic and Health Survey 2008: Key Findings.* Abuja and Calverton, MD: NPC and ICF Macro.

National Programme for Poverty Eradication (2007) 'Social Safety Net Implementation: A Presentation to the OSSAP on MDGs'. 25 January. Abuja: NAPEP.

National Programme for Poverty Eradication (2009) 'Conditional Grant and Cash Transfer Program Concept Note'. Abuja: NAPEP.

Next Generation Nigeria (2010) 'Nigeria – The Next Generation Final Report'. London and Cambridge, MA: British Council and Harvard School of Public Health.

Norwegian Agency for Development Cooperation (2010) 'Good Governance in Nigeria: A Study in Political Economy and Donor Support'. Discussion Report 17/2010. Oslo: Norad.

Nsikakabasi, A.E. and Obasi, O.U. (2010) 'Analysis of Poverty Profile of Rural Households: Evidence from South South Nigeria'. *Journal of Agriculture and Social Sciences* 6: 48-52.

Ogunlela, V.B. and Ogungbile, A.O. (UD) 'Alleviating Rural Poverty in Nigeria: A Challenge for the National Agricultural Research System'. Conference Paper.

Ojowu, O., Bulus, H. and Omonona, B. (2007) 'Nigeria Poverty Assessment'. www.pak-nigeria.org/pdfs/24_Nigeria_Poverty_Assessment_2007_Table_of_Contents_Executi.pdf.

Okuneye, P.A. et al. (2004) 'The Nigerian Agriculture and Poverty Incidence: The Need for Private Sector Empowerment'. Farm Management Association of Nigeria Conference. Abuja, 19-21 October.

Okunmadewa, F. et al. (2005) 'Human Capital, Institutions and Poverty in Rural Nigeria'. Report submitted to AERC.

Omar, M. (2009) 'Urban Governance and Service Delivery in Nigeria'. *Development in Practice* 19(10):72-78.

Oriola, E.O. (2009) 'A Framework for Food Security and Poverty Reduction in Nigeria'. *European Journal of Social Sciences* 8(1): 132-139.

Ortiz, I. and Cummins, M. (2011) 'Global Inequality: Beyond the Bottom Billion. A Rapid Review of Income Distribution in 141 Countries'. Social and Economic Policy Working Paper. New York: UNICEF.

Osinubi, T.S. (2003) 'Urban Poverty in Nigeria: A Case Study of Agege Area of Lagos State'. WIDER Conference.

PATHS2 (2010) 'Quarter Ten Report PATHS2/2/QTR/02 October–December 2010'. Abuja: PATHS2.

Phillips, J. (2009) 'Restoring Confidence and Increasing Responsiveness in State and Local Government through Conditional Grants: Nigeria'. Conference on Sub-national Jurisdictions in Efforts to Achieve the MDGs.

Population Reference Bureau (2010) '2010 World Population Data Sheet'. www.prb.org/pdf10/10wpds_eng.pdf.

Regional Experts Meeting on Social Protection (2008) 'Investing in Social Protection in Africa'. Kampala, 28-30 April.

Rhodes, T. and Simic, M. (2005) 'Transition and the HIV Risk Environment'. *British Medical Journal* 331:220-223.

Rural Poverty Portal (2010) 'Rural Poverty in Nigeria'. www.ruralpovertyportal.org/web/guest/country/home/tags/nigeria#.

Samson, M., Mac Quene, K. and van Niekerk, I. (2010) *Designing and Implementing Social Transfer Programmes.* Cape Town: Economic Policy Research Institute.

Samuels, F., Blake, C. and Akinrimisi, B. (2012) 'HIV Vulnerabilities and the Potential for Strengthening Social Protection Responses in the Context of HIV in Nigeria'. London: ODI.

Slater, R. and Farrington, J. (2009) 'Lump Sum Cash Transfers in Developmental and Post-emergency Contexts: How Well Have They Performed?' Cash Transfers Series. London: ODI.

Slater, R. and Farrington, J. (2010) 'Appropriate, Achievable, Acceptable: A Practical Tool for Good Targeting'. London: ODI.

Slater, R., Farrington, J. and Holmes, R. (2008) 'A Conceptual Framework for Understanding the Role of Cash Transfers in Social Protection'. GSDRC Project Briefing. London: ODI.

Social Watch (2005) 'The Many Programmes and the Many Poor'. www.socialwatch.org/node/10946.

Social Watch (2009) 'Deepening Plight'. www.socialwatch.org/sites/default/files/nigeria2009_eng.pdf.

Solt, F. (2009) 'Standardizing the World Income Inequality Database'. *Social Science Quarterly* 90(2): 231-242.

State Accountability and Voice Initiative (SAVI) (2009a) 'SAVI Lagos S-DOC Analysis'. Draft. Abuja: SAVI.

State Accountability and Voice Initiative (SAVI) (2009b) 'SAVI Jigawa S-DOC Analysis'. Draft. Abuja: SAVI.

UN (2002) 'Nigeria Country Profile'. Johannesburg Summit 2002. www.un.org/esa/agenda21/natlinfo/wssd/nigeria.pdf.

UN Children's Fund (2010) 'Social Protection: Accelerating the MDGs with Equity'. Social and Economic Policy Working Brief: UNICEF Policy and Practice. New York: UNICEF.

UN Children's Fund (2011) 'Programme Guidance on Social Protection for Children'. Final draft for consultation. New York: Division of Policy and Planning, Global Policy Section, UNICEF.

UN Children's Fund Nigeria (2006) 'Information Sheet: Child Labour.' Abuja: UNICEF.

UN Development Programme (2009) *Human Development Report Nigeria 2008–2009*: *Achieving Growth with equity.* Abuja: UNDP.

UN General Assembly Special Session (2010) 'Country Progress Report – Nigeria (Reporting Period January 2008-December 2009). http://data.unaids.org/pub/Report/2010/nigeria_2010_country_progress_report_en.pdf.

UN Human Settlements Programme (2010) 'The State of African Cities 2010 – Governance, Inequality and Urban Land Markets'. www.unhabitat.org/pmss/listItemDetails.aspx?publicationID=3034.

Veras Soares, F., Perez Ribas, R. and Guerreiro Osório, R. (2007) 'Evaluating the Impact of Brazil's Bolsa Família: Cash Transfer Programmes in Comparative Perspective'. Evaluation Note 1. Brasilia: IPC.

Weber, A. (2006) (ed.) *Social Protection Index for Committed Poverty Reduction*. Manila: ADB.

World Bank (2009) 'Conditional Cash Transfers: Reducing Present and Future Poverty. Appendix B: Review of CCT Impact Evaluations'. Washington, DC: World Bank.

World Bank (2010) 'Economic Overview and Performance. Country Brief: Nigeria'. Washington, DC: World Bank.

World Bank (2011) 'Nigeria Socio Economic Assessment'. Poverty Reduction and Economic Management. Washington, DC: AFTP3, AFCW2, Africa Region, World Bank.

World Health Organization, Joint UN Programme on HIV and AIDs and UN Children's Fund (2010) *Towards Universal Access: Scaling up Priority HIV/AIDS Interventions in the Health Sector: Progress Report.* Geneva: WHO.

Zimmerman, J. and Holmes, J. (2011) 'Savings-linked Conditional Cash Transfers'. Washington, DC: New America Foundation.

Appendix 1: List of key informant interviews

	Organisation and position
1.	NAPEP, SA to Secretary of Programme
2.	National Planning Commission, Acting Director, Social Services Department
3.	National Planning commission, Chief Planning Officer, Social Development. SS dept
4.	OSSAP[49]-MDG Office, Desk Officer, Social Safety Nets
5.	Save the Children UK, Deputy Director, Country Director
6.	Ministry of Education
7.	Ministry of Agriculture, PPAS (planning dept).
8.	UNICEF Nigeria Country Office, Chief, Social Policy,
9.	ILO, Deputy Representative
10.	Ministry of Women's Affairs and Social Development (MoWASD)
11.	UNICEF Child Protection Officer
12.	– Deputy Director of the NPHCDA – National Primary Health Care Development Agency, Head of Health Financing and Health Economics section
13.	World Bank, Social Protection Sector Leader
14.	National Social Insurance Trust Fund (NSITF), Head Special Duties and HR and Administration.
15.	WHO Nigeria and UNFPA Nigeria.
16.	National Emergency Management Agency, Assistant Director, Disaster Risk Reduction
17.	Ministry of Finance/ DFID/ UNICEF / World Bank
18.	DFID
19.	Voice & Accountability (SAVI)
20.	United Nations Development Programme (UNDP), country representative and economist, economic advisor
21.	National Aids Control Agency (NACA)
22.	National Agency for Prohibition in Trafficking in Persons and Other Related Matters (NAPTIP), research & programmes department

[49] Office of the Senior Special Assistant to the President, Millennium Development Goals (MDGs)

	Organisation and position
23.	National Health Insurance Scheme (NHIS), assistant general manager
24.	International Monetary Fund (IMF), resident representative and economist (from Budget office
25.	Education Sector Support Programme in Nigeria (ESSPIN)
26.	UNICEF, Head of Health
27.	Justice for All (JFA)
28.	Budget Office of Nigeria, ODI fellow and TA to Dr Bright Okogwu
29.	NGOs/CSOs: Change Management; SOS; Empowering Women and Children; Oxfam and Gada
30.	Ministry of Labour and Productivity, Director Labour Inspectorate, Director Factory inspectorate and Labour officer inspectorate department
31.	Pension Commission (Pencom), Head research and policy unit
32.	DFID Public sector reform projects, governance advisor DFID
33.	Federal Ministry of Women Affairs, Assistant Director in Charge of OVC Programme
34.	First Steps (CSO for OVCs) and (Jari Doo Foundation – a CSO which focuses on older OVCs)
35.	SACA – Grace Ashi Wende, Executive Secretary, Benue State AIDS Control Agency
36.	State Secretary, NAPEP Makurdi, Benue State Office
37.	Permanent Secretary, MoWASD, Benue State
38.	Director, Disease Control Unit of Edo State Ministry of Health
39.	Edo State Ministry of Agriculture, Head, Vet nary Department
40.	Deputy Director Department of Social Mobilization (MINISTRY OF EDUCATION: STATE UNIVERSAL BASIC EDUCATION BOARD (SUBEB))
41.	Admin Manager of NAPEP
42.	Representative of SPECIAL ADVISER TO EDO STATE GOVERNOR ON NON GOVERNMENTAL ORGANISATIONS (NGOs)
43.	NAPEP, Federal Secretariat, Benin - Edo state
44.	Secretary, Edo State NAPEP
45.	Budget and Economic Planning Directorate. Jigawa State,
46.	Katsina. PROJECT SPECIALIST, AYALA CONSULTING,

	Organisation and position
47.	CGS, in FCT
48.	Accountant 2, NAPEP
49.	Chairperson Board of Trustees, Ikosi-Isheri Local Council Development Area (LCDA), Lagos
50.	Millennium Development Goals (MDGs) Director, Department of Planning and Development.
51.	Lagos State Ministry of Health, Gender Desk Officer
52.	Education Sector Support Programme in Nigeria (ESSPIN) State Team Leader
53.	Department of International Donor Support, Cross River
54.	Kano, CCT. CCT resident consultant for Girl's Education Programme in Kano.

Appendix 2: Cash transfer research questions (KIIs)

The role of cash transfers in Nigeria	Questions
Development of cash transfers in Nigeria	Conditional Cash Transfers came to attention in Nigeria after the Special Advisory Group on social protection met but this Group is now dysfunctional. What happened to the Group and has any other type of group replaced it at the national level?
Rationale for conditional cash transfer programme design	• Why are cash transfers seen as more appropriate than other forms of social assistance interventions (e.g. food transfers, vouchers)? • How has the transfer level of the cash transfer been set (with regards to COPE, both BIG and the PRAI)? Does this vary by state or is it consistent across Nigeria? • In the case of COPE and CCTs, why were *conditional* cash transfers preferred to *unconditional* ones? • What were the financial, technical (capacity) and political implications which were discussed in relation to applying conditions to the cash transfers? • Are the conditions applied to the COPE and CCT cash transfers the same in every state? • Do you think that conditions exclude particular groups of the poor? • Through the Conditional Grants Scheme, the design of COPE has changed and now does not include a lump sum (PRAI). What has influenced the change of COPE design under the CGS?
Cost and affordability of cash transfers	• Have the financial implications of different types of cash transfers (unconditional/conditional) been considered? What are these implications? • How affordable are different transfer levels to the beneficiaries? • Have the financial implications of the programme influenced the way the programme is targeted at particular beneficiary groups? In what way? Have universal transfers been discussed? • Are funds for the cash transfer earmarked or in a separate budget line?
Political commitment to cash transfers	• What explains the variation in federal and state level interest and political commitment in cash transfers? • In COPE's different Phases there are fluctuations in state commitment – what have been the reasons for this beyond simply financial factors? • Why have some states intended to but failed to match the funds - what prevented the funds from materializing? • To what extent do the imposed conditions influence state take-up of COPE / CCTs by state? • To what extent is there political motivation (and financial support) to address gender inequality and child protection issues within cash transfer approaches?

The role of cash transfers in Nigeria	Questions
Targeting	• Given the high levels of poverty across the population in Nigeria, what is the rationale behind targeting the groups chosen to receive the cash transfer (e.g. financial, political?) Have universal transfers been discussed? • What are the relative advantages and disadvantages to different targeting approaches in Nigeria? E.g. community based targeting, proxy means targeting, geographical? • To what extent has targeting been a subject of political and/or financial debate in Nigeria? • Are targeting mechanisms the same in each state? • What mechanisms are in place to ensure that the COPE community selection committees target COPE transfers to the correct beneficiaries? Do you think community targeting is the best way to target beneficiaries?
Capacity and implementation	• Is there adequate institutional capacity to deliver cash transfers? What are the constraints? Are there any mechanisms in place to overcome these? What are they? • What are the constraints and/or opportunities to scaling up existing cash transfers in Nigeria? • How are cash transfers coordinated between relevant line ministries (e.g. NAPEP, NPC) and between the federal and state/LGA level and by development partners? What are the challenges associated with this? And how have they been overcome? • What is the role of development partners in designing/implementing/coordinating cash transfers? • Is there training on gender, child protection and/or HIV/AIDS for programme implementers?
Monitoring and evaluation	Has the mid-term assessment of COPE been carried out? Can we have access to it?

Social protection interventions: mapping, institutional and political context	Questions
Identification of social protection programmes and the role of CGS	• What social protection programmes is the MDG office funding? [please see list below of what is defined as a "social protection" intervention (e.g. cash transfer, health insurance)] • What other programmes are currently being implemented in Nigeria that you are aware of? • What have been the key factors which influenced the start-up of social protection in Nigeria? E.g. basis of poverty/vulnerability? Influence of MDG agenda? Impact of the financial/food/fuel crisis? • Please explain the function of the CGS and its use in accessing funding for CCTs. Who operates the CGS? And what are its linkages with the line ministries and other agencies? • The first phase of CGS included cash transfers; does the second phase? If not, why is this? What is the timeline for the phases?

Social Protection Programme Design	• Has the recent food or financial crisis affected the choice of social protection instrument/target group? Why and in what way? • What have been the main factors influencing the design of social protection programmes? • Has social protection been designed on a poverty/vulnerability assessment which includes a focus on gender and children and/or the prevalence of HIV/AIDS? • Has social protection been designed to minimise corruption and leakage? In what way? • In your opinion, what are the gaps in current social protection provision? What do you think explains these and how can they be overcome?
Programme Implementation and Actors	• One of the key challenges identified in social protection is that there are multiple agencies and there needs to be one MDA to drive the agenda forward. Which institution do you think would be best placed to take this forward? What do you think their role should be? How would this work at the federal and state/LGA level? • What are the institutional arrangements for implementing the MDG programmes at federal and state level? What are the coordination mechanisms between Ministries (horizontal) and between federal, state and LGAs (vertical)? • What are the challenges to implementing the programmes through the MDG Office? How can they be overcome? • Do you feel adequate measures to address supply side constraints in service provision (, education, protection) to meet the potential increase in demand created by social protection initiatives? • What is civil society's role in social protection?
Political support and challenges	• What is the status of the NSITF social protection/social security strategy / bill? • Has social protection played a role in the recent elections? In what way? • What have been the challenges and gains in ensuring political commitment to social protection at the federal level and state/LGA level? • Were the pilot cash transfers and community health insurance programmes designed to generate political support to scale the programmes up eventually? What have been the factors influencing the success or failures of the pilots? • What measures to ensure sustainability of these programmes post 2015 when the debt-relief funding ends? Both in terms of human resources/ technical assistance and programme financing? • How do you see existing or potential policy/ programming in relation to operationalising Nigeria's regional and international commitments to social protection – e.g. the African Union Social Policy Strategy and Social Protection Floor • Is the general public supportive of social protection measures? Any type in particular?
Impacts	What M&E activities are in place? Are data collected and analysed disaggregated by sex and age? Could you share any evaluations with us?

Appendix 3: Research questions (FGDs)

State clearly at the start of the discussion the objective of the research study. Ask for permission to record the discussion and state clearly that participants will all be anonymous.

	Questions for beneficiaries
Contextual information	• What are the main occupations/livelihoods of people here? Probe, migration, farming, business, etc. • Who does what? E.g. men, women, children • What are the major challenges people face here? Have these changed over the last few years? If yes, how, why? • Has anything improved in the last few years? If so, what, and why?
Gender issues	• How much control do women have over decision-making in the community? What types of decisions? Probe education, health-seeking behaviour, older children's/young adults' choice of marriage partners? Are there major differences between different ethnic groups, regions, ages? • Are there any women's organisations? What do they focus on (e.g. informal credit?). Are women involved in community decision making? If no, why not? If yes, in what capacity?
Cash transfer details	• Have you all received a cash transfer? • When? For how long? • Did you receive monthly payments? How many Naira? • Did you receive a lump sum at the end of the project? How much money was this? • How much in total did you receive from the cash transfer programme? • Were you required to do anything as a condition of getting the money? To what extent did you agree with these conditions, and to what extent were you able to comply with these conditions? Explain
Direct impacts of regular cash transfer	• When you received the regular cash transfer, who picked up the transfer? (e.g. husband? Wife?) • Who decided what the transfer was to be spent on? • What were the main items that the regular transfer was spent on? • What have been the direct impacts of the cash transfer programme on the household? <<PLEASE ENSURE YOU ASK DETAILS FOR EACH HH MEMBER – MEN, WOMEN, GIRLS and BOYS>> • Improving economic security • Improving food consumption (quality and quantity) • Helping to provide better protection and care for HH members • Improving household human capital • Providing adequate protection from the impacts of shocks (e.g. floods, drought in the community, or household shocks such as illness and health expenses) • Was the regular transfer sufficient to cover basic household needs? • How would you have paid for these things if you hadn't received assistance through COPE (informal systems of support)?

	Questions for beneficiaries
Direct impact of lump sum cash transfer	• When you received the lump sum cash transfer, who picked up the transfer? (e.g. husband? Wife?) • Who decided what the transfer was to be spent on? • What was the lump sum cash transfer spent on? If it was invested in a productive activity, are you still making money? • Was the transfer large enough to help you and do you feel that you no longer need to receive support? • How would you have paid for these things if you hadn't received assistance through COPE (informal systems of support)?
Impacts of the cash transfer programme on the household	• What have been the indirect impacts of the cash transfer programme on the household? • Has participation in the programme changed men and women's relations in the household? In what way? (e.g. more or less tensions or conflict in the household? Women have more power over decision making?) What about any changes in relations between younger and older generations? In what way? • Has participation in the programme influenced access to social capital (formal and informal)? In what way? • What impact does the programme have on child well-being? (different children in the household, e.g. girls, boys, OVCs) • Has participation in the programme had an impact on your access to credit services?
Impacts of the cash transfer programme on the community	• What have been the impacts of the cash transfer programme on the community? • Increased access or use of community assets or basic social services, such as health or education? • Has there been improved demand for better basic services? • Has the targeting selection for beneficiary households created any tensions in the community? In your opinion, were the correct people targeted or do you think other people should have received the cash transfer too? • Has the cash transfer helped people in the community who were previously excluded to be included in community activities?
Targeting	How were you contacted as a potential beneficiary? How was information about the targeting process given to you? Do you think this was a fair process?
Malpractice	Did you have any negative experiences from the cash transfer process? What have these been and what do you think the causes were? <<E.g. corruption, extortion etc.>>
Relative importance of cash transfer	How important has the cash transfer programme been in comparison to other support you have received? (e.g. family/friends support or other programmes)
Links with other programmes	• Did this cash transfer enable you to link with any other support services that have been important to you and your family?
Links with HIV/AIDS	• To what extent has the cash transfer programme supported OVCs? In what way? Has it created any challenges? • To what extent has the cash transfer programme supported PLWHA? In what way? Has it created any challenges?
Links with child protection	• To what extent has the cash transfer programme helped address children's problems? (Researchers: please refer to the particular child protection issues)

	Questions for non-beneficiaries
Contextual information	• What are the main occupations/livelihoods of people here? Probe, migration, farming, business, etc. • Who does what? E.g. men, women, children • What are the major challenges people face here? Have these changed over the last few years? If yes, how, why? • Has anything improved in the last few years? If so, what, and why?
Gender issues	• How much control do women have over decision-making in the community? What types of decisions? Probe education, health-seeking behaviour, older children's/young adults' choice of marriage partners? Are there major differences between different ethnic groups, regions, ages? • Are there any women's organisations? What do they focus on (e.g. informal credit?). Are women involved in community decision making? If no, why not? If yes, in what capacity?
Cash transfer programme/coping strategies/other programme support	• Do you know why you did not receive the cash transfer? • What do you think the benefits of receiving the cash transfer have been for programme participants? • Have there been any benefits for the whole community of the cash transfer? • Has the cash transfer programme created any tensions or problems in the community? What are these and why have these problems been caused? • What are the key challenges that you face in your day-to-day lives? Have these got better or worse in the last couple of years? Why is this? • Have you received any other government or NGO programming in the last couple of years? What are these and what have been the benefits? • Are you members of any groups or associations? What are the benefits of this? • Who can you turn to in times of need? Church / mosque? Your community? Friends? Relatives? What type of support do they give you? • What type of support from the government do you think would best help you?

Appendix 4: Targeting analysis

An overview on approaches for evaluating targeting errors

No targeting process is perfect – any attempt to direct social protection to the poor will likely entail two types of error. Inclusion error is the mistake of providing the social transfer to someone in a household that is not poor. Exclusion error is the failure to provide a social protection benefit to a targeted household that is poor. The reduction of inclusion error is the potential benefit of targeting – exclusion error is part of the cost. Inclusion and exclusion errors are not easily comparable. An unwarranted social transfer (inclusion error) is at best an inadvertent tax rebate and at worst a waste of money. On the other hand, depriving poor households of a source of social investment (exclusion error) can trap generations in poverty, with a social cost many times the unutilised fiscal expenditure.

The most thorough analysis of targeting performance considers both inclusion errors and exclusion errors separately. The framework adopted for this study constructs a matrix (illustrated in Table 1 on the next page) determined by two questions applied to each person and household in Nigeria's household survey: (1) is the household poor? (2) Is the person or household targeted for the social protection benefit given the criteria? The first question requires the specification of a poverty line, which itself can be a subjective exercise. The analysis in this paper uses a high and a low poverty line (with the low poverty line results reported in the appendix). The high poverty line is twice the low poverty line.

Successful targeting is represented by consistent answers to both questions: eligible households (or individuals, depending on the targeting criteria) are poor, and non-eligible households (or individuals) are not. Inclusion error results when non-poor households (or individuals) are targeted, and is measured as the number of non-poor targeted households (or individuals) as a percentage of all targeted households (or individuals). Exclusion error results when poor households (or individuals) are not targeted, and is measured as the number of non-targeted poor households (or individuals) expressed as a percentage of all poor households (or individuals). It is useful to note that the base for the percentage is different in both cases—all those targeted for inclusion error, and all the poor for exclusion error.

Table 1: Evaluating targeting: the two types of error

Success/Error Evaluation Matrix		Are the households poor?	
		Yes	No
Are the households targeted?	Yes	SUCCESS	INCLUSION ERROR
	No	EXCLUSION ERROR	SUCCESS

Targeting children

The first targeting exercise analyses the poverty rates for people living in households with children categorised based on various age thresholds: all children up to their 18th birthday, children under 5 years of age (ages 0 – 4), under 10 years (0 -9), under 15 years (0 – 14), and children between the ages of 12 and 17 (inclusive). The results are reported in Table 2 below. The benefit can be considered in the form of a universal child benefit distributed to all households with children within the indicated age group. The table reports the percentage of the population living in households which include children of the indicated age group and the poverty rates of this population using both the low and high poverty lines. This population is referred to as the "population with proxy" because the presence of children is used as the proxy indicator for poverty targeting. For comparison purposes, the table also reports the

same indicators for people living in households that do not include children of each age group. This population is referred to as the "population without proxy".

Table 2 indicates that 89.7 percent of Nigeria's population live in households which include at least one child up to the age of 18 years, and that 23.3 percent of this population are very poor as measured by the low poverty line, while 60.3 percent are poor as measured by the higher poverty line. (Note: the 23.3 percent who are very poor are also included within the 60.3 percent who are classified as poor.) The table also indicates that that 10.3 percent of Nigeria's population live in households which do not include at least one child up to the age of 18 years, and that only 8.0 percent of this population are very poor as measured by the low poverty line, while 27.6 percent are poor as measured by the higher poverty line. The large difference between the poverty rates for people in households with children compared to people in households without children suggests that targeting children is an effective way to reach the poor. The same indicators calculated on a household basis are reported in the annex.

Table 2 also reports the population indicators by age group. The highest poverty rate is reported for households which include at least one child under the age of 5. This group includes that 51.6 percent of Nigeria's population live in households which include at least one child up to the age of 18 years, and that 25.9 percent of this population are very poor as measured by the low poverty line, while 64.5 percent are poor as measured by the higher poverty line. The fact that the poverty rates are even higher for the population living in households with the youngest children suggests that targeting these households is an even more efficient way to reach the poor. Poverty rates decline modestly as the age threshold for the proxy indicator rises. The same indicators calculated on a household basis are reported in the annex.

Table 2 indicates that 89.7 percent of Nigeria's population live in households which include at least one child between the ages of 12 and 17 (inclusive), and that 24.9 percent of this population are very poor as measured by the low poverty line, while 61.5 percent are poor as measured by the higher poverty line. The table also indicates that that 43.9 percent of Nigeria's population live in households which do not include at least one child between the ages of 12 and 17 (inclusive), and that only 17.6 percent of this population are very poor as measured by the low poverty line, while 50.5 percent are poor as measured by the higher poverty line.

Table 2: Population indicators for targeting performance based on targeting children

	POPULATION WITH PROXY			POPULATION WITHOUT PROXY		
Proxy Indicator	**Total**	**core poor (p-line=1/3 mean p.c. exp.)**	**moderately poor (p-line=2/3 mean p.c. exp.)**	**Total**	**core poor (p-line=1/3 mean p.c. exp.)**	**moderately poor (p-line=2/3 mean p.c. exp.)**
children under 18	89.7%	23.3%	60.3%	10.3%	8.0%	27.6%
children 0-4	51.6%	25.9%	64.5%	48.4%	17.2%	48.4%
children 0-9	73.3%	24.9%	62.8%	26.7%	12.9%	39.9%
children 0-14	84.9%	23.7%	61.1%	15.1%	10.2%	31.6%
children 12-17	56.1%	24.9%	61.5%	43.9%	17.6%	50.5%

Table 3 below reports the Foster-Greer-Thorbecke (FGT) poverty indicators for the same groups analysed above, using the low poverty line as the poverty benchmark. The poverty

incidence indicators (P0 indicators) are the same as in the preceding analysis, given the definition of the P0 FGT indicator as the poverty rate. The poverty gap indicator (P1) reflects how far on average poor households fall below the poverty line, measuring the depth of poverty. The same conclusion as in the preceding analysis follows from a comparison of poverty gaps. People in households with children have on average a poverty gap indicator (P1) of 7.2%, compared to an indicator of 3.1% for people in households without children. The indicator reflects the greatest poverty for people either in households with the youngest children (under 5 years of age) and people in households with children between the ages of 12 and 17. (These two groups are equally poor as measured by the poverty gap indicator.) Like with the poverty rate, the depth of poverty diminishes as the age threshold for targeting rises. The indicator of 7.3 percent for people in households with children under 15 years of age is close to the indicator for people living in households with any child. An analysis of poverty severity indicators (P2) indicates similar relative comparisons. Comparable indicators calculated on a household basis are reported in the annex.

Table 3: Population poverty indicators (low poverty line) based on targeting children

	Poverty line (p-line) = 1/3 mean per capita expenditure (p.c. exp.)					
Proxy Measure	**Population with proxy**			**Population without proxy**		
	P0	**P1**	**P2**	**P0**	**P1**	**P2**
children under 18	23.3%	7.2%	3.2%	8.0%	3.0%	1.5%
children 0-4	25.9%	7.9%	3.5%	17.2%	5.5%	2.5%
children 0-9	24.9%	7.6%	3.4%	12.9%	4.3%	2.0%
children 0-14	23.7%	7.3%	3.2%	10.2%	3.7%	1.8%
children 12-17	24.9%	7.9%	3.6%	17.6%	5.2%	2.3%

Table 4 below reports the Foster-Greer-Thorbecke (FGT) poverty indicators for the same groups analysed above, using the high poverty line as the poverty benchmark. The consistency of results using the high poverty line demonstrates the robustness of these results. People in households with children have on average a poverty gap indicator (P1) of 25.1%, compared to an indicator of 10.3% for people in households without children. The higher indicators compared to those in Table 2 simply reflect the higher poverty line employed for this part of the analysis. The indicator reflects the greatest poverty for people in households with the youngest children (under 5 years of age). Like before, the depth of poverty diminishes as the age threshold for targeting rises. Comparable indicators calculated on a household basis are reported in the annex.

Table 4: Population poverty indicators (high poverty line) based on targeting children

Proxy Measure	pline = 2/3 mean per capita expenditure					
	Population with proxy			Population without proxy		
	P0	P1	P2	P0	P1	P2
children under 18	60.3%	25.1%	13.6%	27.6%	10.3%	5.5%
children 0-4	64.5%	27.4%	14.9%	48.4%	19.4%	10.3%
children 0-9	62.8%	26.6%	14.4%	39.9%	15.2%	8.0%
children 0-14	61.1%	25.5%	13.8%	31.6%	12.1%	6.5%
children 12-17	61.5%	26.2%	14.4%	50.5%	20.1%	10.5%

Overall, this evidence documents that poverty rates for people living in households with children are significantly poorer than people living in households without, making targeting children a very effective approach for minimising both inclusion and exclusion error. The younger the age threshold for a child-targeted benefit, the lower the inclusion error but the higher the exclusion error. This negative trade-off between inclusion error and exclusion error is typical of targeting choices along efficient frontiers.

Targeting other groups

The second targeting exercise analyses the poverty rates for other groups within the population: female-headed households, households including people 65 years of age or older, households including any orphan, households including orphans for whom both parents are dead ("double orphans"), and households including orphans for whom only one parent is dead ("single orphans"). The results are reported in Table 5 below. Similar to the child-oriented scenarios above, the benefit can be considered in the form of a categorical benefit distributed to all households within each identified group. Similar to Table 2 above, the table below reports the percentage of the population living in households that satisfy the specified group criteria (female-headed, including an older person, including an orphan, etc.), as well as the poverty rates of this population using both the low and high poverty lines. Like in the previous section, this population is referred to as the "population with proxy" because the household includes a member with a categorisation associated with poverty and/or vulnerability. For comparison purposes, the table also reports the same indicators for people living in households that are not members of the indicated group. This population is referred to as the "population without proxy".

Table 5 indicates that only 10.4 percent of Nigeria's population live in female-headed households, and that only 15.2 percent of this population are very poor as measured by the low poverty line, while 43.5 percent are poor as measured by the higher poverty line. (Note: the 15.2 percent who are very poor are also included within the 43.5 percent who are classified as poor.) The table also indicates that that 89.6 percent of Nigeria's population live in male-headed households, and that 22.4 percent of this population are very poor as measured by the low poverty line, while 58.2 percent are poor as measured by the higher poverty line. The poverty rates for female-headed households are actually lower than those for male-headed households. Similar findings in Bangladesh and Nepal can be explained by the tendency for very poor female-headed households to merge with male-headed households, with the male then heading the combined household. Less poor female-headed households are more likely to maintain their independence. The result is an average poverty rate for people living in female-

headed households that is lower than that for people living in male-headed households. The same indicators calculated on a household basis are reported in the annex.

Table 5: Population indicators for targeting performance based on targeting other groups

Proxy Indicator	POPULATION WITH PROXY			POPULATION WITHOUT PROXY		
	Total	core poor (p-line=1/3 mean p.c. exp.)	moderately poor (p-line=2/3 mean p.c. exp.)	Total	core poor (p-line=1/3 mean p.c. exp.)	moderately poor (p-line=2/3 mean p.c. exp.)
female headed	10.4%	15.2%	43.5%	89.6%	22.4%	58.2%
adults older than 65	14.4%	22.8%	55.7%	85.6%	21.5%	56.8%
orphans	29.6%	23.2%	57.9%	70.4%	21.0%	56.2%
single orphans only	22.1%	24.6%	61.2%	see results for orphans		
double orphans only	10.1%	21.5%	51.7%			

Likewise, Table 5 indicates that only 14.4 percent of Nigeria's population live in households that include a member 65 years of age or older, and that 22.5 percent of this population are very poor as measured by the low poverty line, while 55.7 percent are poor as measured by the higher poverty line. The table also indicates that that 85.6 percent of Nigeria's population live in households which do not include a person 65 years of age or older, and that 21.5 percent of this population are very poor as measured by the low poverty line, while 56.8 percent are poor as measured by the higher poverty line. There is not a large difference in poverty rates between people living in households with older people and those in households without older people. The same indicators calculated on a household basis are reported in the annex.

A similar result follows for households with orphans. Table 5 indicates that only 29.6 percent of Nigeria's population live in households that include an orphan, and that 23.2 percent of this population are very poor as measured by the low poverty line, while 57.9 percent are poor as measured by the higher poverty line. The table also indicates that that 70.4 percent of Nigeria's population live in households which do not include an orphan, and that 21.0 percent of this population are very poor as measured by the low poverty line, while 56.2 percent are poor as measured by the higher poverty line. There is only a small difference in poverty rates between people living in households with orphans and those in households without orphans. The same indicators calculated on a household basis are reported in the annex.

This small difference is actually the net effect of differing poverty conditions for single orphans and double orphans. Table 5 shows that 22.1 percent of Nigeria's population live in households with single orphans, and that 24.6 percent of this population are very poor as measured by the low poverty line, while 61.2 percent are poor as measured by the higher poverty line. Both these poverty rates are higher than the associated national averages for the entire population. However, the 10.1 percent of the population in households that include double orphans only have a poverty rate of 21.5 percent using the low poverty line and 51.7 percent using the high poverty line. Both these poverty rates are lower than the associated national averages for the entire population. People in households with single orphans face a higher poverty rate than

people in households with double orphans. This likely reflects a situation in which a parent dies, leaving the remaining parent living with the child and further impoverished. However, when both parents die, a selection process assigns the child to a new household, and less poor households are more likely to be selected to take responsibility for the double orphan.

Table 6 below reports the Foster-Greer-Thorbecke (FGT) poverty indicators for the same groups analysed above, using the low poverty line as the poverty benchmark. The main conclusions drawn in the preceding analysis are strengthened by a comparison of poverty gaps. People in female-headed households have on average a poverty gap indicator (P1) of 4.8 percent, compared to an indicator of 7.0% for people in male-headed households, reinforcing the previous result that female-headed households are less poor than male-headed households.

Likewise, people in households with older people have on average a poverty gap indicator (P1) of 7.2 percent, compared to an indicator of 6.7 percent for people in households without older people, reinforcing the previous result that older people households face poverty conditions similar to households without older people. Similarly, the poverty gap of people living in households with orphans is 7.4 percent, compared to 6.4 percent for people living in other households. The poverty gap for people living in households with single orphans is 7.9 percent, the same as that for people living in households with young children (less than five years of age). Yet the poverty gap for people living in households with double orphans is 6.7 percent, lower than that of any child-oriented categorical group. An analysis of poverty severity indicators (P2) indicates similar relative comparisons. Comparable indicators calculated on a household basis are reported in the annex.

Table 6: Population poverty indicators (low poverty line) based on targeting other groups

	pline = 1/3 mean per capita expenditure					
Proxy Measure	**Population with proxy**			**Population without proxy**		
	P0	**P1**	**P2**	**P0**	**P1**	**P2**
female headed	15.2%	4.8%	2.2%	22.4%	7.0%	3.1%
adults older than 65	22.8%	7.2%	3.2%	21.5%	6.7%	3.0%
orphans	23.2%	7.4%	3.4%	21.0%	6.4%	2.9%
single orphans only	24.6%	7.9%	3.6%	see results for orphans		
double orphans only	21.5%	6.7%	3.0%			

Table 7 below reports the Foster-Greer-Thorbecke (FGT) poverty indicators for the same groups analysed above, using the high poverty line as the poverty benchmark. Again, the consistency of results using the high poverty line demonstrates the robustness of the results described above using targeting analysis and comparisons of poverty indicators using the low poverty line. Using the high poverty line, people in female-headed households have on average a poverty gap indicator (P1) of 17.2 percent, compared to an indicator of 24.3 percent for people in male-headed households, further reinforcing the previous result that female-headed households are less poor than male-headed households. Likewise, people in households with older people have on average a poverty gap indicator (P1) of 23.9 percent, compared to an indicator of 23.5 percent for people in households without older people, again strengthening

the previous result that older people households face poverty conditions similar to households without older people. Similarly, the poverty gap of people living in households with orphans is 24.6 percent, compared to 23.1 percent for people living in other households. The poverty gap for people living in households with single orphans is 26.1 percent, yet the poverty gap for people living in households with double orphans is 22.0 percent, again lower than that of any child-oriented categorical group. Again, an analysis of poverty severity indicators (P2) indicates similar relative comparisons. Comparable indicators calculated on a household basis are reported in the annex.

Table 7: Population poverty indicators (high poverty line) based on targeting other groups

	pline = 2/3 mean per capita expenditure					
Proxy Measure	**Population with proxy**			**Population without proxy**		
	P0	**P1**	**P2**	**P0**	**P1**	**P2**
female headed	43.5%	17.2%	9.2%	58.2%	24.3%	13.1%
adults older than 65	55.7%	23.9%	13.1%	56.8%	23.5%	12.6%
Orphans	57.9%	24.6%	13.6%	56.2%	23.1%	12.4%
single orphans only	61.2%	26.1%	14.4%	see results for orphans		
double orphans only	51.7%	22.0%	12.2%			

This evidence documents a number of surprising results. Female-headed households are not poorer than male-headed households, and households with older people are not much poorer than households without older people. Similarly, households with orphans are not much poorer than households without orphans, but this aggregate comparison obscures an important distinction: households with single orphans are much poorer than households without orphans, while households with double orphans are not poorer than the average household in Nigeria. Comparing this analysis with the analysis of households with children in the previous section, the most consistent group indicated for poverty targeting is the group of households with young children (under the age of five years), followed by households which include single orphans.

Targeting using housing proxies for poverty

The third targeting exercise analyses the poverty rates for people living in households with identified housing characteristics: a floor made of mud, dirt or straw; the absence of piped drinking water for the household, and the absence of an electricity power source for lighting. The results are reported in Table 8 below. Similar to the scenarios analysed above, the benefit can be considered in the form of a benefit distributed to all households which possess the indicated poverty proxy. Similar to Tables 2 and 5 above, the table below reports the percentage of the population living in households that possess the specified poverty proxy in terms of flooring type, drinking water source or lighting power source.

Table 8 indicates that 29.9 percent of Nigeria's population live in houses with mud, dirt or straw floors, and that 33.1 percent of this population are very poor as measured by the low poverty line, while 74.6 percent are poor as measured by the higher poverty line. The table also indicates that that 70.1 percent of Nigeria's population live in other households, and that

only 16.8 percent of this population are very poor as measured by the low poverty line, while 49.1 percent are poor as measured by the higher poverty line. A household is about twice as likely to be very poor (and about fifty percent more likely to be poor) if it has a mud, dirt or straw floor (compared to having other flooring types).

Table 8: Population indicators for targeting performance using housing indicators to target

Proxy Indicator	POPULATION WITH PROXY			POPULATION WITHOUT PROXY		
	Total	core poor (p-line=1/3 mean p.c. exp.)	moderately poor (p-line=2/3 mean p.c. exp.)	Total	core poor (p-line=1/3 mean p.c. exp.)	moderately poor (p-line=2/3 mean p.c. exp.)
Mud/dirt/ straw floor	29.9%	33.1%	74.6%	70.1%	16.8%	49.1%
piped drinking water	20.6%	15.3%	44.4%	79.4%	23.3%	59.9%
electric lighting	46.0%	14.6%	43.7%	54.0%	27.7%	67.7%

The absence of a piped drinking water source provides a similarly useful proxy, with 79.4 percent of Nigeria's population live in houses without piped drinking water, and 23.3 percent of this population very poor as measured by the low poverty line, while 59.9 percent are poor as measured by the higher poverty line. The table also indicates that that 20.6 percent of Nigeria's population live in other households, and that only 15.3 percent of this population are very poor as measured by the low poverty line, while 44.4 percent are poor as measured by the higher poverty line. The gap in poverty rates between the two groups is not as great as that for the flooring proxy, mainly because so many households lack piped drinking water.

The absence of an electric power source for lighting provides an indicator nearly as efficient as flooring type but targeting almost twice as many people. Table 8 indicates that 54.0 percent of Nigeria's population live in houses without an electric lighting source, and that 27.1 percent of this population are very poor as measured by the low poverty line, while 67.7 percent are poor as measured by the higher poverty line. The table also indicates that that 46.0 percent of Nigeria's population live in other households, and that only 14.6 percent of this population are very poor as measured by the low poverty line, while 43.7 percent are poor as measured by the higher poverty line. As with flooring type, a household is about twice as likely to be very poor (and nearly fifty percent more likely to be poor) if it lacks an electric power source for lighting (compared to if it has access to one). The same indicators calculated on a household basis are reported in the annex.

Table 9 below reports the Foster-Greer-Thorbecke (FGT) poverty indicators for the same groups analysed above, using the low poverty line as the poverty benchmark. Once again, the main conclusions drawn in the preceding analysis are strengthened by a comparison of poverty gaps. People in households with mud, dirt or straw floors have on average a poverty gap indicator (P1) of 10.4 percent, twice the indicator of 5.2% for people in other households, corroborating the effectiveness of this proxy in identifying poor households. The use of a piped drinking water proxy is less effective, with the average poverty gap indicator for households without this resource of 7.2 percent only about fifty percent higher than households with piped drinking water.

Table 9: Population poverty indicators (low poverty line) based on type of housing

Proxy Measure	pline = 1/3 mean per capita expenditure					
	Population with proxy			Population without proxy		
	P0	P1	P2	P0	P1	P2
Mud/dirt/ straw floor	33.1%	10.4%	4.6%	16.8%	5.2%	2.4%
piped drinking water	15.3%	4.8%	2.2%	23.3%	7.2%	3.2%
electric lighting	14.6%	4.7%	2.2%	27.7%	8.5%	3.7%

The effectiveness of the electric power source for lighting proxy is close to that of the flooring type, even though it targets nearly twice as many households. People in households without an electric power source for lighting have on average a poverty gap indicator (P1) of 8.5 percent, compared to an indicator of 4.7% for people in other households. An analysis of poverty severity indicators (P2) indicates similar relative comparisons. The same indicators calculated on a household basis are reported in the annex.

Table 10 below reports the Foster-Greer-Thorbecke (FGT) poverty indicators for the same groups analysed above, using the high poverty line as the poverty benchmark, again confirming the robustness of the preceding results. People in households with mud, dirt or straw floors have on average a poverty gap indicator (P1) of 33.4, compared to an indicator of 19.3% for people in other households. The use of a piped drinking water proxy is somewhat less effective, with the average poverty gap indicator for households without this resource of 25.0 percent compared to 17.7 percent for households with piped drinking water. Once again, the effectiveness of the electric power source for lighting proxy is close to that of the flooring type. People in households without an electric power source for lighting have on average a poverty gap indicator (P1) of 29.0 percent, compared to an indicator of 17.0% for people in other households. An analysis of poverty severity indicators (P2) indicates similar relative comparisons. Comparable indicators calculated on a household basis are reported in the annex.

Table 10: Population poverty indicators (high poverty line) based on type of housing

Proxy Measure	pline = 2/3 mean per capita expenditure					
	Population with proxy			Population without proxy		
	P0	P1	P2	P0	P1	P2
Mud/dirt/ straw floor	74.6%	33.4%	18.7%	49.1%	19.3%	10.2%
piped drinking water	44.4%	17.7%	9.3%	59.9%	25.0%	13.6%
electric lighting	43.7%	17.0%	9.0%	67.7%	29.0%	15.9%

Overall, this evidence suggests that conventional household proxies for poverty may be effective in identifying poor households in Nigeria. The presence of a mud, dirt or straw floor identifies a potentially targeted group of people making up thirty percent of the population who are twice as likely to be very poor as the rest of the population. The lack of an electric light

source identifies a larger group (54 percent of the population) with the same greater likelihood of extreme poverty. Combinations of proxies may identify more specific groups with higher probabilities of poverty. However, the use of proxy means testing as a targeting approach can be a challenging and risky mechanism for reaching the poor.[50]

Conclusions

The analysis of household survey data to evaluate ex ante targeting performance provides a useful tool for planning social protection interventions. The analysis of Nigeria's living standards survey demonstrates that targeting households with children—particularly very young children—is a very effective strategy for minimising inclusion error and increasing the poverty-reducing efficiency of social protection. ***Of all the demographic proxies, targeting households with children under the age of five years provides the most efficient approach in terms of reducing poverty.***

This analysis also yields a few surprising conclusions:

- female-headed households are not poorer than male-headed households,
- households with older people are not much poorer than households without older people
- households with orphans are not much poorer than households without orphans, but:
  - households with single orphans are much poorer than households without single orphans,
  - households with double orphans are not poorer than the average household in Nigeria.

Proxies for poverty based on housing characteristics show significant potential to identify poor households. Both the presence of a mud, dirt or straw floor as well as the absence of an electric power source identify potentially targeted groups who are about twice as likely to be very poor as the rest of the population. Other potentially effective proxies—such as the absence of piped drinking water in the dwelling—identify poor households but also target the overwhelming majority (nearly eighty percent) of Nigeria's population. Care must be taken in developing a proxy means test as global experience suggests this is a challenging and risky targeting approach. While categorical targeting using demographic groups may be less precise (at least on the drawing board) in identifying poor households, these targeting approaches are usually more socially acceptable, reducing indirect targeting costs and lowering implementation errors.

[50] Samson, M, K. Mac Quene and I. van Niekerk (2010) ***Designing and Implementing Social Transfer Programmes***, 2nd edition, Economic Policy Research Institute, Cape Town.

Annex

Table A1: Household indicators for targeting performance based on targeting children

Proxy Indicator	HH WITH PROXY			HH WITHOUT PROXY		
	Total	core poor (p-line=1/3 mean p.c. exp.)	moderately poor (p-line=2/3 mean p.c. exp.)	Total	core poor (p-line=1/3 mean p.c. exp.)	moderately poor (p-line=2/3 mean p.c. exp.)
children under 18	73.7%	20.0%	55.8%	26.2%	5.4%	20.6%
children 0-4	39.1%	22.4%	60.3%	60.9%	12.2%	37.8%
children 0-9	57.5%	21.6%	58.9%	42.5%	8.8%	29.9%
children 0-14	69.2%	20.5%	57.0%	30.9%	6.5%	23.2%
children 12-17	40.6%	21.6%	56.9%	59.4%	12.5%	39.6%

Table A2: Household poverty indicators (low poverty line) based on targeting children

Proxy Measure	pline = 1/3 mean per capita expenditure					
	HH with proxy			HH without proxy		
	P0	P1	P2	P0	P1	P2
children under 18	20.0%	6.0%	2.7%	5.4%	1.8%	0.9%
children 0-4	22.4%	6.7%	2.9%	12.2%	3.8%	1.7%
children 0-9	21.6%	6.5%	2.9%	8.8%	2.8%	1.3%
children 0-14	20.5%	6.2%	2.7%	6.5%	2.2%	1.0%
children 12-17	21.6%	6.9%	3.1%	12.5%	3.6%	1.6%

Table A3: Household poverty indicators (high poverty line) based on targeting children

Proxy Measure	pline = 2/3 mean per capita expenditure					
	HH with proxy			HH without proxy		
	P0	P1	P2	P0	P1	P2
children under 18	55.8%	22.4%	11.9%	20.6%	7.2%	3.7%
children 0-4	60.3%	24.7%	13.2%	37.8%	14.4%	7.5%
children 0-9	58.9%	24.0%	12.8%	29.9%	10.9%	5.6%
children 0-14	57.0%	23.0%	12.1%	23.2%	8.3%	4.2%
children 12-17	56.9%	23.4%	12.7%	39.6%	15.0%	7.7%

Table A4: Household indicators for targeting performance based on targeting other groups

Proxy Indicator	HH WITH PROXY			HH WITHOUT PROXY		
	Total	core poor (p-line=1/3 mean p.c. exp.)	moderately poor (p-line=2/3 mean p.c. exp.)	Total	core poor (p-line=1/3 mean p.c. exp.)	moderately poor (p-line=2/3 mean p.c. exp.)
female headed	15.9%	10.1%	33.2%	84.1%	17.3%	49.1%
adults older than 65	14.7%	15.1%	42.7%	85.3%	16.4%	47.3%
orphans	25.9%	18.8%	52.0%	74.1%	15.3%	44.7%
single orphans only	18.3%	20.4%	55.6%	see results for orphans		
double orphans only	9.3%	16.5%	46.3%			

Table A5: Household poverty indicators (low poverty line) based on targeting other groups

Proxy Measure	pline = 1/3 mean per capita expenditure					
	HH with proxy			HH without proxy		
	P0	P1	P2	P0	P1	P2
female headed	10.1%	3.2%	1.4%	17.3%	5.3%	2.3%
adults older than 65	15.1%	4.5%	1.9%	16.4%	5.0%	2.2%
orphans	18.8%	5.9%	2.6%	15.3%	4.6%	2.0%
single orphans only	20.4%	6.4%	2.9%	see results for orphans		
double orphans only	16.5%	5.0%	2.2%			

Table A6: Household poverty indicators (high poverty line) based on targeting other groups

Proxy Measure	pline = 2/3 mean per capita expenditure					
	HH with proxy			HH without proxy		
	P0	P1	P2	P0	P1	P2
female headed	33.2%	12.2%	6.3%	49.1%	19.6%	10.4%
adults older than 65	42.7%	16.8%	8.9%	47.3%	18.7%	9.9%
orphans	52.0%	21.0%	11.2%	44.7%	17.5%	9.2%
single orphans only	55.6%	22.6%	12.2%	see results for orphans		
double orphans only	46.3%	18.3%	9.7%			

Table A7: Household indicators for targeting performance using housing indicators to target

Proxy Indicator	HH WITH PROXY			HH WITHOUT PROXY		
	Total	core poor (p-line=1/3 mean p.c. exp.)	moderately poor (p-line=2/3 mean p.c. exp.)	Total	core poor (p-line=1/3 mean p.c. exp.)	moderately poor (p-line=2/3 mean p.c. exp.)
Mud/dirt/straw floor	28.1%	24.8%	64.2%	71.8%	12.8%	39.7%
piped drinking water	20.0%	12.4%	36.3%	80.1%	17.1%	49.2%
electric lighting	47.0%	11.6%	35.2%	53.0%	20.2%	56.7%

Table A8: Household poverty indicators (low poverty line) based on type of housing

Proxy Measure	pline = 1/3 mean per capita expenditure					
	HH with proxy			HH without proxy		
	P0	P1	P2	P0	P1	P2
Mud/dirt/straw floor	24.8%	7.4%	3.1%	12.8%	4.0%	1.8%
piped drinking water	12.4%	4.0%	1.9%	17.1%	5.2%	2.3%
electric lighting	11.6%	3.8%	1.8%	20.2%	6.0%	2.6%

Table A9: Household poverty indicators (high poverty line) based on type of housing

Proxy Measure	pline = 2/3 mean per capita expenditure					
	Population with proxy			Population without proxy		
	P0	P1	P2	P0	P1	P2
Mud/dirt/straw floor	74.6%	33.4%	18.7%	49.1%	19.3%	10.2%
piped drinking water	44.4%	17.7%	9.3%	59.9%	25.0%	13.6%
electric lighting	43.7%	17.0%	9.0%	67.7%	29.0%	15.9%