

## Addressing the political economy of conditional cash transfer as a poverty reduction programme in Nigeria

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**ABSTRACT:** This paper examines the political economy of the conditional cash transfer (CCT) Scheme in Nigeria within the context of poverty reduction efforts over the years. The concept, dimensions and some theoretical explanations for poverty are once again revisited. The nature and operation of condition cash transfer is examined, with an eye on the economics and politics of this scheme. Authors observe that as a social redistribution programme, CCT is a potent safety net that could really help to break the cycle of poverty among the very poor in the country. However, within the Nigerian context, the paper observes that the issues of a clear cut target, beneficiaries, lack of institution framework, including a standardized Monitoring and Evaluation (ME) procedure, coupled with the obvious use of the CCT for political expedience all aggregate to dim the possibility, viability and potency of the CCT'S success in reducing poverty in Nigeria. However suggestions are made against the background of how this programme is being operated elsewhere in the world, as to how to improve the operation of this scheme in the overall matrix of poverty reduction in Nigeria.

**KEYWORDS:** *political economy, conditional cash transfer, poverty reduction, social safety net, income distribution relative poverty, absolute poverty*

### I. INTRODUCTION

Poverty is a global phenomenon which affects almost all peoples, races, groups and nations of the world. It is a social malaise that afflicts in varying degrees both rich and poor nations, northern and southern nations, black, white or coloured nations. Thought viewed in this way, poverty exists in all forms and in different forms between one nation, community or group and other. Different professional fields conceive of poverty in a manner and perspective that reflects their (professional) peculiarity. So, whereas the economists may construct poverty as a state of being constrained in exercising purchasing power, sociologist may view poverty as a state of being where the social structure places one at a disadvantage- economically, socially and culturally. More philosophical scholars may sometimes also speak of spiritual or intellectual poverty. However this may be conceives, poverty can be reduced into two broad perspectives; (a)the state of moneylessness, and (b) the state of powerlessness (Meier, 1983). In the course of this discussion, we shall be referring to poverty from these two broad dimensions, and all reference to poverty reduction shall presuppose this composite view of poverty.

#### Concept and incidence of poverty in Nigeria

Poverty has been defined by different scholars over time in a manner which provides us with a fair idea of the conceptualization and dimensions of poverty. For Barazt and Grisby Khalid (2005), poverty is a condition involving some deprivations and adverse occurrences that are closely (but not necessarily exclusively) associated with inadequate economic resources. For Watt, (2000),poverty is a state of being in which one is unable to meet one's basic needs. But in this definition, the question of what constitutes needs arises immediately; for what constitute basic needs in one culture. This situation often gives rise to the demarcation of poverty into relative and absolute poverty. While relative poverty is seen as comparative poverty –a concept that is difficult to grasp, absolute poverty is seen as a situation in which people are barely existing, where the next meal may literally be a matter of life or death as a cumulative effect of malnutrition and starvation enfeeble all (Webster, 1993). The World Bank views absolute poverty as a being based on minimum income needed for basic necessities of life. The international policy center for inclusive Growth (2017) has evolve three concepts of poverty based on what the call subsistence, basic needs and relative deprivation. Placed against our earlier attempt at defining poverty, this defining is still within the frame work of absolute and relative poverty. Yet again, valentine (1968)says that the essence of poverty is inequality. In slight different words, the basic meaning of poverty for him is relative deprivation .Sometimes also, poverty is define in statistical terms, a criterion

established by the U.S. office of agriculture in 1963 which refers to poverty baseline as the minimum income required by a family to survive. The multifaceted approach to the definition of poverty has equally resulted in different theories on the cause and type of poverty. While some theories attributed the cause(s) of poverty to individual failure or deficiency, some other attributed it to structural failings of societal imbalances.

The incidence of poverty in Nigeria can be traced back to as early as the late 70s and the early 80s. for instance, khahid (2005) reports that poverty in Nigeria was first measured in 1980 by the federal office of statistic (FOS), when 27.2 percent of the population or 18 million people were classified as poor. By 1985, the FOS estimated that about 46 percent of Nigerians lived below poverty level, but that It dropped to 43 percent by 1992. This rate surged to 66 percent in a 1996 survey and a total number of poor nearly quadruple to 67 million (UNDP, 1986). Estimates also put the poverty rate in 2005 at close to 70 percent, or 90 million people.

This scenario of poverty has not been left unattended to by successive governments. From the republic, different poverty alleviation programs have been introduced; short-term, medium term and long term to tackle the incidence of poverty in the country. Both military and civilian governments have introduced one form or the other of poverty reduction programs. As observed by Ogwumike (2005) the poverty alleviation measure implemented so far in Nigeria have focused on growth, basic need and rural development plan in Nigeria include the development of opportunity in health, employment and education as well as improvement of access to these opportunities. The understanding was that these objectives, if achieved could no doubt lead to poverty alleviation. It is revealed that the fourth development plan similarly demonstrated more specifically I terms of spelling out objectives that were tied to poverty could no doubt lead to poverty alleviation. It is revealed that the fourth development plan similarly demonstrated more specifically I terms of spelling out objectives that were tied to poverty

reduction, increased real income Of average citizen, as well as reduction of income inequality, (Ogwumike, 1987 and 1998).s

Over the period, such programmes ad project like the Green Revolution, the operation Feed the Nation, the River Basin Development Authority, D of food, Roads and Rural infrastructure (DIFRRI), National Directorate of Employment (NDE), the family support programme (FSP) and the family economic advancement programme, etc were launched. Also introduced were such other programmes like the national poverty Eradication programme (NADEP), National poverty Alleviation programme (PAP) – which gave way for NAPEP in 2001, National Economic Empowerment and Development strategy (NEED S) and most recently the conditional cash transfer scheme (CCT), It is interesting to note that all these programmes tend to have one thing in common, irrespective of their sectoral focus – the reduction of poverty. Whether these programmes targeted agriculture, health care, rural infrastructure, water, environment, education or women empowerment, their sole aim was to reduce persistent poverty among the populace.

It has been recorded that some of these level of success was archived with some of these programmes in some parts of the country. However, such success are said to have been too insignificant to affect the overall poverty profile of the country (Betiang, 2012). This failure (or seeming failure) has been attributed to a number of factors, including but not limited to policy inconsistency, lack of adequate funding and systematic corruption amongst other factor ranging from cultural, social through economic and political. It might be pointed out that the later factor (politics) plays the most pervasive and decisive role in the design, structuring and implementation of poverty reduction programmes in Nigeria. In recent years, government has introduced the Conditional Cash Transfer (CCT) scheme as a programme to address absolute rural poverty. The following section of this discourse examines the political economy of the CCT as a poverty reduction programme, highlighting way of improving yet another of the nation's poverty reduction programmes.

## II. WHAT IS CONDITIONAL CASH TRANSFER?

In the wake of the introduction of the Millennium Development Goals (MDGs), various governments around the world begin tinkering with ways and means of achieving the goal and beating the 2015 targets. Effort redoubled in tackling endemic poverty which was globally seen as the singular most serious threat to the achievement of other goals. Governments began to look in the direction of building social safety nets as a means of engendering all –inclusive poverty reduction and providing sustainable livelihoods for the populace, a situation, it was hoped could reduce extreme inequalities. In this direction, such social protection programmes began to attract international funding and resources, because even such funding agencies seemed to have bought into these schemes as a means of reducing vulnerabilities, promoting growth and increasing stability. In Nigeria too, social protection policy and programmes have emerged in recent years with the government and its development partner currently implementing cash transfer to individuals and households to reduce high rate of poverty (ODI, 2011).

The conditional cash transfer was supposed to be a project funded by UNICEF to support the Government in realizing its overachieving development strategy and the development of a national social protection strategy and is one of five thematic outputs (with the other relating to mapping of social protection, HIV/AIDs, child protection and fiscal space) (Holmes, Samson, Magoroga, Akinrimisi and Morgan, 2011).

Two main conditional cash transfer are being implemented in the country, these are the omnibus in care of the people (COPE) and other generic cash transfer related to child saving schemes, girl's education, etc. in state where conditional cash transfer operates for instance the COPE programme, the target is children of basic school age living in households that are headed by poor females or include members who are aged, physically challenged, or fistula or HIV/AIDS patients. Beneficiary households first receive a monthly basic income guarantee for one year. This ranges from N1000 to N5000, depending on the number of children in the household (usually a maximum of five); up to a further N10,000 per month is withheld as compulsory saving, to be provided as a lump sum (up to N500,000) to the head of the household at the end of the year. The cheery thing about the scheme is that entrepreneurship and life skill training are supposed to be provided for recipients in order to increase the likelihood of successful investment of the lump sum. Payments are **CONDITIONAL** and based on enrolment and retention of children in basic education, where they must maintain at least 80% attendance, and participation in all free health care programmes.

Other programmes of CCT targeting female education are being implemented in some state in the North. These aim to reduce girl dropout rates resulting from early marriage to secondary school.

Global trends in conditional cash transfer reveals that various countries in Latin America, Asia and the Pacific have achieved significant result in addressing poverty rate, consumer income, infant and maternal mortality rates, girl child education and women's rights and visibility. For instance, the 2009 World Bank policy research report on Conditional Cash Transfer across Africa and Latin America compiled by Ariel Fiszbein and Norbert Schady reveals that Brazil and Mexico achieved some substantial improvements in consumption poverty and self employment; accumulation of human capital and a generally significant improvement in school enrolment and completion, access to and use of primary health care facilities, and a general feeling of being part of the socio-economic system. Such achievements or seeming successes attract many countries including Nigeria to this poverty reduction programme, which form one of a plethora of other such programmes that have been tried out in this country (Nigeria). The questions that arise from the preceding discussions are:

- (a) To what extent has the CCT programme achieved similar results in Nigeria?
- (b) What is the political economy of the CCT scheme within the larger framework of the economics of poverty reduction in Nigeria? We should begin responding to these questions beginning with the latter.

### **The political-economy of conditional cash transfer**

It is important to reiterate here that the question of resource allocation, acquisition and use remain heavily tainted with politics. Resource allocation to regions, state, sectors of the economy and programmes/projects are influenced directly by the political disposition of the resource managers, as well as the political expedience of such decisions. The CCT programme aims (laudably) to break the cycle of poverty by preventing the passing of poverty from one generation on to the other, through stimulating the growth of capacities (acquired through education). However, the process of CCT creates a social contract between the giving agency (government, NGO, etc) and the beneficiaries, which requires the beneficiaries to behave in a particular manner, conformed with certain conditions or pattern of behavior to continue to harvest the benefits of the scheme. This situation throws up a number of issues, especially against the backdrop of the cultural diversities that characterize Nigeria. For instance, while girl-child education is seen as second place in some cultures, the CCT may in a bid to enforce or achieve gender parity in access to education and require the fulfillment of the education of the girl-child as one of the pre-conditions for accessing the cash transfer. This example represents both a social and cultural problem, but more importantly reveals the perceived political economics of educating the girl child. As with the girl-child, CCT tends to target pre-conceived beneficiaries. This process of targeting involves high-level political decision which ordinarily, have to be balanced against the economic decision of redistribution of wealth. Fiszbein and Schhady (2009) report that most of the political economy arguments centre around the nation that targeting (certain groups) tends to weaken the support for redistribution of wealth because it reduces the number of beneficiaries relative to the number of those taxed to finance the programme. This often leads proponents of the CCT to believe that one of the ways of solving this problem is to adopt broad-based redistribution that includes the middle class (not necessarily poor), this way, making them part of the social contract.

Opponents of the CCT have argued that transferring cash "conditionally" smacks of the paternalistic view of the poor as a necessary burden that needs to be dealt with carefully in order to harvest the political capital inherent in their numbers. However, the proponents countered this by arguing that since CCT is a new form of social contract between the state and the beneficiaries as is apparent in their preferred use of the team co-responsibilities (instead of conditions) in some countries like Latin America, the state is seen as a partner in the process and not a nanny.

Other arguments against CCT revolve around the fact that these programmes provide the wrong incentive to the recipients. They contend that CCT may discourage labour supply or investment in a person's own human capital for future gainful employment. This position can be viewed more seriously in the Nigeria context in which little evidence, statistics or records so far exist to demonstrate the impact(S) that CCT has so

far had on school enrolment, improved nutrition, improved health or poverty reduction. Records available show efforts made in “pilot programmes”, rather than in a coordinated nationwide programme- like in Brazil and Mexico which aims at addressing the poverty incidence holistically. Taken in this context, the fear of political expedience as a basis for such programmes cannot be said to be unfounded, especially against the backdrop of the manner and nature such poverty reduction programme in the past have been thickly coloured with politics. And so, the manipulation of the poverty off the people for political gains can never be ruled out, even here. This can also be construed in this way because governments in Africa typically do not behave like textbook benevolent spirits. Policy decisions like these generally result from decision making processes that involve voting, lobbying, bureaucratic and inter-agency bargaining, and a variety of other form of horse-trading which give off and take some gains in the process, irrespective of the adverse effect in might have on the beneficiaries. In addition to the above, critics have often also focused on the foregone alternative on public infrastructure created by CCT. They argue that since these programmes focus on health care, education, nutrition, and investment, such funds can be better channeled towards funding a robust, comprehensive and holistic poverty reduction programme which targets reducing poverty by providing the basic infrastructure in all these sector, including schools, clinic, ports, good water, hygienic environment, and skills acquisition center and other such backbone infrastructure which help in creating the conditions enabling for people to develop and achieve their aspirations. This point of view concludes skeptically that transferring cash to people, whether conditionally or unconditionally is not “cool”, does not make economic sense and is actually a “Santa Claus” approach too poverty reduction, which they argue is at variance with the macro-economics of development.

Be that as it may, the first question seeks to fine out the extent to which the CCT has recorded any successes in reducing poverty in Nigeria. Like it has noted elsewhere in this paper, the conditional cash transfer scheme is Nigeria has at best operated at the level of pilot scheme or projects. Research has found a sprinkling of these programmes dealing with three basic thematic areas of health care, girl child education and basic household nutritional needs. These programmes in the northern state of Bauchi, Kano and Katsina state have targeted female education, while the programme known as in care of the people (COPE) have been “piloted in Anambra, Ebonyi and Cross River state”. The physical marginal impact of these programmes in these states in addressing the focus areas, and in reducing poverty remains to be seen as there is little data revealing any such results. However, as reported by Holmes and Akinrimisi(2011) in findings collected from four states, the largest impact of COPE has been to support households in meeting their daily consumption needs. They further reveal that to some extent, the programme has increased access to health services and schooling for children, and Some households have invested in small scale productive activities, which have enabled income generation. They point out though that many households have not received training or guidance for their lump sum payment, meaning “sustainable graduation” from the programme within one year is unrealistic.

In relation to such indirect benefits like women’s empowerment, no evidence exists to support the notion that COPE transfers have led to a change in unequal relationships or power at the household level. These results from the piloted states is revealing in many respects. First, it calls to question the viability of CCT as a social and economic investment capable of generating actual livelihoods of citizenry. Secondly, it exposes such structural problems as institutional capacity and framework for implementing such a programme that has a moral component. Such issues as transparency and accountability, individual state differences and the efficacy and efficiency of the monitoring and evaluation (ME) components of the programmes constitutes serious concerns as to how efficacious, suitable and appropriate CCT has been or can be in Nigeria.

Also, issues of interagency collaboration (with other existing poverty reduction programmes), horizontal and vertical intersectoral collaboration and such other critical linkages are some of the myriad of problems thrown up by the piloting of CCT in Nigeria. And so, all such challenges that deal with service delivery and infrastructure have all conspired to put the achievements of the CCT in the thematic areas of health, education and improved nutrition to question, let alone in the overall scheme of poverty reduction.

### III. SUGGESTIONS FOR IMPROVEMENT

In spite of the myriad of problems or better put the gloomy scenario in terms of CCT in Nigeria, there is room for improving on this and situating it productively within the matrix of poverty reduction efforts in Nigeria. This could be achieved by:

- (a) Defining the target population: as is the case with defining the population group referred to as “poor”, delineating the target population for conditional cash transfer will constitute a major step in positioning it (CCT) for achieving its objective(s). The experience so far in Nigeria shows a lot of inconsistency and confusion on who or what constitute the target population for CCT. Sometimes, beneficiaries are identified through a political process whereby ward (political) leaders are asked to submit names of people (loyalists) to benefit from such schemes-which are largely seen as “dividends of democracy”, and not based on any clearly spelt out criteria. This is the best example of how not to go about this. As evidence from simulations by Holmes and Akinmirisi (2011) shows targeting households with children



under five tends to hold the promise of better impact of CCT. The target audience should be the one that really require, and which will benefit more from such a programme.

- (b) Appropriate conditions and the entry and exist rules should be clearly systematized. By doing this, the political elements of CCT would be reduced to some bearable minimum, when conditions that are given for transfer are systematized, the institutional framework becomes self-speaking in a manner beneficiaries and other stakeholders would see through the operational modality in terms of entry and exit from the programme, conditionalities, etc. without being told.
- (c) The size and value of the transfer should reflect economic realities. A conditional cash transfer should not be done in a manner that it turns out to be a sort of hand-out to the helpless poor. The size and value of the transfer should strike the balance between being reasonable to make an impact in the living standard of the beneficiary, while at the same time being modest enough to discourage laziness and willing dependency syndrome.
- (d) Complementary interventions in the thematic areas such as health and education should be strengthened. This is an important point to ponder over, since CCT taken in isolation as a poverty reduction programme may not achieve any results. We have spoken elsewhere in this paper about interagency and intersectoral collaboration as a component approach to CCT. This point can never be overemphasized as the major issue being addressed in this discuss is the question of situating CCT within the matrix of poverty reduction efforts. And so, CCT should be driven as a component of, not a stand-alone programme of a larger, comprehensive and holistic poverty reduction framework.

#### IV. CONCLUSION

In conclusion, it is important to reiterate that there is nowhere in the world where we have identified a one-stop, single dose treatment for poverty. Varied and diverse as it is, poverty requires a robust collaboration of all sectors of the nation's institutions, the political, economic, social, cultural and even religious. In the desire to reduce poverty, governments and those interested in this area must strive a balance, while identifying and utilizing the contributions that each sector can make towards the bigger picture. It is possible to achieve success only where there is no sincere and committed collaboration among all institutions and organs of government and the citizenry. The operations of the CCT in Nigeria, though laudable on paper, as has been demonstrated with examples from other parts of the world, still remain heavily shackled by the down sides of the political economics of poverty and its reduction. Until there is a conscious effort to break free from it, the CCT will merely go down as one of several other erstwhile poverty reduction programmes that have come and gone without making any significant mark on the poverty rates among the Nigerian people.

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