Informality and The Prospects of Microcredit and Social Protection as Drivers of Poverty Alleviation from Below: Lessons for Nigeria

A master thesis presented to the
Global Labour University
University of Kassel and the Berlin School of Economics
Germany

In partial fulfillment
Of the requirement for the award of
Master in Labour Policies and Globalisation

Supervised by: Prof. Dr. Birgit Mahnkopf

Study done by: Joel A. Odigie
15 September 2007.

Acknowledgments

Engaging in the exercise of conducting this study has made me indebted to so many persons, institutions and organisations. Indeed, if appreciations and gratitude were financial debts, then the author of this study would for a long time be engaged in servicing only the interest and may not be able to pay the principal amounts! Therefore, for their invaluable contributions to the successful completion of this study, the author wishes to acknowledge and thank the following:

The *Nigeria Labour Congress (NLC)*, its membership and leadership for giving the author the opportunity to access and participate in this programme. And to Tahir Hashidu for helping with materials from 'home'.

The author's family for the prayers and moral support, especially to the author's mother, *Mrs. Paulina Odigie* who recognised very long ago that education is a sure way to escape poverty. And for that reason she gave this author the chance, with her petty informal trade proceeds, the opportunity to get higher education. And to her and the poor all over the world, especially the Nigerian working poor who cannot reconcile their poverty situation with the enormous wealth of their society, this work is dedicated to them. *Mabel Lecky-Odigie*, the author's partner and soul mate is affectionately appreciated for keeping the home front while the author was away for 'quite a long time'!

Profound gratitude goes to the author's amiable and industrious supervisor, *Prof. Dr. Birgit Mahnkopf* for her encouragement, constructive criticism and endless assistance in providing useful literature, and engaging and incisive discussion sessions on the study with the writer. *Prof. Dr. Hansjorg Herr*, a fellow the author considers a friend of the South for his useful comments on the initial draft of the study. Also, the entire staff and coordinating team of the programme is profoundly appreciated. *Claudia Menne* of the DGB is acknowledged for her solidarity, assistance in reading the draft and useful comments that enriched the study.

Not the least, the author acknowledges colleagues on the programme from different climes and cultures with whose interaction, debate, discussion and 'peer-review' sessions served as inspiration for the study. Notably, *Kim Mijeoung*, *Emilia Ghansah, Felipe Soboya, Ozge Barber, Frank Zach*. Warm acknowledgment goes to UNISON, the union where the author had his internship, and its staff, especially *Dave Prentis, Bill Gilby, Bob Auderley* for their solidarity and friendship.

It is hoped that we can find opportunities and platforms that would avail the author avenues to continue to service these debts!

Abstract

Poverty at the individual, household and community levels distorts and diminishes the capacity and capability to attain and live a life of well-being. Its persistence presence and duration is a threat to national stability and global peace. Societies have come to accept this fact and have been taking actions and measures to address it. One particular response has been to use microcredit as a way of walking the people out of poverty. The realization is that lack of access to assets and credits have constrained the efforts of the poor to achieve meaning results in the drive to improve their well-being.

This study looks at how microcredit works, identifies its limitations and possible factors that can make it fail. This study hypothesizes that credit alone is clearly not sufficient to bail the poor out of poverty. And that the microcredit approach, which is tailored after the logic of the market will need state intervention to have any chance of success. State intervention in the areas of providing social services like education, healthcare, infrastructure, etc and labour market interventions like training and worker friendly legislation would be progressive. This is a broader perspective of social protection that includes even credit availability and access. All of these can help reduce poverty and raise the probability of poor households being able to take advantage of the opportunities created by economic growth in a stable polity.

To achieve this, however, the study analysed certain preconditions like committed government and elite, sustained availability of funds, effective delivery mechanism among others. In showcasing experiences from other countries that have adopted a measure of broader social protection interventions that support the hypothesis, the study offered lessons for Nigeria.

Table of Contents

Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
BAN	the Basel Action Network
BRAC	Bangladesh Rural Advancement Committee
CAC	Corporate Affairs Commission
CBI	Citizens Basic Income
CBN	Central Bank of Nigeria
CBOs	Community-Based Organisations
CCT	Conditional Cash Transfer
CSOs	Civil Society Organisations
CWACs	Community Welfare Association Committees
FDI	Foreign Direct Investment
FGN	Federal Government of Nigeria
FOS	Federal Office of Statistics
GDP	Gross Domestic Product
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
ILO	International Labour Organisation
IMF	International Monetary Fund
IPO	Initial Public Offer
MDGs	Millennium Development Goals
MFI	Micro Financial Institutions
NDE	National Directorate for Employment
NEEDS	National Economic Empowerment Development Strategy
NGOs	Non-Governmental Organisations
NLC	Nigeria Labour Congress
PBN	People's Bank of Nigeria
PRODEM	Promotion and Development of Microenterprises
SAP	Structural Adjustment Programme
SEWA	Self Employed Women's Association
SHOs	Self Help Organisations

TUP	Targeting the Ultra Poor
UN	United Nations
UNDP	United Nations Development Programme
UNIFEM	United Nation Development Fund for Women
USAID	United States Agency for International Development
WB	World Bank
WIEGO	Women in Informal Economy Globalising and Organising
YES	Youth Employment Scheme

List of Tables

List of Figures

List of Boxes

Chapter One

Background of the study

1.1. Introduction

The persistence of poverty worldwide is a major concern of the 21st century. According to the UN (2005: 9), five years after the millennium summit where the objectives of the Millennium Development goals (MDGs) were reached, more than 1 billion people still struggle to survive on less than $1 a day[1]. From the figure above, ILO (2003) reports that roughly 550 million people are working, but cannot walk their way out of extreme poverty. They simply do not earn enough to feed themselves talk less of being able to deal with the economic risks and uncertainty they face (UNIFEM 2005: 11).

Improving the living conditions of poor people is fast becoming the new yardstick by which the advancement of the world is measured. It is measured whether with the improved conditions of the down trodden and the vulnerable, the world is advancing either towards peace and security or towards conflict and insecurity. Understandably, when poverty is on the increase, the displeasure about the egotism of opulence becomes more widespread. And this is one of the greatest threats associated with social inequality, because haplessness and despair breed violence (Somavia, 1999). Therefore, the world's development attention and priority has been the improvement in the living conditions of the poor. The recent economic growth witnessed in China and India that has lifted some people out of poverty, notwithstanding, the concern is still felt and shared as more people still live in unacceptable poor conditions.

Poverty eradication is now a new organising factor in international relations, and it forms the inescapable agenda for today's world. 'It is a new organising concept for international relations required for replacing the former ideological schemes of

[1] The $1 a-day used to measure poverty line invented by the World Bank has become an acceptable bench mark. It is calculated on the strength of the Purchasing Power Parity (PPP) exchange rates for consumption. However, there are different ways of reaching this calculation and they are not rules tested and so prone to errors.

combating communism, on the one hand, and imperialism on the other' (Somavia, 1999:20). This is more so as the world can boast of improved wealth creation, modern technologies and sciences to improve the living conditions of the people of the world. But the irony is that there is greater wealth creation under globalisation, but its distribution has exacerbated poverty and inequality.

Furthermore, there is an increased awareness and need of seeing poverty as a political imperative with implications for democratic stability and national unity. However, the responses have been rather lame and superficial. With respect to the responses, the role of the state has been minimal. States have been advised by development and international financial institutions to take the back seat with respect to economic management. The main argument is that the rules and forces of the market through its 'invincible' hands should be allowed to fix the economy and make everybody happy! This same approach is advocated for the in the struggle to eradicate poverty

One way the poor have reacted to their situation is to attempt to organize some form of survival activities. These menial activities are mainly informally engineered, contracted and operated relying on social networks and trust. Also, there are cases of violent and potentials for violent reactions that have also drawn concerns. The point must be grasped here that the issues of employment and income are germane and linked to poverty. Where a person has no employment means to generate income, he or she is poor. And when that person has employment to generate income, but cannot meet his or her needs for daily survival such a person is equally seen as poor.

One dominant response to tackling the issue of poverty has been to evoke a market mechanism of microcredit support. The idea is to make credit available through less access restrictive credit schemes or institutions and hope that the poor can use it to establish, grow and improve their income generation avenues. There is also the hope that it could promote employment opportunities. de Soto's (1998; 2000) arguments that with property rights given to poor informal economy worker can help them get out of poverty has come to represent a dominant view driving credit as means of poverty alleviation. The clamour for microcredit as a strategy to leap-frog the poor out of poverty is seen more as a believe that the poor can use it to access market opportunities and take steps to engage in economic activities that will enable them to generate their own incomes (Bredow, 2002). This has resulted in the rise and ever rising prominence of microcredit within poverty and development discourse.

While this approach is appealing and has been hawked relentlessly with considerable success, the gap about its efficacy with respect to non-employers that is, wage workers in the informal economy is lacking. The fact that not all can access credit and must render their labour for exchange also means the approach is too assuming. The assumption of the approach is stretch further when one critically looks at the success rates of micro enterprises. What one clearly sees is the gap between entrepreneurial competences and slack, rudimentary practices that it at best subsistence in nature. Even at other levels, given the deep and protracted nature of the poverty state of the individual or household, there are chances that if they get credit, they might use it for other means to satisfy their immediate priorities. This accentuates what priorities are and how credit can be diverted when other pressing consumptions could offer buffers to the hazards, risk and stresses they face. But even when credit is not used for other consumption, the challenges and environment microenterprises operate can constrain and reduce their successes.

In the case of mass poverty, the poor themselves do not cause it. Therefore, the ´credit- only´ approach that seems to suggest that it's the only need of the poor is faulty. It suggests in a sense that the poor are liable for their situations and so should be responsible for improving their situation! The study will align with the views that while other factors like bad governance and official corruption have influenced poverty generally in Africa and Nigeria in particular, the structural adjustment programmes (SAP) and politics of the international financial institutions under globalisation have exacerbated it[2]. Theses forces have led to the retreat of the welfare state and the impoverishment of the downtrodden.

This thesis will attempt to argue for the strong participation of the state in the poverty alleviation processes so as to meet some of the gaps credit cannot fill. And one sure way for state intervention is in the area of social services provisions. These services are necessary and can compliment credit and act as buffers to protect the

[2] Stiglitz, former chief economist of the World Bank also subscribe to this notion. See Stiglitz, J., *Globalisation and its discontent*, W. W. Norton A. Company. New York, London.

poor from the hash effects of poverty. Also the thesis will show cases where the state has stepped in to provide social protection services that led to hope and upliftment of the poor. The study will also attempt to show the link between poverty and informality. It looked at the Nigerian situation with respect to how it has engaged poverty. Precisely, programmes implemented by Brasil, Bangladesh and Zambia will be explored in a narrative manner to give illumination to their social protections approaches. Their success stories would offer lessons for Nigeria with respect to pro-people social protection intervention

This study is undertaken with a shared notion as eloquently captioned by the Mexican poet, Octavio Paz as quoted by Somavia. He said “modern democracy is not threatened by any external enemy but by its inner evils which are the outcome of the contradiction that has been inherent in it since birth: the opposition between freedom and brotherhood” (Somavia, 1999: 21). For Nigeria, this point is apt, and to overcome this contradiction requires a great sense of will and commitment by its stakeholders, especially its ruling elites. It is with the view to make the ruling elites responsive to the needs of the poor that this research is undertaken.

1.2. Brief Definition of Some Concepts

Informality: the term informality is used here to refer to informal activities carried out in the informal economy. They are largely activities that are not regulated nor protected by the state. The operators in the informal economy do not enjoy social benefits nor do they have work contracts. Their work and working conditions are hazardous, precarious and irregular. These activities include shoe shining and street and traffic hawking, or waste scavenging as seen in Lagos. It is subsistence farming as seen in most developing countries´ rural and poor urban centres. It is the seamstress who operates in her home and the man who is employed as a day and night security watch, etc. Informality refers to the notions of the employees and the employers who are both informal actors. While not everyone who operates informally is poor, the bulk of them are. Carr and Chen (2002: 4), helped to identify those who work in the informal economy by grouping them thus:

Employer:

- Owners of informal enterprises
- Owners operators of informal enterprises

Self-employed:

- Own account workers
- Heads of family business
- Unpaid family workers

Wage workers:

- Employees of informal enterprises
- Casual workers without fixed employers
- Homeworkers (also called industrial outworkers)
- Domestic workers
- Temporary and part-time workers
- Unregistered workers

Poverty: it has been referred to as a lack of command over basic consumption needs that is, a situation of inadequate level of consumption giving rise to insufficient food, clothing and shelter (Ravallion and Badani, 1994). Sen, (1987) sees poverty as the lack of certain capabilities such as being able to partake with dignity in societal endeavours. Generally, monetary benchmark for measuring or accessing people living in poverty is the World Bank's $1 a-day expenditure level. Other yardsticks like the level of life expectancy, infant and maternal mortality, primary school radios, levels of nutrition etc also measure it.

Microcredit: this is a small loan given to micro entrepreneurs most at bearable and repayable interest rates to finance a micro enterprise. Microcredit as obtained from micro finance institutions that are guided by certain regulations, internally agreed to or externally imposed. The aim is to promote employment creation and income generation to families. Other (informal) sources of credit also include loans from moneylenders, funds from cooperative societies and family earnings saved over time to invest in a micro enterprise.

Social protection: involves interventions from the public, private, voluntary organisations and social networks, to support individuals, households and communities prevent, manage and overcome hazards, risks and stresses threatening their present and future well-being (UNDP, 2006:7)

Hazards: are events, which, if they materialize, can adversely affect the consumption and investment plans of individuals and households. Unemployment, sickness and drought are typical hazards threatening the well being of the poor.

Risk: is the probability that hazards will materialize. For example, research shows that the poor face a higher risk of sickness (UNDP, 2006)

Buffers: are ranges of protection that households and communities deploy to protect their well being against hazards, risks and stresses. These include assets, insurance, social networks and public entitlements. The poor are especially vulnerable because they face higher risk of hazards and stresses and they have fewer buffers.

2.1. Research Questions

The study attempted to contribute answers to the following research questions.

2. 2. 1. How has credit faired to alleviate poverty in the absence of a broader social services provision?

2. 2. 2. How can Nigeria reshape its poverty alleviation intervention to promote greater cohesion, unity and peace necessary for economic growth?

2. 2. 3. Can social protection be effective at alleviating poverty?

2. 2. 4. How can it ensure that social protection provisions does not inhibit but promote creativity and individual initiatives?

2. 2. 5. What are the pre-conditions that promote or militate against state intervention in social protection services provisioning with respect to Nigeria?

3.1. Objectives of study

The study is conducted with the following broad and narrow objectives:

3. 1. Broad

To critically analyse and explain the need for social protection services as necessary state intervention provisions to compliment credit for poverty alleviation.

3. 2. Narrow

3. 2. 1. To show that credit alone can barely walk the poor out of poverty.

3. 2. 2. To highlight how credit has been expended, whether towards investment or for consumption to meet other social needs considered more pressing by the poor.

3. 2. 3. Explore and analyse other factors that can promote or inhibit credit efficacy as strategy to poverty alleviation in the informal economy.

3. 2. 4. Explore and identify other state intervention policies that can compliment credit and social protection provisions

3. 2. 5. Find out the challenges, obstacles and prospects to state intervention with respect to social protection as it relate to Nigeria.

4.1. Significance of the study

There is an emerging consensus around the view that social protection as necessary complement of credit can be effective response to persistent poverty, vulnerability and inequality. However, it has so far had a very limited role in real practice and spread in usage. In most cases, social protection has been viewed as a short-term measure to addressing temporary shocks and setbacks. This represents a narrow view of social protection as merely basic social safety nets and short-term responses to crisis. This study will contribute to the argument that change can be achieved when a broader view of social protection is adopted. This view will involve seeing social protection as both protection and livelihood promotion through including credit and other social service provisions.

This study is also a modest attempt to contribute to the debate about the need for the state to be the drivers of change and development. It is hoped that the study will illuminate the rationale for state intervention as obvious market failures have triggered poverty and inequality. And that in country like Nigeria that strives for peace and stability, the role of the retreating welfare state should be recalled to serve the people. The study points out that state intervention in poverty alleviation beyond market mechanism of credit would promote harmony and national unity. The study sought to identify the limitation of credit as solutions to poverty alleviation. The study attempted to show how the state through a three-way strategy of credit, social protection and patronage (buying from micro enterprises) tackle poverty. This is the case with the Brasilian *Bolsa Familia* (family income) programme designed and implemented to meet the challenges of the poor. The study will point to how doable and workable social protection can be effected.

It is hoped that the findings of this study will be a useful contribution for Nigeria and other developing countries faced with the challenge of poverty alleviation. Specifically, it will help in the areas of policy choices and programme implementation. Non State actors like NGOs; CSOs and trade union organisations can also benefit from the findings of the study. It is hoped that it will help them with respect to how to construct their roles as partners in poverty alleviation. They can also use the findings as ingredients for issue framing and agenda-setting.

In conclusion, the study will analyse, using the sets of questions as guide to try to show the situation of the poor, their efforts and how credit can help. But that with gaps left by credit, the state should step in within a broader view, social protection programmes. The next chapter will attempt to show how the effectiveness of the interventions provided will be analysed using some sets of hypotheses. It will also shed light on how the effectiveness of the interventions can be measured. Basically, how the study was conducted will be set out for easy comprehension.

Chapter Two

Research Framework and Methodology

2.1. Analytical Framework

An effective poverty alleviation strategy takes into cognizance the economic, political and social implications of addressing inequality and lack in societies. These different implications impact on one another in way to either promote or endanger peace and development. The political reality can be seen from the commitment of the state to the welfare of its citizen, which has implication for democratic stability, participation and national unity. This also has a way of affecting the other spheres of economic and social imperatives. The economic reality is such that the alleviation of poverty could create market. The first requirement to alleviating poverty is to create wealth. Therefore, through wealth creation that is driven by employment and income increases; consumption would be promoted. This in turn can stimulate growth and transform societies. The social imperative of alleviating poverty could be to prevent vulnerability and internal confrontation. This sees social policies as basic condition and a prerequisite for political stability and sustainable economic growth.

State intervention beyond exclusive market driven approaches to poverty alleviation is necessary for the economic and political realities of poverty. Social welfare is germane and key to creativity and individual initiative, even as it guarantees minimum conditions of dignity for the human being.

Premising that the poor in the informal economy needs credit as means to create opportunities to increase their income and even create employment for others would be too superficial when one takes into cognizance prevalence, duration and effects of poverty. This is because there are other factors that might aid or mar the entrepreneurial ingenuity of the informal operators. These factors include the micro size of the loans, the level of managerial and technical knowledge, the share of the micro enterprise market space and issue of competition, the nature of its tax commitment, and the availability of measures to absorb its risks like health care, education and portable water supply among others.

Therefore, the alleviation of poverty calls for stakeholders concerns and the need to intervene. The state is an important and necessary stakeholder as in most cases the welfare of the citizens is a constitutional and human rights issues which the state must defend. But there are certain preconditions like government commitment, available finances, effective social service delivery mechanism that makes for fluid participation other stakeholders will be necessary. These preconditions can promote an effective poverty alleviation intervention by the state. And the nature of the pro-poor programme, the level of impact that is, how many persons or household benefit can measure the effectiveness and how it can be sustained.

2.2. Hypotheses

1. Microcredit without effective complimentary social protection provisions can only deliver little with respect to the issue of poverty alleviation.
2. Micro enterprises without supportive and accessories service like managerial training, technology transfer and available market spaces and patronage are not likely to be successful.
3. The idea of all operators in the informal economy is an entrepreneur is too simplistic and assuming and this could have implication for the success or failure for poverty alleviation.
4. The absence of a broader social protection cover would direct credit towards consumption of social services that are considered risks to the well being of the poor rather investment.
5. State intervention in the provision of social services will accelerate the process of poverty alleviation and it requires certain precondition like a committed government, consistent availability of fund, critical and virile civil society organisations that can help articulate, aggregate and demand responsive governance.

2.3. Methodology/ Research Design

In conducting the study, secondary sources, information and data were relied upon. These included textbooks, published and unpublished reports, journals, local and international magazines and newspapers. The Internet and various websites were also viewed and used, but with some measure of care and verification on the competences. These materials were useful in the study as they helped strengthen the analysis presented thereafter.

Also interviews and discussions were also relied upon, and these constitute the primary sources of the research. A short structured questionnaire was designed and administered to garner information that would strengthen the primary data of this study. However, the constraints of time and wherewithal limited retrieval and broad field application of the questionnaire. Nevertheless, the results are presented in the course of the study to complement the analysis of the study.

2.4. Scope and limitation of study

The study recognised that social protection has varied meaning and conceptualization. However, it focused more on social protection within the purview of microcredit, cash transfers for consumption, provisions of social services like education and health and labour market interventions. This, the study will point out represent a much broader approach of using social protection to alleviate poverty. And that the lack or absence of social protection services could further impoverish the more vulnerable groups within the poor profile like women, the elderly and physically challenged and children as it could leave poverty perpetually recycling within the household.

It was hoped that projects by states that have implemented and provided social protection services to the poor could offer lessons for a developing country like Nigeria who had failed with previous attempts. This it did with particular regards to workable and doable examples that involved other stakeholders in a collective approach to addressing the plights of the poor. Specifically, the study will look at social protection programmes in Brasil, Zambia and Bangladesh.

The study chose these cases because they represent somewhat similar realities with Nigeria. They are all termed developing countries, though at slightly varying degrees of development. Their socio-political and economic realities are by no means too extreme. For one, they are democratic societies; Brasil with a population of

180 million has high inequality with most of her citizen living within the breadline and it's a big democracy within its continent, ditto for Nigeria. Other commonalities among them are that they all have a huge measure of informality in their economies and are striving with the challenges of improving the conditions of the poor within their societies. Their experiences can be used in a 'peer-copy' and 'peer-review manner' to better improve poverty alleviation programmes. Also, with respect to Nigeria, the study focused on a two decade timeframe to do its analysis. This means that data that were collated and analysed fell fairly within the period of SAP adoption in the mid 80s to the time of this study.

However, this study is limited by a number of factors. These include the availability of literature, data and figures especially with respect to the country under review- Nigeria. The issue of small time allotment to the research robbed it of opportunities to do a more detailed, analytical and observational work. Another limitation would also be the researcher's limited professional competence in the areas of poverty alleviation and development.

In summary, this study is almost literature based, but also drawing on exchanges via interviews and discussions from relevant actors. It hypothesizes that poverty will better be alleviated using a broader social protection approach. This would include credit and social provision services. More successful cases of developed countries like Sweden and Germany might be appealing and worthy of copy. However, the understanding that they got to such height through a solid welfare state foundation influenced the need to look at countries with similar state-led social protection intervention. The next chapter will review relevant literature and arguments showing the place of credit, its limitation with respect to alleviating poverty. It will present arguments have tried to suggest alternatives to filling the gaps left by credit as solution to poverty. It is with this view that the study will highlight the various views of social protection and the need for a holistic approach to poverty alleviation using a broader view.

Chapter Three

Literature Review

3.1. Microcredit as strategy against poverty

Among the defining dimensions of poverty, which include absence of employment opportunities and difficulty in accessing credit and finance, the vulnerability to risk in poor people's personal and work life has attracted great attention (Morduch, 1998; Rutherfold, 1999; Lund and Srinivas, 2000). The United Nations Development Programme raised similar concerns, which in its report (UNDP, 2004) on the progress of the MDGs announced that poverty rather than abate is fledging. It reported that the only gained made so far can be seen in the Asian region. This is due largely to the advancement of China and India. For Sub Saharan Africa, the tale is of woes as countries have witnessed setbacks. The setbacks can be felt with respect to food security and the issue of hunger. This is further worsened by the crisis of HIV/AIDS that has impact on farming and food production.

Furthermore, very large proportions of the poor lives in the rural areas and urban slums, and are engaged in subsistence farming and other menial activities that attract meagre income. Farming is increasingly becoming difficult given the fact that most farmers are landless. The reality is further compounded when the picture of the urban poor is reflected on. They work and do mostly informal jobs and operation. They work hard, but earn very little, barely have enough to get by. This reality is likening to the adage of "working like the elephant and eating like the ant"!

Therefore, to address these issues, amidst other strategies, the use of microcredit has gained currency lately. The World Bank (2000) claims that Poverty alleviation strategy, that used the microcredit method have to a large extend brought improvement in the lives of the poor. Though critics are challenged this claim that think that microcredit efficacy has been overstated. One such view is echoed by Dichter (2006), who lamented the absence of statistics to suggest any causal link between microcredit and improved living conditions among the poor.

However, with the improved situation, poor people still continue to experience vulnerability to hazard, risk and stress. Microcredit can be seen as extremely small loans given to poor borrowers. It is for self-employment projects that help them to generate incomes that would support them and their family members. Most beneficiaries are those who are mostly not qualified for traditional bank loans as most do not possess secured and adequate collaterals demanded by the banks before loans are advanced. Moreover, most cannot borrow at the prevailing bank rates.

While definition differs from country to country, some of the basic defining criteria include, size: the loans are often very small; beneficiaries: poor people, mostly involved in informal economic activities, especially women who dominate this kind of activities and whose earnings are smaller compared to men. Other criteria include loan utilization, which is mainly for income generation and small, micro enterprise development. The terms and conditions of obtaining the loan are mostly suitable, flexible and easy to understand by the borrowers (Srinivas, 1997).

The clamour for microcredit as a strategy to leap-frog the poor out of poverty is seen more as a believe that the poor can use it to access market opportunities and take steps to engage in economic activities that will enable them to generate their own incomes (Bredow, 2002) and be self reliant in a sense. But for this strategy to work for, especially developing country like Nigeria[3], it application will have to consider other complementary strategies. The fact that most operators in the informal economy are extremely poor suggests that even before their supposed microcredit aided businesses reaches gestation period, they would need assistances, technical and social to be successful.

Given that the major aims of microcredit is to promote employment and combat poverty, can it still work for a country like Nigeria given her many failed attempts at this same strategy? What is the understanding of microcredit within development discourse? What is its theoretical underpinning? How should it be applied? What are

---

[3] Nigeria's present democratic government has recently made a renewed call for microcredit strategy as intervention to poverty in the informal economy. Nigeria's economy is dominated by very high informality even when agriculture is excluded and so interventions to make it income and revenue generating are worth pursuing. For sizes of its informality, see Schneider, F (2005). The Size of Shadow Economies in 145 Countries from 1999- 2003, the Brown Journal of World Affairs, USA Vol. 11 (2) 113 – 125.

the gaps and how are the gaps remedied will be answered in the cause of reviewing related literatures.

3.2. The Issues of Theory

The legalist school of thought about the informal economy as accentuated and popularized by de Soto (1989) celebrated the ingenuity and entrepreneurial proficiency of people operating in the informal economy. He argued that small entrepreneurs retort to operate informally as a result of huge cost of operating or starting a business, time and efforts of formal registration. These findings he made while he and his colleagues were studying the Peruvian urban migrant situation. The study advocated strongly for the need to make capital available to the working poor. it identified that the poor flooded the urban areas from the rural settlement to aggressively promote their economic and social well-being. Their surge from the rural areas to the cities brought about increased slum development with deplorable habitable conditions. But in that situation the people were able to seek ways and means to survive by operating varying informal activities.

The study as measures to stem likely revolt by the working poor, recommended the need for reform to create access to financial credit for these kinds of entrepreneurs. This argument has struck a strong cord with development institutions like the World Bank (2005) who through its studies on the *cost of doing business* (reviewed edition; also Kuchta-Helbling, 2000) recommended strongly the need for deregulation reforms to make for greater market freedom. These reforms they argue will reduce bureaucracies in business registration and imbibe stronger business governance culture that would stem corruption as ways to promote economic growth. To Bredow (2000), the concepts of microcredit first appeared at the time of exiting of the state as the engine room of the economic and the ascendancy of the market. Therefore, private enterprises became the bright and new hope.

However, continuing from his argument on the need for access to credit for micro entrepreneurs, de Soto recommended as regulation for making this possible, the formalization of property rights. The point is that the poor can then convert their formal held assets into real assets (de Soto, 1989; 2000). This formalization of property rights can be done through official approach. This would require Government conferring legal titles/deeds of land to these informal economy operators. The land titles can then serve as collateral for loans or converted to credit for business enterprise set-up, promotion and expansion. Therefore, he canvassed passionately like Muhammad Yunus that capitalism can also work for the poor. To put it better, the poor micro entrepreneurs can also become successful capitalists through access to credit - an otherwise appropriated preserves of the rich who can afford collaterals.

Furthermore, this argument has gained currencies in development discourses. This can be seen from the attendant unacceptable level of global poverty, which with the rise and ascendancy of globalisation, greater wealth has been produced. But its distribution has exacerbated inequality. Also, the proclaimed success story of the Grameen Bank saw the United Nations (UN) as show of its concern for the need to attend to poverty also recommended for the place of microcredit as one powerful intervention. This culminated in its declaration of 2005 as the international year of microcredit (UNCDF, 2005). This was done with the aim to steam and step up efforts to half by 2015 the number of people within the global poverty rung. Precisely, it seeks to attain its target for its Millennium Development Goals (MDGs)[4] agenda.

The desire is that with the availability and easy access to credit, micro entrepreneurs can grow their businesses, improve productivity, create opportunities for employment and improve their income generation. The succinct point to note is that microcredit is built on the premise of self-employment. It is therefore a means to promote the expression of social and economic self-reliance.

[4] This represent a set of 8 goals subscribed to by leaders of the world from the mid-90s to fight poverty and to promote global development. The timeframe to achieve this way put at 2015, by which poverty would have been halved. The goals also place primacy on the need to promote gender equality and empower women since poverty is more feminized. And also, with the girl-child more often excluded from access and right to education, the vicious circle of poverty will not be stemmed if the plights of women are not fully addressed. UNDP: Millennium Development Goals. http://www.undp.org/mdg/index.html

3.3. Microcredit as a tool for poverty alleviation: its *modus operandi* and gains

The strategy of using microcredit to tackle poverty has largely assumed an ideological debate. Thrust of the arguments has been on the issue of market driven strategy of credit. Credit emphasizes the notion of the individual as against the idea of a collective. Rather than individual enterprise, the group collective like cooperatives is been advocated (Bowman and Stone, undated). But the place of credit around the individual makes for Yunus' enthusiasms of the possibility of alleviating poverty with credit. In his words, "If we can come up with a system which allows everybody access to credit while ensuring excellent repayment, I can give you a guarantee that poverty will not last long" (Yunus, 2003 in Morshed, 2007: 7). This study recognised that poverty is so multi-causal, so entrenched, so complicated and so age old that even to suggest that one mode of development can cure the problem is overly simplistic. However, it does not mean that attempts to solve this dilemma that has plague humanity should be resigned to fate!

The experience of the Grameen bank, being the pioneer of microcredit is well known. It is particularly celebrated for its effort at providing loans to 6.6 million poor people, 96 per cent women, in almost all the villages in Bangladesh. According to Morshed (2007: 9), the bank disbursed loans of over $5.7 million with a 99% repayment with profit. And it hopes to reach 12 million borrowers by 2010. Given that the loans have been more directed at the empowerment of women suggest that it will have a catalyst effect. This view about microcredit to women acting as a fast promoter of development is captioned succinctly by Somavia (1999: 3). He noted that "its impact is multiplied and it fertilizes social change that goes beyond women themselves. It serves initially to upgrade their personal conditions but as experiences reveals, it also helps to raise the consciousness of men in patriarchal societies and so improves the quality of family life and community work".

But how does microcredit work? While different microcredit programme operate differently, the general features are almost the same. Meade (2001) helped with a description, which he credited to a study conducted in 1998 that confirms benefits of Bangladesh's microcredit programme. He pointed out that microcredit are targeted to the landless or assetless, the moderately to the extremely poor. And that the credit is used to set up Micro enterprises. The *modus operandi* is observed in such fashion:

"Borrowers are placed into groups of 10 t0 20, which meets regularly with the loan officer of the microcredit programme (*Grameen Bank has a group of 5 women*, my emphasis). These groups of borrowers substitute for collateral and take over the role of securing the loans dispersed. Each borrower in a group agrees to be held liable for all debts incurred by any member of the group. In the event that a borrower defaults, other members of the group are required to make up the amount in default. Borrowers are encouraged or even required to monitor one another to make sure that no one is in danger of default. This process has led to extreme low rates of defaults, especially for first time borrowers. Repayment rates are usually above 95%".

However, it is important to point out that the poor at their own levels, especially through their cooperatives, saving and thrift societies organise credit for themselves. Informal credit through family members, moneylenders, and personal savings are other means the poor raise credit. Funds have also come from international donors and charity organisations and individuals who are convinced of the efficacy of credit as mean to alleviate poverty. In developing countries NGO MFIs have been central to microcredit provision to the poor.

The benefits of microcredit, Meade (2001:5) listed to include: reduction in vulnerability, increased consumption, reduced income poverty and cluster. He pointed out that reduction of vulnerability happens in different channels. Microcredit programmes help household to secure themselves by building up assets. Such assets, he noted can be sold if needed. They can also be used as security or proof of credit worthiness when dealing with businessmen or more traditional lending agencies. He also enthused that the diversification of assets can reduce the risks of catastrophic loss. For example, a family, which relies on sharecropping, could easily be bankrupted by a single crop loss. But a family with a diversified base of crops and livestock or handcraft income could survive until the next harvest. He also alluded to gains from female empowerment through microcredit programme, which helps to contribute to a family's ability to cope with crisis.

On microcredit helping to increase household income, he relied on the work of a researcher that showed that from every 100 taka (Bangladesh local currency), lent to a female borrower, household consumption raise by 18 taka. Zamman (2000: 4-5) emphasizes the issue about ‘income smoothing’ that is brought about by lessened vulnerability, which also promotes ‘consumption smoothing’. He enthused that increase in consumption, even if small coupled with increased regularity of consumption can lead to better health and nutrition. There is also the investment opportunities opened up via additional loans from the microcredit programme and such can bring about stability with far reaching positive effects on participating households.

Microcredit programmes also reduce poverty. Meade (2000) noted that this could be observed from money made over time from borrowings by the poor. “Once the circle of poverty has been arrested and some stability provided, many borrowers go on to make profitable investments and even lift themselves out of poverty all together”. He pointed out that members of the Bangladesh Rural Advancement Committee (BRAC) could expect to see their poverty fall by 15% after four years of participation.

About the gains from Microenterprises cluster, he enthused that when small businesses come into operation in close proximity, they can gain more from “collective efficiency”. He noted that microcredit funded ventures are frequently plagued by the problem of small size and isolation. And that it is not the efforts of the enterprises to operate as such level since it can only rely on local patronage, which often might not be regular and enough to bring about growth. Therefore, similar operation of micro enterprise clustering is advisable. This way the enterprises benefit from labour sharing, order sharing and subcontracting. There is also the benefit of attracting bigger patronage, as traders and raw materials buyers are attracted to the possibility of central, bulk and cheap purchases. There is also the advantage they can enjoy when information and technology are shared in a cluster.

However, microcredit and microfinancing has also become a philanthropic avenue for past time of the rich. This fact is captured eloquently by Alex Counts, President of Grameen Foundation when he noted that “a growing number of people who have made money in business are throwing themselves into microfinance” (Financial Times, May 2007:14). While it is still debatable about the altruistic nature of this development, the proliferation and growth of MFIs has come to underline the supposed efficacy of microcredit as a poverty alleviation strategy. The Grameen experience and other similar credit-to-fight-poverty approaches have since been lauded and promoted by famous personalities like Hillary Clinton and Hugo Chavez as a useful initiative. However, while microcredit looks a good option and offers promises of helping to alleviate poverty, there are problems and challenges that threaten its efficacies. These shortcomings and challenges clearly point to the need to rethink microcredit as a strategy of poverty alleviation from below.

3.4. Challenges of microcredit as strategy to poverty

The first challenge to credit arises from the notion of the theory as espoused by de Soto (1989, 2000). The idea that the poor are entrepreneurs is rather too simplistic. Also, to think that they will succeed without taking other internal and external environmental factors like market, technical and managerial competences and infrastructure, etc, into cognizance is too theoretical. The Nigerian situation showed that while many had loans, their operations, mainly farming in rural areas and services (trading and retail) in the urban areas did not improve their income and conditions. When the farmers were lucky to avoid harvest failures occasioned by low rainfall and incidence of pest raids, they had no market and storage facilities for their produces. To get the produces to bigger markets in the cities were equally difficult due to poor road networks between the rural areas and the cities. Besides, their production methods stayed rudimentary and their bookkeeping practices were almost non-existence.

The size and notion of credit is one issue that needs to be considered when analysing critical success factors of the strategy. According to Dichter (2006:5), the very nature of the loans themselves, which are small, fewer in frequency and smaller savings will not engender much result. The micro level activities the loans are been utilized for and the shorter repayment periods amongst others limit their effectiveness. The practice is such that borrowers are more likely to invest the loans in quick yielding investment. The thinking is that they need to repay the loans as at when due and so cannot afford the luxury of time-long investment. Since they hardly make substantial profits to be ploughed back into the enterprises, they remain perpetually small operators.

It is pertinent, however, to understand that microcredit is one of the many instruments of social change and not a panacea. Srinivas (1997:1) while rooting for microcredit enthused that it is not the solution to poverty, but a ‘menu and enablement that have to be put together in an *a la carte* manner, based on local conditions and needs’. Bello (2006) was more assertive in rejecting microcredit as sufficient for poverty alleviation. For him, microcredit is not the key to development, which involves not only massive capital-intensive, state-directed investments to build industries but also an assault on the structures of inequality such as concentrated land ownership that systematically deprive the poor of resources to escape poverty. Microcredit schemes end up coexisting with these entrenched structures, serving as a safety net for excluded and marginalised by them, but not transforming them.

Besides having credit, the question of how to turn the loan into profit is very important and necessary for consideration. Meade (2000) pointed that one of the fundamental problem of microcredit programme is the difficulty involved in actually turning loans into profit. For women who are legally and largely perceived as minors by society, they can only secure loans with the signatures of their spouses. And in most cases they are often absent as they are also engaged outside their residence. Some times the men are reluctant, as they fear loss of relevance that could arise from female independence. And even when women do manage to start a small business, they must continuously fight against a repressive patriarchal social structure. And they can only make do with what little education they have received before starting a business.

There is also the fact that loans are often used to finance ‘female work’, which is not seen fit for a man. This leads women to turn to their female children for supplemental labour. The pressure to support and contribute to family income earning leads to withdrawal from school of the female children (Meade, 2000). Mayoux (1997) in a briefing paper to the world microcredit summit organised by the UN alluded to how microcredit has also further contributed to the indebtedness of women. She pointed to the fact that male family members have used women to secure loans that were not used to contribute to family income. And that in most cases the women are held responsible for the loans. The women sometimes retort to securing other loans so as to use it to pay for the ones already due. She also pointed out the fact that when the loans are secured by the men, they establish businesses that the women have little or no control of. Another dilemma is the fact that they are used as unpaid family labour and this leads to increased work loads for women.

The ability to cope with backlash from the community is also another challenge for the operation and success of microcredit. Mostly these can be seen from the reaction of the husbands, the local capitalists and even leaders who see credit as mean of control. Take the analysis from Mr. Percy Barnevik, a business mogul who has since branched into poverty alleviation through credit. He operates a charitable organisation, Hand in Hand, based in Tamil Nadu, India. According to him, “backlash has come from established power in the villages. This comes from old, high-caste men who used to decide everything, landowners needing cheap day labour, local lenders, middlemen who get cut out, weaving company owners losing child labour, husbands being jealous and losing power and politicians trying to manipulate voting” (Financial Times, May 2007: 14). No doubt, these are strong backlashes that need dealing with for microcredit to be successful.

The inability of microcredit to reach the very poor is also a major dilemma of its efficacy. Meade (2000: 10) noted that this is a major problem for microcredit programme and that it may even be increasing the chasm between the poor and the rest of society. Quoting “Assessing the Poverty and Vulnerability Impact of Micro Credit in Bangladesh”, he quipped that “the poorest have a number of constraints (fewer income sources, worse health and education, etc) which prevent them from investing the loans in high-returns activity” he stated further that the same report also noted that “there appears to be a growing consensus that moderate-poor micro credit borrowers benefit more than extreme-poor borrowers. The reason for this he explained centred on the peculiar nature of credit need of the poor. The poorest need tiny loans which are not cost effective even for micro credit programmes. They also place the greatest demands on microcredit training programmes, which make the cost of lending even higher. And that as microcredit are pressured to become more self-sufficient, the incentives to lend to such desperately poor borrowers evaporates.

At another level is the increased desire for transformation[5] of NGO microcredit outfits to formal financial institutions types on the guise of sustainability. This is seen as a realization that the microcredit market is a lucrative market. Initial microcredit institutions have been greatly successful, especially in attracting savings (deposit-taking) and larger clientele base (Bredow, 2002).

Transformation and commercialization reflect a shift in the industry's focus from microfinance as a social movement to the integration of microfinance into the formal financial sector. And this shift is driven by the fact that the industry has been developed, innocently by NGO social movements who started off on donor funds to become a 'cash cows'. Richard Lapper noted that "in some ways, micro-finance is coming of age, completing a transition from a business funded by NGOs and development banks and subsidies to one that is fully commercial.

However, this change reflects the increasing commercial acceptance of the MFI business model, which centres on very low default rates, the relatively high cost of administering loans and high interest rates *and large coverage and access for the very poor, especially rural women giving it a ready market amongst the poor has increased its attractiveness* (*my emphasis!*") (Financial Times, 2007: 5). Lapper opined that the fact that MFIs now float IPO (Initial Public Offers) to raise money from the stock market shows its big business in small mould. He reported *Compartamos*, an MFI based in Oaxaca and Chiapas, Mexico which recently successfully completed a share offer on the Mexico City and New York stock markets to make the point.

Transformation of traditional NGO credit outfits thus has become a campaign led by the World Bank. It includes using the financial systems approach as defined in Otero and Rhyne (1994) to mean the application of market-driven principles used by formal financial institutions to the provision of financial services to the poor. A good example, and in fact the first transformed microcredit outfit was PRODEM (Promotion and Development of Microenterprises), an NGO organisation in Bolivia that was transformed to Bancosol. Experiences after its transformation shows that investors are

[5] It is the term used in microcredit development to describe the re-regulation of microcredit under NGO control to institutionalized outfit with commercial, for-profit outlook; see Ledgerwood, J and White, V. (2006) Transforming Microcredit Institutions: Providing Full Financial Services to the Poor. *World Bank*: Washington DC.

only interested in profit and the talk about helping the poor is just another convenient rhetoric.

Bredow (2002) noted that the Bolivian experience as a result of it success attracted formal financial institutions into microfinancing. He also opined that the all comers' affair practice made the poor poorer as a result of huge debt. He explained that as against old practice that is, before transformation, credit officers were attached to borrowers to monitor and supervise their businesses. But the new trend focused on just giving loans and hoping to make profit from interest charges. And when the loans were due, the new MFIs used unorthodox means to demand repayment. Fearing these means, borrowers committed themselves to seeking more loans from other MFIs to pay previous ones. This clearly made them perpetually poor as interest rates on loans accumulate and left them indebted to many MFIs. The transformation effects also exposed the limitation of a purely market driven initiative to seek solution to the problem of poverty, especially when the problem is viewed as just the absence of credit.

When the argument about transformation is on sustainability, advocates place less emphasis on the consequences of it as per how it affects borrowers. One of such effect is that it increases interest rates for poor borrowers. And this makes repayment more difficult and in most cases the business suffers from lack of growth and this has led to complaints from interested quarters. Richard Lapper (Financial Times, June, 2007: 5) captured this observation and reports thus:

> "MFIs also tend to charge their customers higher interest rates in order to compensate higher costs. These rates vary enormously according to local conditions. but though more expensive than conventional loans they are generally much lower than rates charged by usurers, effectively the only other source of capital for many borrowers. Even so, the scale of rates charged by the more commercial MFIs as Compartamos – between 4 and 6 per cent a month – have been a source of some controversy, with critics saying the bank should do more to get lending rates down"

The other challenge to be noted is the notion of competition. In the first place, informality grows as a result of formal firms wanting to stay competitive. Firms do this by restructuring their production and employment relations. Rather than have one production site (factory), they have supplier (chains) through contracting, sub-contracting and off-shoring. The result is the transfer of employment relations responsibilities to the suppliers who rarely respect workers rights. And when workers are classified by employment status and by industry or trade, the process by which poverty sets in with respect to informal workers begins to become clearer (Carr and Chen, 2002). Micro entrepreneurs are tempted to want to follow such similar production pattern and this means their few employed staff will be paid wages not sufficient to escape poverty. Clearly, bigger firms, who in most cases have superior production techniques, are likely to increase the chances of failures of micro enterprises operations. Bigger firms with competitive prices are most likely to have niche market that micro enterprises cannot penetrate.

The issue about micro credit creating a niche market for itself through dependency has also featured as a weakness of such strategy. This accusation has also been made about the Grameen Bank whose borrowers has little or no other sources of borrowing to turn to and so cannot afford to default. Meade (2000) stated that this problem is sufficient to counter the claims of micro credit programmes being better lenders than the informal lending sources. He noted that borrowers can even resort to pawn broking to meet their loan obligation so as to stay in good stead for future loans. And when borrowers are not able to increase their incomes, they may become permanently dependent on microcredit lending.

Yet, another very important challenge is the question of what constitute priorities for the poor. Studies have shown that while credit is important, nutrition and health, for example rank higher on the scale of preferences of the poor. Neff (1996: 4) in her critique about the Grameen Bank noted that 55% of the women were using their loans to purchase food as against investment. She opined:

"Grameen believed that women are able to provide for themselves all other inputs necessary to be effective entrepreneurs, provides only credit. On the other hand, India's Self-Employed Women Association, a union for poor women, offers credit as one of a range of services, along with political organising, training, business skills, leadership skills, mediation, lobbying and project assistance. The Bangladesh Rural Action Committee provides education for the daughters of borrowers as well as health services. But the Grameen model of banking on the poor is strictly quantifiable- "repayment rates", "cost effectiveness" (that is, how much it cost rich creditors and donors) and “viability”. Without the cumbersome delivery of the other services that the poor need, Grameen gets to champion the free-market system and all its goodness”.

She went on to also challenge the claim of the World Bank about the Grameen-styled lending to third world countries as not scoring any success. She pointed to Patrick Bond’s article in African Agenda, that in Zimbabwe, loans to peasants had a default rate of 80%. Bond, she said quoted Ugandan economist Dani Nabudere as saying that the notion that the rural poor need credit to improve their lives “has to be repudiated for what it is- a big lie!” To her, the idea of turning peasant women into mini-capitalists is just furthering the reach of finance capital and an altruistic gesture. It implies shifting the burden of risk to a class who already bear the brunt of poverty without safety nets. Also, Bond (unpublished: 8) noted that workers in the informal economy have shown higher preferences for social services, especially healthcare as against credit. Though the poor will go the miles to provide for these social needs, they often cannot afford them. He surmised by calling for social services provisions by the state even if they have to be subsidized.

Still on preferences, the importance of education for children and adults has also been shown to have implications for household earnings (Olaniyan, 2004: 9). This also has implication for the elimination or perpetration of inter-generational poverty. The implications from this is that as parents are too poor to send their wards to school, then poverty will be observed rotating in a vicious circle at such households. Clearly, the children suffer loss of opportunities to better improve their skills and capacities necessary for entry into the labour market. The World Bank also emphasizes the importance of education in the Nigerian development process. The study on growth and poverty (World Bank, 2000) argues that human capital is the main asset of most poor people. Therefore, investment in the human capital of the poor should be an appropriate and efficient method of poverty reduction.

Nevertheless, these challenges and preferences have been noticed and voiced by the poor. And they have through different forms and means worked to provide for these needs. A good example is the SEWA[6] case where women have organised

[6] The case of SEWA shows clearly the role of personality in driving change. Its founder, Ella Bhatt has been very instrumental to the promotion of the cause of women in the informal economy. The organisation places

around the issues of credit and social services provisions like health, education for themselves and their children. In Nigeria a similar scenario is experienced, even with some sleight. Some households have even reached decisions to borrow to give their children education as they feel this gives them better chances of escaping poverty. And that the children can repay the loans upon graduate that is, in the cases where the family is too poor to make repayment. Informal borrowing from mostly local money lenders represents such sources. And it comes often with very high interest rates. Most households in most cases never stop paying or servicing such loans given the high unemployment rate, especially among graduate.

The recognition of the limitation of credit without social protection also has other dimensions. It is based on the fact that the working poor are so concerned with meeting their daily survival needs that they are not concerned about future eventuality (Churchill and Brown, 1999). Therefore, they are vulnerable to unexpected events and single such event in their entire life span would nullify the growth-enhancing effects of savings and credits. And this would reinforce indebtedness and poverty. For example, poor harvest from low rainfall may result in reduction in farm income; increase indebtedness and illness among the working poor.

The point is that risk and vulnerabilities will most likely make credit ineffective in alleviating poverty. Therefore, a more socially embedded tool of social protection initiated by the state should be adopted. The tool must recognised these risks and have local conditions-friendly solutions.

3.5. Social protection

Social protection is a set of policies and programmes designed to protect individuals, households and communities from risks, hazards and stresses inherent in earning a living. Lund and Srinivas (2000: 43) affirmed that a range of vulnerabilities typifies the informal economy and its workers and risks and so need protection and buffers to mitigate and prevent these risks. Social protection is support to the poor to improve their well-being. Social protection has many and varied conceptualization. It has been seen within the frames of social insurance, social security, social fund, social

premium on the efficacy of research and network. More on the SEWA intervention, practice and modus operandi can be viewed from its website: www.sewa.org assistance, etc. However, for this study, social protection will be seen from the broad confines of social services provisions and those that combined social development provisions. Services like health, education, pipe borne water and food security will be stressed as necessary social protection provisions in combination with other forms. Social protection is defined as a range of public interventions that support society's poorest and most vulnerable members and help individuals, families and communities better manage risks by helping them prevent, mitigate or cope better with adverse events (de Ferranti et al, 2000).

The World Bank's focus on social protection uses the framework of social risk management built into its strategy paper. This is consistence with its comparative development framework and poverty reduction strategy (World Bank, 1999; Holzmann and Jorgensen, 2000). It defined social protection as the human capital oriented public interventions to: assist individuals, households and communities better manage risk and; to provide support to the incapacitated. The concept of social risk management asserts that all individuals, households, and communities are vulnerable to multiple risks from different sources. The risks can be from natural causes like illness, floods, earthquakes and pest invasion. They could either be manmade such as unemployment, environmental degradation and war. Poor people are typically more exposed to risk and have inferior access to risk management instruments compared to people with greater assets and endowments.

Dealing with risks involves recognizing their sources and economic characteristics. For the World Bank, it seeks to know if the risk affects individuals in an unrelated manner or simultaneously. The most appropriate combination of risk management strategies (prevention, mitigation or coping) and arrangements through informal, market-based or publicly provided or mandated in any given situation depends on the type of risk. Also, the direct and opportunity cost of effectiveness of the available instruments would be important for consideration. For the World Bank, government intervention into social protection should be limited to just targeting the very poor and the programmes subject to cost effectiveness. But workers and their organisations have a different view.

Essentially, social protection has been largely based on social insurance principles of social solidarity. It is a system that operates on the basis of transfer made from the working to the non-working and retired population. When combined with social assistance to provide for those beyond the reach of employment system, it can provide individual security for all collective guarantees and universal coverage (ICFTU, 2000:4). Placing the challenge for social protection within the present reality of increased informality and lack of formal decent jobs that can make contribution to social insurance practicable, the ICFTU (now ITUC) opined thus:

"For any large social security scheme, the existence of formal employment relations is crucial to the viability of the any such system. This is so as it is dependent on some forms of contributions based on employment. With the growth of informal and unprotected employment, workers are often without coverage. If there are any protections, they will usually be in the form of social assistance rather than social insurance. In those cases, this de-links economic activities from the financing of a system as neither contributions nor taxes will come from informal work related income. In other words, when the informal economy is too large, social benefits paid to informal and unprotected workers often have the effect of seriously undermining the system".

The ILO has been involved in the issue of social protection for quite a while. Its definition and focus of social protection emphasizes effectiveness and coverage for all. To the ILO (2000: 29), social protection is the total of public and (optional) private measures that society sets up for its members. These measures are to mitigate and protect against all economic and social misfortunes possibly caused by the absence of income from work, or by a sharp reduction in that income. This could be from circumstances like illness, maternity, work accident, unemployment, incapacity, old age and death of person who supports the family. The ILO sees the issue about social protection as human rights issues that must be provided, promoted and secured. It also insists that the state is the first agent responsible for promoting and improving social security coverage to its members.

The ILO focuses on income security with emphasis on the poor. And also identifies cost-effective and equitable ways by which social protection can be extended to all. This has led to shift that pays more attention to the informal economy operators. Its commitment in this regards has led to its partnership activities with informal economy organisations like SEWA, WIEGO, StreetNet, etc. while its main focus still remains social insurance, the issue about women social protection opportunities is also featuring in its activities.

The notion for this study is that social services provisions act as compliment to credit provisions. This is so as the issue of extreme poverty in developing countries will demand more direct state intervention. The case for state intervention is more needed as large size of developing countries population is working in the informal economy. The bulk of them in operates agricultural activities and located in the rural areas. They are poor and have no buffers to mitigate the effects or prevent the causes of poverty. And the fact that the traditional forms of social protection in developing countries that are embedded in the extended family and community system has been eroded. The erosion has been due largely to the processes of urbanization and industrialization (Raynaud, 2006: 2). One will be quick to add the shocks from the macroeconomic policies of SAP, which sadly, is still been recycled as also a cause. The poor therefore, need to be assisted to live a productive and comfortable life given the hazards, risks and stresses they face daily.

Also, Reynaud opined that the incidence of HIV/AIDS also means that priorities should be refocused to help secure income and take care of compensation resulting from bad health. On the basis of people’s needs as compared to low protection provided in developing countries, social protection should be extended to include access to food, water, health care, housing and education. Arguing for the need for social protection, the ICFTU (2000:4) contends that social protection has an important economic as well as social function. “Social protection has not only been one measures of fighting poverty, it also provides stability for the economy. Such systems are a kind of “economic stabilizer”. In addition to providing a certain measure of economic protection for families and communities in bad times, the purchasing power provided by social transfers has been an important factor in many economies”. Sadly, the case is worse for the poor within the Nigerian context, especially with the introduction of its new reformed pension system.

Nigeria's formal pension system that initially provided cover for only the formal work force has recently been reformed after the Chilean model[7]. The reform seemingly erased any hope of those in the informal economy and the vulnerable groups of getting state protection against risks. Perhaps, the argument about the reform was largely due to the huge debt of about 2 trillion naira incurred from the old scheme (Orifowomo, 2006). And so the issue about funding and financing social protection for those in the informal economy might just be overwhelming. On cost grounds, however, it is unacceptable to dismiss universalisation as too expensive in developing countries as currently been done. For Nigeria as example, macroeconomic policies of government like increases in pump prices continue to reduce the poor's chances of getting out of the breadline[8].

However, and inspite of the many challenges confronting the poor daily, it has been shown that they can indeed organise and pay for their own social protection (see Lund and Srinivas, 2000). They have at some point operated their own social protection outfits and in fact still do. Table 1 shows forms of social protection services constructed by the poor as adopted from case study review from "Learning from Experience: A gendered approach to Social protection for Workers in the Informal economy.

---

[7] See Dostal, J. M and Casey, B. H (2007) Pension Reform in Nigeria: How not to "Learn from others" paper presented at the 57th Political studies Association Annual Conference, 11-13 April.
[8] Petroleum product pricing and availability locally represent a serious cause of poverty and environmental degradation. The multiplier effects of each prices is so great that the rural and urban poor retort to felling trees as sources of household energy. It is one single macroeconomic decision of government that should be addressed when discussing poverty alleviation.

Table 1: *Varied forms of social Protections operated by some selected SHO*

Schemes	Examples of social protection products
Grameen Kalyan, SEWA, SHINE, ACDECO, CLIMBS	Health insurance
Grameen Kalyan, SEWA, SHINE	Health care
CLIMBS, ACDECO, SEWA	Asset insurance (loan insurance)
Grameen Kalyan, SEWA, CLIMBS, ACDECO	Life/ disability insurance
CLIMBS, ACDECO, SA-OAP	Pensions
SEWA	Labour market interventions (collective bargaining)
SEWA	Child care (through cooperatives)

Source: Lund and Srinivas (2000)

Still on the issue of financing social protection, Shrestha (2004: 8) while commenting on social protection in the Nepalese Informal Economy, made some useful contributions. He enthused that it can be done through combinations of fees, grants and government subsidies. Furthermore, he opined that from the angle of delivery, government can facilitate social protection access through direct intervention. The fact is that the informal economy is replete with low and irregular income and absence of steady and secured employment. This would impact on the ability of such workers to be able to make contributions. And when one compares the Nigerian situation where the social insurance regime cover has been further reduced, the call for broader social protection becomes more relevant.

In synopsis, ideologies play an important role in the choice of instruments used to address problems of poverty, and inequality. Credit appeals to neoliberal thinking, but its limitations have been expressed as sufficient evidence to seek state intervention. A minimum response would be to have social protection cover that would make allowances for the preferences of the poor, accommodate women and other vulnerable groups. And such responses would take the forms of programmes that see services like healthcare, available portable water and education as useful for enhancing and developing the capacities of the poor. And to improve the chances of the poor making contributions, labour market interventions by the state would be needed. The intervention, which enhances access to employment and secures access to assets is a doable prescription.

But what is the poverty situation in Nigeria? What is the nature of its labour market and it segmentation. How do the poor, working and vulnerable deal or address poverty within that society? The next chapter will look at these issues and try to show that clearly there is a mismatch between the country's wealth generated and its poverty profile. This to some extent could be responsible for the rather unstable state of that polity presently. Structurally, the chapter will look at employment situation and how it impacts on poverty and will also highlight some of the programmes the Nigerian State had engineered as responses to poverty and how they faired.

Chapter Four

Nigeria: Labour Market and Segmentation, informality and Poverty

4.1. Background

Data reveals that Nigeria is one of the countries of the world that has greater number of poor people. The statistics on human development and social provision further reveal that the population of Nigeria is increasingly becoming one of the poorest in the world. And that Nigeria as a whole is in a very vulnerable position as cohesion and unity is slacking. Casual evidence of the growing intensity of poverty can be seen from the rising incidence of mass unemployment, urban vagrancies and homelessness among the poorest groups. There are also the incidences of diminished access to quality foods, and nutrition, health care and educational facilities and the rising armies of street beggars.

Although, successive (military) governments in Nigeria have at one time or the other put up a lot of poverty alleviation programmes, the effects have been marginal if any. Even with the restoration of democratic rule, improvement is yet to be felt. And this is leading to increasing dissatisfaction as most people expected the dividends of democracy to trickle down and improve their well being. The World Bank's report indicated that Nigeria's Human Development Index (HDI) was only 0.416 and that about 70% of the population was vegetating below the breadline (World Bank, 2000). Furthermore, Nigeria's macroeconomic policies underpinned by the neoliberal prescriptions have not yielded gains for the populace. The recent privatisation, deregulation and liberalization policies that have seen state enterprises auctioned off, financial sector opened to foreign capital, and the process of removing subsidies from some services have seen limited gains. When there were gains, there were claimed and shared by the local elites who make and influence these policies. The immediate past government of President Olusegun Obasanjo has not been short on poverty alleviation programmes too, and with huge promises!

The promises and claims have been that the policies will promote better public services provisions and create more jobs (NEEDS, 2004). But results show the contrary as services have further gone out of the reach of the people. And rather than job creation, job losses have become the underlying features of the reform policies. Though Government statistics put unemployment at single digit, the reality is that there is a large army of the unemployed who for various reasons have been missed in the accounting process. Most of these persons have long taken to informal jobs to eke a living. Sadly, the situation has not changed much and those more affected are the rural-urban poor, especially women, the elderly and physically challenged.

Since employment and income are linked to the question of poverty, the nature of the Nigerian labour market, its informal economy will be analysed. It's spatial and gender composition will also be examined here. It will also look at the pattern and segmentation of employment in Nigeria. The nature and dimension of poverty will also be highlighted. And some institutional framework for poverty alleviation programmes in Nigeria will be reviewed briefly to locate the causes of failures.

4.2. The Nigeria Labour Market

The Labour market can be seen as the avenue where human labour is traded and rewarded. Labour market sources of income are mainly through wages and self employment earnings. The labour market also shows the relationship between the employers and the employees within a power relation construct. This is not as clear and clear-cut in self-employment, particularly for subsistence farming with family members as workers, which dominates self-employment. The extent to which an individual or a household participates in the labour market and the way in which the labour market remunerates can determine both the status of the individual or household, as well as the risk of poverty. This point is buttress by the World Bank (1995), which noted that poverty in many developing countries is linked to the labour market. Therefore, when proper labour market interventions are applied, it can help to alleviate poverty.

Labour market in Nigeria is replete with high unemployment rate, high illiteracy rate, and high informal economy employment associated with low productivity. It is also denoted by high government, public employment which is derided by its low productivity rate. There is a low level of female participation in employment, especially in formal jobs. This is mainly because family decisions weighed in by the influence of culture, value education more for the boy-child, disadvantaging the girl-child. The reality is also that few women get to grow or climb to high positions in their chosen careers. This can be explained partly by the fact that few women are in the workplaces and possess requisite qualified skills. Also, household decisions where the wife and the husband decide to have the woman look after the kids at home, while the man provides the bread. Table 2 below depicts the Nigerian labour market situation for some randomly selected major cities and towns in Nigeria.

Table 2: Labour market structure in Nigeria

Structure	Both Sexes		Males		Females		Females as % of both sexes
	No	%	No	%	No	%	
Employers	223	4.3	167	5.3	56	2.7	25.1
Self Employed (Farmer)	337	6.5	221	7.0	116	5.7	34.4
Self Employed (Trader)	1,516	29.1	655	20.7	861	42.0	56.8
Self Employed (Other)	1,006	19.3	710	22.4	296	14.4	29.4
Emp. Wages & Sal. (private)	969	18.6	695	22.0	274	13.4	28.3
Emp. Wages & Sal. (Public)	1,052	20.1	642	20.3	410	20.0	39.0
Paid Apprentice	110	2.1	73	2.3	37	1.8	33.6
Total	5213	100	3163	100	2050	100	39.3

Source: National Manpower Board (1998)

The table shows labour structure in Nigeria and its gender implications. It shows that self-employment accounted for far more of the jobs provided in the labour market. This accentuates the fact about the hug size and possible contribution of the informal economy to GDP. Another clear picture it present is that within self-employment, employees who work for wages are far more compared to employers (own account operators). Also, the participation of women is less with respect to being employers within informal self-employment practice. This can be explained partly by the fact that they lack access to credit. But in the area of trading their participation is more. Again, one explanation for this would be that with the elimination of the single-earner household, women are giving additional responsibilities to contribute income. And they are considered for petty trading that needs little capital base. The labour structure also shows that few women are in formal paid employment. Limited education has dwindled their chances of access to labour market participation, and also the stereotype culture that divides household responsibilities. Lastly, paid apprenticeship showed that while most male qualified apprentice are likely to remain and work for their masters, women apprenticeship are more in fields considered complimentary to home management like sewing. This point will be accentuated later in this chapter that deals with apprenticeship.

Some scholars have suggested that poor people are often relegated to the unorganized informal labour market with inherent barriers to movement. Barriers to outward movement from informal to formal labour market take the form of outright discrimination against specific groups (Schiller, 1989). However, discrimination in the labour market also manifests in recruitment practices that emphasis skills, experience and stable work histories that poor job seekers can hardly meet. In Nigeria, this pattern of recruitment is also responsible for high graduate unemployment as they can beside their skills, not boasts of meeting the other requirements.

However, while it is true that most frustrated job seekers end up in informal employment, entry into the informal economy is also not so easy and given. Some authors have noted that many activities in the informal economy of developing countries are highly stratified. They require skills, experiences, contacts and identifiable barriers to entry. Banerjee (1986) in Kingdon and Knight (2001) found that in urban India, entry into self-employment sector is not easy. Even when skills and capital are not required, entry can be difficult because of the presence of cohesive networks, which exercise control over location, and zones of operation.

Another interesting feature of the Nigerian labour market is the high incidence of casual and contract jobs by formal firms. This development tallies very well with the position of Meagher (1995) who accuses the elite with the rise of informality as a guise to extract cheap labour. Most companies producing households' consumables are mostly guilty of this practice. Largely, they take advantage of the high unemployment situation to hire workers without recourse or respect for basic national labour legislation. These practices largely go unnoticed as factory inspection regimes and practices are weak and ineffective. Trade unions who have tried to organise these sets of workers have met stiff resistance by employers backed tacitly by the state[9].

The apprentice system is also a major feature of the Nigerian Labour market. Apprenticeship is mostly for artisanship skills development. Apprenticeship practice in Nigeria is organised mainly along ethnic and tribal lines (Meagher, 1995: 269). Master trainers are quick and ready to take on apprentice from their ethnic groups. It is believed that the learning process can also be conducted using the ethnic lingua franca. Also, the social network and solidarity that is embedded in ethnic affinity serve as forms of social negotiations for apprenticeship contract.

Minimum levels of formal education are often required for apprenticeship in technically complex activities such as electrical or vehicle repairs. Apprenticeship fees, where charged, are higher in these activities and the duration of apprenticeship as fairy longer normally from three to seven years (Oyeneye, 1987; Rathgaber, 1987). In most cases, the poor and unemployed cannot afford to postpone earnings to engage in long years of apprenticeship. This is besides the fact that they cannot afford the fees nor do they have the minimum required education demanded. And to survive, they are quick to be seen in irregular, temporal and daily paid jobs.

[9] A recent (2004) labour legislation amendment corroborates this assertion. The amendment has made unions using strike to exert their rights almost impossible. And when unions cannot use tools at its disposal to seek, gain and secure workers rights, then its influences and relevance wane. In this condition potential members will find unions unattractive since they cannot gain much from being members. And in the opinion of the unions was the driving force behind the amendment. See, NLC Labour News publication, November edition, 2005: www.nlcng.org

The gender dimension to the apprenticeship practice in Nigeria can be viewed also from ethnic, cultural and social expectations and stereotype perspectives. Most female apprentices are attached to hair stylists, seamstress and restaurant, food selling businesses. For the males, when they are into tailoring, they sew mostly male dresses and are dominant in the technical trades like mechanics, electronics appliances and handy men. Geographically, male from the Eastern part of the country are mostly into trading apprenticeship, which they go into from a very young age as from 5 years old. They expect to learn and serve the master for a certain period and are later established financially by the master after successful completion.

Concerning formal employment, Governments at the federal, state and local government levels are seen as the major employers with their employment size as shown in table 2. However, with the full adoption of the neoliberal orthodoxies of privatisation, deregulation and liberalization many public workers are losing their jobs. These job losses have been triggered by the claim of the government to cut recurrent expenditure and promote better service delivery. To purse these goals, with respect to personnel, the claim has been to right-size, a euphemism for retrenchment. Workers with low skills and productivity, and who cannot cope with the supposed new challenges are to be eased out of their jobs and replaced. The minimum understanding with their unions is that the affected workers will be given vocational training that will serve them in post-retrenchment life. But the present scenario is such that workers are retrenched in droves, while very few graduates are employed. The retrenched workers are still been owed their severance benefits leaving them and their families in hardship. However, the affected workers are gradually resettling to new employment life in the informal economy.

4.2.1. Rural and Urban Labour Market

Labour market analysis suggest that apart from social stratification like age, sex, level of education, etc, location tends to play a major role in differences in earnings among people (Ogwumike et al, 2002). It means, therefore, that individual tends to participate in a geographically limited labour market, which is often determined by the proximity to their residences. This forms the basis of the ‘dualist’ structure of the labour market into rural and urban labour market divisions for developing economies. Ogwumike et al (2003) pointed out that the rural areas are more likely to provide low paying, part-time, seasonal and non-unionized jobs.

The urban sector can be seen from a formal and informal prism. The urban informal sector is generally considered as a residual category made up of those who have not obtained employment in formal jobs. Their fortunes are linked to those of both the rural sector and urban formal sector through migration and remittances. The view of the urban informal labour market is one of a sub sector with relative easy entry, little unionization, no legal minimum wage. The other features are weak safety standard at work, low physical capital output, low returns to labour, and mainly small family enterprise units.

For Nigeria, like any economy, livelihood of people is greatly affected by the opportunities available to participate in the labour market. Studies have shown that poor households depend on labour income. The size of labour income depends on age-structure, sex, prospects of employment or self-employment and wage rates or net daily rewards on own account. Labour market segmentation also looks at the above criteria and also the gender composition. It also looks at the broad division of the labour market into classes of employment and types, which refers to the segmentation of workers into different categories of employment class.

4.2.2. Labour market segmentation

First, let's recognise that the labour market segmentation as proposed by Gordons and Edwards (1973) dividing the labour market into two is no longer applicable. This is because the complexities of modern labour market make it untenable. Baron and Bielby (1984) argue that most industrial sectors are represented by enterprises in both sectors, thereby casting doubt on the validity of segmentation of the labour market along industrial lines. Besides, the reality is such that workers in these sectors are also found conducting activities in the other sectors. This can also explain the links between the formal and informal economies where activities in each is interwoven around and depended on the other.

In Nigeria, the labour market segmentation is agriculture dominated with the most happening in the rural areas. The manufacturing sector that is, the secondary sector which also used to engage a sizeable number of workers is fast losing ground. The causes can be attributed to low industrial capacity utilization as a result of infrastructural failures. Clearly, the extractive industry mainly oil is the most lucrative as per terms and conditions of work. But entry required high skills and very few people are employed. However, there is the angle of “local pushiness” that have seen some not too educated people getting employed to do the menial aspects of the production processes. The “local pushiness” here refers to oil bearing communities insisting that their youths be employed by the oil prospecting and exploiting companies.

The rise and growth of the service (tertiary) sector has thrown up some interesting development within the Nigerian labour market. First development is that there is still an on-going reform to overhaul this sector. The banking sector was last year recapitalized and made stronger. This led to mergers and acquisition of small and weaker banks so as to meet with the requirement of the CBN (Central Bank of Nigeria). The result was such that there are now bigger and supposedly stronger banks who deal with big and elite clientele. Small depositors are presently cut out from the services of the banks. One way this is expressed is through high and unaffordable amount demanded for opening accounts from the poor and small enterprises. The locations of the bank branches is also another. Most banks branches are almost exclusively in the cities and big towns, almost cutting out the rural areas.

To cater for the rural and urban poor the CBN launched a Micro Finance Institution policy framework in 2006[10]. The policy framework was influenced also by past failed experiences of similar micro financial institutions like the People’s Bank of Nigeria (PBN) and the Community Banks. The framework intends to promote Microfinancial services on a long-term, sustainable basis for the 65% poor and low income groups not covered by the conventional banks (CBN, 2005). The central bank also enthused that such policy framework will help it do better supervision of ensuring monetary stability and also lead to the expansion of financial infrastructural base. The

[10] The full provisions of the framework can be accessed from http://www.cenbank.org/OUT/PUBLICATIONS/GUIDELINES/DFD/2006/MICROFINANCE%20POLICY.PDF .

framework is not in anyway different from the proto-type policy hawked by the World Bank with respect to microcredit institution transformation. It seeks to bring microcredit provisions from the purview of non-conventional organisations like the NGOs, moneylenders, credit unions, etc who provide credit informally to san institutionalised practice.

Unfortunately, almost two years after the launch of the framework, nothing concrete is happening to suggest that the poor and small entrepreneurs will have opportunities to access loans. This development raised the observation that the conventional banks are oriented negatively by only looking out for the big savers and capitalists. The big capitalists and companies have strong collateral base to qualify for loans, but are bad at repaying loans compared to the poor. Again, the conventional banks are more interested in chasing big savings as against promoting entrepreneurial investments. The point advanced by Meade (2001) about micro borrowers needing more service that can be costlier as compared to administering big loans could be a reason. Besides, the social consciousness of banks with respect to poverty alleviation pales into insignificance when these conflicts with its main interest- profit maximization.

At another level, with respect to the rise and growth of the service sector is the way it has created more *Mcjobs* that are precarious, unsafe and often with no right to self organisation. This development can be felt more in the Banking and Telecommunications industries. Most of these jobs are created at the lower echelon of the organisations' structures. Another development with the service industry is the increased way informal activities in retail and trading have also developed along with it.

When Nigeria opened it floodgates in 2000 for private telecommunication operation, it brought with it huge activities in alternative employment. Micro and small businesses sprang up dealing in call cards and other telephone accessories. Parts of these jobs were the ones described in the BAN report concerning unemployed persons learning how to fix bad mobile phones from the (digital) e-dumping activities. The locations of these businesses were mostly busy public offices where the operators are sure of heavy clients' traffic. The highways with slow or snail traffic were also good 'spots' for the operators.

Essentially, the activities of informal operation is mainly trade and retail-based with little of production activities been carried out. This situation is same for the formal economy where manufacturing activities have continued to tumble. The little production activities by micro enterprises include making of water packaged in nylon packs ("pure water") and sold conveniently at motor parks, kiosks, makeshift restaurants and the market places. Others are seen engaged in cheap local cosmetics and soap making cottage industries. Block making, carpentry, blacksmith fabrication of farm tools, pottery and ceramics making also form parts of these production activities. The technologies and productivity levels of these activities have rarely changed, leaving the operators not better off, but mere surviving. The lack of better innovative marketing strategies to access bigger market and improve their returns means their operations have stayed small, rudimentary and unprofitable.

The question of trade union cover and protection for workers rights is also another dimension to the labour market that needs to be understood. Given that formal employment relations are changing and production styles redesigning formal jobs to informal jobs. This has further reduced workers rights and even accelerated its abuse and neglect. However, unions are more than before poised to organise these sets of workers. But with respect to this task, how has unions faired?

4.2.3. Trade Union Cover and Organising in the Informal Economy

About 15 percent of the work force belonged to trade unions (ICFTU, 2005). And majority of these members are in formal employment where organising is relatively easy compared to informal ones. Organising in Nigeria is along industrial and hierarchical lines. This means there are almost two unions in one industry representing junior and senior workers. Though, there are formal trade union organisations that have organised and still organising informal workers. One of such organisation is the transport workers union that is organising buses drivers and conductors of both formal and informal employers. At other levels, the informal workers have been largely organised on their own around their different cooperatives and trades associations. Their recognition is however not guaranteed as they are not accorded the status of 'formal trade unions and so cannot bargain on conditions and terms of employment.

The local enabling law guiding trade union operation stipulates that only unions registered with the Registrar of trade unions under the supervision of the Ministry of Labour can be granted recognition status. At best, most of these associations are registered with the Corporate Affairs Commissions (CAC) as not-for-profit organisations. And so the level to which they can promote and protect their rights is grossly limited.

The practice of engaging casual workers for otherwise formal jobs has since become almost standard practice by the big firms. There are cases where workers with requisite qualification have been designated as casual staff working for more than 10 years without conversion to formal permanent staff. Most times, the workers are promised conversion after few months, but sadly very few promises are met. This practice strives as a result of high unemployment profile especially among secondary school and tertiary institutions graduates. It allows employers to play workers against themselves to keep their jobs. Workers rights to organise and collectively bargain are repressively denied and abused. Recent government amendment of the labour law has been seen as capable of further weakening workers right and limiting trade union capacity to organise.

Unions has long realised that industrial relation and production practice that seeks informal employment relations is partly, in most cases, responsible for membership declines and low density[11]. And these have impacted on their level of influence and are threatening their relevance. To stem this tide, trade unions have identified organising in the informal economy as their main priority, besides effective servicing of their membership. One of such organisation is the Nigeria labour Congress (NLC)[12] which has identified organising casual and contract workers and informal economy workers as one its priority.

Largely, the trade union strategy has been centred on picketing to achieve this goal. But the results have been far from impressive. While the decision to organise the

[11] See, Kelly, J (2003) Labour Movement Revitalisation? A Comparative Perspective; Frege, M. C and Kelly, J (2003) Union Revitalisation Strategies in Comparative European Journal of Industrial Relations

[12] The organisation has reaffirmed its commitment to the organising of informal workers and has since taken step in concert with its counterparts in Ghana (GTUC) and South Africa (COSATU) initiated a process of making a regional campaign to as part of their decent work agenda promotion. Presently, it is a member of StreetNet.

informal economy is right and welcomed, other measured have constrained its realization. Like Gillian (2006) has noted organising informal work is not a traditional trade union engagement. It needs other approaches, in most cases outside traditional trade union capacities. For one, it is not expected that those to be organised will begin to pay due as they often too poor to do so. Therefore, unions must make a committed decision to organise the informal workers backed by financial commitment. It also requires education that would reshape the capacities of the organisers of the unions and the workers themselves on how to organise and collective bargain. Moreover, the informal economy has a clear gender dimension and this could suggest that trade unions begin to employ female organisers to better reach the women at the grassroot levels. Again, unions should be able to deal decisively on the issue of the "petty bourgeoisie", that is those own-accounts owners and the micro enterprises that employ few workers.

Despite the contributions of the unions to improve on the general well being of the workers through organising and collective bargaining, starvation wages is still prevalence. The informal economy worker who relies on daily pay is worse off. Poverty is very much the lot of majority, as they barely earn or can earn enough to cope.

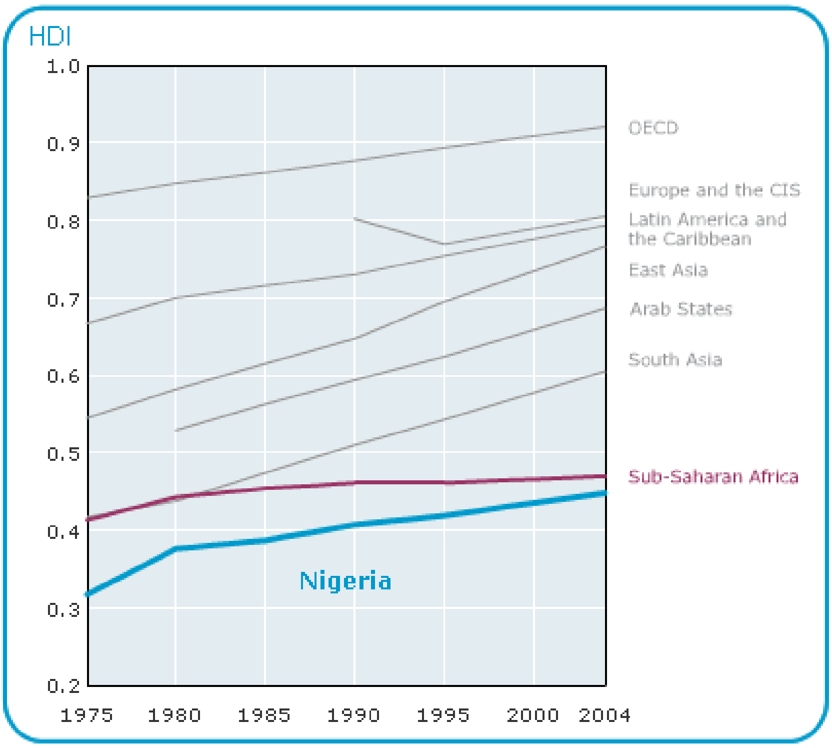
4.3. Poverty Profile

Poverty is highly visible in Nigeria. Overcrowded settlements in major cities without basic social services and remote and isolated rural areas are major concentrations of the poor (Obadan, 1997). Data (table 3 as shown below) by the Federal Office of Statistics (FOS, 1999) on the poverty profile in Nigeria showed that the incidence of poverty rose from 28.1% in 1980 to 46.3% in 1985. The figures dropped 42.2% in 1992 only to rise sharply to 65.6% in 1996. It further rose to 70% in 2001 and has since remained high. A separate study conducted by Canagarajah, Ngwafor and Thomas (1997) while acknowledging Nigeria's oil wealth lamented the contradiction in terms of the high poverty level. The UNDP (2003) estimates put the percentage of the poor in Nigeria between 66% and 70%. And it was estimated that the incidence increases by 10% every three years. And on its scale of poor countries, Nigeria is ranked 151 (UNDP, 2004).

Table 3: Nigeria's population and Poverty Incidence Trends

Year	Estimated Total Population (million)	Poverty Incidence	Population in Poverty (million)
1980	65	28.1	17.7
1985	75	46.3	34.7
1992	91.5	42.7	39.2
1996	102.3	65.6	67.1
2001	125	70.0	87.5
2003	132	70.0	92.4
Source: FOS Poverty Profile for Nigeria (1980 – 1996) and Federal Government of Nigeria (2004) NEEDS document of the National Planning Commission, p21.			

Figure 1: Nigeria's poverty profile measured against Sub Saharan African Level



Source: Adopted from UNDP Human Development Report 2006

4.3.1. Oil Wealth and Poverty- Sheer Contradiction

Nigeria is a rich country with poor citizens. It is a sheer lamentable case of poverty amidst plenty! The country is richly endowed with a diversity of human and material resources from which the bulk of its wealth is derived. The immense waste of human resources in Nigeria due to poverty can be partly attributed to the unhealthy state of the Nigerian economy (Tomori et al, 2005). And this is also attributable to the factors of bad governance, official corruption and the many years of military rule. Other factors include weak intersectoral linkages, persistence of structural bottlenecks in the economy, long absence of democracy, declining productivity and low morale in the public service (UNSN, 2001).

The Nigerian economic growth rate of the real gross domestic product since the early 1990s has not been encouraging. The rates have been fluctuating at abysmally low figures. Though it witnesses some increases lately, it's a 'jobless' growth, as it has not impacted on employment. Below is the figure (in table 4) of the rate of GDP growth rate from 1990 to 2002.

Table 4: Selected Macroeconomic Indicators in Nigeria and Composition of Real GDP

Year	Real GDP Growth rate	Share of Oil in Total Export	Gross National Savings (% of GDP)	Inflation Rate	Composition of Real GDP by Sectors			
					Primary	Secondary	Tertiary	Diversification Index
1990	8.3	97.03	28.9	7.4	52.2	10.6	37.2	1.31
1991	4.7	96.15	22.2	13.0	52.2	10.9	36.7	1.31
1992	3.0	97.94	13.4	44.6	52.0	10.3	37.7	1.31
1993	2.7	97.70	6.4	56.2	51.2	9.9	39.0	1.32
1994	1.0	97.40	3.6	57.0	51.1	9.8	39.2	1.33
1995	2.2	97.57	3.6	72.8	51.7	9.2	39.1	1.34
1996	3.2	97.22	10.5	28.0	52.4	9.0	38.6	1.34
1997	3.7	98.45	16.1	8.5	52.5	8.9	38.6	1.35
1998	2.6	95.47	9.2	10.0	52.3	8.6	39.1	1.36
1999	2.8	98.36	18.3	6.6	52.3	8.5	39.4	1.36
2000	3.9	98.72	28.3	6.9	47.1	7.7	45.2	Na
2001	3.9	98.60	25.5	18.9	49.8	7.2	43.0	Na
2002	3.3	94.95	25.1	12.9	47.8	10.5	41.7	Na

Source: Adopted from Tomori et al (2005), "Protecting the Poor from Macroeconomic Shock in Nigeria: An Empirical Investigation and Policy Options, Lagos.

The figures when viewed in comparison to the population growth of an average of 2.8% (UNSN, 2001) per annum, leaves little room for appreciable improvement in living standards. Nigeria has since the 1970s been heavily dependent on revenue from oil for much of its domestic and foreign requirements. As table 4 shows, crude oil has accounted for over 95% of the countries export earnings over the past two decades.

Looking at the other contributions from the other sectors and the general revenue portfolio situation of Nigeria, it is unbelievable and unacceptable to imagine the level of poverty depicted in table 3. Human conditions in Nigeria have deteriorated, leading to large scale poverty.

In Nigeria, public sector wage determination is carried out inconsistently by government appointed commissions with the mandate often to look at minimum wage anchor. Nigeria has had over 7 of such commissions since independence. The wage increases reached are often not indexed to inflation and usually take a long period to reach. Consequently, the anticipated effect it will have on the purchasing power is wiped out by inflation. Table 5 explains the wage trends of public sector[13] structure for the poor, middle and high income levels for the periods from 1979 to 2003. Government spending on social services like health and education will also be presented here to show the extent to which the quality has deteriorated.

Table 5: Average Real Take-Home Wages and Salaries for Public Sector workers 1983 - 2003

Period	N per month GL 01	N per month GL 08	N per month GL 15
1979 - 83	244.57	737. 22	1947.70
1984 - 88	164.29	427.64	1064.06
1989 - 93	149.23	272.64	567.14
1994 - 98	82.05	189.20	369.74
1999 - 2003	139.38	340.26	728.87

Source: FGN (2004) NEEDS document of the national planning commission, p6 GL 01, GL 08 and GL 15 are wages for the public sector wages for low, medium and high income earners.

[13] Data for the private sector was not available and so the public sector which has more of the formal labour force was used to illustrate the wage determination. Current data was a challenge to get.

Table 6: Expenditure on Public social services: Education and Health

Year	Real Per Capita Expenditure on Health (Naira)	Real Per Capita Expenditure on Education
1986	30172	84584
1987	10549	38110
1988	30402	92998
1989	31303	133547
1990	29183	99999
1991	23523	47372
1992	38849	49412
1993	15809	38939
1994	17493	57529
1995	26142	68772
1996	36334	144830
1997	65500	150239
1998	120388	217211
1999	147362	287528
2000	185638	371965
Source: Odusola, A. F (1997). Poverty in Nigeria: An Eclectic Approach, in Poverty in Nigeria, Selected Papers of the 1997 Annual Conference of the Nigerian Economic Society, Page 130.		

Looking at spending in education when compared to some other countries in Africa given Nigeria's income earnings also make the situation unacceptable. The low spending is insufficient to engender resourceful and productive learning. The situation is such that academic staff are poorly remunerated and compensated, and no up-to-date materials and equipment to teach with. Many of the academics have since joined the 'brain drain' wagon to seek greener pastures in foreign climes. The result has been ill-equipped students turned out as graduates. This tallies with the findings of the World Bank (2000) report pointed out that Nigerian graduates lack effective communicative skills and technical competences that have made them largely unemployable. The study further identified the faulty skill level to mainly, gradual decline in education funding that impact on learning conditions amongst others. (Table 7 Shows GNP spending on education has been declining over the past years). Those in the informal economy operation interviewed for this study, especially women complained about their inability to cope the increasing cost of educating their children.

Table 7: Total Public Expenditure on Education *as* Percentage of GNP of *some selected developing countries*

Countries	1980	1985	1990	1995	1997
Nigeria	6.4	1.2	1.0	0.7	0.7
Ghana	3.1	2.6	3.3	4.8	4.2
Kenya	6.8	6.4	7.1	6.7	6.5
South Africa	-	6.0	6.5	6.8	7.9
Sub-Saharan Africa					4.2
Low-income Countries					3.7
Source: Dabalen and Oni (2000) Labour Market Prospects for Graduates in Nigeria. World Bank, New York.					

4.3.2. Poverty, Causes and Dimension

Some causes of poverty in Nigeria have been identified to include, inadequate access to employment opportunities for the poor and low skilled, but recently, graduates have also been hard hit. Other causes are lack of access to assets such as land and capital, inadequate access to markets for the goods and services that the poor produce. There is also inadequate access to health, education, sanitation and water services. There are equally the causes brought about by religious and communal clashes, victims of transitory poverty of droughts and floods and pests. These causes have contributed in tandem with ill-conceived development plans to make poverty endemic in Nigeria (FOS, 1996).

SAP as a result of it failed implementation also contributed to the poverty situation of the country. The liberalisation of the financial sector that brought increased lending rate stunted the economy. Investors could not cope with the high interest rates charged by the banks. Besides, SAP also led to devaluation of the naira thereby reducing the purchasing power of households. This slowed down production, as consumption was low to accommodate the supply from industries (Obadan, 1997). The austerity measures of the policy were too harsh for the people to bear. This was made worse as government spending on social services was also substantially cut back.

Nigerians are almost in unison that SAP made them poorer. And as mark of their observation have resisted through demonstrations on the streets, the further implementation of the policy. The general consequences of SAP have been a sharp increase in unemployment and a fall in remunerations of workers. It also brought about an increased dependency, a grave deterioration of the environment. Fall in standard and deterioration in healthcare systems and educations were witnessed. There was a decline in the productive capacity of the manufacturing sector. Another failing was the continued growth of external debt (Obadan, 1997). Local factors by no means contributed to the failure[14].

The incidence of HIV/AIDS has further compounded the situation. Orphans from HIV/AIDS related death now represent the new sets of vulnerable group in the poverty bracket. Women have always been at the butt of harsh effects of poverty. Study conducted by the CBN/WB (1999) indicated that women are more prone to poverty than men. The study stated as follows with respect to the situation of women and poverty in Nigeria: the likelihood of having fewer opportunities than men; of coping with the material well being; of having very limited strategies and safety nets; and of constantly living with a sense of insecurity.

Various governments at different times have attempted to improve the situations of the poor with not entirely or radically different approaches. The main emphases of the interventions have been to stimulate rural areas development and promote micro and small business development through credit support. Some of the interventions are presented here briefly with comments on their intention, performance and reasons why they failed.

[14] See, Olukoshi, A. (1993) *Politics of Structural Adjustment in Nigeria*, Joanne Educational Publisher, Onitsha.

4.4. Some Poverty Alleviation Initiatives: How they faired

While the study recognised that many programmes have been floated at different times by different programmes, it will deal with a few, especially those that accentuate credit provision and social protection outlook. It will select programmes from the past and present to also show that indeed they are almost the same, were affected by the problems and suffered similar fates! The National Poverty Eradication Programme (***NAPEP)*** and the Youth Employment Scheme (***YES***) present two recent presents under a democratic government. Essentially, they were established to target youth and the unemployed. The former included all categories of the unemployed, including youth, while the later was exclusively for secondary schools and tertiary institution graduates. School drop-outs were also to benefit. The programmes were designed to give vocational trainings and help establish the trainees after completion of training. There is also the establishment of ***National Directorate of Employment (NDE)*** to tackle the problem of mass unemployment. The NDE was a skilled acquisition programme meant to train mainly secondary school graduates and dropouts and the elderly on cottage industry trades. The trainees after their training, which is vocational in nature, were given 'seed' money for take-off of their ventures. The establishment of *People's Bank Nigeria* ***(PBN)*** was to cater for the credit needs of the less privileged Nigerians. This programme started with much enthusiasm from the poor who were hoping for a better chance to access credit at ease and bearable rates.

In terms of administration of the programmes, especially the recent ones from 1999 till date, a national structure (National Poverty Eradication Committee) was established and headed by the President. Similar structures were also set up in the 36 states of the federation and the 774 local government areas in the country. Funding for the schemes is concentrated in the Poverty Eradication Fund (PEF) administered by the National Poverty Eradication Committee. Contributions from the states and local governments and the private sector also make up for fund sources. There is a special deduction made from the Consolidated Federal Government account to complement funding channels. Donations from organisations like the WB, the UNDP, and the European Union etc also support the fund base of the programmes (Elumilade, Asaolu and Adereti, 2006).

While all these programmes seem laudable and populist in approach, the implementations and outcomes have been adjudged abysmal and even retrogressive. Meagher and Yunusa (1996) observed that The NDE and the People's Bank set up to assist the development of informal enterprises, have actually contributed to the marginalization of the vast majority of them. For example, the resources offered were well below the cost of starting up a viable enterprise, except at the pettiest level. By 1991, only 2 per cent of the 104,370 apprentices trained through the NDE's Open Apprenticeship Scheme had managed to start up their own businesses, owing to the high cost of equipment. This forced the NDE to institute a "resettlement loans scheme" to provide cash and equipment to aspiring entrepreneurs. People's Bank loans, with their original ceiling of N2, 000, were barely enough to start up the most marginal enterprises. Even some of the old beneficiaries of the programme interviewed recalled that they were cajoled into bribing field officers before they got registered as possible potential beneficiaries.

Slack attitude to implementation and corruption were also recognised as some of clogs that just make the wheels of the programmes no to move (Nwaka, 2005; Elumilade, Asaolu and Adereti, 2006: 69). They pointed to how funds (N135 billion of N146 billion) of the Petroleum Trust Fund (PTF) meant for financing anti-poverty programmes were squandered, possibly through over-invoicing, over supplies, supplying expired materials, wrong project priorities and even blatant thievery. At best, these programmes when viewed from their implementation and evaluation perspectives come out clearly as "heat-of-the-moment initiatives and established activities for rent-seeking and self perpetration in power. The intended beneficiaries are only thought of at some marginal level.

Curiously, the initiators and implementation officials of the programmes come out more richer and prominent no thanks to crass manipulation of the programmes for self benefit, while the well-being of the poor further degenerate. Also, most of the programmes lack ownership. There is largely no consultation on the formulation of programmes with the poor and the communities. And when there is no ownership, programmes suffer capacity to mobilize the mass for effective participation.

On a brief recap of this chapter, the study has shown that the Nigerian poverty profile is clearly not acceptable considering her oil earning. State responses have not been proactive. And in situations where they responded, programmes have been constrained largely by corruption, clientelism and patronage. Informal economy reaction has been to get involved in any form of employment that would guarantee immediate income. Issues of health, safety and education while they are sources of concerns, the poor would sacrifice them for earnings. While they can postpone health issues as long as it is not threatening, consumption, especially food cannot wait. This is the case as shown by the BAN report with imported (waste) electronics for example. Such case makes the life and conditions of the informal economy workers more precarious. This also represents the new trend of globalisation that reinforces global inequality and production and consumption pattern that shows the uneven balance of power within the global economy. It is a case of some countries getting richer and impoverishing others.

The next chapter will look at the inter-play of SAP and globalisation and how they have constrained the role of the state with respect to social protection provisions. It will also look at some cases where succours have been provided by the state through a variety of social protection programmes. The Brasilian CCT, Bangladesh TUP and the Zambia’s transfer will be x-rayed briefly. The intention is to try and draw lessons for Nigeria in terms of response.

Chapter Five

Social Protection under SAP and Globalisation

5.1. Declining social services provisions under structural adjustment and globalisation

The realization of the United Nation's objectives on poverty eradication as encapsulated in the aims of the MDGs is seriously been threatened. The fact is that its timeline- 2015 is just seven years shy of turning the corner with world poverty situation, extreme for developing countries in Sub-Saharan Africa, not improving. This is because the free market ideology legacy bequeathed to the world by Margret Thatcher and Ronald Regan was transferred to developing countries as strategies to help them play 'catch-up' seems to be doing more damage than good.

It was done through series of economic development and stabilization programmes of structural adjustment programmes engineered by the World Bank and the International Monetary Fund. Lately, these packages have been redesigned and labeled as the Washington Consensus[15]. The centre pieces of the policies and reforms have been to strengthen the primacy of the market through deconstruction of supposedly market barriers so as promote individualism. States have been called upon to deregulate, liberalise, and privatize their economies. Government spending, especially on social services provisions have been curtailed on the excuse of maintaining balance budget.

The reality is such that healthcare services, education and other similar necessary services that were state-ran and subsidized for the citizens have been transferred to private hands. Privileged local compradors, the ruling class and their foreign capitalists have bought these state enterprises and operate them to the detriment of the poor. The cost of the services they provide is beyond what the ordinary regular income earners and the poor can afford. Hence, the level of equity

[15] The Post-Washington Consensus now operates, with a slight change to the earlier version to give some latitude to States to provide and maintain peace and order, and to make limited expenses on social services. For detailed view on the Post-Washington Consensus with respect to development, see Priewe and Herr (2005). Macroeconomics of Development and Poverty Reduction: Strategies beyond the Washington Consensus.

access and quality of the services for the poor has declined abysmally. And in terms of employment where the state is the biggest employer, the situation has changed. The situation now is such that many hands have been laid off as the public service has come under the attack of these reforms.

Unfortunately, this has brought about the retreat of the welfare state, and the ascendancy of the market. But we should not forget that present day rich countries built their solid foundation on welfare state regimes. While still noting the relevance of the welfare state within the European context to fight poverty, Esping-Anderson (2002) called for the need to balance family needs even within the thinking of the market. Specifically, he argued that “a recast family policy and, in particular, one which is powerfully child-oriented, must be considered as social investment” (Esping-Anderson, 2002: 9).

The policy shift of the states in the last three decades included looser integration with flows of trade, investment and finance, thereby rendering macroeconomic policy weaker. And this is contributing to the process of ‘shrinking the state’ via declining social expenditure (McMichael, 2000). Attack on public services provisions by government has followed the neoliberal argument that sees such expenditure as a waste. It is described as an economic drain on society and slowing economies down especially as it adds no value (ICFTU, 2000).

Globalisation, while increasing the opportunities for growth, will also increase the country’s vulnerability to external shock, and the risk of increasing unemployment and poverty and likely political instability (ADB, 2001: 32). Globalisation has led to job loses through restructuring of employment relations and promotion of informalisation. The structuralist theory of the links of the informal economy with formal captures this practice. The theory argues that capitalist companies will redesign their production and employment relation along informal operation to reduce production (read, labour) cost and be competitive (Castells and Portes, 1989).

Developing countries are even quick to lower labour regulations and deregulate the labour market to pant to the whims and caprices of foreign direct investors. The results are that jobs are re-designated, paid poorly in most cases and workers rights eroded. All these have greatly weakened the contribution capacity to social insurance, which strives on steady and regular employment and income.

Clearly, social services like health care, education, and portable water amongst others have been identified as issues that should be covered under social expenditure by the state. They should not be reduced to ideological permutations if the intention is to curb the scourge of extreme poverty. The point is that the poor given their informal jobs with menial income are most likely not able to afford them.

Education for example should be provided by the state if poverty is not to be recycled among children of the generation affected. Here, the emphasis is both on child and adult education- life long learning. Studies have shown that there is very little chance of parents sending their children to school if the family income is very low. They are more likely to recruit the child into the family income earning team (Olaniyan, 2004). This practice only tends to perpetuate and recycle generational poverty.

The point to avoid inter-generational poverty recycling was also noted by Esping-Anderson (2000: 9). He stressed the need for a strong child-centered welfare policy that would promote the ability and motivation to learn. "Good cognitive abilities to start with will yield individual returns later on because they are an absolute preconditions for educational attainment, lifelong learning, or for possible remedial intervention at some point in life. They also yield a social dividend because we need to offset the limited numbers within coming cohorts with greater productivity".

Also for health, states that are not able to maintain minimum decent health standards are not prime arenas for economic, social and human development. To achieve this therefore will mean that health care should be considered a serious social expenditure that must be pursued by the state. The HIV/AIDS pandemic in developing countries, especially with its ravaging effects on Sub-Saharan Africa is a sad pointer to this fact. Their human productive capacity is being menacingly depleted leaving it with the challenges of food security. It's a situation that has nibbled at the lives of the infected and affected economically, socially and psychologically. Given the high cost of managing the disease, clearly most poor households cannot afford.

While it is admitted that the disease demand and has been getting international attention, national governments have the first necessary and compulsory duty to take the initiative to act. And this means that state spending will be required, as poor patients cannot afford private treatment. Alluding to the folly of privatizing public services, using health care and how it enforces exclusion, ICFTU (2000:5) made the following observation:

"In the area of health care as in many others, some have been tempted by the notion of privatisation of public services and the introduction of competition. There could be no better example of the folly of such an approach like the United States. This largely privatized system is the most expensive in the world and leaves 44 million people without any coverage. Health care is too vital an area to substitute ideology and profit for experience and common sense. Instead, reforms should be sought to better maintain the quality of life for older people and to spread the equity of access to good health care through efficient social security systems…"

Good and quality health care with supervised hygiene culture remains a better and surer way to tackle poverty. The fact that preventable ailment like malaria kill higher even than HIV/AIDS in Africa will require society to be ready to spend more on preventive care. Good medical treatment when combined with preventive care measures is more effective. Preventive measures would mean support for good nutrition and clean habitable environment.

Though, the scope of this study does not cover macroeconomic policies of state with respect to its development challenges, it will however stress the importance of finance. The point is that state should recognise the strength and limitation of finance underpinned by local realities. This stress is made with respect to the notion of credit (capital) as means to empowering the working poor to fight poverty. Also, part of the reality is that commercial banks, like the Nigerian situation are oriented more toward granting loans to formal and big businesses. Also, the link of finance here will be with respect to how international financial institutions have taken their structural adjustment prescriptions as dogma. It is such stance that has been used to call for financial sector and interest rates liberalisation.

Priewe and Herr (2005: 146) have argued that high interests (for developing countries) may lead to the poor allocation of credit. And they urged states aspiring towards development to take the initiatives in their hands to control, (read) regulate the financial market. They stressed further "…if banks do not keep interest rates low and start to collect risk-oriented borrowers there is a case for government controlled interest rates (or interest rate bands). The lessons from the Asian financial crisis also buttress the need for government to have some forms of control over the sector.

Also, since financial sector can be considered as one key factors of development, which occupies the peak of markets, means the need for state control so as to use it to achieve its economic goods. The point is that it is the financial markets, over and above the goods and labour markets that can drive investment through lending. And when the goal of credit to informal economy micro entrepreneurs is to create employment and raise family income, there is need for regulation. Ms Maria Otero, President of Accion International, the US-based non-governmental organisation, which invests and lends in MFIs internationally, accentuated this point. She alluded to this when buttressing the rapid expansion of microcredit institutions in Asia and Latin America as reported by Richard Lapper. She noted that the expansion is due largely to regulatory changes that recognised MFIs activity as very different in nature to conventional banking (Financial Times, June 7, 2007: 5).

Inspite of this, developing countries often times have been hand-twisted to adopt such measures even when they argue that it is detrimental to their local plans. Clearly, structural adjustment reforms modeled along richer nations and imposed for developing countries without care for local realities cannot be justified with respect to fighting poverty. At best, it can be seen as deceptive rhetoric that would do no good and such stance should be discarded. This point was succinctly captured by Stiglitz (2002: 31), when he referred to the IMF's burdensome and meddlesomeness in the Ethiopian situation:

"… It also wanted Ethiopia to "liberalize" its financial market that is, allow interest rates to be freely determined by market forces- something the United States and Western Europe did not do until after 1970, when their markets and the requisite regulatory apparatus, were far more developed. The IMF was confusing ends with means. One of the prime objectives of a good banking system is to provide credit at good terms to those who will repay. In a largely rural economy like Ethiopia, it is especially important for farmers to be able to obtain credit at reasonable terms to be able to buy seeds and fertilizer. The task of providing such credit is not easy; even in the United States, at critical stages of its development when agriculture was more important, the government took a crucial role in providing needed credit. The Ethiopian banking system was at least seemingly quite efficient, the difference between borrowing and lending rates being far lower than those in other developing countries that had followed the IMF's advice. Still, the Fund was unhappy, simply because it believed interest rates should be freely determined by international market forces, whether those markets were or were not competitive. To the Fund, a liberalized financial system is an end in itself. Its naïve faith in markets made it confident that a liberalized financial system would lower interest rates and thereby makes more funds available. The IMF was so certain about the correctness of its dogmatic position that it had little interest in looking at the actual experiences".

However, the power and welfare content of a government is expressed amongst other criteria, by its willingness, capacity and ability to provide social protection for its citizens. And it must strive to avoid social exclusion and alienation brought about by poverty and unequal distribution of wealth. According to the ICFTU (2000), this is "important not only for obvious social and economic reasons but also to ensure that participation in the political process, which is at the heart of democracy is not weakened". Still the question arises how can states fund extension of social protection cover to their citizens, especially the working poor in the informal economy?

Most solution to this problem has been to focus more on taxation and increase deductions from wages of formal workers. But given the high profile of informality of Sub-Saharan economies for example, and declining employment in the public and private sector such approaches cannot go far. This reality was illuminated using the Benin case with respect to safety net provisions intended for the hardship categories of its resident population. The ILO (2000: 19) noted that given Benin's entire indigent population, the state had problem to implement the safety net for the entire population. This was against the backdrop of its limited finance, as the national budget and salary deductions could not guarantee such benefits.

The face of reforms along the Washington Consensus contours that have whittled away the strength of most governments to act in this direction; some countries have dared to succeed. The cases of Brasil and Venezuela will be x-rayed analytically to provide some lessons for Nigeria. The caveat here though is that there is no standard recipe or model solution that can be transferred from one country to the other.

Nevertheless, cogent and practicable experiences could offer some guide. It is with this hindsight that the cases analysed is been viewed.

5.2. Social Protection Programmes and Lessons: selected cases

Historically, Latin America began social security in the American continent under the influence of the programmes founded in Germany in the late 1880s (ILO 2000). The continent has also been noted among developing economies to possess the highest cover between 60 t0 80 per cent for its population. Social security coverage has been largely for those in formal employment dating back to the second decades of the 1990s. However, in the 1980s the social security regimes in Latin America began to witness radical changes. The reasons for the changes were attributed to financial constraints been exacted on the scheme as contribution base began to wean. ILO (2000: 53) while noting several factors like concession of new benefits without providing adequate financing; significant state debt, as well as evasion and payment delays in the private sector; poor investment management of the reserves; high administration costs and inefficiencies, etc pointed to demographic problem. He pointed to the situation where the numbers of contributors to the scheme relatively decrease compared to the insured (a declining “active to passive ratio”).

However, the Chilean neoliberal, WB influenced reform under a military government began a change in social security regimes in Latin America. The reforms involved various degrees of privatisation of health care and pension schemes. The reforms later became accepted as democracy swept across the region. These reforms have gone a long way in influencing similar changes in other countries. To have a better understanding of the social policies with respect to Latin America, the cases of Brasil will be reviewed thereafter. Other examples (Bangladesh and Zambia) will be perused.

5.2.1. Brasil: Conditional Cash Transfer

Under a variety of economic and institutional scenarios, inequality has remained consistently high over the past thirty years in Brasil. As a result, poverty levels have been higher than in other countries with similar development levels (Pero and Szerman, 2005). This is so, they noted, despite the fact that public social spending has been proportionally higher than other middle-income nations. As a result, the Brasilian social policy was soon conceived as historically inefficient and ineffective in attacking poverty. It was in this context that the idea of a broader social protection first appeared as a policy of restructuring Brasil's social assistance programmes.

Social protection for the poor by Brasil in recent time has been mainly through the Conditional Cash Transfer (CCT) programme as social safety net policy. Other Latin American countries like Mexico, Nicaragua, Argentina and Ecuador have adopted it earlier. The programme though part of the policy of former President, Fernando Henrique Cardoso (1995 – 2002), it has come to gain more centre place within President Luis Inacio Lula's (2003 – till) administration. It is a set of programmes that evolved from *Fome Zero* (Zero Hunger) to *Bolsa Familia* (family grant). The programme had under it sub programmes like *Bolsa Escola (scholarship grant)*; *Bolsa Alimentacao (maternal nutrition grant)*; *Auxilio Gas (cooking gas subsidy).*

The programmes were well thought out pragmatic responses for dealing with the increased suffering of some sectors of the society brought about by the social and economic hardship of structural adjustment. At another level, it can also be seen as an ideological shift in thinking towards a more selective and means tested approach for addressing mass poverty (Hall, 2006). The safety nets were intended to 'catch' the poor and protect them from economic shocks in the short term; they would also provide a 'springboard' for development, creating employment and income-earning opportunities through strategies of social risk management' (World Bank, 2000).

The underlying principle of CCT is that human capital can be enhanced as a development vehicle. Money is provided to families to persuade them to invest in themselves through greater participation in education and health. It is also designed to counter the shortcomings of supply-side interventions by stimulating demands for social services that often do not reach the poor. CCT approach at least from a theoretical perspective is different to traditional social assistance strategies. While traditional social assistance strategies are short-term redistribution mechanisms to tackle poverty in crisis times, CCT aims to foster joint family and government responsibilities on addressing poverty and inequality. The World Bank (2000) in the same vein enthusiastically proclaims it as an alternative to more traditional, paternalistic approaches to social assistance and has helped counter criticisms of CCT programmes as Handouts.

Hall (2006: 692) noting widely held opinions on CCT commented thus:

" … In addition to encouraging human capital formation and family responsibility, CCTs are reputedly easier to target than other social assistance programmes, using geographical and household level criteria, including proxy-means tests to estimate household poverty. Providing cash (rather than benefits in kinds, food stamps or vouchers) is more cost-effective and flexible, and avoids the creation of distorting secondary markets. Furthermore, the focus on health, education and nutrition fosters those synergies amongst diverse components of human capital considered for breaking the vicious circle of inter-generational poverty. Several countries adopting CCTs have also carried out evaluations that have provided empirical evidence of their effectiveness, facilitating scaling-up and administrative continuity"

Generally, the *Bolsa Escola* is the main thrust of the intervention that includes other various interventions programmes. However, the general coordination of the programme is under the title *Fome Zero.* The *Fome Zero* programme was a set of agrarian reform included giving of incentives to family agriculture, expanding of credit to small and medium producers and the construction of cisterns in the semi-arid regions[16]. To firm up Fome Zero, the Lula administration restructured the programme to be coordinated by a new ministry, the Ministry of Social Development and Fight against Hunger. This was done to tackle the problems of duplication of benefits, reduce bureaucracy, and improve data collection and reporting system. The fact that different ministries coordinated the old programme meant loose coordination and increased administration cost accompanied by the problems earlier mentioned. Its decentralized structure also ensured that the municipalities who are closer to the people participated in the programme. This way mobilization of the mass for participation was easier and more effective.

How the *Bolsa Familia* programme works is that parents with income below certain threshold are considered for cover. The families are then expected to ensure that their wards attend school regularly. The premise has been that children from poor

[16] See, www.fomezero.gov.br

parents are either working with the family or working outside the family to support household income than go to school. This also helps to reduce the incidence of child labour. They are also to ensure that they visit hospitals, and also provided subsidies to cater for meals and energy.

The target groups are in two forms, the 'very poor' with household income of up to R$ 50 (US$23 per month), and the 'poor' with household earnings of R$23.50 – 46) per month. It has been estimated that the programme has affected over 30 million beneficiaries. This figure is equivalent to roughly three-quarters of those living below the poverty line, who are concentrated mainly in the poorest North and Northeast regions (Hall, 2006: 699). According to the World Bank (2006), the 2004 Annual Household Survey (PNAD) suggests that *Bolsa Familia* can be credited with 20 to 25 per cent of the recent inequality and an approximately 16 per cent in reduction of extreme poverty. Table 8 shows the characteristics of the Bolsa Escola encapsulating its focus group and general mechanics. The ages for children was placed mainly between 7 – 14 years for parents to quality for the grant. Local governments identify needy areas and registers potential beneficiaries. Table 9 illustrates how the Bolsa Familia is operated. And figure 2 shows that there has been substantial reduction in poverty during the Lula administration as a link to the effectiveness of the *Fome Zero* programme.

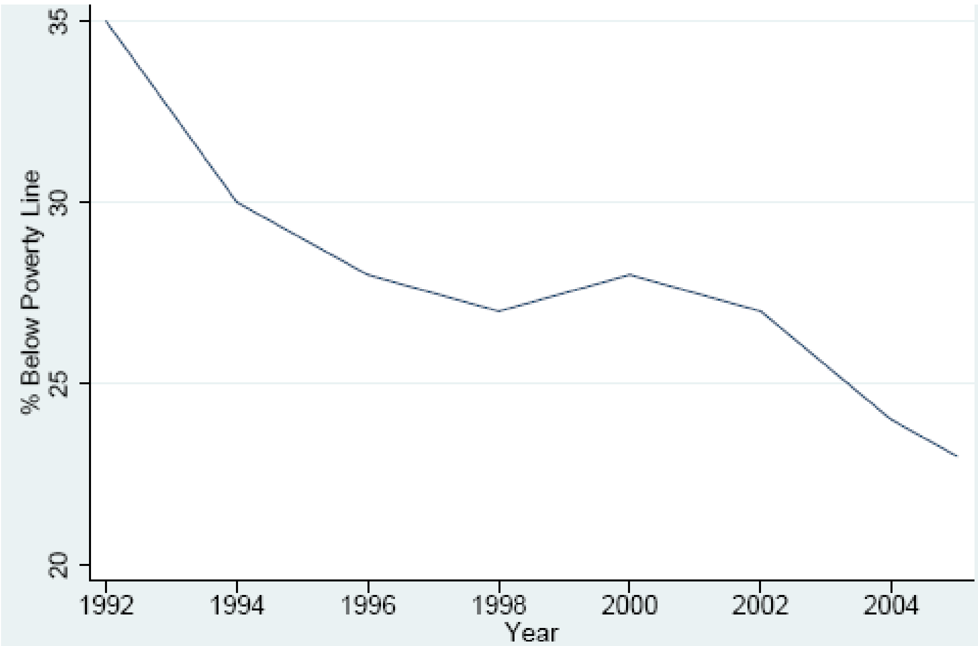
Table 8: Characteristics of the Municipal *Bolsa Escola* Programme

Income Threshold	Varied: majority set at 0.50 to 0.20 of minimum wage, R$35, or R$ 60
Children	
Residency	Minimum time of residency set by municipality Majority set a-2 year minimum, others set 1-5 years
Duration	Majority set 1-year reapplication necessary thereafter.
Conditionality	All required all school aged children to attend school with set # days Others also required monitoring of children medical care Some required participation by parents in the National Employment system (SINE)
Implementation	Local government identified most needy areas of municipality. Local government staff sent to register beneficiaries
Monitoring	Students compliance fell to school
Preference	1/3 of programme gave preference to families headed by mothers
Source: World Bank, 2001	

Table 9: Characteristics of the *Bolsa Familia* Programme

Eligibility	Two categories were created: Basic: families in extreme poverty designated as those living on R$50/month Variables: families living on R$100/month with pregnant women and/or children 0–15 years old
Benefits	Families in extreme poverty are eligible for the basic, plus a variable benefit of R$15 per child for children 0-6 years of age and those 12-15. Range of benefit: R$65-95/month. Families in poverty are eligible for the variable benefit only, some criteria above. Range of benefit: R$15-45/month
Identification	Cadastro unico (national registry of poor households) Municipalities are responsible for data collection and registry. Operation and maintenance of the database is the responsibility of the ministry of social development. System management and operation is the responsibility of Caixa Econmico Federal.
Conditionality	All family members in household must comply. Enrollment and regular school attendance for children ages 6-15 Current vaccines for children ages 0-6. Regular pre-natal visit for pregnant women in household
Monitoring	Monitoring and evaluation fall to the ministry of social development. World Bank involved in shaping of the programme.
Source: World Bank, 2004	

Figure 2: Poverty Reduction 1992 - 2005



Source: adopted from Schatzman, C. (2007) Democratic Aspirations or Reveries: Lula's Social Contract, Arizona State University, Tempe.

In terms of spending and funding for the programme, about 2.5 percent of total government expenditure has been committed to it. This signifies about 0.5 per cent of the total GDP. Also, funding assistance has been coming from the World Bank (US $572 million in June 2004) and the Inter-American Development Bank (US$I billion in December 2004) (Hall, 2006).

However, given the laudable and celebrated results of the social safety net programme by Brasil, especially under the Lula administration, it has also been recognised that more needs to be done in terms of more efficient social protection cover. Suplicy (2007) has called for transition from *Bolsa Familia* to Citizens Basic Income (CBI). He argued that the *Bolsa Familia* is a first step to achieving and introducing an unconditional standard income for Brasilians. The Brasilian National Congress as Law No.10835/2004 has since approved the proposal. The amount he stressed will be set at a level sufficient to cover each person's minimum needs, taking into account the degree of development and financial possibilities of Brasil.

Some observers have identified a growing culture of dependency perpetrated through social safety net mechanisms. Hall (2006: 708) opined that poverty alleviation must be driven by the creation of stable and decently remunerated employment opportunities in both the rural and urban areas. This would take care of dependency and safe funds for social infrastructure such as schools and hospitals that might suffer capital allocation as a result of expenditure on safety net programmes. He also pointed out the danger of such 'hand-out' culture through safety net could lead to increased clientelism and manipulation for political gains, especially by politicians.

On a promising note, however, in summing up the Brasilian example, one can say that though it is not whole sale full proof to alleviate poverty as noted by some of the critics, it is a right way to progress. The CCT is capable of stimulating effective demand from household, which small and micro enterprises in the community can latch on to. When these small and micro enterprises response to these demands with adequate supply, employment and income for the workers will improve. The programme has shown clear and decisive political will to address the problem of poverty and inequality in the society without necessarily politicizing or flexing egos. This is seen with the Lula's administration willingness to continue with the Bolsa Escola policy programme as initiated by his predecessor in office. Also, the success rate of the programmes as shown by figure 2 attested to the fact a committed leadership is a *sine qua non* should poverty alleviation stand any chance of abetting globally.

Also, the fact that the programme takes cognizance of the people at the grassroot suggests consultation that would engender ownership. For Bangladesh and Zambia cases (shown below) deliberate attempt was made to include the individuals and their communities via the committee approach. Programme ownership facilitates mobilization, which is necessary for participation and likely successful implementation. The agrarian reform is not working perfectly as enunciated. This is due largely to the issue of land tenure and landless people agitation, which need to be addressed. But the fact that families are been encouraged to pursue agricultural activities as means to achieving food security and employment generation is progressive.

Equally, it will be noticed that for the Brasil, Bangladesh and Zambia cases targeting as against universalism was adopted. The 'poor' and the 'very poor' were targeted using locations, residence, wage bracket, ages of children etc as the criteria for selection. This clearly shows the extent of financial limitation. But it should be advised that care and proactive policies be taken to cater for those not covered and benefiting from the CCT. Given the prevailing economic context under globalisation, the 'not so poor' might just fall into poverty when not adequately protected. Perhaps, Suplicy's CBI as described which will offer all Brasilian cover and move its society towards universalism is a way to go.

5.2.2. Zambia: CCT as a tool against poverty

Box1: The pilot Social Cash Transfer Scheme in Kalomo District, Zambia
Food poverty and vulnerability is widespread in Zambia. Half the population suffers from chronic hunger according to FAO: over five million people in one million households. Some 700,000 households are poor because they lack productive work and access to credit or programmes such as food or cash for work that could take them out of food poverty. The other 300,000 households are structurally poor with few/no able-bodied adult household members. Of the latter, over one million people in 200,000 households – 10% of the population – suffer critical levels of food poverty and are unable to respond to development opportunities. Many are AIDS-affected; breadwinners have died leaving grandparents and orphans unable to respond to self-help oriented programmes. In these households, 60% are children whose basic needs of nutrition, health services, clothing and education are not met. The Kalomo Pilot Social Cash Transfer Scheme targets some of these destitute households with support from the Government of Zambia and the German aid agency GTZ. Approved households without children receive ZMK30, 000 (US$6) in cash monthly, while households with children receive ZMK400, 000 (US$8). The transfer does not lift the beneficiary households out of poverty but it does alleviate life-threatening food poverty. If they choose to spend it on maize, it will buy a second daily meal. It is assumed that beneficiary households know best what they need most in

order to survive; that they spend the money wisely; and that household heads (mostly older women) spend most of the cash on children in the household. All these assumptions are closely monitored and have so far proved to be realistic.

Selection of beneficiary households is undertaken by Community Welfare Assistance Committees (CWACs), whose members are elected or approved by the community. After training, CWACs use a multi-stage process to select the 10% of households who are most needy and labour-constrained. Payments to households living near Kalomo Town are channeled through accounts in the local bank. For those living further away "Pay Points" have been established at rural health centers and schools.

At the end of 2004, around 4,000 persons in 1,027 households received monthly cash transfers. Of these, 66% are female-headed, 54% are elderly-headed, and at least are AIDS-affected; 61% of the household members are children, of whom 71% are orphans.

Both targeted beneficiaries and the local community report that the transfers have improved the well-being of the poorest households. Recipients use them to buy food and other needs (e.g. blankets, soap, school books). Some beneficiaries have seen saved some cash (including through a rotating fund), and invested in seeds and small animals.

If the Social Transfer Scheme were extended to all 200,000 destitute and labour-constrained households in Zambia, annual costs would amount to US$21 million – about 5% of annual foreign aid inflow, or 0.5% of Zambian GDP. This means that national social cash transfers are affordable – especially if government and donors share the costs. However, more and larger pilots are needed to assess the feasibility and costs of full scaling-up of the scheme.

Source: culled from Poverty in Focus- A publication of the UNDP International Poverty centre (IPC) http://www.undp-povertycentre.org/pub/IPCPovertyInFocus8.pdf . Available online.

5.2.3. Bangladesh: NGO activism in poverty Alleviation

Box2: BRAC's experiences of targeting the poorest in Bangladesh

Mainstream development approaches, such as microfinance, do not respond to the risks faced by the poorest. Most programmes targeting the poorest are oriented towards managing crisis rather than creating opportunity ladders. BRAC, the largest development NGO in Bangladesh, has experimented with a 'linkage model' for the poorest over the past two decades, using transfers as a strategic entry point. These experiences led to the establishment in 2002 of a new programme *Targeting the Ultra-poor* (TUP) with the idea to enable them to develop new and better options for sustainable livelihoods using a combination of approaches – both *promotional* (e.g. asset, skills training) and *protective* (e.g. stipends, health services) – as well as addressing socio-political constraints at various levels.

TUP employs two broad strategies: pushing down through specific targeting of the ultra-poor and pushing out by addressing social-political relations that disempowered poor women and men, constraining their livelihoods. TUP engages village elites in order to maintain or strengthen customary systems of social support for the poorest, while also providing more systematic community-level protection against the risks faced by the ultra-poor. Ultra-poor women are able to work with a greater sense of security, knowing that their assets are at least nominally protected by powerful village elites.

Early assessment of change suggests that average food intake levels of TUP participants have increased and become more diversified. Perceived levels of food security and health status have also registered significant positive changes, and are reflected in health-seeking behaviour and anthropometric improvements. The first TUP participants have completed the two-year special investment phase and are organised into separate village organisations. They are being offered a full range of BRAC's development services, including microfinance. Based on previous experience, BRAC is taking a flexible, experimental and member-driven approach to credit provision. About 70% have taken a first loan and are repaying regularly. TUP is seen as a local success, rather than that of an external organisation. There is pride in the achievements of TUP participants, whose initial living conditions and prospects were

so poor that they were routinely written off as beyond help.
Source: culled from Poverty in Focus- A publication of the UNDP International Poverty centre (IPC) http://www.undp-povertycentre.org/pub/IPCPovertyInFocus8.pdf. Available online

In conclusion, given the various experiences narrated above, what one clearly sees is a measure of some of combinations of social protection policies to alleviate the living situation of the poor. All examples pointed to policy decisions that were made with emphasis on the very poor. And to identify the ‘very and ultra poor’ targeting via set criteria were adopted. In most cases, funding constrained the need for such decision. However, caution should be noted that targeting is hard to achieve among ‘the poor’, ‘very poor’ and ‘not so poor’. This so as the boundaries among these categorization can be very thin and movement or slips can be very fluid. Besides, universal access and coverage is necessary for ensuring political support by the middle class of taxes to finance welfare programmes (Mkandawire, 2005 in UNDP, 2006). Nevertheless, the results from the cases are encouraging and the intentions, to broaden the coverage as finances improve potent.

Clearly, within these cases certain preconditions were observed. For example, the Brasilian and Zambian cases showed vividly that conditionalties were one precondition for CCT. The political ideology and posture of the ruling party was also another. Indeed, the role of NGO played out positively as the Bangladesh case shown with BRAC. This attested, positively to the fact that non-state actors should be consciously courted in development issues. While the study would be quick to suggest certain measures of adaptation of these programmes for Nigeria, subject to local conditions peculiarities, but what preconditions under which this can be possible? The next chapter will look at some identified preconditions and how they would interact to elicit responses. It would also suggest strategies and actions based on observed situation of her informal economy and the situation of the working poor and vulnerable groups.

Chapter six

Preconditions for Responses

6.1. Some Preconditions for Social Protection interventions

First, to recap the lessons learnt from the showcased example and distilled its implications for social protection would be ideal here. One lesson to note is that policy makers should adopt a broader view of social protection. They should see it as helping the poor and the very poor, and by extension the larger society. Another lesson is that social protection is more than just credit allocation, and some short-term safety nets. It includes livelihood promotion, asset transfer and social mobilisation and empowerment initiatives. It also showed that social protection could reduce poverty directly and raises the probability of poor households being to take advantage of the opportunities created by economic growth. The lesson is also that broader social protection makes credit work better and micro enterprise investment can stand a chance of survival as consumption priorities are addressed.

However, given the lessons learnt, to be able to adopt a broader social protection perspective will require that some preconditions be present and fulfilled. What then are these preconditions with respect to Nigeria, how do they fit within the construction of social protection and how can the preconditions be met? Some of these preconditions are identified and elucidated below.

6.1.1 Government and Elite commitment

Given the fact that poverty and inequality can reduce political stability and social cohesion needed for sustainable growth means a pragmatic and committed approach to mitigate it. This means that government commitment to reducing poverty must be present as a precondition. Though the issue about how to rise and nurture the culture of elite as needed by societies in not part of the scope of this study, it however, recognised and identified government and its functionaries as such. And the precondition of commitment is focused on these sets of institutions and personalities. They represent the apex of the stakeholders' hierarchy in poverty alleviation discourse for this study. Successful social protection interventions are those who are supported by serious political commitment of the country's senior leadership (ADB, 2001).

Poverty can be reduced when the prevailing social and political conditions are conducive for local and foreign investment. With (Nigerian) Government policy that makes the private sector as the fulcrum of the economy means conditions necessary for its performance must be present. And such minimum requirement is stability within the polity. Suplicy (2007:1-2) pointed to the desire of stability as driver of development.

But according to Maduagwu (2000) in Elumilade, Asaolu and Adereti (2006), Nigeria is an unstable country. This can be seen from the far North where the issue of Sharia- Muslims judicial way of life is holding sway and threatening to replace Nigeria's secularity. And it at some point resulted in skirmishes with the adherents of the other dominant faith, Christianity. Similar experience is unfolding in the East where the dominant ethnic group, the Igbos is clamouring for the actualization of a sovereign Biafra state. The same is been witnessed in the South-West where the Oodua People's Congress is championing a violent ethnic nationalism. The worrisome case of the Niger-Delta youth restiveness has earlier been stated. What all these pointed to is a situation of dissatisfaction and disillusionment arising from perceived and felt senses of deprivation. And these reactions will be treated as justified when one understands that Nigeria is a country with enormous wealth, but its people live in abject poverty (Canagarajah and Thomas, 2001). The situation have threatened to pull away and not put Nigeria together.

And to think that development via (private) investment can be achieved in such a situation is to assume that capital is brave. And this is quite the contrary! The old saying about money being a coward and will not go where it's not safe is still true. Again, this is to assume that foreign direct investment is good for developing economies' development aspirations. Though there are contentions to this view (Stiglitz and Uy, 1996; Stiglitz, 2002; Priewe and Herr, 2005) and caution has been advised. But even at that, instability clearly will not attract the needed foreign direct investment (FDI). Therefore, there is a need for government to make committed efforts to alleviate poverty. And this would also mean departure from the practice where poor people's plights are been exploited.

Also, the situation where the elite depend on and deliberately foist informality so as to take advantage of cheap labour (Meagher, 1995) is not appealing if the question of poverty eradication is to be taken seriously. Regular, steady and decent employment when possible would be ideal. This way, workers can be better positioned to contribute to social protection purse. A committed government will not allow for informality just because people can use it as a means of social protection and welfare survival. At worse, the kinds of activities as highlighted in the BAN (2005) report will be a regular feature of the poor's ways of self-help. As the report explained, while the activities in e-waste commerce strive, human and environmental pollution are been spread without restraint.

Also, the issue about committed government will also include the issue of good governance. Good governance is crucial for sound macroeconomic management, progressive taxation and equitable allocations of funds for social development (ADB, 2001). At the implementing level of social protection programme, the impact of basic social services is reduced by governance defects such as inadequate budgets and wasteful, inefficient and unresponsive administration. It is the poor who suffer most due to poor access, bargaining power and influence on local officialdom and service providers. The effects of such deficiencies in governance are exemplified by the highly unsatisfactory coverage situation in social protection schemes.

And to talk about Government commitment means to seek to address the issues of other preconditions like the availability of funds for social expenditure. The issue about clear, practical and transparent policies hinged on applicable framework and mechanism will also be necessary. These issues are somewhat inter-linked and central to a committed government's efforts to alleviate poverty through social expenditure and microcredit intervention.

6.1.2. Availability of funds

To stress the issue about finance, while we recognised that Nigeria derive huge revenue from oil similar to Venezuela who has used same to improve the lot of her people, the question of sustainability arises. This is more so as the Nigerian state has suffered from the "Dutch disease" (see: Karl, 1997; Priewe and Herr, 2005) that has crowded out opportunities from other sectors. This has rendered them weak and low in capacities to contribute to the national purse. To what extent can oil-driven social protection poverty alleviation programme go? This study recognizes the weight of the argument about sustainability. However, it will be quick to add that oil represents the mainstay of the Nigerian economy. And therefore, its proceeds should be effectively mobilized, allocated and spent to improve the wellbeing of her people. When government embarks on social expenditures like education, health, food production and security there are inherent immediate and long term gains. And these gains can better place the citizens in positions to be productive like societies without oil who are also doing well.

Taxation is recognised as one sure way to sustain social protection provisions. Therefore, to ask for contributions will mean that decent jobs that guarantee regular and secured income will be promoted. This also infers that government should do more through effective legislation to protect the rights of workers to decent jobs and earnings. Also, micro entrepreneurs in the informal economy have been accused of the practice of keeping their businesses small so as to avoid paying taxes. While this is not necessarily the case, the issue about tax payment also borders on benefits enjoyed. When they pay tax and do not see the corresponding benefits to their social and economic well being they are likely to be discouraged to continue. There is also the issue of effective tax collection mechanism that should be addressed. Nigeria presently has a weak tax collection mechanism. This is with respect to formal and informal employment and work places.

But when tax is to be used as a mean to raise funds for financing social protection, the old and the physically challenged should be exempted. In the first instances, when provisions are made for these sets of persons, dependency on the working household is reduced.

Another form of finance would be fund from donors, which comes in the forms of aids and grants. Donation as another source of finance stems from the local, national and international dimension of poverty with respect to it causes and effects. The World Bank, International Monetary Funds, development agencies of developed democracies like USAIDS (United State Agency for International Development), United

Kingdom's DFID (Department for International Development) have been dominant donor agencies. Others include the German Technical Assistance (GTZ) among others have been helpful in terms of contributing to financing development programmes.

The focus has been to address poverty and issues that promote poverty. Hunger and HIV/AIDS have drawn increased donor attention lately, especially in Africa. But these donations are made with requisite convictions that the recipient governments show commitment to addressing the problems. In most cases, a country strategy is required as a policy commitment of the beneficiary government. These finances have been mostly in technical and material aids and grants. And when money are provided, they are mostly, advanced with interest rate and servicing conditionalties amongst others.

However, current argument about donors' contribution to poverty alleviation favours direct cash transfers to the affected society as against using of donated money to buy materials. Recently CARE; a Non-governmental organisation rejected U.S government $45 million aid money meant for alleviating poverty from hunger in some poor countries. CARE (2006), in its white paper on food aid policy pointed out that findings have shown that poverty cannot be alleviated through food and material supplies to the affected society. The paper talks about findings that show that aids promote dependency and does not alleviate the poverty situation of the people. And that the local poor do not generate any empowerment from food aids and so cannot help in their self organisation. Therefore, CARE is of the position that rather than food aids, cash should be given to the affected society.

The rationale is that when the people have money to buy food, the local farmers will be patronized. This way they are encouraged to produce more and their income levels will improve and are better placed to get out of the poverty circle. Earnings in this form can also stimulate other consumptions, which will bring about income for the other services providers. This way the local economy is boosted, employment created and families and household poverty situations are improved upon. Besides, there are the side-effects of aid which will not make it reliable in terms of consistent flow and regularity. These include aid pessimism, donor fatigue and the restructured pattern of fashionable development aid that have turned to FDI etc

(Priewe and Herr, 2005:184). However, Mkandawire (2005) in UNDP (2006) while calling for caution with respect to aid and aid fatigue averred that aid either directly reaches the poor or enhances growth, which is good for the poor.

In another view, a profligate and corrupt government will attract very little or no donor attention. But while this is true, there have been instances where funds meant for development have been ferried away by local officials with the tacit support of donors' national financial laws. Nigeria's late dictator, General Abacha is one such example. At present, the country is still locked in the struggle to repatriate the funds criminally diverted to foreign banks.

6.1.3. Delivery Mechanisms

Being fully committed to fighting poverty and addressing the plights of the poor means the methods and mechanics should also be thought-out. Essentially, policy that is clear in terms of objectives and method would be instrumental and considered a precondition. Such policies need to be transparent and practicable. The policy for effective implementation should also be clear in its framework and structures. The mechanism needs to take cognizance of the local environment and specify roles for the different local stakeholders. The roles and responsibilities of the agencies and stakeholders should be definitive and unambiguous. Also, attention will need to be paid to the capacities and competences of the agencies. This is more so as social protection and poverty alleviation programmes depend greatly on effective implementation.

Social protection policy that targets the poor should be such that would address issues that alleviate and prevent poverty. This would entails details about the target groups and how to identify them and what the intervention will be, its duration. It would also state the roles or contributions of the targeted groups. Should there be any conditions, what are they and how can they be meant, monitored and evaluated? The Brasilian CCT model offers some lessons here.

However, the task of distinguishing target groups for social protection intervention is not so easy. Specific targeting of the 'very poor' and the 'poor' has considerate administrative cost and even difficult to achieve (UNDP, 2006). According to Barrientos *et al* (2005) in UNDP (2006) *Poverty In Focus* journal, "distinguishing the target groups for distinct policy intervention is hard, because the poorest, transitorily poor and vulnerable non-poor are fluid and fuzzy rather than static and crisps. Highly restrictive assumptions are needed to achieve the 'crisp' distinctions that policy bifurcation entails".

Examples of different cases and different methods/mechanisms of social protection attest to policy idiosyncrasies. Nigeria has had different policies to tackle poverty, but clearly what is missing is the right coordination, continuity when where is a change of government and evaluative tools to ascertain progress or lack of it. Above all, an activist civil society that can effectively influence government decisions and actions can help make up for some of these noted defects.

6.1.4. Activist civil society

Given that different societies will require different approaches suitable to local conditions with respect to adopting successful poverty alleviate programme elsewhere is also the case for the above precondition. Nigeria's civil society organisation can be credited with the successful enthronement of democracy in the country. They have also contributed to the issue of rights protection and observance before, during and after military rule in Nigeria. And since well being is seen as a right issue, many non-state actors have been contributing to the quest to wrest families from poverty. Non-state actors here will refer to non-governmental organisations (NGOs) like the trade unions; the independent press; Civil Society Organisations (CSOs); community bases organisations (CBOs) and the Self-Help Organisations.

Non-state actors through their capacity to mobilize, as they are closer to the people, have the capacity to assist in the implementation of government poverty alleviation programme. They enjoy proximity to their target groups, are flexible in their responses and possess better local knowledge. They also possess technical capacities that have contributed to successes of their programmes in their target communities and groups. The fact that they are more trusted than government officials (Elumilade, Asaolu and Adereti 2006:73) means their enormous assistance and contribution to poverty alleviation cannot be over-emphasized. It cannot be forgotten in a hurry that the dominance and global clamour and acceptance of microcredit as strategy to poverty alleviation was initiated by NGOs. And they are still very much active in this regards and recording considerable successes.

The capacity of non-state actors to set agenda and frame issues is also germane for poverty alleviation. Civil society organisations in Nigeria have been effective in making poverty alleviation especially for the rural poor an issue. Their knowledge of the terrain can also help to prescribe the best instrument and method to adopt in programme design and implementation. They have been able to draw attention to the plight of the working rural and urban poor through advocacy and campaigns. The media through its publications has been able to help disseminate information about programmes. This contributes to success of poverty alleviation programmes as it helps to mobilize the people for effective participation. Also, the process of monitoring and evaluation can also be accessed from the opinions of the media and other similar groups.

As contributions to good governance, an independent press and civil society organisations can be instrumental. Besides mobilizing and articulating the citizenry's demand for accountable and transparent governance, they also act as watch-dogs. They monitor government spending on social protection programmes and report on defects and gaps. With regards to the fight against corruption, civil society organisation can be effective whittle-blowers. This means they are in some vintage position to expose and denounce corrupt practices.

In Nigeria, there is a growing culture and practice of Non-Governmental Organisation activities with respect to development issues. This is more so as government macroeconomic policies have not been able to sufficiently address some of the issues like poverty. Trade unions have on many occasions had to retort to strike actions to revert government macroeconomic policies that impoverish the poor. Specifically, the NLC has led several nation-wide strike actions against fuel prices increases. Their arguments have been that the increases have negative multiplier effects on the living conditions of the poor. And that the rural and urban poor who have little or no buffers to mitigate these effects are the most affected.

Local and international NGOs have helped to mobilize resources and implement programmes to address this problem. A good number of NGOs focus on problem of declining state of agricultural production, unsustainable farming practices and poverty (Elumilade, Asaolu and Adereti 2006). Some of them include Imo self-Help Organisation (ISHO), Nsukka United Self-Help Organisation (NUSHO), Committee for Women in Development, Nigeria (COWAD), Women Farmers Association of Nigeria (WOFAN) and the Farmers Development Union (FADU) etc. Religious organisations have also been active in providing some form of social protection for their poor adherents. These organisations and their structures can be used through delegation to implement government poverty alleviation programmes.

6.2. Strategies and actions

The first priorities of the poor in the informal economy are strengthening the prospects of surviving and improving income. Surviving here will also mean to be able to feed and stay in good health. Therefore their consumption priorities will show this as against investing scarce resources in social insurance schemes. Priorities of the state with respect to alleviating poverty would be to seek ways to addressing the needs of the poor and the informal economy operators. These needs include improvement of their productive potentials and their employment and income generating capacities. Others are improvement of the household welfare, and mitigation of risks, which keep households in poverty.

Indeed, to do these, a multi-prone approach is needed and could be advised based on their feasibility and possible adaptability to the Nigerian local situation. This study recognises that poverty alleviation is not a straightforward and well-defined social objective. This is more so as scare resources are not exclusively channeled or concentrated on those in need. It requires and, it’s also constraint by political processes that determine what is to be allocated, to whom and for what cause. Therefore, political and administrative feasibility would guide action and strategies to be adopted.

6.2.1. Microcredit application and accessory services

For Nigeria to use microcredit effectively as a strategy of poverty alleviation, its policy on microcredit needs to be reviewed. This means the present CBN (2006) policy framework on MFIs should be redesigned to embrace modern practices of microcredit operations. Amongst it other defects, it general lending orientation is faulty. It tends to suggest that conventional banks should not be considered as avenues for micro and small enterprises to seek capital assistance. This orientation must be reversed and made consistent with its desired objectives of providing credit that works for the poor.

On how to make the guideline compactable with present day microcredit operations, other services should be included as part of loan deals. Most MFIs now include other necessary services like insurance, training (vocational), mentoring and technology transfer and even some forms of social protection programmes. While there are various approaches that can be labeled as ‘best practices’, the approach prescribed by Barnevik (Financial Times, May 31, 2007:14) will be reproduced as a sample of how modern-day MFIs are want to operate. The approaches, again applies to the case in India, but the CBN MFIs guideline can benefit from some of these reforms that is borrowers-friendly.

- Mobilize the poorest women, who are largely illiterate and live outside out the Hindu caste system on less than $1 a day, into self-help groups. To help them make good use of their microcredit, 700 full-time business consultants coach and mentor these women.
- Eliminate child labour, by ending the tradition of “bonding” 8-10 years olds to weaving shops. These children now study at schools supported by Hand to Hand.
- Equip “citizen centres” with books, computers and Internet connections. Voluntary workers such as retired civil servants encourage villagers to exercise their political rights as citizens.
- Set up medical camps where doctors and nurses carry out free examinations and provide access to drugs, vaccines and health education

- Improve the local environment, by digging water tanks and removing the rubbish that often disfigures Indian towns. Plastic and metal waste is sold to industry for recycling, and organic materials are converted to composite for farms and gardens.

Also, with respect to credit, either big or micro, the issue of interest rates should be one necessary for policy (re) consideration. Just like the Ethiopian situation showed, government must continue to insist on its governance of the financial sector. Again, this represents macroeconomic analysis that the scope of this study does not cover. However, its effects on interest rate and its implication for micro and small entrepreneurs make it crucial. The present interest regime in the Nigerian financial market is too high for investor and micro enterprises and entrepreneurs to secure.

One very important accessory service that should accompany microcredit is the issue of training and retraining. This can be carried by dedicated and institutional structures to run vocational training. Apprenticeship-type of attachment can also be pursued to give-on-the-job skills and experiences to the potential entrepreneurs. This can be effective in terms of reach, cover and participation, when the local government (the third tier of government) is involved. The local government involvement would be to serve as the point that identifies and registered the individuals or groups. This is also to reach the very poor who are more in the rural and remote parts of the country.

Training and retraining needs must emphasize practices in how to manage businesses. This is aside the basic knowledge in the field of trade/vocation they have shown interest in or operates in before. When accounting and bookkeeping skills are absence, they rarely know when they are making progress or not. And lessons on how to be proactive; introduce and manage new initiatives and technology; and, taking business decisions should be given. Mentoring and supervision have been identified as some effective ways of doing this. These services should be readily available and even made (free) pre-conditions for seeking and granting loans.

On the issue of market space and technology transfer, government should encourage clustering as a way of buoying market space. This it can do by providing physical locations like stores and dedicated areas for their business operation. The local markets in the rural areas are mostly lacking in facilities that would encourage their use. Roads and accessories like toilets, waste disposal facilities and effective security measures would be some applicable measures. Informal and micro enterprises in urban cities are worse off. Enahoro (2007)[17] identified the lack of space and market access as one problem that affects their (auto repair) operation. He pointed out that the problem is worse as government officials often purse them from any location they develop. Retail dealers experience the same fate. Their wares are confiscated and even prohibited. Government action and argument is that the informal operators ruin the aesthetics of the cities and pollute them with waste. The practice of harassing, arresting and confiscating their wares is a military culture that has continued till date (Nwaka, 2005).

Among the structural changes that lead to formalization of the economy is specialisation and the resulting growing importance of formal marketing chains through which inputs are traded (ADB, 2001). When either urban or rural enterprises begin to sell a major portion of their output through formal marketing channels, tax collection becomes easier. It’s a benefit-and-contribution effect kind of relationship. Government should therefore provide some forms of marketing institutions that would improve sales and returns of the micro enterprise. The point is that these institutions can help the micro enterprises with market information, provide advice on market vicissitudes and tendencies. Progressive protection like tax holiday can also be granted to the micro enterprise at start-up and during gestation periods. Technology cost can also be borne by the government to reduce the production cost of the micro enterprise.

Again, the present reality where investors are not coming to take up the opportunities to invest in the MFIs as proposed by the CBN points to some constraints. These could be the present unstable nature of the Nigerian political state and the weak performance of the economy. While the later bothers on mild speculation, the way to address this issue will be for government to take the lead in the investment in the MFIs. Stiglitz and Uy (1999) prescribed this approach as similar to the Asian method to inspire development through investment in development banks.

[17] He represents one of the few respondents interviewed for this study. And he is the organising secretary of NATA (National Automobile Technician Association), Abuja branch. The organisation has more than 80, 000 membership nation-wide. Currently, it’s a partner of the NLC and the Friedrich Elbert Stiftung (FES) Nigeria.

6.2.2. Improved and Sustained Social Service Provisions

Basic needs priorities of the poor still remain that of food, health, education, portable water and means to regular and secured income. Social services provisions and spending that are directed to making them available should not be considered as a waste. These services are inter-linked and central to the issue of poverty and ability to overcome it. Where budgets are provided to scale-up the services so that more people, especially children and the vulnerable can benefit is encouraged. It still remains a challenge how to improve the situation of the girl-child in Nigeria as they still have fewer opportunities. In the case where CCT is provided conditionalties that task parents to ensure that their girl-child is enrolled and attend school would be one such way to improve the situation. It is not enough to provide the facilities, but the people who man and provide the services like teachers, doctors, nurses, etc should be well catered for. Most informal operators spoken to complain of the high incidence cost of sending their children to school as fees and high levies that come with privatized education services is too high to meet. These persons themselves desire to be able to read and write, but must work very hard to make enough for feeding and so are quick to forgo learning. The issue of fees needs to be revisited and life-long learning opportunities via adult education should be revived.

Another issue that has implication for health, environment and poverty is the issue of digital dumping as contained in the BAN report (2005). The report talks about a clear criminal e-waste dumping practice that is harmful to the people and the environment. Most of the products are clearly not useable and are considered as waste and contains high toxicity. The danger of the reality is that Nigeria does not possess the required technology to control the toxic nature of the waste. But sadly, it has constituted a ‘big’ business with lots of auxiliary services built around it in Lagos and other big cities. One way of dealing with such issue would be to seek some reorganization in the activity so as to curtail the hazards. A total ban of the ‘business’ cannot be easy as the people engaged in the activities have built their sources of income around it. This is same for other businesses that have come to extend supporting services to the activity operators. Also, the clients of these ‘products’ are the poor who cannot afford new electronics and so patronize refurbish ones.

It would require short term and long-term approaches. In the short term, inspection of imported 'second-hand' electronics should be subject to proper inspection to reduce the influx. Education and enlightenment campaigns should be conducted for the operators as to the harm of such 'businesses' to themselves, society and the environment. And the long run would be to offer the people involved in the activities opportunities to be reintegrated into other businesses. The long term effects of these types of activities on cost-benefit analysis weigh more on the negative. And so government and its relevant health and environmental agencies should treat the report as serious and act decisively.

6.2.3. Cash Transfer and Patronage

As part of the multiple strategies advocated here is the one of CCT. Cash can be transferred to the vulnerable and very poor in the society. These would include the old and the physically challenged. The very poor can also be identified as likely beneficiary of such transfers. Conditionalties can also be attached with regards to spreading the benefits to their wards and dependents. Fortunately, this strategy has already been agreed upon to be experimented by (Jigawa) state in North-West Nigeria. The state government has identified the very poor that are engaged in street begging as the first sets of beneficiaries (Guardian, 2007).

Transfers can be complemented by government patronage (purchase) of the micro entrepreneurs' goods and services. Where the micro enterprise has been given loans, their products, say farm produce can be bought at slightly higher market value. This is another way of transferring cash to the poor and at the same time encouraging them to be productive. The macroeconomic benefit is such that government spending in this wise will boost local income, affect consumption and create other markets. Again, the argument of CARE is succinct here. The local farmer is empowered as his/her income is improved and so can be able to consume other services. These other services are more likely to be provided by another informal micro enterprise within the community. The benefits of this can also lead to more employment creation as demand grows. Also, when government patronizes the poor, they are likely to improve in their operations and tax collection is easier. Say government purchases the produce of the farmer (grains), these can be stored and later sold to the people at off-season periods for subsidized prices. It is a way of also fighting hunger and maintaining food security besides encouraging them to be involved in agricultural activities.

6.2.4. Labour Market intervention

Employment still remains one sure way out of poverty. It is also a sure way to sustain social protection contributions necessary for financing social service. The point must be grasped that not all who operate in the informal economy are entrepreneurs. The bulk of them are wage earners who get paid mainly for doing daily work. These sets of informal workers face the daily challenges of survival, as feeding is dependent on their earning. These sets of workers will be such beneficiaries of social protection provisions as they most likely not to be able to afford them.

Also, note must be taken of the fact that some informal workers, especially graduates take up informal jobs as transitory employment. They see informal activities as mostly lacking in status and work dignity. They would very much like to get better (formal) jobs and move on. The idea of microcredit is to target them and encourage them to be self-employed is welcomed. However, some will use the loans to improve their job search prospects like paying for transport fares to attend interview or buying stamps to post application letters. Labour market intervention like minimum wage prescription cover for all sets of workers working in the formal and informal economy should be pursed. Also, workers rights that allow them to protect and promote their well-being within the workplaces should be legislated and enforced. Most informal workers cannot join the unions because the employers know that unions will demand for better working conditions for the workers. Clearly, these sets of employers see unions are contributing to increased production cost and so would discourage organising. These interventions are consistent with the ILO decent work agenda.

6.2.5. Partners for development

Poverty just as it resides within borders of states, have implications for events and activities outside it. This shows in the global concerns for the issues of poverty, the informal working poor and the vulnerable. And for the state to contend with these challenges of improving and promoting the well being of her citizens, it must realise its limitations. These limitations could be technical, financial, technological, material, etc. It therefore means that a conscious effort to cultivate the assistance and cooperation of partners should be developed. These partners could be local and international NGOs, development agencies and other friendly states. However, the state must be able to coordinate and determine the levels of responsibilities these partners assume subject to local political, social, economic and cultural sensitivities.

With respect to credit and social protection, the ILO provides technical assistance primarily in the areas of social security systems and social protection administration. They also have extensive knowledge and expertise in social expansion of coverage, social expenditure management, cooperatives, vocational training and vocational rehabilitation. Their competences in the fields of labour statistics, industrial relations and working conditions will make them one sure organisation to partner in the quest of poverty alleviation.

Similarly, the WB is another development partner that can be engaged. It has done extensive research in the areas of microcredit financing and social protection. Its argument about transforming MFIs for sustainability, better coverage and more ability to attract savings is an argument that needs situating within national priorities. The Bank's social risk management unit with respect to social protection can also be of assistance in technical and financial terms. But the NGOs who are committed to community and group targeting should be encouraged by the state to take more responsibilities in poverty alleviation efforts. Government can also delegate some of its responsibilities to them. Trade unions, self-help organisations and CBOs are members-driven organisations that can use their networks for mobilisation. This is underscored by the fact that their members are often the targets of such programmes. The same efforts should be made to enlist the services of the press. Information access, sharing and dissemination are germane for poverty alleviation programmes.

Chapter Seven

Conclusion and Recommendations

As means to respond to the needs of the poor and tackle poverty, microcredit has come to, in recent times play a dominant form of strategy intervention. Arguments have been canvassed for its desirability, efficacy and otherwise. Clearly, capital and assets are needs the poor desire to engage in productive activities. And ways of making these available without promoting a culture of dependency would be a progressive way to approach poverty. This is more so with respect to women who do not have rights and opportunities to possess and obtain assets and capital easily. Their participation in the labour market and productive activities is further curtailed as they are saddled with more responsibilities without corresponding remuneration. And when poverty is prevalent and its duration too long, peace and stability can be threatened. This is so as people are bound to respond to deprivations and seek means to alleviate them.

The world's reaction to fight poverty can be assumed to mean its acceptance that it is ethically unacceptable and politically untenable. Poverty coupled with unemployment is the principal source of human insecurity and social instability. Somavia (1999:109) recons, "we can continue to hold the trust of the people of the world only if we make their needs our priority. We know that poverty, lack of productive employment and social disintegration are an offence to human dignity. We also know that they are negatively reinforcing and represent a waste of human resources and a manifestation of ineffectiveness in the functioning of the markets and economic and social institutions and processes". Therefore, the challenge to alleviate poverty amongst society has assumed a global challenge. This is eloquently encapsulated in the UN Millennium Development Goals (MDGs).

The overall intention of the study has been to argue for a broader social protection that would seek to strengthen the capacity of the poor to protect their consumption and support household investment in the assets required to manage and overcome their situation. The strength of the case for broader social protection rests on the observation it brings with respect to the behavioural reactions of the poor to their situation. These reactions may include not sending their wards to school so as to conserve resources for consumption; increasing the workload of women through employment in family businesses to shore-up family income. It may also include even recruiting children as members of the household income earning teams or adopting safer but lower return production techniques.

Broader social protection supports the agency of the poor by broadening the range of behavioural responses to hazards, risks and stresses available to them, thus avoiding poverty traps (Barrientos/Hulme/Shepherd, 2005 in UNDP 2006:8). It would involve considering a range of factors that may constraint the poor from taking up opportunities. A number of lessons can be learnt from the examples show-cased. Indeed, they are by no means semblance of best practices, but their effectiveness at arresting the situation of the poor can be useful for future interventions. Therefore, the following recommendations have been advanced, of course subject to local conditions.

The challenge of alleviating poverty must be led and directed by the state as the local 'mobilizer' for change and development. SAP and globalisation trends have reduced the roles of the state to mostly enforcing peace and providing suitable policy environment for market. And society's vulnerability caused by local and external macroeconomic shocks has further pounded the woes of the populace with the poor worse hit. Microcredit as a strategy to alleviate poverty dovetails perfectly into the neoliberal thinking of the primacy of the market. And while this works to some extent with respect to its application to the informal economy as some cases have shown, the question about poverty also stresses the issue of justice. Microcredit and market cannot effectively address this as more people who are very poor cannot even access the credit as "micro" as it is. This clearly puts the exclusive logic of the market in doubt as to its efficacy to address poverty or the need to allow it to continue unchecked. This view resonated in Esping-Anderson (2002: 7) thinking, "the strong side of the neo-liberal good society lies in its promotion of efficiency through more market clearing. Its credibility problem lies on the social justice side and this is no doubt what sealed its fate". The desire to protect the very poor and vulnerable and to eradicate exclusion makes the call for the state appealing. But a state here will be effective when there is a committed government that can marshal the necessary interventions needed. Priewe and Herr (2005:158) talks about an administration that is able to function at least to a certain extent. It is about leadership commitment to change and to make firm and pro-people decisions in the act of governance.

Clearly, microcredit is not a panacea to poverty eradication, but an instrument for social change that will need holistic understanding. It's a new and already tested mean of finding new solution to old and intractable problems. Helping to alleviate poverty by promoting entrepreneurial initiative through increased access to credit by those living in poverty is a path breaking idea (Somavia, 1999: 30-31). However, to improve the effectiveness of microcredit would require enabling policy environment of government and cooperation of other stakeholders. The use of microcredit to address poverty in the informal economy will need complementary services like training, market access and space. Others will include the inclusion of micro insurance and opportunities for technology transfer.

The Bolivian scenario, for example, under a transformed NGO MFI showed the need for a socially responsive civil society (organisations) that must help to initiate and police change. There is a need to provide effective governance for the operation of microcredit intervention. And this responsibility, civil society groups like NGOs and trade unions through monitoring and advocacy should be in a position to provide. Most especially, NGOs whose microcredit outfits have been transformed should not just disband or become inactive. They should be able to rally other civil society actors to monitoring, especially microcredit interest rate. And also to construct some processes for evaluating the progress of the borrowers under such lending institutions.

Above all, social protection and social spending of the state should be encouraged. Social spending should be considered as social investment that would promote human development in the areas of capacities and potentials. And this would put the citizens in better stead to be able to competently engage in production processes. This mean spending in social services infrastructures in the areas of education and healthcare, and other social protection programmes should be considered necessary investment. These services and programmes have been shown to promote the well being of the people, improve gender equity, encourage enterprise and improve agriculture. Microcredit should not be pursued in a manner that suggests financial convenience since it is low-cost as compared to expensive public programmes like education, health, and infrastructure investment (Henwood, 1998 in Bond, 2006). These services are better at self-organisation of the poor and the beneficiary base is wider, which include the no-so-poor and non-poor.

Social protection strategies will vary from one country to another as a result of differences in needs, traditions, institutions and environment. Differences in countries' pre-existing institutions and traditions for dealing with risks, their stage of development and their cultures and customs would also need to be considered. Therefore, CCT, micro insurance, entrepreneurial development through microcredit can be adopted when applicable. However, the objectives of different programmes should not overlap and be duplicated. Social protection policies and programmes should be structured to be consistent with and supportive of the objectives pursued through the other social development programmes. Programmes like health, education and other social protection policies like CCT are consistent and mutually supportive. The examples shown in the study are just some very few instances of different types of social protection one can copy from.

A conspicuous feature of some of the cases shown is the issue of targeting. This was mostly influenced by government identification of priorities and also by finance constraints. But that does not suggest that there is no social protection that tends to universalism. The Brasilian case is one of such programme that is projected to move into full universalism. This much is the argument of Suplicy (2007) about the need to have the CBI. Mkandawire (2005) in UNDP (2006) noted that "In reality, most governments tend to have a mixture of both universal and targeted social policies. However, in more successful countries, overall social policy itself has been universalistic, and targeting has been used as simply one instrument for making universalism effective; such "targeting within universalism" directs extra benefits to low-income groups within the context of a universal policy design and involves the fine-tuning of what are fundamentally universalistic policies". Therefore, Nigeria, just like Jigawa state has shown, can start from targeting the very poor and vulnerable and then progressively work to ensure cover for all.

Social protection programmes successes depend on strong political support and effective administration, good governance and good implementation. Common operational problems among government agencies include corruption, patronage and clientelism. Others include inadequate information processing, storage and retrieval systems and organisation cultures that are hostile to the beneficiaries. Where implementing organisations already have these kinds of problems, the development of an Organisational reform strategy will be just as important as the development of a programme reform strategy (ADB, 2001:23). In some instances, the best approach would be to delegate operational responsibility to NGOs. However, Government that delegates operational responsibilities must maintain sufficient internal capacity to be able to regulate these NGOs and similar private-for-profit organisations.

On the issue of funding and sustainability, focus should be directed to the institutional arrangements under which the programmes operate. These include the issues of predictability and good governance and the level of public support. For Nigeria, the need for effective and transparent management of her oil proceeds cannot be over-emphasized. Financing can be done through budgetary provisions, income and wages contributions, donations, or a combination of all. For contribution to be effective, labour market practices that provide and protect employment would need to be considered. This would include providing for decent working conditions through legislative prescriptions. The issue of minimum wages cover for formal as well as informal employment would be one such positive step. Also, the tax collection system needs to be strengthened so as to be able to support finance channels. Value Added Tax (VAT) regime is one easy and less painful means to collect tax and should be used effectively.

Potential future financial commitments need to be evaluated so as to be sure that they can be borne from the resources available. Donor funding can also help fill the gaps more on temporary basis only. And this will mean that practical diversification of income sources would be desirable. Relying on just oil revenues to help finance social protection programmes can reduce the size of contribution needed. It can also portend or lead to failure in the event of crisis to such source. This can happen, as oil pricing on the international market is volatile and can easily affect projected revenues.

The hostile activities in the Oil bearing Niger-Delta is also capable of distorting finance projection for social expenditure in social protection programmes.

Nevertheless, this study recognised that there are some lacks that it cannot boast it fulfilled or covered. For one, the study did not analyse extensively or in more detail terms the preconditions identified. This is due largely to more time, space and resources to engage in such exercise that were, unfortunately not at the disposal of the study. Another lack was the study's inability to extract detailed perspectives from the Venezuelan case as a society that has improved social protection cover financed from oil receipts. The main problem here was that of language. Most materials on Venezuela the study was privileged to access were mostly in Spanish. Unfortunately, the writer does not possess proficiency in the language and translation was difficult to get. Again, no thanks to time constraints and wherewithal to accommodate translation cost, that angle was not furthered. However, it would also be interesting to do a research excursion into such issue of financing social protection from natural resources proceeds with regards to the question of sustainability and trade-offs.

Bibliography

ADB (2001) Framework for Operations on Social Protection: Social Protection Strategy in Asia and the Pacific. *Asian Development Bank*, Manila. Viewed on 22.05.2007, from: http://www.adb.org/Poverty/pdf/protection.pdf available online.

Baron, J. N. and Bielby, W. T. (1984) The Organisation of Work in a Segmented Economy. *American Sociological Review* 49; 454- 473

Bello, W (2006) Microcredit, micro issues. *The Nation* 14 October, 2006

Bond, P. (2006) Two Economies, Microcredit and the Accelerated and Shared Initiative for South Africa, in Two Economies: South African Political Economies from Wolpe to Mbeki and Back. *Unpublished*

Bowman, B. and Stone, B. (Undated) Can Grameen Bank-styled Microcredit Eliminate Poverty? Viewed on 6. 08. 2007. Available online http://www.globaljusticecenter.org/articles/report_microcredit.htm

Bredow, L. (2002) Behind the Informal Economy: The Dark Side of Competition in Microfinance. *International Labour Organisation*: Geneva.

Canagarajah, S. and Thomas, S. (2001) Poverty in a Wealthy Economy: the Case of Nigeria, Journal of African Economies, Vol. 10 (2) pp 143-173.

Canagarajah, S., Ngwafor, J and Thomas, S (1997) Evolution of Poverty and Welfare in Nigeria (1985 – 1992) World Bank Working paper. *World Bank*, New York.

CARE (2006) White Paper on Food Aids Policy. *Cooperative for Assistance and Relief Everywhere*, Inc. viewed on 12. 08.2007 and available at: http://www.care.org/newsroom/publications/whitepapers/food_aid_whitepaper.pdf

Carr, M. and Chen, M. A. (2002) Globalisation and the Informal Economy: How Global Trade and Investment Impact on the Working Poor. *International Labour Office*, Geneva.

Castells, M. and Portes, A. (1989) *the World Underneath: The Origins, Dynamics and Effects of the Informal Economy*, in A. Portes, M. Castells and L. Benton (eds.), pp 298- 311.

CBN (2007) Central Bank of Nigeria's Economic Report for 2006. *Central Bank of Nigeria*, Abuja

CBN/WB (1999) Nigeria's Development Prospects: Poverty Assessment and Alleviation Study, March 8, p1. *Central Bank of Nigeria/ World Bank*
Churchill, C. and Brown, W. (1999) Providing Insurance to Low-Income Households, November.

de Ferreira, D/ Perry, G. E/ Ferreira, F. H. G/ Walton M. (2004) Inequality in Latin America: Breaking with History? World Bank, Washington D.C

de Soto, H. (1989) *The Other Path: The Economic Answer to Terrorism*. Harper Collins: New York

__________ (2000) *The Mystery of Capital*: *Why Capitalism Triumphs in the West and Failed Everywhere Else*. Basic Books: New York.

Dichter, T. (2006) Hype and Hope: The Worrisome State of Microcredit Movement. *The Microfinance Gateway*. http://www.microfinancegateway.org/content/article/detail/31747 Viewed on 13. 07. 2007. Available online.

Elumilade, D. O. and Asaolu, T. O. (2006) Appraising the Institutional Framework for Poverty Alleviation Programmes in Nigeria. *International Research Journal of Finance and Economics*, issue 3 pp 67 – 77.

Esping-Anderson, G. (2002) *Why we need a New Welfare State*. Oxford University Press. Oxford.

Federal Government of Nigeria, (2004) NEEDS document of the National Planning Commission. *Federal Government of Nigeria,* Abuja

Financial Times (2007) Big Business in Small Loans. *Financial Times*, Thursday June 7.

Financial Times (2007) Barnevik Lends a Hand. *Financial Times*, Thursday May 31.

FOS (1996) Socio Economic Profile of Nigeria. *Federal Office of Statistics*, Abuja

FOS (1999) Poverty Profile for Nigeria 1980 – 1996. *Federal Office of Statistics*, Abuja

Guardian (2007) Jigawa governor seeks welfare scheme for beggars *Guardian Newspaper repor*t from on the 04.09.2007 from http://www.guardiannewsngr.com/news/article06

Hall, A. (2006) From Fome Zero to Bolsa Familia: Social Policies and Poverty Alleviation under Lula. *Journal of Latin American Studies, 38 (4) pp 689 – 709*.

Holzmann, R. and Jorgensen, S (2000) Social Risk Management: New Conceptual Framework for Social Protection, *Work Bank,* Washington D. C.

Horton, S. and Mazumdar, D. (1999) Vulnerable Groups and Labour: The Aftermath of the Asian Financial Crisis, a paper presented at the World Bank – ILO seminar on economic crises, employment and labour markets in East and South East Asia. *International Labour Organisation*, Geneva http://www.uncdf.org/english/microfinance/pubs/newsletter/pages/2005_09/update_world_leaders.php#top . Viewed 22.06.2007 Available online

ILO (2000) Social Protection: What Workers and Trade Unions should know. *International Labour Office*, Geneva

___ (2000) World Labour Report 2000: Income security and social protection in a charging world. *International Labour Office*, Geneva

___ (2003) "Working Out of Poverty", Report of the Director General, International Labour Conference, 91st Session. *International Labour Office*, Geneva

Kingdon, G.G. and Knight, J. (2001) Why high open unemployment and small informal sector in South Africa? *Centre for the Study of African Economies Department of Economics University of Oxford*

Kuchta-Helbling, C. (2000) Background Paper- Barriers to Participation: The Informal Sector in Emerging Democracies. Prepared for the workshop of the World Movement for Democracy Second Global Assembly: Confronting Challenges to Democracy in the 21st Century, Sao Paulo, Brasil, November 2000. *Centre for International Private Enterprise (CIPE)*

Mayoux, L. (1997) The Magi Ingredient? Microcredit and Women's Empowerment. *A briefing paper prepared for the Micro Credit Summit,* Washington, February. Accessed 12. 05. 2007 from: http://www.gdrc.org/icm/wind/magic.html. Available online.

Meade, J. (2001) An Examination of the Microcredit Movement. Accessed from http://www.geocities.com/jasonmeade3000/Microcredit.html. Viewed on 20. 05. 2007. Available online.

Meagher, K. and Yunusa, M. (1996) Passing the Bulk: Structural Adjustment in the Nigerian Urban Informal Sector. *United Nations Research Institute for Social Development*

Meagher, K., (1995) Crisis, Informalization and the Urban Informal Sector in Sub Saharan Africa. *Development and Change* Vol. 26: 259 – 284

Morshed, L. (2007) Lessons Learned in Improving Replicability of Successful Microcredit Programmes: How can the Best Model 'Travel' Better. *Microcredit summit campaign Secretariat* http://www.microcreditsummit.org/papers/Workshops/19_Morshed.pdf Viewed 25.06.2007

National Manpower Board (1998) The Study of the Nigerian Labour Market: Selected metropolitan areas. *Manpower Study No. 33* National Manpower Board, Lagos

Neff, G. (1996) Microcredit, Microresults. Left Business Observer, #74, October. Available online : www.leftbusinessobserver
Nwaka, G. I. (2005) the Urban Informal Sector in Nigeria: Towards Economic Development, Environmental Health, and Social Harmony. Global Urban Development Magazine URL: http://www.globalurban.org/Issue1PIMag05/NWAKA%20article.htm Viewed 11.05.2007, available online.

Obadan, M. I. (1997) Analytical Framework for Poverty Reduction: Issue of Economic Growth Versus other Strategies in Poverty Alleviation in Nigeria. *The Nigerian Economic Society*, Ibadan.

Ogwumike, F. O., Adubi, A. A. and Agba, V. A. (2002) Major Sources of Risks in Nigeria. A Report prepared for the World Bank. *World Bank*

Ogwumike, F. O., Alaba, O. A., Alaba, O. B., Alanyande, B. A., and Okojie, C. E. E.(2003). Labour Force Participation, Earnings and Inequality in Nigeria. *Unpublished*.

Olaniyan, O. and Bankole, A. (2005) Human Capital, Capabilities and Rural Poverty in Nigeria. An interim research report submitted to *the Africa Economic Research Consortium (AERC)*, Nairobi, for the second phase collaborative poverty research project.

Orifowomo, O. A. (2006) A Critical Appraisal of Pension System Reforms in Nigeria, 10 GONZ.J. INT'L. L. 164. http://www.gonzagajil.org Viewed on 12. 05. 2007. Available on line

Otero, M. and Rhyne, E. (1994) *The New World of Micro Enterprise Finance: Building Healthy Financial Institutions for the Poor* (eds). Kumarian Press, Bloomfield.

Oyeneye, O. Y. (1987) The Training Functions of the Informal Sector in Nigeria, *A paper presented at the first Nigerian Workshop on Technology in the Informal Sector, CSER*, October, Zaria.

Pero, V and Szerman, D. (2005) the New Generations of Social Protections in Brasil. *A study conducted for International Food Policy Incorporation*

Priewe, J. and Herr, H. (2005) *The Macroeconomics of Development and Poverty Reduction: Strategies Beyond the Washington Consensus*. Nomos, Baden-Baden.

Rathgeber, E. (1987) Technology, Education, Employment and Development: A Review of Some Recent African Research. *A paper presented at the first Nigerian Workshop on Technology in the Informal Sector, CSER*, October, Zaria.
Ravallion, M and Badani, B. (1994) How Robust is a Poverty Profile? *The World Bank Economic Review* 8(1) January.

Reynaud, E. (2006) “Social Protection and Decent Work: New Prospects for International Labour Standards”, in *Comparative Labour Law and Policy Journal, Vol. 27, No. 2.*

Schiller, B. R. (1989) *The Economics of Poverty and Discrimination.* Prentice-Hall

Sen, A.K. (1987) *The Standard of Living*. Cambridge University Press. Cambridge.

Shrestha, A. (2004) Social Protection in the Informal Economy. A publication of the *Friedrich Elbert Stiftung* Nepal Office

Somavia, J. (1999) *People's Security: Globalising Social Progress*. Somavia, Geneva.

Srinivas, H. (1997) So what is Microcredit? Virtual Library on Microcredit http://www.gdrc.org/icm/what-is-ms.html Viewed on 14.07.2007 Available online

Stiglitz, J. (2001) *Globalisation and its Discontent*, London, New York

Stiglitz, J. and Uy, M. (1996) Financial Market, Public Policy, and the Asian Miracle, *the World Bank Research Observer*, *Vol. 11 (2) pp 249-276*

Suplicy, E. M. (2007) Basic Income and Employment in Brasil. *Basic income studies Vol. 2 (1) pp 1- 6*.

Tomori, S., Akano, O., Adebiyi, A., Isola, W., Lawanson, O and Quadri, O. (2005) Protecting the Poor from Macroeconomic Shocks in Nigeria: An Empirical Investigation and Policy Option. *A Study done for the Global Development Network,* Lagos

UNCDF (2005) World Leaders Affirm the Importance of Microcredit at 2005 Summit: Outcome Document, LDC Chairman, and Others Emphasize Access to Financial Services. *United Nations capital Development Fund*: New York.

UNDP (2003) Nigeria Human Development Report 2003. *United Nations Development Programme*, Lagos.

_____ (2004) Nigeria Human Development Report 2004. *United Nations Development Programme*, Lagos.

UNIFEM (2005) The Progress of the World's Women, *United Nations Development Fund for Women*, New York

United Nations (2005) the Millennium Development Goals Report. United Nations New York

UNSD (2001) Nigeria Common Country Assessment. *United Nations Systems in Nigeria*

World Bank (1995) Country Assistance Strategies for Workers in a Developing world. *World Bank Development Report*, New York.

__________ (1999) Social Risk Management: Intellectual Underpinnings of the Social Protection Strategy, *World Bank* Washington D. C

__________ (2000) *Attacking Poverty.* World Bank Development Report, Oxford University Press, New York.

__________ (2000) Social Protection Strategy Paper: From Safetynet Nets to Springboard. *World Bank* Washington D.C

__________ (2000) World Development Report: Consultations with the Poor in Nigeria (Voices of the Poor) – Country Synthesis Report, Nigeria

__________ (2001) Brasil: An Assessment of the Bolsa Escola Programmes. Sector report 20208-BR *World Bank*, Washington D.C

__________ (2004) Brasil – Bolsa Familia Project. Project Appraisal document 28544 *World Bank*, Washington D.C

__________ (2005) Removing Obstacles to Growth: An Overview. *World Bank Washington D.C.* http://rru.worldbank.org/Documents/DoingBusiness/Intro.pdf. Viewed on 09.07.2007 Available online

__________ (2006) Brasil – Second Bolsa Familia APL Project. Project Information Document AB2729, *World Bank*, Washington D.C

Zamman, H. (2000) "Assessing the Poverty and Vulnerability Impact of Micro-Credit in Bangladesh: A case study of BRAC"; Office of the Chief Economist and Senior Vice-President (DECVP), *The World Bank*; http://www.worldbank.org/html/dec/Publications/Workpapers/wps2000series/wps2145/wps2145.pdf Accessed 15. 05. 2007. Available online.