

Signs of a possible movement towards Universal Basic Income in Nigeria? An emergency grant proposed for 12 million Nigerians

An opinion piece by Chris Nwafor for Basic Income News.

The current move by the Federal Government in Nigeria to pay 12 million poor households N8,000 naira (approx. \$12) per household monthly has caught media attention. Many consider it far removed from economic realities, as the proposed amount cannot feed a child in one month, with others questioning the method used for selection and requirements for beneficiaries (Vanguard Newspaper, 13 July 2023). Comments from Sahara Reporters (an online news source) consider the policy to be economically unwise, with suspicions of a ploy by the ruling party to compensate its members at the grassroots. According to government sources, the amount will be used to scale up the national social safety net programme from a new borrowing sourced from the World Bank. To address the issues and guarantee the credibility of the process, digital transfers will be made directly to beneficiaries' accounts and mobile wallets.

Such programs targeting poor and vulnerable citizens are not new in Nigeria, as previous administrations have implemented a similar programme with very unclear outcomes. For instance, the N-SIP programme established in 2016 transferred N5,000 naira (less than \$15) per month to selected households on their fulfilment of certain conditions. Viewed against the backdrop of poorly designed social protection systems in the global south, conditional cash transfers while demonstrating positive effects against vulnerability to the effects of poverty, have been dogged by design and delivery problems, public apathy, policy inconsistency, unwieldy scope of the programmes and inadequate funding. Notwithstanding the myriad of poverty reduction initiatives, extreme poverty remains a deep-rooted phenomenon in sub-Saharan Africa, where abject poverty has remained according to the World Bank Report (2018), despite reported declines in other regions of the world.

Cash transfers to the most underprivileged households is a mechanism supported in economic, social and human development practices to be pro-poor, assisting highly vulnerable households to smoothen consumption needs in extremely difficult times, though often criticized as an interim safety net. Conditional cash transfers (CCTs) are generally considered a component of larger social protection programmes, acknowledged globally as an effective anti-poverty tool for addressing risks and vulnerabilities associated with deep multidimensional poverty and inequalities. Unfortunately, as in the Nigerian case, most cash transfer schemes currently being implemented are limited in scope and coverage, providing relatively small amounts, and lacking sustainability and often reliant, at least partly, on donor funding.

There is a need for social protection mechanisms that go further and tackle longer-term, structural causes of poverty. We opine that this can only be achieved when the hundreds of millions who are vulnerable and consistently mapped under the poverty line, can access a guaranteed basic income. Findings have shown the potential of Universal Basic Income (UBI) to provide a financial floor keeping people from falling into abject poverty, its entrepreneurial stimulating effects, incentivizing work search and improving productivity and mental well-being. While improving cash flows within the local economy, a UBI also contributes to economic growth and national development. Caution is needed however, as many conditional cash transfers (CCT) or social protection programmes have been inundated with operational and other constraints, requiring improvements through progressively building and expansion to meet the goal.

Nevertheless, the current Nigerian government's move to provide direct cash transfers to impoverished Nigerians for six months, provides an opportunity to open discussions around the introduction of a universal basic income for all citizens. The proposed payment to 12 million citizens for six months intends to protect them from the dire economic fallout of petroleum subsidy removal, characterized by galloping inflation and a steep escalation in the cost of living, especially amongst the populace already living in abject poverty. This is akin to an emergency basic income (EBI) or temporary basic income, often used and well-suited as it offers an immediate and agile response, prioritizing vulnerable citizens, while promoting a solidaristic response, not to

mention political goodwill for a government whose mandate is still subject to the outcome of an ongoing court process.

In order to ensure that beneficiaries do not fall back into vulnerability, there are calls to turn such programs to become a permanent feature (De Wispeaere & Morales, 2020). The UNDP Policy Brief (2021) authored by Molina and Ortiz-Juarez, considered a temporary basic income to be within reach in developing countries, informing a larger conversation around building comprehensive social protection systems, such as a universal basic income, which will ultimately strengthen the resilience to persistent economic downturns among millions of citizens who currently live well-below the poverty line.

Dr Christopher Nwafor is the Africa Hub Manager for Basic Income Earth Network (BIEN).