Providing social protection to the informal sector: impact of unconditional cash transfer scheme for the elderly in Ekiti State Nigeria

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Abstract

Background: Providing social protection services to the informal sector, specifically targeting the most vulnerable and excluded groups in the population such as the elderly is an important approach towards reducing poverty, vulnerability, social risk management, and promoting pro-poor growth. Most recent regional level and pilot non-contributory cash transfer scheme have been implemented in Sub-Sahara Africa (SSA), including the cash transfer scheme for the elderly in Ekiti State, Nigeria. However, little is known about the effectiveness of these new schemes, particularly in an environment with high poverty levels and multiple demands on increasingly constrained budgets. Assessing the effectiveness of these schemes is important for evidence-based policy making, justifying allocation of resources, and informing future expansion.

Objective: The objectives are to quantitatively assess the effectiveness of the unconditional and non-contributory cash transfer scheme for the elderly in Ekiti State, Nigeria focusing on beneficiary outcomes, and qualitatively assess the scheme implementation.

Methods: The Ekiti state cash transfer for the elderly was piloted in 2011 and pays 5,000 Naira (US$33) monthly to the elderly, in which eligibility criteria were based on minimum age of 65, not having a formal pension, monthly income less than 3,000 Naira ($19, and other family circumstances. We employed the quasi-experimental approach of regression discontinuity design around the eligibility score for elderly sample of 6,326, to examine the impact of the pilot intervention on beneficiary outcomes. The qualitative aspect discusses concerns about endogenous sorting around the determination of the eligibility cutoff, and other issues surrounding implementation of the intervention.

Results: Receiving the elderly pension appeared to improve indicators of the living conditions, wellbeing of the beneficiaries and human capital, including income, informal saving, expenditure on food, child labour and beneficiary labour supply. Some patterns of heterogeneity were observed in the effects relating to gender, being a widow, and living in rural areas. Also, there was evidence of positive spillover effects associated with the scheme.

Conclusions: This study fills an important gap in providing evidence of the effectiveness of unconditional and non-contributory cash transfer scheme targeting the elderly the population in SSA. Social protection services targeting the most vulnerable group in the informal sector can help reduce poverty and promote inclusive growth. However, issues surrounding effective delivery and sustainability of the schemes remain. Policy makers should also embrace rigorous impact evaluation of the schemes in order to ascertain the effectiveness.

Key terms: Regression discontinuity design, non-contributory elderly pensions, Ekiti State, Nigeria, impact evaluation.

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