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# **Investigating Agricultural Involvement of the Ultra-Poor Rural Households in North-Central Nigeria and how Conditional Cash Transfers Scheme has impacted their Welfare**

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**Selected Poster prepared for presentation at the 2023 Agricultural & Applied Economics Association Annual Meeting, Washington, DC; July 23-25, 2023**

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# INVESTIGATING AGRICULTURAL INVOLVEMENT OF THE ULTRA-POOR RURAL HOUSEHOLDS IN NORTH-CENTRAL NIGERIA AND HOW CONDITIONAL CASH TRANSFERS SCHEME HAS IMPACTED THEIR WELFARE

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## OVERVIEW

Nigeria has the highest number of extremely poor people in the world (Brookings Institute report 2018, World Poverty clock 2018), with a growing poverty rate and widening income inequality. Human capital is becoming more deplorable, poverty profile worsening and livelihoods diminishing. Efforts at changing the narratives often requires social protection strategies which presents a positive external shocks to receiving households. Federal Governments, with the support of International Agencies have been actively engaging Conditional Cash Transfers (CCTs) as a Social Protection tool to tackle poverty in Nigeria.

While CCTs have achieved considerable success in other climes, its impact on the welfare of the rural ultra-poor households in Nigeria remains unclear.



For instance, Poverty headcount rate in Nigeria jumped from 40.1 percent in 2018/19 to 42.0 percent in 2020 and 42.6 percent in 2022 (i.e. 89.0 million poor people in 2020 to 95.1 million in 2022 NPRGS, 2022). According to World Bank Nigeria Poverty Assessment Report (2022), Nigeria has a poverty gap index of about 0.129 requiring about \$18.7 billion annually to be reduced. This raises question on the efficacy of CCT as a social protection tool. We need to build a fit-for-purpose social protection strategy. However, we must first update our knowledge of and data on the ultra-poor households in Nigeria to gain insight into dynamism of economic environment in which the rural ultra-poor subsist. Study is premised on Max-Min or Rawlsian social welfare function & Pigou-Dalton principle in cardinal welfarism.

## OBJECTIVES

- ✓ investigated engagements of ultra-poor rural households in agricultural activities in North-Central Nigeria
- ✓ examined their level of agricultural commercialization
- ✓ identify the determinants of market participation and its intensity
- ✓ assessed and compared the livelihood status of the CCT-beneficiary and non-beneficiary
- ✓ determined the impact of World Bank-Assisted CCTs intervention on welfare status of beneficiary households

## DATA DESCRIPTION/METHODOLOGY

Study was carried out in Kwara, Kogi, and Niger, NC Nigeria. Data were sourced primarily and secondarily (from the Single Register of the Ultra-poor - Youth Employment and Social Support Operation YESSO-World Bank initiative). The Single Register is methodologically-compiled, profiling ultra-poor using a community-based Targeting method for identification of the poor and vulnerable. The outcome provides a database of community-identified/ranked poorest households. We sampled 418CCT-beneficiaries and 1,254non-beneficiaries ultra-poor households. Our data collection followed a multistage sampling -- stratification of the Single Register into rural and non-rural households, random selection of the pre-determined number respondents from the rural stratum and subsequently, tracing of the selected households. We analysed the data using descriptive statistics, Household Agricultural Commercialization Index, Double Hurdle Model, Livelihood Status Index, and Propensity Score Matching.

## KEY FINDINGS

- ✓82% of the CCTs beneficiaries were female & (80%) married
- ✓Average household size of 8(CCT ben) and 7(non-CCT)
- ✓Illiteracy rate of beneficiaries - 36.4%
- ✓Mean schooling - 4.45years(CCT) & 4.62years(non-CCT)
- ✓Up to 4.5% (CCT) and to 3.75% (non-CCT) had at least one form of physical disability

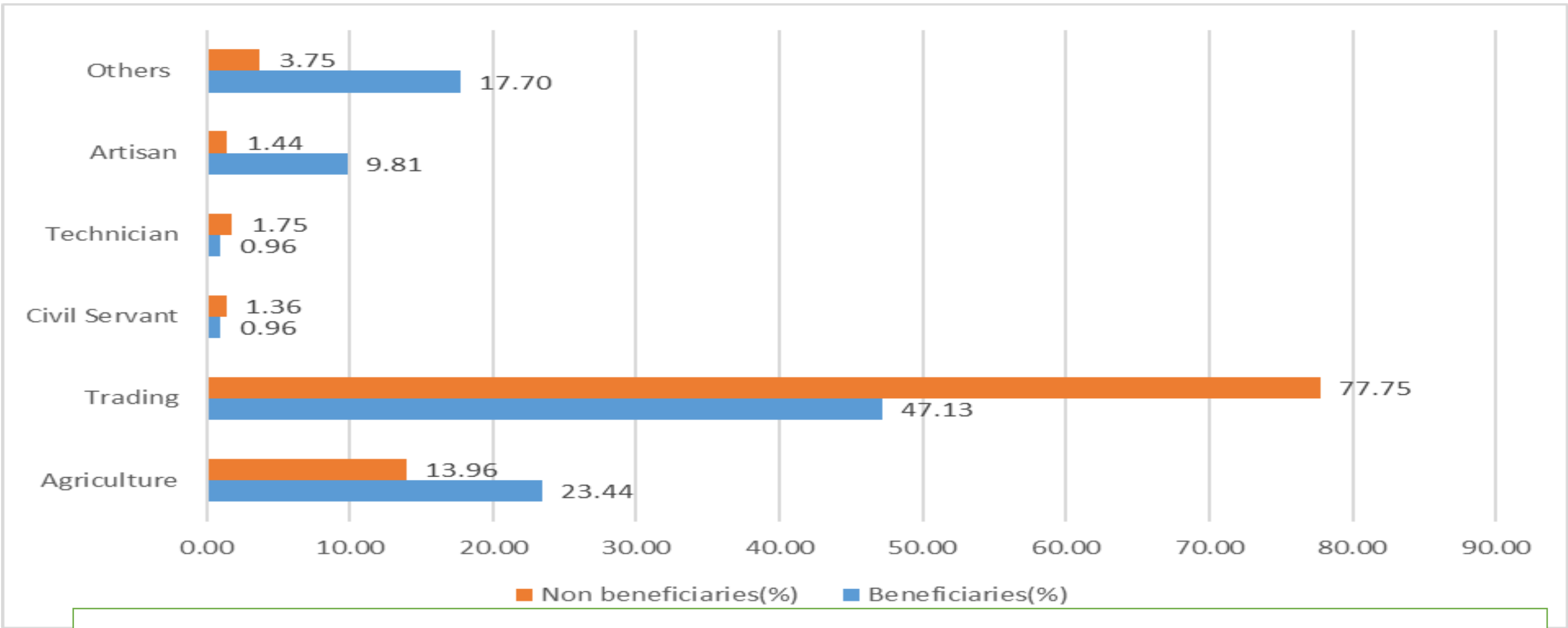


Fig 1: Occupational Characterization of Ultra-poor Hhold Heads

Table 1: Household Agricultural Commercialization

Crop Commercialization Index	Frequency	Percentage
No quantity sold (0%)	371	43.85
< 25% Sold	232	27.42
25% - 50%	125	14.78
> 50%	118	13.95
Total	846	100

Table 2: Determinants of Household Agricultural Commercialization

Variables	HURDLE 1 Probit Estimator of Participation in Output Market			HURDLE 2 Truncated Normal Estimator of Intensity of Sales Activities when participating in Output Market		
	Coefficient	Std. error	Pvalue	Coefficient	Std. error	Pvalue
Age	-0.055	0.032	0.061	-2.427**	1.024	0.044
Gender	-0.377	0.194	0.075	-3.014	1.926	0.521
Educ_stat	0.744	0.365	0.683	1.632	0.959	0.335
Hh_dependency_Ratio	-0.148**	0.059	0.004	-0.951**	0.468	0.032
Participation_non_farm_activities	-0.354**	0.098	0.046	-1.206**	0.795	0.048
Extension_contact	0.326	0.085	0.566	1.708	0.964	0.211
Farm_size	0.425**	0.080	0.032	2.494**	1.423	0.029
Access_to_mechanization	0.352**	0.104	0.001	1.923**	1.107	0.007
Access_to_finance	0.275**	0.094	0.000	1.636**	0.963	0.002
Fertilizer_usage_per_hectare	0.004**	0.001	0.002	0.915**	0.625	0.045
CCT_programme_participation	0.135**	0.056	0.029	2.557	1.492	0.105
Linkage_to_mkt_agents	0.424**	0.097	0.037	4.102**	2.238	0.046
Access_to_storage_facilities	0.094	0.077	0.548	2.184	1.759	0.628
Transport_asset_ownership	0.524	0.098	0.235	2.437	1.876	0.451
Quality_access_road	0.245**	0.106	0.001	1.469	1.104	0.088
Distance_to_market	-0.762**	0.349	0.000	-2.424**	1.735	0.003
Communication_equipment_ownership	0.029**	0.037	0.042	0.925	0.577	0.605
Constant	-1.497**	0.595	0.000	-9.714**	5.560	0.042
Log likelihood	-1346.94			-2401.63		
Wald Chi <sup>2</sup> (17)	112.53			124.66		
Prob > Chi <sup>2</sup>	0.000			0.000		
Observations	846			846		
Sigma	14.392**			16.287**		
	(1.634)			(1.025)		

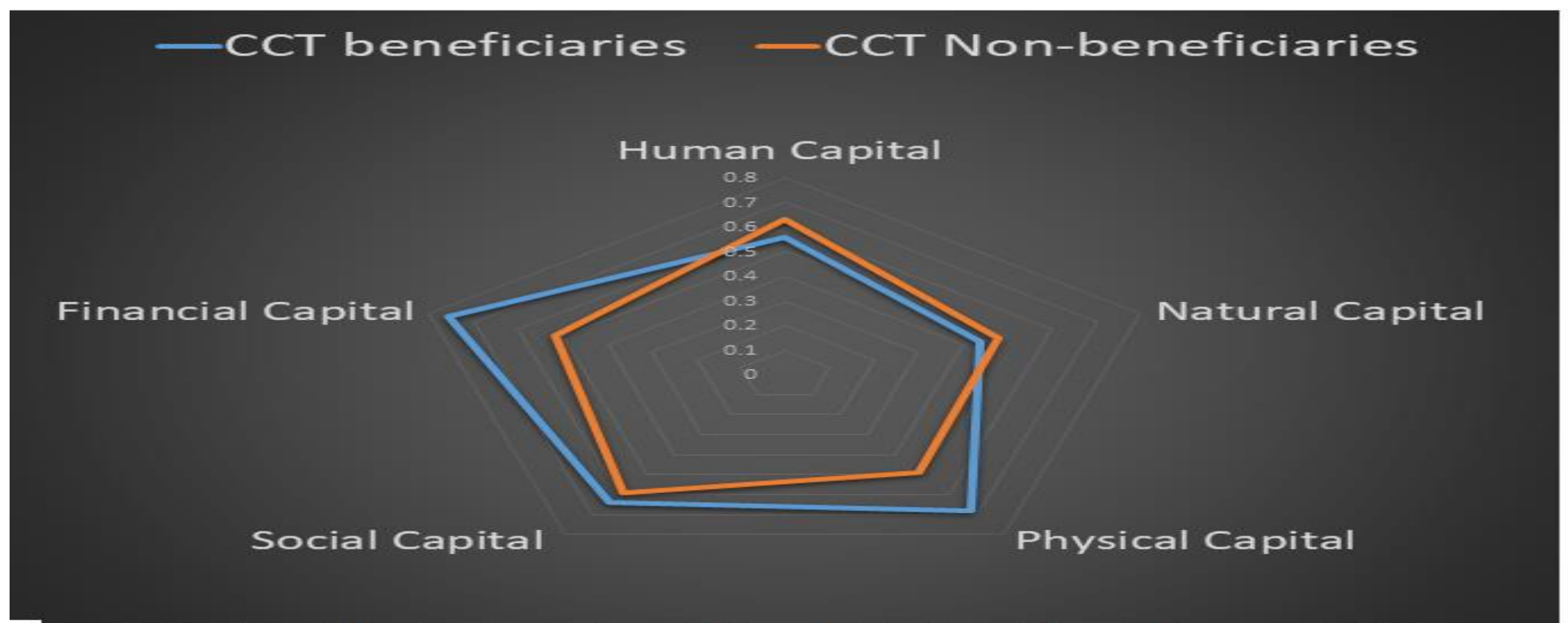


Fig 2: Livelihood Status of CCTs- and Non-CCTs Beneficiary Ultra-poor RFHs

Table 3: Impact of CCTs Intervention on Beneficiary Households

Outcome variable	Sample	Treated	Control	Difference	Std. Error	T stat	P value
Welfare Index <sup>a</sup>							
1 to 3 Nearest Neighbor	Unmatched ATT	69.291	45.402	23.889	6.22	3.841	
		69.182	41.362	27.820**	6.98	3.986	0.000
One-to-One Matching	Unmatched ATT	69.311	45.402	23.910	6.22	3.841	
		69.186	45.451	23.736**	8.16	2.908	0.002

<sup>a</sup>1254 (all) untreated and 416 (of 418) treated individuals found on the common support region were used \*\* 5% Significance level

## RECOMMENDATIONS & POLICY IMPLICATIONS

Benefitting from the CCTs positively impacted beneficiaries' welfare status. We recommend infrastructural development in the ruralities to support agricultural activities and endear teeming youths. Private sector should take on opportunities in trades facilitation. Welfare improvements should be monitored for transitioning uplifted beneficiaries to supplement programmes.



