

# ActionAid Nigeria

## Building Back Better: A New Social Compact post Covid-19

Nigeria faced enormous challenges before Covid-19. The country's health system is chronically under-resourced and, combined with high levels of food insecurity and access constraints, it is particularly vulnerable to any major health emergency.

Resident Doctors were compelled to undertake a two-week strike in June, due to the government's inability to pay their wages or provide adequate personal protective equipment (PPE). The lack of protection for health workers in the context of Covid-19, and the continued challenges that women face in gaining access to health services, are of great concern to ActionAid Nigeria.

**In response to the coronavirus pandemic, the Government of Nigeria** approved a \$1.4 billion (USD) intervention fund to support healthcare facilities and provide tax relief and incentives for employers that retain staff.<sup>1</sup> The Federal Government released a \$25.8 million (USD) grant to Lagos State, and allocated upwards of \$12.9 million (USD)<sup>2</sup> in special funds to Nigeria's Centre for Disease Control for more staffing, equipment and facilities.<sup>3</sup> The government has tried to increase the number of health workers, including by bringing back staff working or training abroad<sup>4</sup>. It is making monthly payments of approximately \$52 (USD) to families registered as poor and vulnerable (in the National Social Register of Poor and Vulnerable Households) and is pledging to increase the number of people registered.<sup>5</sup> However, the data is inconsistent due to the complex federal structure of the country. Government support measures have also been criticized by Human Rights Watch for covering only a fraction of the country's poor and vulnerable population.<sup>6</sup> Nigeria's Central Bank launched a \$128.5 (USD) credit facility to provide households and micro, small and medium enterprises affected by the pandemic, with loans of up to USD \$7,700. But accessing these funds requires proof of collateral, which could rule out many poor families.

**ActionAid Nigeria** is responding to Covid-19 across the country and providing the people most affected by the virus and effects of lockdown in urban and rural areas with essential food and hygiene supplies. Its interventions focus on raising awareness about the virus through physical distribution of leaflets and loudspeaker messages, social media and other broadcast platforms, and preventing the spread of Covid-19 by promoting good hygiene and providing protective equipment. It is also focusing on the safety of women and girls, protecting them from GBV and providing psychosocial and material support for survivors.



### Key Facts:

**Population:** 200,964,000

**Population growth rate:** 2.7%

**Urban population:** 51.2%

**Life expectancy:** 54.3

**Infant mortality:** 75 out of 1000 births

**Human Development Index:** 158th out of 189 countries

**Population living below the poverty line:** 53.5% (people living on less than \$1.90 a day)

**Child malnutrition rate (under-five stunting):** 43.6%

**Girls out of school (primary):** 4,969,385

**Female school age children out of school:** 40%





## Case Study

As Covid-19 restrictions leave millions of informal workers with no means to support their families, ActionAid Nigeria is distributing food relief packages to the most vulnerable people. Local women are leading the response to provide 200 households in the states of Lagos, Federal Capital Territory, Kaduna and Akwa-Ibom with essential food and hygiene supplies. ActionAid Nigeria is targeting communities that receive no government support and also areas reporting the highest numbers of Covid-19 cases, and prioritising single mothers and informal workers who cannot provide for their families due to lockdown. Many families remain in urgent need of help even as lockdown restrictions ease.



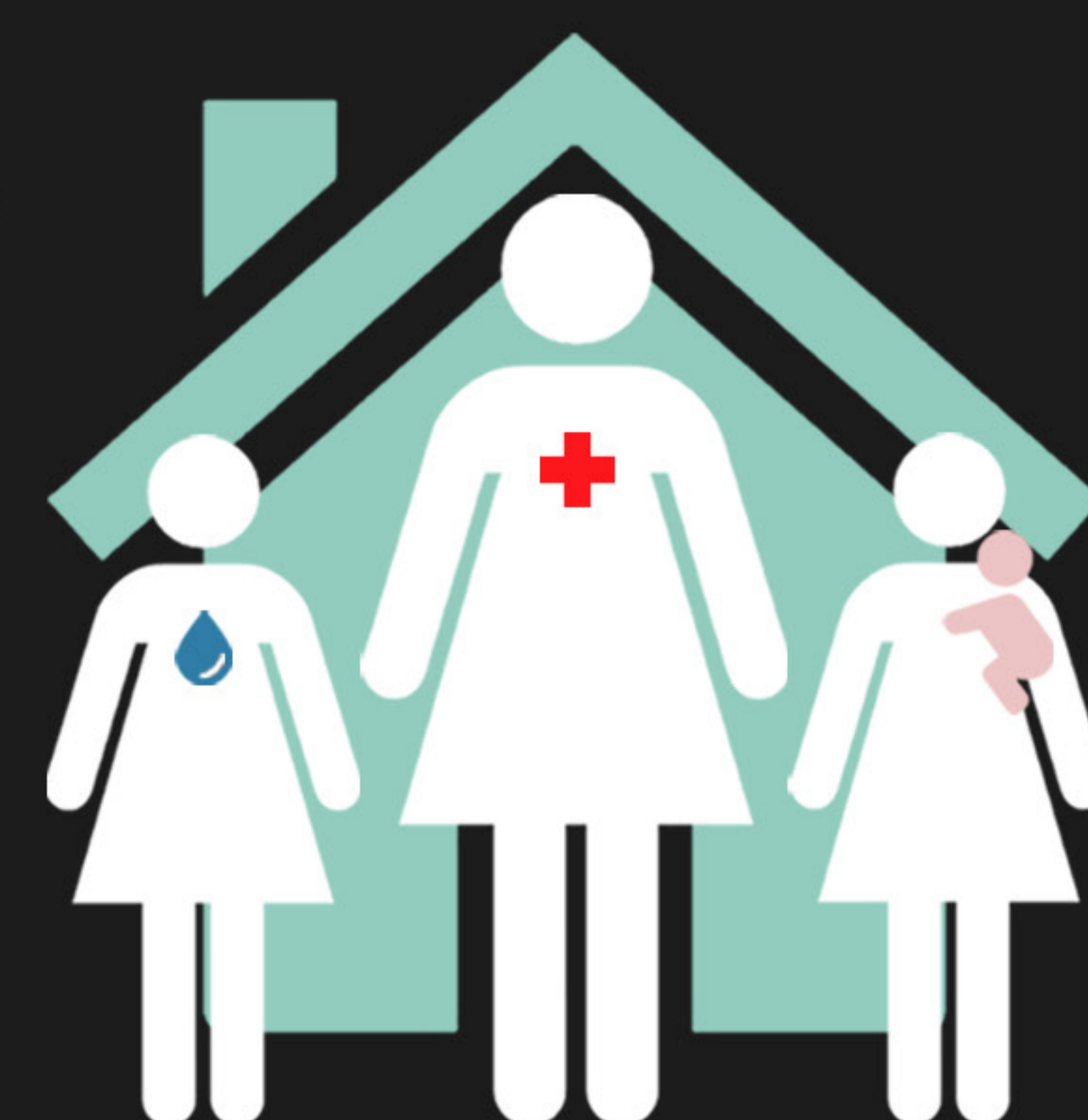
## Access to healthcare and social protection

- 169 ventilators, meaning 1 for every 1.27 million people.<sup>7</sup>
- Only a quarter of the doctors needed are in post (WHO recommends 15 doctors for every 10,000 people and Nigeria has 3.81 for the same population).<sup>8</sup>
- Only 18% of the nurses needed are in post (WHO recommends 30 nurses for every 10,000 people and Nigeria has 5.62 nurses for the same population).<sup>9</sup>
- Nigeria will face a shortage of 500,000 to 600,000 nurses in 2030.<sup>10</sup>
- Average public social protection expenditure (excluding health) on people of working age is just 0.3% of GDP.<sup>11</sup>
- 93% percent of Nigerians of retirement age are not receiving any pension.<sup>12</sup>
- Women in Nigeria spend 1.5 times the number of hours a day on unpaid care than men.<sup>13</sup>

### A Women's Emergency:

Why women and girls will be hardest hit by the **COVID-19** crisis

- ✳ 2/3 of health sector jobs globally are held by women.
- ✳ School closures mean women are caring for children at home.
- ✳ The majority of women's work is in the informal economy, without sick leave and benefits.
- ✳ Girls are responsible for collecting water. But without access to free, clean water they are more at risk.
- ✳ Most domestic workers are undocumented, migrant women.





## ActionAid's new research findings:

**Action on Debt!** Countries that spend more than 12% of their budgets on debt servicing are invariably forced to cut their spending on public services. Nigeria's federal government interest payments absorb 58% of its revenue.<sup>14</sup> Data for individual states varies, but Nigeria is clearly substantially above the safe threshold, spending \$1.31 billion on debt servicing.<sup>15</sup> ActionAid research shows that acting on debt could generate an extra \$1 billion for Nigeria.

**Action on Austerity!** The IMF is pressuring Nigeria to reduce its inflation rate of 11.7%, despite independent research suggesting a developing economy can thrive with inflation of up to 20%. This extreme and harmful advice restricts Nigeria's capacity to spend more on priority services.

ActionAid was unable to find detailed data on the public sector wage bill in Nigeria, partly due to the country's complex federal structure. But in line with IMF advice elsewhere, it is very likely that the IMF is encouraging Nigeria's government to freeze or reduce the public wage bill, which would be problematic in a country already short on frontline health workers.

**Action on Tax!** Nigeria has one of lowest tax to GDP ratios in the world, at around 7%.<sup>16</sup> This is below even the average tax to GDP ratio of low-income countries (17%) and compares to 34% in OECD countries and over 40% in Scandinavia, where high taxes on those who can afford to pay their fair share are invested in welfare, enabling rapid response to, and recovery from, the pandemic.

Nigeria should rapidly and fairly expand its domestic tax revenue and aim to increase its low base by at least 5% in 5 years, to almost double its revenue and generate enough to double its spending on education, health, social protection and water and sanitation, and still have money to spare. Nigeria can be more ambitious in generating domestic resources to guarantee quality public services. An IMF report suggests that well-targeted reforms could increase Nigeria's tax-to-GDP ratio by 8% in the medium term.<sup>17</sup>

ActionAid's research into progressive tax reforms in Nigeria show considerable space for a significant revenue increase and that reforms on personal income tax, corporate tax, incentives, property taxes and luxury consumption could generate a 1% increase in Nigeria's tax-to-GDP ratio.

Our research shows that countries like Nigeria can expand their tax bases both rapidly and fairly through taking action on ending tax incentives, raising corporate taxes on the biggest companies, improving taxation of the extractive industries, supporting fairer property taxes and targeting luxury consumption. Unfortunately, present IMF advice includes reducing VAT exemptions, which could hurt the poor. Just by ending what the IMF deems to be harmful tax incentives, the government of Nigeria could raise \$1.3 billion a year. Action is also urgently needed to prevent aggressive tax avoidance and evasion by multinational companies and ultra-rich individuals.

## Case Study

In 2019 ActionAid Nigeria conducted qualitative research in the North, Central and Southern regions of Nigeria. We found healthcare centers suffering a severe lack of care and maintenance, with collapsed structures and without basic medical equipment like weighing machines and thermometers. We documented women in labour waiting in line for delivery and sometimes giving birth on bare floors. In Lelyi Gwari there was no tap water. The only source of water was a nearby pond located a few miles away from the healthcare center. The family members of patients fetch buckets of water from this nearby pond for use by healthcare workers. Tools are used without sterilisation and one bucket of water is used to deliver two births. In the small community of Tunga Ashere, ten maternal mortalities were recorded within a period of 10 months in 2019.

Health workers in these centers were found to be underpaid and overburdened. Doctors and nurses do not get posted by the government to grassroots health care centres, so lots of the health workers interviewed said they were working as volunteers, still pending confirmation of promised employment contracts from the government, sometimes for several years. Those health extension workers who were employed by the government were untrained and ill-equipped, and they complained of being so badly paid that they were unable to cater for their basic needs like transport and food. As a result, many health facilities are only open for 4-6 hours a day, as is the case for example in Owode Oja community in Kwara State, where the center opens at 10am and closes at 2pm and is unavailable at other times of the day regardless of the emergency. When emergencies do arise, women often have to go to general hospitals that are located 3 to 4 hours away from the community.





# ActionAid is advising leaders of the global south to follow '5 Principles for Covid-19 response plans' to target the most vulnerable

- 1. Properly finance public health** and other vital public services.
- 2. Target women and informal sector workers with financial support and services**, acknowledging they are impacted first and worst by the pandemic and subsequent lockdowns.
- 3. Reduce inequality** by expanding social protection, particularly for youth, women, smallholder farmers and informal sector workers.
- 4. Bail out workers and families, not shareholders.** Ban bonuses and buybacks for all bailed out companies and no bailouts for polluters.
- 5. Ensure restrictions on civil liberties are proportionate and temporary.** Limits on freedom of movement, freedom of assembly, privacy and democratic process in the context of Covid-19 must be clearly set in law, non-discriminatory, temporary and proportionate to the risk to life. They must not be extended beyond the pandemic or be mis-used for other purposes.

## National Policy Recommendations

This crisis is an opportunity for a new social compact between government, people, and business, to build a better future for all.

- Nigeria should be at the forefront of a pan-African call for more sustained debt cancellation. This should go hand in hand with the renegotiation and rescheduling of longer-term debt payments – and a commitment to reform debt contracting processes so that all future loans are agreed following a transparent and accountable process.<sup>18</sup>
- This is the time for Nigeria to be bold on the international stage and insist on its right to spend the revenue it raises on providing a comprehensive and sustained response to Covid-19, and invest to meet the SDGs, rather than paying old debts.
- By taking combined action on debt and tax, the government could achieve a sea change in investment in public services over the next five years.
- All new resources generated must be allocated and spent with a new commitment to transparency and accountability, so they reach the most excluded groups and truly transform the country.

### References:

- <sup>1</sup> IMF June 2020
- <sup>2</sup> OECD
- <sup>3</sup> ibid
- <sup>4</sup> ibid
- <sup>5</sup> ibid
- <sup>6</sup> Human Rights Watch
- <sup>7</sup> New York Times (18 April 2020)
- <sup>8</sup> WHO: National Health Workforce Accounts Data Portal, [State of the World's Nursing 2020](#)
- <sup>9</sup> ibid
- <sup>10</sup> ibid
- <sup>11</sup> ILO: [World Social Protection Report 2017/19](#)
- <sup>12</sup> ILO: ILOSTAT - [Social protection coverage around the world](#) June 2020
- <sup>13</sup> OECD: [Gender, Institutions and Development Database datasheet \(2019\)](#)
- <sup>14</sup> IMF Country Report Nigeria - No. 20/142, April 2020
- <sup>15</sup> [Naira Metrics](#)
- <sup>16</sup> IMF
- <sup>17</sup> IMF Country Report No. 19/92
- <sup>18</sup> For example Eurodad's 10 principle for sovereign debt resolution: <https://eurodad.org/files/pdf/5d91eb4d523cf.pdf>.