

Inequalities in Nigeria worsen during Covid19

(UN-EGM, SDG10 written input in response to questions: What is the current status of the Goal or target? What has changed since the last time this Goal was reviewed at the HLPF?)

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Covid19 is estimated to increase poverty and contribute to rising inequality. Understanding how inequality might be changing within countries over time during the Covid19 pandemic is important in developing contextually-relevant policy responses. Most welfare estimates to date model or measure people [crossing the poverty line](#) or estimate inequality over the full distribution; however, downward mobility into vulnerability, moderate poverty, and towards destitution will also affect inequality in different parts of the distribution.

To investigate this issue, the [Chronic Poverty Advisory Network](#) examined Covid19 distributional impacts over 2020 and into early 2021 in Nigeria (Diwakar and Adedeji, 2021, forthcoming)¹, relying on nine rounds of the Covid19 National Longitudinal Phone Survey 2020-21 and linking panel households to pre-pandemic (2018/19) per capita expenditure quintiles. Already pre-Covid19, the study draws attention to multiple crises, such as conflict especially in the northern zones and stark regional inequalities in human development. During Covid19, we find evidence of added shocks and stressors for the bottom 40% of households that are contributing to widening inequalities:

- 1) **Volatility in income** (related to SDG 8): Covid19 led to decreases in income across welfare quintiles. Yet when focusing specifically on non-farm business income over the course of 2020, and remittances compared to pre-Covid levels, households in the bottom two welfare quintiles generally experienced volatility in these sources of income over time in 2020, at rates higher than households in the top three welfare quintiles. Given that consistency and predictability is generally needed to have medium-term resilience effects, these trends might reflect constraints in households' ability to plan effectively to smooth consumption.
- 2) **Hunger** (related to SDG 2): The pandemic was also marked by divergence in the incidence of self-reported health shocks between the bottom two and top three welfare quintiles. For example, by July to December 2020, 28.4% of households reported experiencing a health shock, compared to 17.2% of households in the top three welfare quintiles.
- 3) **Health shocks** (related to SDG 3): Unable to withstand the effects of multiple shocks, households were instead forced to rely on negative coping strategies that increased their vulnerability to impoverishment or deeper poverty. For example, while food insecurity was observed across the distribution, hunger disproportionately affected 27.5% of households in the bottom two quintiles compared to 13.9% of households in the top three quintiles.
- 4) **Distress asset sales** (related to SDG 1): Given decreased and volatile income sources, limited social assistance, and amplified risky business environments during Covid19, households resorted to negative coping strategies. The biggest difference between shock response strategies was observed in the sale of agricultural and non- agricultural assets, with this divergence steadily widening over the survey period. Of households reporting shocks, 26.9% of households in the bottom two quintiles compared to 7.8% of households in the top three quintiles engaged in a distress sale of assets in response to shocks between July and December 2020. There is also evidence of [widening education inequalities](#) in the country.

These factors together suggest that monetary and multidimensional inequalities are worsening in Nigeria, whereby households that were already under the poverty line pre-Covid now possess even less capital and wealth going forward. Accordingly, responses to accelerate action and reduce within-country inequalities need to focus on a portfolio response within which social protection is extended to ensure recovery not only of incomes and consumption, but also of asset accumulation (tangible assets but also intangible assets through support for example to healthcare and education) in ways that can help address multiple and overlapping deprivations.

¹ Diwakar, V., and Adedeji, A. (2021, forthcoming). *Poverty dynamics and social protection in Nigeria*. CPAN working paper. London: ODI.