

SOCIAL PROTECTION PROVISION AND COVERAGE IN NIGERIA'S INFORMAL SECTOR: INSTITUTIONS AND STRATEGIC MECHANISMS

Introduction

Social protection acquired increased prioritization from national governments in developing countries and emerging economies in the decade past, as such, focus increased on at a multi-level scale, contributing significantly to progressive development of innovative policies, programmes and schemes including their extension to the unprotected. These momentous improvements covered large sections of the working- poor and extreme poor, however, provision and coverage challenges remained. The State of Social Safety Net 2014 succinctly captured the commendable improvements in social safety nets made by developing and emerging economies as part of broader social protection systems. There were significant expansions in cash transfers in Sub-Saharan Africa with 37 countries implementing unconditional cash transfers by 2013 (World Bank, 2014: xiii). These improvements give credence not just to 'purpose driven inclusive policies', and state willingness to seek progressive welfare development but also to the 'critical functionality' of institutions in achieving intended social protection set goals and objectives. Further, these developments are offshoots of a changing paradigm of the functionality of social protection i.e. possessing an integral transformative potential within prevailing economic models.

Despite these progressive trends, significant proportions of the population of some developing countries, even now did not partake of these developments. In Nigeria, those located in the informal economy and its fringes did not enjoy any well institutionalised form of social protection from the state, according to Hagen-Zanker

Ogharanduku Victor I. viogha3@outlook.com. Michael Imoudu National Institute for Labour Studies (MINILS), Academic and Distance Learning Programmes Department (ADLP), Ilorin, Kwara State, Nigeria.

and Holmes (2012) there were only three conspicuous small-scale federal-government led programmes; COPE conditional cash transfer; subsidized maternal and child health care (MCH); and the Community Based Health Insurance Scheme (CBHIS). These programmes are either waiting scaling up – COPE and MCH – or implementation i.e. Community –Based Health Insurance Scheme. Programmes implemented majorly contributed to the actualization of MDGs which wind down this year. Some recent ad-hoc social protection programmes implemented are politically motivated as means to certain political ends.

With a population estimated at 170million, an estimated 70% live on \$1.25/day, majority are engaged in employment in its informal economy, a sector highly undocumented and unregulated in the country. This economy continues to expand in terms of participants, range of economic activities, structures and processes as well as in its contributions to economic development. Official records for 2014 reveal that it accounts for an estimated 35% of rebased national gross domestic product (GDP) and 90% of job creation. Interestingly, the United Nations Development Programme (UNDP) estimates the informal economy accounts for 57.9% of rebased GDP. The socio-economic plight of informal workers is indeed recognized by stakeholders, nonetheless what have governments at the federal and state levels done to tackle the problem? Are their efforts encouraging in view of the amount of resources at their disposal? The informal economy continues to experience near complete absence of adequate welfare protection and coverage, for its increasing numbers of workers.

In over 54years of independence, the Nigerian State is yet to develop a National Social Protection Policy (NSPP) in spite of its membership of the

International Labour Organisation (ILO), the International Social Security Association (ISSA) and despite being signatories to several international Conventions and Charters. Only a chapter in the National Development Plan of the nation, Vision 20: 20 indicates the country's commitment to the implementation of social protection (Hagen-Zanker and Holmes, 2012). Though a National Social Protection Strategy (NSPS), developed by the National Planning Commission (NPC) with the support of the international community in 2004 and based on a life-cycle and gendered framework is meant to provide social insurance, social assistance, labour market programmes as well as facilitate access to social services. This strategy was integrated into the National Economic Empowerment Development Strategy (NEEDs) – Poverty Reduction Strategy Programme (PRSP) implementation framework in the country, interventions were quite broad and not all would necessarily be considered core social protection interventions. The table 1 below gives an overview of the programmes and schemes envisaged in the nation's social protection strategy.

Table 1: Nigeria's Social Protection Strategy: Priority Interventions by Groups

S/ No	Age Group	Intervention Focus	Social Protection Interventions
1.	6 – 14yrs	<ul style="list-style-type: none"> a. Increase rate of enrolment, retention and completion of formal education; b. Elimination of Child Labour; c. Increase number of teachers and distribution. 	<ul style="list-style-type: none"> 1. School Feeding Programme. 2. Universal Basic Education.
2.	15 – 24yrs & 25 – 64 yrs	<ul style="list-style-type: none"> a. Low human capital development; b. Health risks; c. Risks of unemployment and underemployment; d. Incapacity to work; and e. Loss of breadwinner. 	<ul style="list-style-type: none"> 1. Expansion of existing scholarship programmes for indigent students; 2. Strengthening existing adult education and non-formal education programmes; 3. Sustainable student loans scheme; 4. Reproductive Health & counselling – safe motherhood, VVF, HIV/AIDS, Drug abuse, violence. 5. Skills acquisition programme; 6. Unemployment insurance, income support programmes and active labour policies; and 7. Public works programme.
3.	65 and above	<ul style="list-style-type: none"> a. Managing the risk of income loss. 	<ul style="list-style-type: none"> 1. Reorganisation of the public service pension scheme; 2. Introduction of contributory pension scheme; 3. Old age retirement benefit scheme for retirees of the informal sector; 4. Review of general minimum pension benefits to amount of not less than \$70/month; 5. Establishment of old people's home.
4.	General Population		<ul style="list-style-type: none"> 1. Strengthening activities of primary, secondary and tertiary health care; 2. Health insurance to cover both formal and informal sectors; 3. Providing enabling environment for mortgage institutions to provide houses; 4. Provide basic infrastructure;

			5. Specific programmes for physically challenged; 6. Providing natural disaster communities with relief.
--	--	--	---

Source: Nigeria's Social Protection Strategy, 2004.

It is important to note that just a few of the intended programmes and schemes have been selectively and purposely implemented, such as the Universal Basic Education (UBE), nutrition support for school children and pregnant women. However in 2014, the federal government commenced the process of developing a National Social Protection Policy, this is expected to be completed soon.

Aside this strategy, a few broad statutes and policies aimed at providing social protection exist, though in a disaggregated manner. They include the Factories Act Cap 126; the Employee Compensation Act, 2011 which repeal the Workmen's Compensation Act; the Labour Act; National Policy on Occupational Safety and Health, 2006; Pension Act, 2004; National Health Insurance Scheme (NHIS) Act. All these protect only workers in the formal sector (representing a little over 10% of the total workforce), despite plans and attempts to extend some of them to the informal sector, albeit with no success. This situation prompted the alternative design, proliferation and implementation of disjointed multifarious programmes and schemes for informal workers by government and extra-governmental groups. Programmes and schemes operate distinct from one another prohibiting synergy, creating situations where impacts are not visible in the living conditions of informal workers.

Social protection for the country's informal sector is mostly both ad-hoc and hurriedly put in-place – particularly, those of the government and its agencies. Others probably, the majority are established by non state actors – international organizations and indigenous organizations, NGOs, Faith Based Organisations (FBOs), Community Based Organisations (CBOs) and occupational guilds. These alternatives provided by non-state organs do not provided adequate provision, but by

far, they have become the most readily available forms of protection for informal workers and entrepreneurs; much of which is not captured in official statistics.

Provision and coverage of social protection in Nigeria faces a number of challenges most of which are interconnected, this paper focuses on one of such challenges often cited by scholars and experts; 'institutions'. The reason for examining institutions in the context of social protection provision and coverage is that there are compelling indications (resources and socio-economic deficit wise) that the nation should be implementing adequate social protection provision and ensuring that coverage is universal, but the reality is otherwise. Furthermore, works on social protection issues in the country have failed to look at the poor pace of social protection progression from the angle of institutions; it's only enumerated as one problem confronting social protection. Again discussions by development thinkers have highlighted feeble institutions as critical to the slow pace of development in developing nations. Weak institutions are not just a casual factor in the growth and spread of informal economic relations, it seems that they are responsible for the inability of the nation state to ensure social protection provision and coverage in this sector.

The huge concern over provision and coverage has only generated limited attention in unearthing the dynamic relationship between institutions of the state and social protection provision and coverage in its informal economy. This paper is segmented into six sections; an introduction that is about to end, a second section that focuses on the Nigerian informal economy; a third, which is an overview of social protection in the country. The fourth looks at the nature, dynamics and mechanisms of state institution and their influence on social protection provision and

coverage in relation to the informal economy; the fifth concludes; while the six makes recommendations and highlights research priority areas.

Overview of Nigeria's Informal Economy

Definitions and descriptions of the informal economy vary a lot and most often descriptions/definitions utilized are those proposed by the political economy of the nation. This introduces some complexity in understanding the informal economy and what social protection provision and coverage measures and strategies should be adopted and implemented by government institutions. For instance, the Central Bank of Nigeria views the informal economy as one which operates without binding official regulations, including operating under official regulations that do not compel it to render returns on its operations and production processes (CBN/NISER, 2001). This fits the definition by Castell and Porte, which describes the sector as being productive relations that are unregulated by official formal institutions of society where similar relations are so regulated. It leads to a situation where enterprises are crowded out of mainstream official regulations even when they attain size and character of formal organisations.

The Nigerian informal sector is plagued with paucity and inadequacy of knowledge on its size, causes, characteristics, and dynamics. A number of scholars have argued that this economy is not comprehensively and elaborately understood in the country (Ajakaiye and Akerele, 1996; Oduh et al, 2008). These gaps in knowledge and data are critical challenges for designing and implementing social protection in this economy and the country as a whole. Nonetheless a good number of studies and research literature have been undertaken on the economy (see Onyebueke and Geyer, 2011 for an extensive list). The varying definitions and

descriptions of the informal economy by scholars, government agencies, and observers expose the confusion that besieges the term informality. Notwithstanding these different perspectives and conceptualizations, the informal economy is centric around certain characteristics which studies have proven to be inherent in this economy typology and they regularly utilised in defining the informal economy namely: (1) economic activities; (2) employment categories; and (3) income and employment enhancement potentials.

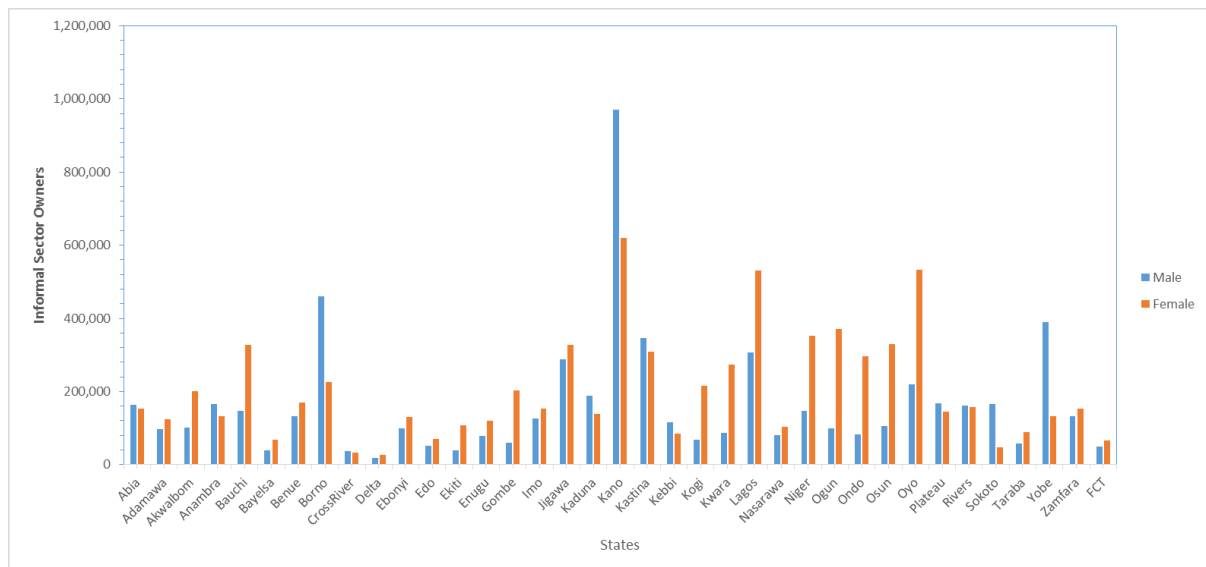
Descriptions based on economic activities portray the informal economy as consisting of units of production of goods and services with the primary objectives of generating employment and incomes to persons involved. Employment categories views informal economy as comprising informal employments; self- and wage employments that are not recognised, regulated and protected by regulatory and legal frameworks (Amin, 2002; ILO,2002, 2003; 2014; World Bank, 2003). The income and employment potentials definition sees informal economy as composed of enterprises and work with growing market demands that reflect high and low income elasticity demand (Oberay et al, 2001; ILO, 2002). These definitions situate the informal economy as clearly unofficial activities with no government interference, and its workers not possessing any formal employment ties with the government. It also places informal workers into two groups; self-employed, those who own their business and wage-employed, those who are engaged by others to work for wages and salaries.

A survey by the CBN, National Institute for Social and Economic Research (NISER), and the Federal Office of Statistics (FOS) now National Bureau of Statistics (NBS) puts the size of the economy at 83% in 1998. Even now, estimates suggest

that the informal sector in accounts for between 45% and 60% of the urban labour force, up from about 25% in the mid-1960s; the percentage is more in the rural areas. The informal economy is also differentiated into urban and rural informal economies because a lot of differences exist between them. Depending on the zone where an informal economic unit is located it exhibits the characteristics peculiar to that region and this will be different from another unit in another zone.

The self-employed class is sorted into (i) those who engage in self-employment for income and livelihood; and (ii) those who engage in self-employment on part-time basis for additional income due to irregular or low salaries in their primary place of employment. Onyebueke and Geyer (2011) observed that three major surveys (Abumer, Arimah and Jerome, 1998; CBN/FOS/NISER, 2001; Oduh, Eboh, Ichoku and Ujah, 2008) of the informal economy show that majority of enterprises were sole proprietorship (self-employed) with apprentices. In contrast, a survey by Philips Consulting demonstrates that an average of 57% percent of informal economy participants were employees, while business owners stood at 42%. In addition, of the 57%, 66% worked full-time and only 22% worked part-time, this has implications for the development of a national social protection system. The discussions of this paper is however concern with those who are engaged in the informal economy as self- or wage employed solely for livelihood/survival; this is because they happen to make up a larger proportion of the working poor. The distribution of informal sector owners by state and sex is shown in the graph below.

Figure 1: Distribution of Informal Sector Owners by State and Sex

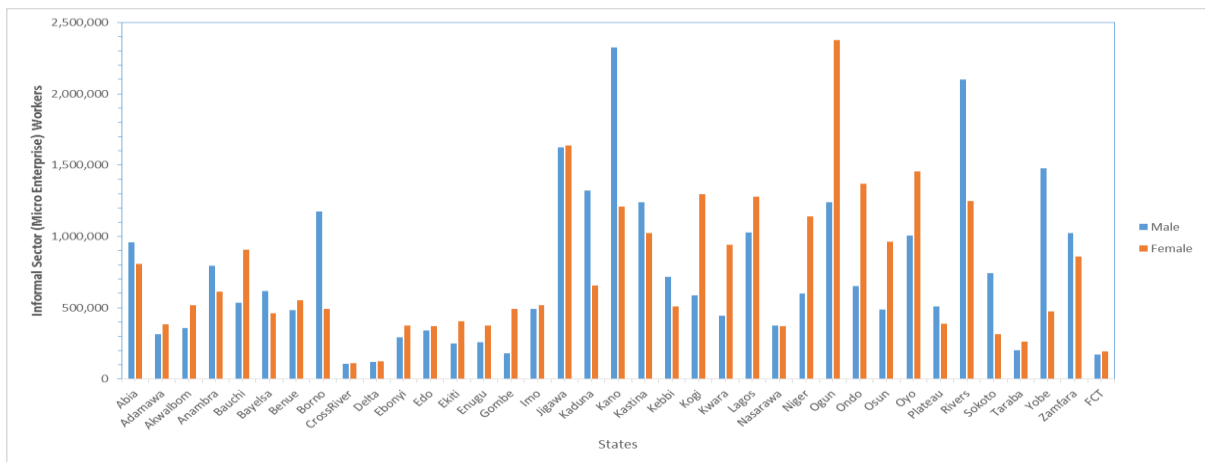


Source: National Bureau of Statistics, 2010 National Manpower Stock and Employment Generation Survey.

Olajoke, Aina and Ogini's (2013) empirical study of the urban informal economy noted that there were noteworthy contributions of the informal urban economy through job creation mostly for survivalist migrants. Fasanya and Onakoya (2012) discovered in their study that small-scale enterprises in the informal economy was responsible for providing more than 50% of non-agricultural sector employments in the country. Another survey by CBN, FOS and NISER in 2000 revealed that there were over 8, 604, 048 enterprises in the informal sector, all of which generated an estimated 12, 407, 348 employment opportunities (2001). More recently, the NBS estimates that the sector consists of over 17 million businesses and enterprises, and contributes significantly to job creation. The CBN/FOS/NISER survey also indicates gender dimensions and age segmentation in the employment structure of the sector; Abumere et al, (1998) found more women employees than male employees and more than 50% of participants in the economy were within the age range of 20-40yrs. Onyenechere, 2010 concluded that women remained predominantly the main

participants in rural informal economies, this study carried out in Imo state in the South-Eastern region argued that the migration of males to urban areas, an age long tradition was responsible for this observed trend. Contrastingly, NBS, 2010 Manpower Stock and Employment Generation indicate gender participation as roughly equal.

Figure 2: Distribution of Informal Sector (Micro Enterprise) Workers by State and Sex

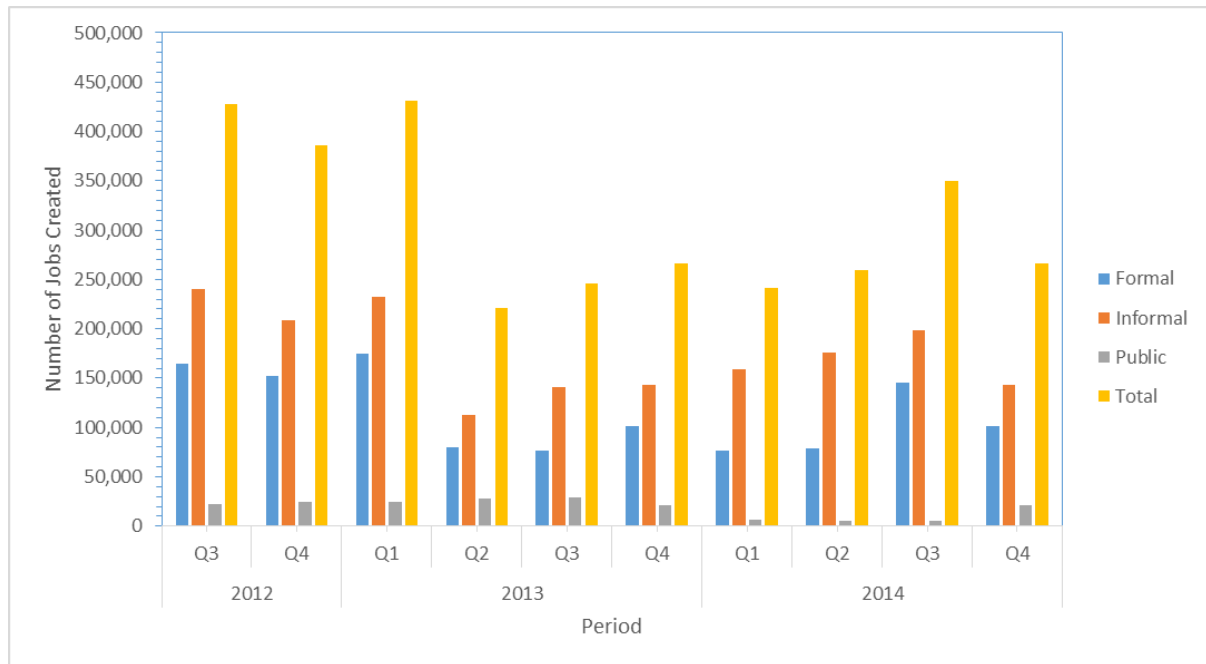


Source: National Bureau of Statistics, 2010 National Manpower Stock and Employment Generation Survey.

An estimated 70% of the labour force of the country is located in the informal sector (Akintoye, 2008), a testament to the absorptive capacity of the informal economy. Data estimates depict that between July 2012 and June 2014, 2.48 million jobs were created, with the informal economy contributing a share of 1.41 million (57%), the formal economy contributing 40 percent, and the public sector contributing 3% (NBS, 2010). On the other hand, a more recent study by the Small and Medium Enterprises Development Agency (SMEDAN) revealed that SMEs account for 80% of the total number of enterprises in Nigeria, and 75% of the total employment base (employing 32.4 million Nigerians). This data estimates are evidence of the inability of the formal sector to create enough jobs to counter the

rising proportion of unemployment leaving the informal sector to absorb the majority; this generates demand side pressure for the informal sector. The ILO posits that informal employment presents a key challenge in achieving broad based development through labour and social protection institutions.

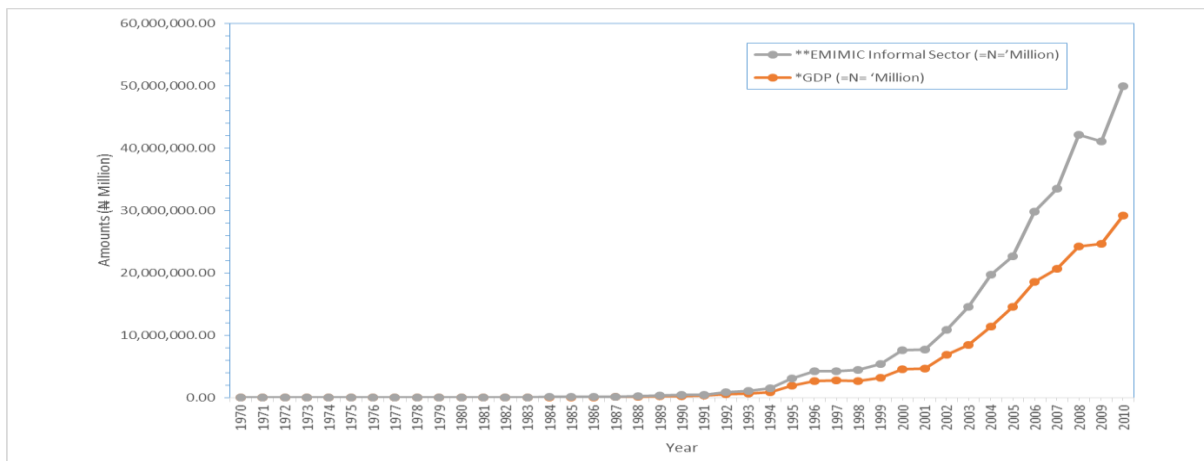
Figure 3: Job and Employment Creation



Source: NBS, 2014: Job and Employment Survey.

In terms of contributing to the nations GDP, Ogbuabor and Malaolu (2013) provide some empirical information on the size of contributions from 1970 to 2010 using an EMIMIC model developed by Buehn and Schneider (2008). Their finding on the size of the informal economy since 1970 is below:

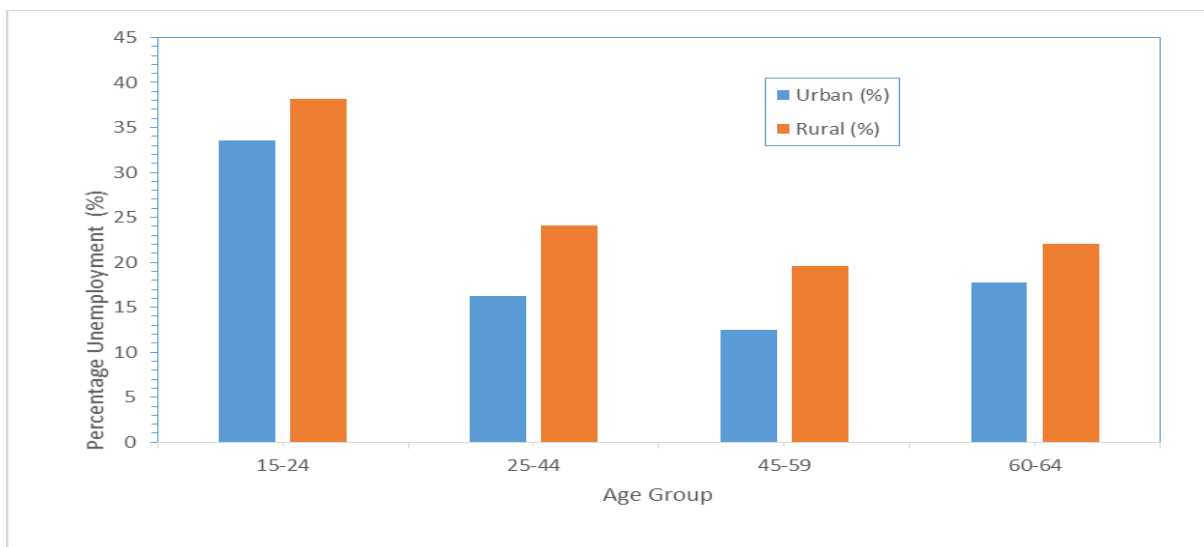
Figure 4: EMIMIC Model Estimates of the size of Nigeria's Informal Economy



Source: * CBN, 2010 Statistical Bulletin; **Ogbuabor and Malaolu, (2013)

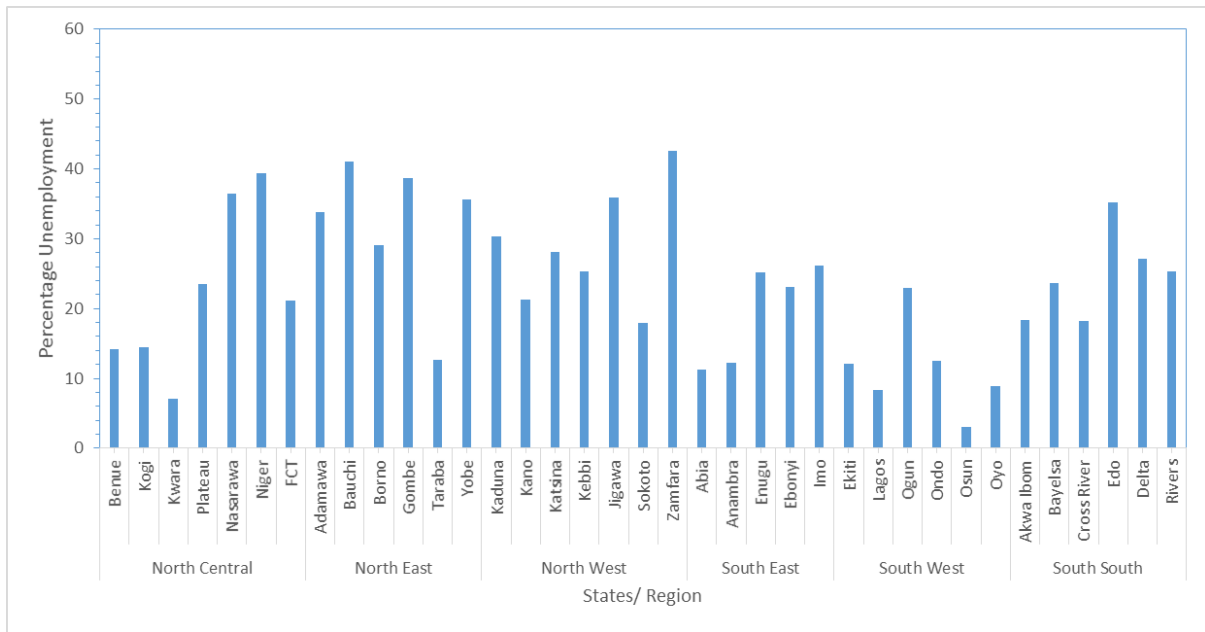
To really appreciate and understand the plight of informal sector worker's, lets look critically at some socio-economic data on the Nigerian in relation to the informal economy. The informal economy continues to operate in the context of rising unemployment, reports by the NBS puts unemployment at 27.4% of the labour force for 2012, with only 126, 293 jobs created in 2013. This is up from 23.9% in 2011, 21.1% in 2010 and 19.7% in 2009 (NBS, 2011).

Figure 5: Unemployment by Age Group



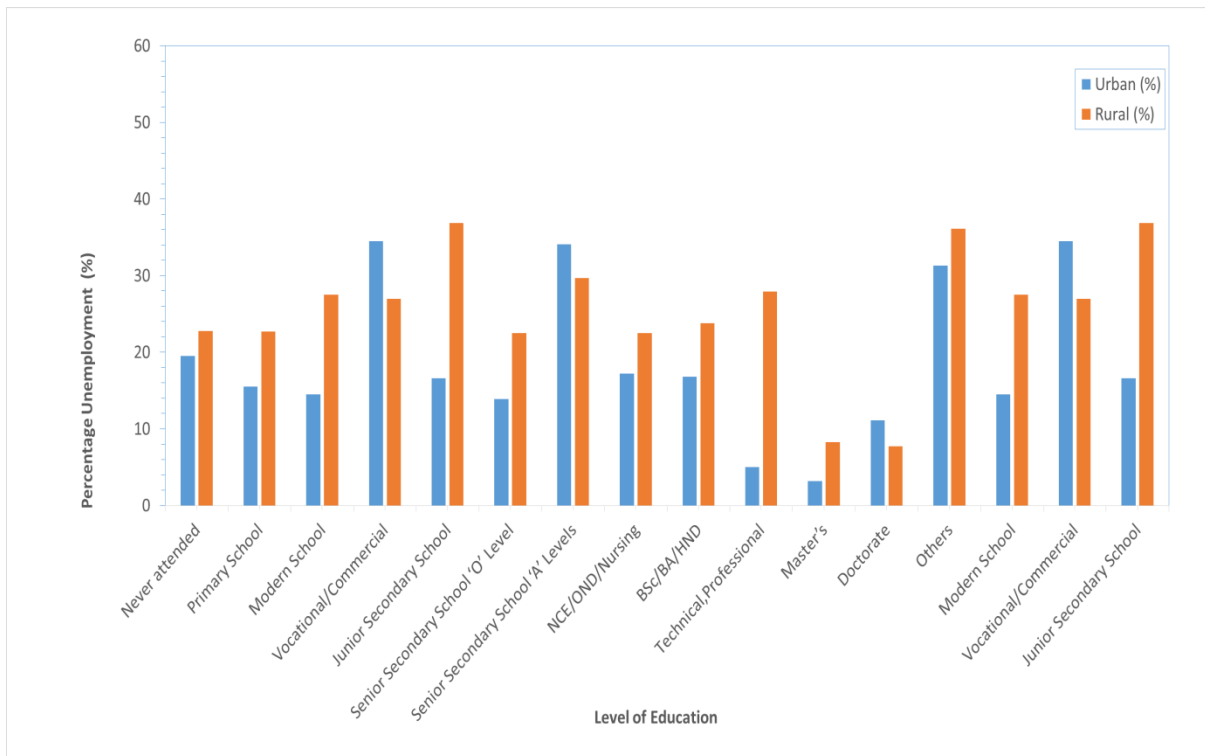
Source: National Bureau of Statistics (2011): Socio-economic Survey

Figure 6: Unemployment rate by state



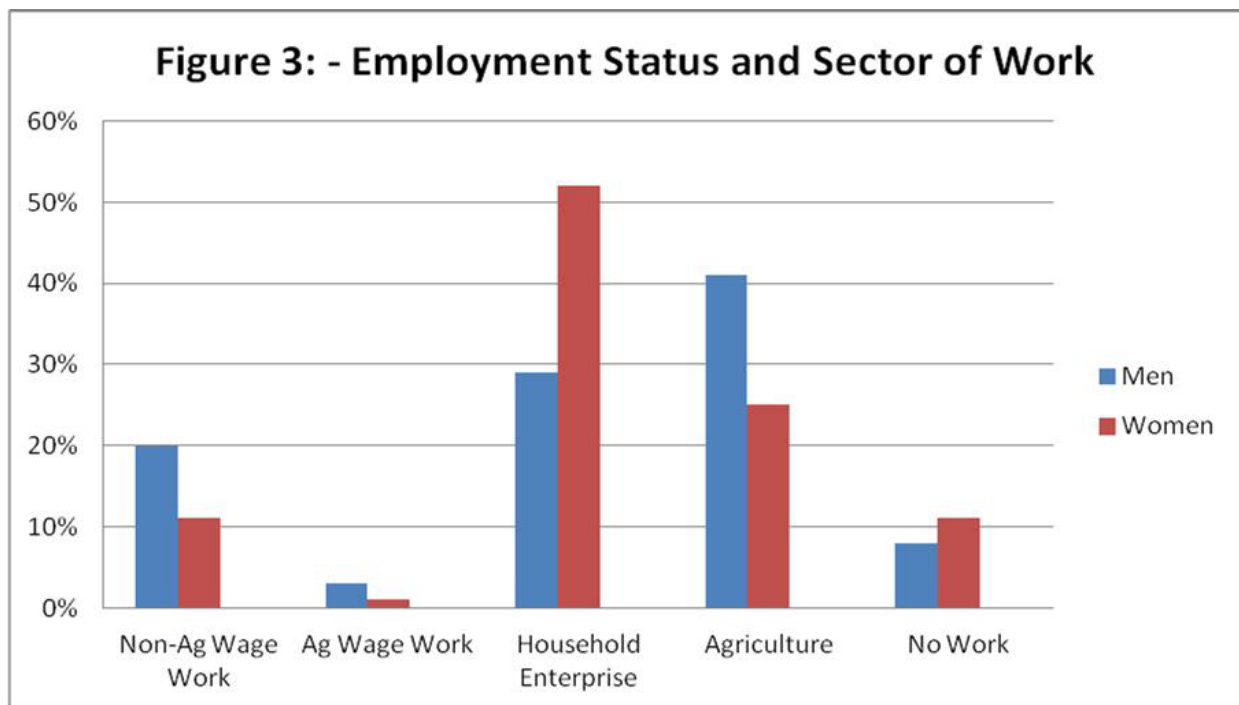
Source: National Bureau of Statistics (2012): Social Statistics in Nigeria; Part III Health, Employment, Public Safety, Population and Vital Registration). Abuja, 2012.

Figure 7: Educational level Unemployment rates



Source: National Bureau of Statistics (2012)

Figure 8: Employment Status and Sector of Work



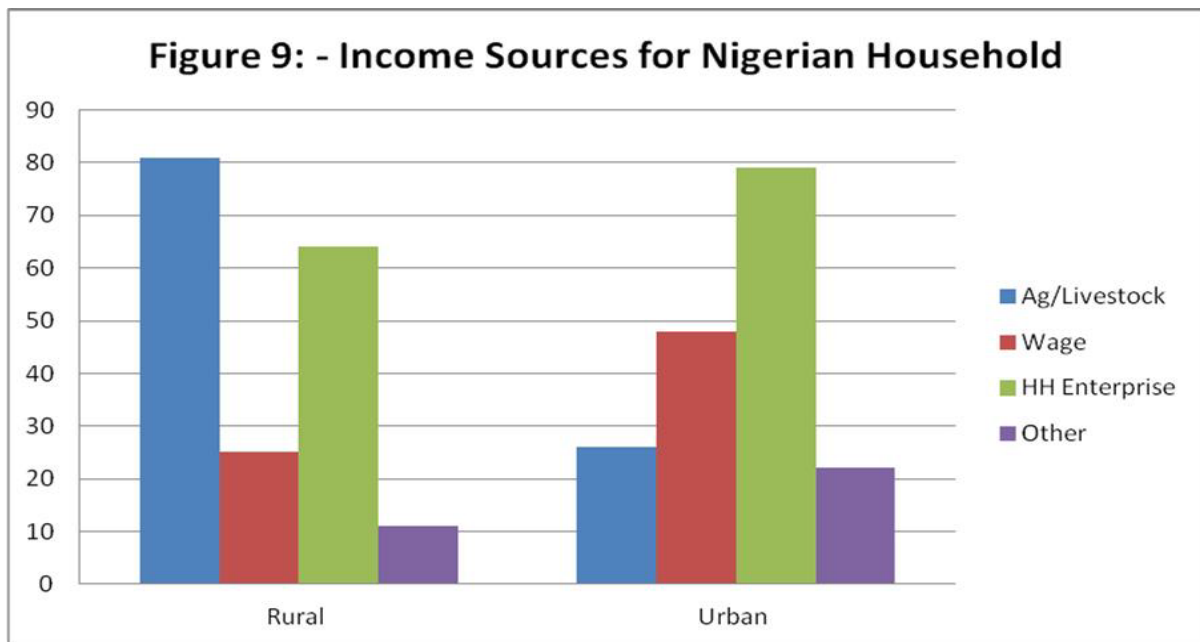
Source: National Bureau of Statistics (2011): Socio-economic Survey

These statistical figures need to be treated with caution as they may under-report accurate situations. The next section provides some overview of social protection policy and practice in the country, in order to reveal the task ahead of extending social protection to the informal economy.

Over view of Social Protection and Social Protection Policy in Nigeria

Since 2004 when the country's Social Protection Strategy was developed, and some of its target instruments implemented, the epileptic performances of these programmes and overall poor socio-economic situation in the country makes it imperative that a broader national policy be formulated. The sources of incomes for poor household lend much credence to this.

Figure 8: Income Sources of Nigerian Households



Sources: NBS, 2011

A national policy is also important because of the policy structure of the country; the federal government is responsible for designing policy but sub-national governments are largely autonomous in terms of interpreting economic and social policies and setting up budget regimes and expenditure patterns. Thus, the lack of an overarching social protection policy at the federal level is a key constraint to the implementation of social protection at all government levels going by the policy structure of the country.

The requisite for instituting social protection provision and expanding coverage to informal workers is vital especially for Nigeria; ILO report on the 'World of Work' forecasts an increase in the numbers of working poor (> \$2 and < \$4, PPP) for 2014-2018 by 21million in Sub-Saharan Africa (Kapsos and Bourmpoula, 2013; ILO, 2014) and with Nigeria been the largest economy and most populous, it probably would have a larger share of this number. Workers in vulnerable employment are less likely than formal wage employees to have access to social

protection coverage and more likely to live in poverty, expanding social protection and coverage is a desirable goal from a social equity perspective.

Social protection practice in the country has been disappointing despite the efforts of international development partners in helping develop and fund social protection instruments. The government of country spends a relatively low proportions of its budget on social sectors, compared to other sectors and countries, with education and health accounting for only 12% and 7% of expenditure, respectively (Hagen-Zanker and Tavakoli, 2011). The Federal Government alone earmarked USD 250 million (N40 billion) in 2011 for social safety net programmes but this has not been eventful in causing significant changes. It was meant for monthly cash transfers to extremely poor households, community-based programmes, school feeding and health programmes, a National Emergency Management Programme (NEMP) for Communities faced with natural disasters and conflicts and programmes for orphans and vulnerable children. Programmes currently in existence in the country are limited and certain problems have been associated with these programme. The key ones include the low coverage of programmes, the implementation of only a narrow set of instruments, poor service delivery, and the fragmentation of approaches and projects across the country. None of these programmes provide any protection for informal sector workers, even the National Health Insurance Scheme whose extension to informal employees has been in the pipeline is yet to be actualised.

The primary objective of the National Health Insurance Scheme (NHIS) is to ensure that every Nigerian has access to good health care services, protect families from financial hardship of huge medical bills, and ensure equitable distribution of health care costs among different income groups. There are several sub-

programmes under this scheme such as Children under-Five Social Health Insurance Programme (CFSHIP), Permanently Disabled Persons Social Health Insurance Programme (PDPSHIP), Formal Sector Social Health Insurance Programme (FSSHIP), Urban Self-employed Social Health Insurance Programme (USSHIP), Rural Community Social Health Insurance Programme (RCSHIP) and Prison Inmates Social Health Insurance Programme (PISHIP). The programme is funded through contribution of members and employer's investment income, so informal workers cannot contribute as it is now, therefore are excluded from the benefits.

In the face of calls for the provision of social protection for the informal economy, the Nigerian State has taken steps to ensure that informal workers are provided some form of protection but remain mostly in drafts. Even now, no comprehensive approach to social protection is being implemented, despite safety nets have been identified as a policy thrust in the two recent national development plans (NEEDS and Vision 20:20:20) (Holmes, Akinrimisi, Morgan and Buck, 2012). So far the National Social Protection Bill presented to the National Assembly in 2009 by National Working Committee on Social Security (NWCSS) of the NSITF has not been passed, the aim of which is to develop a formal social protection framework/mechanism for social protection provision for informal sector workers and the poor. The failure to pass the bill into law results from too little political support and more importantly the state of societal institutions. For more explicit explanations on the development and state of country's social protection policy, see Holmes et al. However, below are some social protection programmes by the federal government. The table below depicts current social protection efforts by the federal government across the nation:

Table 2: Social Protection related Programmes and Schemes in Nigeria

S/No	Programmes	Objectives	Goals	Scope/Trends
1.	Sure P; Technical and Vocational Education Training (TVET)	To reduce unemployment and poverty in Nigeria by developing skills in young Nigerians to make them employable and or equip them to start their own businesses	SURE-P TVET is expected to train about 6,150 beneficiaries in 2014.	With a budget of about N1.8 billion in 2012, SURE-P TVET has upgraded training centres in six geopolitical regions
2.	Public Works Programmes	The programme is a set of short-term projects targeting unskilled and low skilled persons for employment in labour-intensive activities.	To engage 370,000 young Nigerians to maintain 17,000 km of federal roads across Nigeria. (30 percent of the jobs are reserved for women and 20 percent for vulnerable groups). FERMA intends to expand the Programme to include the FCT and the 36 states.	From its inception in Q1 of 2012, about N16 billion has been spent on road maintenance and rehabilitation, development and maintenance of health and school infrastructure, reforestation, community waste management, traffic control, community security etc. By December 2013, about 12,400 young Nigerians had been engaged in the programme.
3.	Community Services, Women and Youth Empowerment (CSWYE)	To create immediate short-term employment opportunities for vulnerable populations, including underprivileged women, youth, and people living with disabilities through labour intensive public works	The programme aims to create 370,000 jobs annually with a minimum of 30 percent of the spaces reserved for women	Records show that the scheme has so far created about 119,000 jobs across the country; out of which about 41,137 are women.

		projects.		
4.	Apprenticeship and Work Experience Programmes, also known as Graduate Internship. Interested unemployed graduates wishing to enhance their job market opportunities through building and improving their skills are eligible for the programme.	To promote employability of young Nigerian graduates in all States of the federation and the FCT. It targets	Around 100,000 graduates are targeted for engagement on the scheme.	1,399 graduates have been placed with various organisations.
5.	The Village Solution	Construction of small irrigation projects to get farm families engaged in year round micro irrigation schemes	To get 5,000 farm families engaged in year round micro irrigation schemes. To generate 1.5 million jobs across the country.	No key achievements yet
6.	G-WIN (2012/13)	The programme intends to get five key pilot ministries: - agriculture, communication, health, water and works to deliver results for girls and women that are very poor and hard to reach in Nigeria	none	none
7.	CCT	Under the Conditional Cash Transfer (CCT) scheme, each woman will be eligible for upwards of N5, 000, accruing from the point of registering for antenatal clinic during pregnancy. They get N1, 000 for each of four antenatal visits,	Not available	The scheme is “not a handout nor compensation, but a modest effort to provide incentives our women to seek care” and change behaviour toward getting basic health services.

		plus “N2,000 when she comes to deliver and N1,000 when she brings her child to hospital” for immunization.		More than one million women attended antenatal clinic in government supported facilities, a record the minister called impressive but just a beginning.” The attendance helped prevent up to 218,000 preventable causes of mortality and morbidity by April, 2013.
--	--	--	--	--

Sources: Federal Republic of Nigeria, 2014 Nigeria’s 5th Periodic Country Report: - 2011-2014 on the implementation of the African Charter on Human and People’s Rights.

Nevertheless, Holmes et al observes that in sum, social protection as both a conceptual and a practical approach to addressing economic and social risks in Nigeria has made some progress at the policy level. Nevertheless, it remains compartmentalised in the current national development strategy, Vision 20: 2020, with little evidence of policy traction among key policymakers to translate policy commitment into implementation. They further state that the 2004 Social Protection Strategy was a good starting point to build on for a future social protection policy, but it has not enabled more than a programmatic focus on cash transfers, health insurance and health fee waivers.

Haven, seen the size, character and contributions of the informal economy to the economic development of the country as well as the socio-economic environment within which it operates. Including the fact that there are no well institutionalised forms of protection for informal workers despite their precarious state, the question is why an economy as big as this does not have a national policy that provides social protection for a large number of a particular section of its economy. The following section proffers some explanation from an institutional point of view.

Institutions, Social Protection Provision and Coverage in the Informal Economy: Strategies and Mechanisms

A consensus amongst social protection practitioners is, lack of social protection provision and coverage in the informal economy of developing countries is a consequence of weak institutions, this position essentially places emphasis on inadequate institutional capacity to deliver public goods to the generality. This standpoint is however not a complete representation of the reality in Nigeria, it only exposes a part of the institutional problem. A broader point of view should include

the type of institution that has evolved overtime in the nation, its nature, character and dynamics. This provides a more elaborate framework of explaining the absence and difficulty in social protection provision and coverage extension for the informal sector of the country's economy. To really situate the argument of this paper, let's briefly look at a few definitions and descriptions of the concept of institution, since the question of what an institution is, remains a subject of special interest in the social sciences and the field of development.

Joao de Pina-Cabral (2011) traced successively definitions provided by Durkheim, Weber, Mauss, Parson, Goffman and Burger, and Luckman and concluded that the term 'institution' as been put to use in our daily social science practices and also daily practices of bureaucratic engagements is inherently ambiguous. Nonetheless, various scholars have interestingly exhibited teleological similarities in their definitions of institutions. Contemporary definitions such March and Olsen (1989) view institutions as collections of broadly agreed norms, rules, procedures and routines, whether they are formally established and written down (in law or by decree), as with constitutions, or whether they are informal understanding embedded in the culture (cited in Burnell and Randall, 2008). An institution therefore involves broad cross-sectional participation to generate a collection of broadly agreed written and unwritten norms, which conspicuously incorporate the interests and welfare of stakeholders, politically, economically and socially. Burnell and Randall explain that;

human societies cannot endure, prosper, or – especially – develop without broadly agreed and appropriate rules and conventions governing the

conduct of social, economic and political affairs, and about how human and other resources are to be used and distributed (p.212).

This reveals the centrality of institutions of a state in the mobilization and distribution of collective resources based on shared agency, in reality, institution is fundamentally the bedrock of resources distribution through the enactment and implementation of policy statements. Daron Acemoglu and James Robinson (2013) in their book, "Why Nations Fail", argue, institutions are responsible and fundamental for and also explain the level of development globally, regionally, nationally and communally. In a nutshell, institutions are the focal for the emergence of the modern nation states and its inherent characteristics exhibited in the 21st century (Burnell and Randall). This supposes that observed social, economic and political trends are a reflection of the institutional type inherent in a country. Nissanke, (2012) argues that institutions are critical for determining growth outcomes, not only in the rate of economic growth, but in the pattern of growth with differing distributional outcomes. The type of institution that dominates the state of affairs of a nation determines where and how scarce resources are allocated including the pattern of distribution; who is included; what policy and programmes should be utilized in the distribution process.

Institutions can be viewed from two perspectives; (i) institutions as structure and mechanism for governing behaviour of a group of people within a society; and (ii) as instruments for implementing policy plans. The first includes broadly agreed norms, rules, routines and procedures, formally written or informally understood; while the second are formal organizations of government and public services. Acemoglu and Robinson explain that there are two kinds of institutions which

countries and communities create as they evolve; (i) extractive and (ii) inclusive institutions. They contend that no two societies create the same institutions; institutions in different societies do have distinct customs, different systems of property rights, and different ways of dividing resources (my words).

Following Acemoglu and Robinson's argument, Nigeria has to a very high degree developed along the extractive institution trajectory i.e. the nation is composed of extractive institutions, this is most widely observed in its political sphere with the economy tailing closely. According to them, institutions are extractive when they are designed to extract incomes and wealth from one subset of society to benefit a different subset (p. 76). This type of institutional path that developed in the country overtime deeply molded the economic governance structure/processes observed even now, propping up a unique social contract that subjugates state political and economic institutions to the dictates/caprices of small groupings without corresponding welfare benefits to majority of the citizenry. This view is buttressed by Niskanke's position that there is a dynamic interplay between economic institutions, political institutions and power, and they evolve over time and also reflect political settlements. The proclivity of extractive institutions is exclusion rather than including people in development like it's opposite (inclusive institutions). The exclusion of people does not mean that extractive institutions stifle economic growth; on the contrary extractive institutions by their very logic must create wealth so that it can be extracted (p. 124). This is done by channeling wealth from certain productive sectors which experience surpluses to other sectors where they have very tight hold and strong interests even though such may not be sustainable.

Thus even with deeply entrenched extractive institutionalism in the nation's economy has continued to experience rapid growth. Congruently, economic and political institutions of the state have failed to engage the structure and configuration of the economy to structurally transform from a mono-product (oil) economy into a diverse economy anchored on labour productivity. This situation has seen the state derive much of its revenue from high prices of export commodities in the international market at the expense of creating labour productivity surpluses. An economic framework premised on such configuration has little or no incentives to provide protection for labour against adversity and predatory activities. Providing and extending social protection coverage in an extractive system is inimical to extractive tenets because a move in the direction of providing and expanding existing social benefits to a majority means transforming institutions into inclusive ones; which happens to be a difficult choice for institutions built on an extraction principle.

A centric character of the modern state is that institutions are basically public – so participation by the generality is necessity – Burnell and Randall insist there are concerns over the extent to which they institutions are publically oriented. This view runs through the works of Acemoglu and Robinson and Burnell and Randall and many other scholars. Hellman, Jones, Kaufman (2000) observed that one of the greatest problems... in the developing world has been to liberate public institutions from private control of political leaders from their 'capture' by special interests. The degree of freedom which institutions enjoy is paramount in achieving their functionality as society's engine room; this freedom in Nigeria is predominantly eclipsed by certain interests, not of a collectivist type. Compromising the ability and capacity of institutions to foster policies and practices oriented towards shared well-

being. Burnell and Randall provide a vivid depiction of the effects of institutional compromise;

the combined effects of patrimonial rule and patronage have been to erode the independence of public institution – whether they be policy-making bodies, courts, bureaucracies, armies, or other state owned agencies – and the net effect has often been the informal privatisation of public institutions in so far they have been used to advance the private interests and clients... (p. 222).

According to the ILO (2014), policies and institutions are needed to ensure that the nature of economic growth translates into improved and shared well-being for society as a whole, without leaving segments of the population behind. Iversen and Armstrong argue in “Jobs Aren’t Enough: Towards a New Economic Mobility for Low-Income Families” that multiple institutions influence contemporary economic mobility. Conversely, institutions of Nigerian state rather than push policies of shared well-being, focus on that extracting wealth from the citizenry in different forms such as multiple and high taxes, over-priced service delivery, illegal taxes, poor infrastructure leading to high out-of-pocket expenses (OPE), and cumbersome regulatory processes etc. Moreover, this sort of extractive arrangements disproportionately targets participants of the informal economy consciously because they lack the necessary legislative coverage of state institutions. More importantly extractive practices have become lucrative thereby conferring on them, informal institutional statuses. Further, the character and dynamism of extractive institutions in the country has succeeded in confusing the ideological lining of a ‘right’s approach’ to social protection which inclusive institutions provide, in favour of

'neopatrimonialism' which is suitable for continued extractive exploits. The provision of social protection and extension of coverage under this deep extractive condition suggests a 'privilege approach'; as incentives for making social protection and coverage extension priority is minimal or absent.

Informal employment remains largely outside labour and social protection institutions in the country; the complexity and diversity of the informal economy necessitates a cocktail of strategic institutions to effectively and efficiently provide protection to a large number of informal sector workers and self-employed. Institutions determine provision and coverage extension, since it is only when legislations and policies have been developed and enacted that the issue of implementation would be taken care of. Institutions in the country have not created provision either through legislation or policy statements, which is the first step in protecting informal workers. For a country characterised by extractive institutions to enact and implement a national policy, aimed at redistributing wealth across societal strata, it must experience a critical juncture leading to institutional change and improvements – the current prevailing socio-economic conditions of inhabitants reveal that such a juncture is at hand.

Social protection provision and coverage for the nation's informal economy requires functioning inclusive institutions; however we need to be cautious in concluding inclusive institutions are a sole requisite for attaining these. As a matter of fact inclusive institutions can go into reverse, so there is no simple cumulative process of institutional improvements (Acemoglu and Robinson). Nonetheless, CPRC (2008, p. 13) states..."*the best way to eradicate chronic poverty is through the creation and maintenance of a just social compact. This exists when political and*

social institutions are arranged to ensure a distribution of public goods and services that contribute to fairness in society". This means that proactive measures need to be engaged upon to drive institutional alignments that increase propensity for informal worker to be included in national social protection institutions. Thorbecke, (2012) argues that...growth trends in Sub Saharan Africa...may present the opportunity to transplant institutions...

The mechanisms which extractive institutions deplore in extracting wealth ensconce disincentives to providing protection and are undeniably and certainly the machinations that a social protection policy and its implementation will disrupt. Transforming extractive institution into inclusive ones is difficult but not impossible – Acemoglu explains that critical junctures have to be reached for this to happen, critical junctures cause creative destruction and innovation which produces institutional improvements. Niskanen states that institutions can change as a result of internal distribution consequences as well as external factors. These internal distribution consequences and external factors are the critical conjuncture that must occur to alter the trajectory of institutional development.

Furthermore, the absence of an institution with the core mandate of social protection administration, governance and regulation is a big minus in providing social protection outside the formal sector. Hagen-Zanker and Holmes argue that the poor social protection status of the country is as a result of the absence of an institution with the sole mandate of social protection at the federal level. Currently a few government agencies lay claim to mandates that are related to social protection but their activities do not indicate a core social protection mandate. This means that no institution can be held responsible or made accountable for poor performances in

the implementation of the few programmes and schemes that already exist. Neither are they in any position to actually push for the enactment of a broad social protection policy.

Conclusion

Social protection provision and coverage for the working poor and extreme vulnerable has indeed witnessed some progress in developing countries but Nigeria cannot be assessed as haven made commendable progress though it has implemented a few social protection programmes and schemes based on its national social protection strategy. The informal economy has been totally left out of these, in spite of their large number and continued increase. This is because the nation does not have a national social protection policy though a social protection strategy exists since 2004. Efforts to get the informal workers protected have been made but have all come to nothing although in the last two years there has been renewed efforts to develop a national policy which hopefully should see informal workers covered. However, even now the informal economy remains unprotected and many have attributed this to a number of reasons, nevertheless one vital challenge stands out and this has to do with the fact that institutions are weak.

Institutions being weak are just a part of the problem, the other side is the type of institutions which the country has developed overtime including the nature, characteristic and dynamics of this institutions. This type of institutions determines the skewed allocation of resources in favour of a minority as opposed to benefiting a majority of society. Institutions of the nation are significantly extractive in nature, with a strong character of excluding people from development rather than including them. The dominance of extractive institutions in the nation's polity does not provide strong

enough incentives for the provision of broad social protection provision and coverage because this is seen as antagonistic to the dynamics and workings of this institution type. The continued prevalence of extractive institutions in the country's development process acts as a barrier to making the choice of extending social protection provision and coverage to the informal economy a herculean task. This is as a result of the fact that the informal sector is also where extractive institution activities have become a norm – an informal one – and many benefits are derived from extraction in this sector of the economy due mostly to a lack of legislative coverage.

To get the informal sector to enjoy some reasonable levels protection, extractive institutions must be made inclusive, on the contrary, this is not an easy task since the interests of extractive institutions will be cut off. This is what the implementation of social protection in the informal economy can possibly achieve, therefore the focus of getting informal workers protected is requisite on not just weak institutions but transforming institutions of the state from what the currently represent to ones that can really develop and support inclusiveness. Although social protection is acclaimed to institute transformation in the economy, the transformation first required is that of the institutions of the nation which then paves the way for social protection to be implemented for transformation at this level to manifest.

Recommendations

In view of the huge challenge posed by the institutional type in the country, the following recommendations and research priorities need to be pursued as a means of addressing not just weak institutions but the nature, character and dynamics of these institutions as they currently are:

- a. International institutions should focus their efforts more at getting the nation to transform its extractive institutions into inclusive institutions through adequate sensitization of the benefits that come from having majority benefit from the state's economic growth.
- b. The contributions of social protection institutions to economic development need to be emphasized more empirically to enable policy makers get a better understanding of the relationship between social protection and broad development.
- c. Social Policy Peer Review Mechanisms should be institutionalised amongst the various states in the nation as a strategy of getting them to see the status of social expenditure and their performances.
- d. The country is now ripe for an institution with a core social protection mandate to help organise social protection by streamlining already existing programmes and schemes including identifying new programmes and schemes that should be developed and implemented.

Research should be targeted at;

- i. institutional interactions as means to understanding these interactions and how they aggregate as a common barrier to social protection provision and coverage.
- e. What institutional dynamics prevail in the reluctance of the state to engage in a new social contract on social protection

References

Abumere, S.I., Arimah, B.C. and Jerome, T.A. (1998) The informal sector in Nigeria's development process. *Development Policy Centre (DPC), Research Report no. 1*. Ibadan, Nigeria: DPC.

Acemoglu, D and Robinson, J (2013) *Why Nations Fail: The Origins of Power, Prosperity and Poverty*. Profile Books Ltd: London.

Amin, N. (2002) *The Informal Sector in Asia from Decent Work Perspective*, Employment Paper 2002/4, Geneva, ILO.

Ajakaiye, O. and Akerele, W. O (1996). "Overview of Conceptual and Methodological Issues in Informal Sector Research", in *Conceptual and Methodological Framework for Informal Sector Research in Nigeria*, CBN/NISER Informal Sector Study, pp. 7 - 26

Berg, J (ed.). Forthcoming. *Labour markets, institutions and inequality: Building just societies in the 21st century* (Cheltenham and Geneva, Edward Elgar and ILO).

Burnell, P and Randall, V (2008) *Politics in the developing world* (2nd ed). Oxford University Press: New York.

CBN/FOS/NISER (2001) *A Study of Nigeria's Informal Sector*, vols. I and II.

Fasanya, I.O and Onakoya, A.B.O (2012) Informal Sector and Employment Generation in Nigeria: An Error Correction Model. *Research on Humanities and Social Sciences*, vol 2, no 7, pp. 48-55. accessed on 15 December, 2014 from www.iiste.org

Federal Republic of Nigeria (2014) *Nigeria's 5th Periodic Country Report: - 2011-2014 on the implementation of the African Charter on Human and People's Rights*.

ILO (2014) *World of Work Report 2014: Developing with jobs*, 2nd ed, International Labour Office, Geneva: ILO

ILO (2002) "Women and Men in the Informal Economy: A Statistical Picture".

International Labour Organisation (2003), *Conclusions on Decent Work and the Informal Sector*, ILO

Iversen, R. R and Armstrong, A. L (2007) *Jobs Aren't Enough: Towards a New Economic Mobility for Low-Income Families*. Temple University Press: Philadelphia

Hagen-Zanker, J and Holmes, R (February, 2012) *Social Protection in Nigeria – Synthesis Report*. London SE1 7JD: Overseas Development Institute.

Hellman, J. S., Jones, G., and Kaufmann, D (2000) “Seize the State, Seize the Day, State Capture”, *Corruption and Influence in Transition*, World Bank Policy Research Paper 2444. Washington DC: World Bank Institute, World Bank.

Holmes, R., Akinrimisi, B., Morgan, J and Buck, R (September, 2011) *Social Protection in Nigeria: an overview of programmes and effectiveness*, No. 59. London SE1 7JD: Overseas Development Institute.

Lee, S and McCann, D. 2013. “Regulatory indeterminacy and protection in contemporary labour markets: Innovation in research and policy”, in D. McCann et al. (eds.): *Creative labour regulation: Indeterminacy and protection in an uncertain world* (Basingstoke and Geneva, Palgrave Macmillan and ILO).

NBS (May, 2014) Selected Tables from Job Creation and Employment Survey 2nd - 4th Quarter 2013.

NBS (November, 2014) *Selected Tables from Job Creation and Employment Survey 3rd Quarters 2014*.

NBS (2011) *Annual Socio- Economic Report*.

NBS (2010) *National Manpower Stock and Employment Generation Survey*.

Nissanke, M (2012) Understanding Institutional Foundation for Inclusive Development through a Comparative Analysis of Africa and Asia: A Background Note. Being a paper presented at the JICA-SOAS International Workshop on “Understanding Institutional Foundation for Inclusive Development through a Comparative Analysis of Asian and African Experiences”, from 15-16 March at Goodenough College, London, UK.

Nextier Advisory (September, 2013) *Rethinking Nigeria’s Job Creation Strategy Skills, Infrastructure, Innovation*. A paper developed by Nextier Advisory for and in collaboration with Centre for the Study of Economies of Africa.

Oberay, A. and Chadaw, G. (2001), “Urban Informal Sector in India, Issues and Policy Opinions”

Oduh, Moses *et al* (2008), “Measurement and Explanation of Informal Sector of the Nigerian Economy”, *AIAE Research Paper 3*, pp. 1-64.

Ogbuabor, J. E. and Malaolu, V.A (2013) Size and Causes of the Informal Sector of the Nigerian Economy: Evidence From Error Correction Mimic Model. *Journal of Economic and Sustainable Development*. Vol 14, No 1, pp. 85-104

Olajoke, A., Thompson, A., Kehinde, and Ogini, O (2013) Contributions of Urban Informal Enterprises to the Economy of Ibadan, Nigeria. *Global Journal of Human Social Science*, Vol 13 Issue 5, pp. 6-18

Onyenechere, E.C (2011) Spatial distribution of women informal economic activities in the rural areas of Imo State, Nigeria. *Journal of Geography and Regional Planning* Vol. 4(1), pp. 20-35. Accessed on 13 November, 2014 from <http://www.academicjournals.org/JGRP>

Onyebueke, V and Geyer, M (2011) The informal sector in urban Nigeria: Reflections from almost four decades of research. *SSB/TRP/MDM* (59), pp. 65-76
Organisation for Economic Co-operation and Development (OECD) (2013). "Protecting jobs, enhancing flexibility: A new look at employment protection legislation", in *OECD Employment Outlook 2013* (Paris).

Philips Consulting (December, 2014) *Informal Economy Survey Report*.
<http://www.phillipsconsulting.net/images/files>

Pina-Cabral de, J (2011) Afterword: What is an institution? *European Association of Social Anthropologists*, vol 19, (4), pp. 477–494. doi:10.1111/j.1469-8676.2011.00173.x

Thorbecke, E (2012) Institutions for Inclusive Development: Analytical and Conceptual Issues. Being a paper presented at the JICA-SOAS International Workshop on "Understanding Institutional Foundation for Inclusive Development through a Comparative Analysis of Asian and African Experiences", from 15-16 March at Goodenough College, London, UK.

World Bank (2014) *The State of Social Safety Nets*. www

World Bank. 2013. *World Development Report 2013: Jobs* (Washington, DC).