THE MULTIDIMENSIONAL POVERTY INDEX (MPI)
The Nigerian Experience

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2 March, 2015

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WHAT ARE WE DOING HERE?

The Nigerian Country Experience

- ➢ **Nigeria, population over 170million,**
  - ➢ over 250 ethnic groups, 774 lgas and over 30 million households
  - ➢ middle of elections scheduled for the end of the month.
- ➢ **Four key issues have dominated the election campaigns of the political parties**
  - ➢ **Security**
  - ➢ **Economy**
  - ➢ **Unemployment and**
  - ➢ **Poverty/inequality**
- ➢ **These 4 issues have dominated the discussions but arguably arguments on poverty have been the most debated.**

DEFINITION OF POVERTY

There is no single 'correct' definition for poverty; deprivation can be conceptualised in several contrasting ways:

- **Material Vs. Psychological**
  - Using objective (e.g. income, asset) OR subjective (e.g. freedom and security) measures?
- **Temporary Vs. Permanent**
  - Measuring a one-off period of being poor with chances of escape (and entry) OR a persistent state?
- **Absolute Vs. Relative**
  - Measured ability to meet bare minimum of needs: food, shelter, clothes OR by societal norms?
- **Individual Vs. Household**
  - Measuring shared experience OR by different members of a family: gender, age effects?

Conventional Way of Measuring Poverty

❑ **Income Approach**

➢ **Consumption or expenditure is measured using Monetary Value: World Bank $1.25 or $2 (PPP) per day**

❑ **Indicators obtainable:**

➢ **Poverty Headcount, giving the number of people below the poverty line**

➢ **Also Measures:**

- ✓ **Poverty Headcount Ratio, measuring the proportion of poor**
- ✓ **Poverty Gap, measuring intensity of poverty below the line**
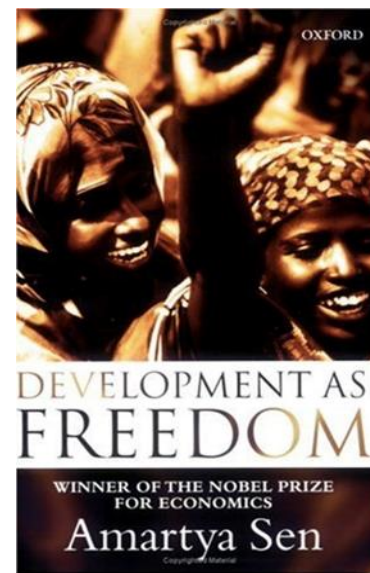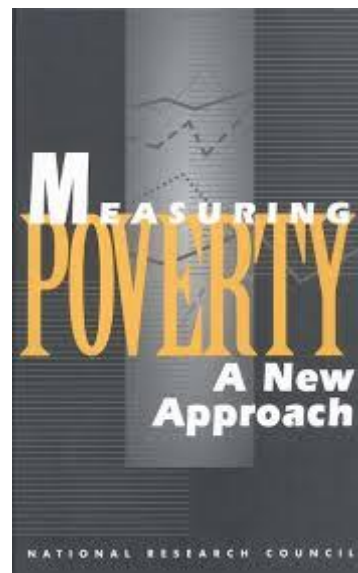- ✓ **Squared Poverty Gap, measuring inequality within the poor**

❑ **Advantages:**

➢ **Comparable**

➢ **Straightforward to calculate**

➢ **Income acts as a proxy for many other wellbeing indicators**

Limitations of Income Approach:

➢ Definition of poverty does not limit to financial means, eg Amartya Sen's capabilities approach

➢ Other indicators give a better idea of the structural problems associated with poverty

➢ Income poverty doesn't always act as an accurate proxy for poverty

➢ Static view; Poverty is dynamic

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The Case for Multidimensional Poverty Index (MPI)

➤ **Challenges associated with the Income approach can be addressed through the use of the MPI**

Why?

➤ **It allows a variety of multidimensional poverty indicators to be measured in one index**

➤ **Shows the composition of poverty, unlike income**

➤ **Still shows the incidence and intensity of poverty, just as income approach does**

Conclusion

➢ **In a rapidly globalizing world, as we find ourselves in today, the (MPI) offers a multivariate form of poverty assessment, at the same time proffering potential direct areas of intervention.**

➢ **National governments should support and encourage the adoption of the MPI as official measure poverty.**

Thank You

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