IMPLEMENTING MULTIDIMENSIONAL POVERTY INDICATORS: CASE STUDY OF NIGERIA

Presentation at the OPHI Multidimensional Poverty Peer Network Launch, University of Oxford

By

Dr. Shamsuddeen Usman, CON
Hon. Minister/Deputy Chairman
National Planning Commission

6th – 7th June 2013
Outline

1.0 Background

2.0 Overview of Poverty in Nigeria

3.0 Credibility of Nigeria’s Poverty Figures

4.0 NBS Draft Human Development Index Report, 2011

5.0 Multidimensional Poverty Index (MPI) Dimensions and Indicators for Nigeria

6.0 Financing Development Agenda: the Role of the Leading Group on Innovative Financing

7.0 Conclusion
1.0 Background

Since 2010, Nigeria's poverty eradication agenda has been implemented under three planks:

   - an overarching, long-term, development plan.
   - aims to place Nigeria among the top 20 economies of the world.
   - the First National Implementation Plan (1st NIP) - a 4-year, (2010-2013) medium-term, detailed plan for implementing the NV20:2020 includes:
     - priority policies, programmes and projects at both national and sub-national levels.
     - Key Performance (outcome) Indicators (KPIs)
1.1 Background (contd)

2. The Transformation Agenda (TA) –
   - a set of policies, programmes and projects drawn from both the NV20:2020 and the 1st NIP.
   - the focus of the current administration under President Goodluck Jonathan.

3. The UN Millennium Development Goals (MDGs)
   - the globally agreed partnership to reduce extreme poverty
2.0 Overview of Poverty in Nigeria

- Human Development Indicators (HDIs), as quantitative assessment of the achievement of countries in all areas of human development.
- In Nigeria, HDIs are composites of social and economic indicators appropriate for assessing achievement of each State.
- Multidimensional Poverty Index (MPI) introduced to Nigeria’s HDI calculation in 2011.
- Nigeria has made modest achievement in poverty reduction.
2.1 Overview of Poverty in Nigeria (contd)

Recent statistics released by the National Bureau of Statistics (NBS):

**Economy**

- GDP growth rate:
  - Nigeria among fastest growing in the world
  - Average 7% over last 8 years

- Inflation:
  - Brought down to single digit

- Inclusive growth still a challenge:
  - Unemployment still high at over 20%
2.2 Overview of Poverty in Nigeria (contd)

**Education**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net attendance levels for basic schooling have risen markedly</td>
<td>62.1%</td>
<td>71.0%</td>
</tr>
<tr>
<td>Gender parity targets at primary and secondary education levels have been achieved</td>
<td>Pry-0.91</td>
<td>Pry-1.0</td>
</tr>
<tr>
<td></td>
<td>Sec-0.89</td>
<td>Sec-1.02</td>
</tr>
</tbody>
</table>

- Evolving strategic initiatives e.g. Almajiri schools

**Key challenges:**

- Nigeria has highest number of out-of-school children in the world
- Incentives still needed to sustain school participation for females in the North of the country and boys in the South East.
- On-going security challenges in the North
### 2.3 Overview of Poverty in Nigeria (contd)

#### Health

<table>
<thead>
<tr>
<th>Category</th>
<th>2008</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under-five mortality rate</td>
<td>157/1000 live births</td>
<td>94/1000 live births</td>
</tr>
<tr>
<td>Maternal mortality ratio</td>
<td>545/100,000 live births</td>
<td>350/100,000 live births</td>
</tr>
<tr>
<td>Deliveries with skilled birth attendants</td>
<td>38.9%</td>
<td>53.6%</td>
</tr>
<tr>
<td>HIV Prevalence</td>
<td>5.8</td>
<td>4.1</td>
</tr>
<tr>
<td>Under-five children sleeping under Insecticide Treated Nets</td>
<td>5.5</td>
<td>34.6</td>
</tr>
</tbody>
</table>
2.4 Overview of Poverty in Nigeria (contd)

- **Health: Key Challenges**
  
  - Nigeria is still 28.6% away from our 2015 target in maternal mortality ratio
  
  - Slow progress in prevalence of underweight children highlights necessity to focus resources on food security, agriculture and extreme poverty eradication
  
  - Unsatisfactory trend in the percentage of population using improved drinking water sources and those with improved sanitation
3.0 Credibility of Nigeria’s Poverty Figures:

- Oxford Poverty and Human Development Initiative (OPHI) website provides a "2013 MPI for Nigeria” of 0.31

- This MPI, probably obtained from our National Population Commission's Demographic and Health Survey (DHS) 2008

- National Bureau of Statistics (NBS) Report for 2011 showed
  - MPI - 0.195 (rural 0.258 and urban 0.047).
  - Incidence of deprivation – 63.8%
  - Average proportion of deprivation – 30.6%

- The NBS data are more recent and certifiable. The UNDP reviewed the report and had no issues with our results.
4.0 Draft NBS Human Development Index Report 2011

■ 2009 NBS HDI Report measured 3 basic dimensions of human development:
  ■ Long and healthy life - measured by life expectancy index
  ■ Knowledge - measured by education index and
  ■ Decent standard of living - measured by health, income, assets and inequality indices

■ 2011 NBS HDI Report computed 4 indices of human development
  ■ Human Development Index (HDI)
  ■ Inequality-adjusted Human Development Index (IHDI)
  ■ Multi-dimensional Poverty Index (MPI)
  ■ Gender Inequality Index (GII)

■ 2011 - change in the method of aggregation from arithmetic average to geometric average
### 4.1 Differences between old and new Development Indicators (DI)

<table>
<thead>
<tr>
<th>Old - Human Development Index (HDI) Indicators</th>
<th>New - Inequality-adjusted Human Development Index (IHDI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per Capita (PPP $US)</td>
<td>GNI per Capita (PPP $US)</td>
</tr>
<tr>
<td>Adult Literacy</td>
<td>Mean Years of Schooling for adults (MYS)</td>
</tr>
<tr>
<td>Gross enrolment</td>
<td>Expected Years of Schooling (EYS)</td>
</tr>
<tr>
<td>Life expectancy at birth</td>
<td>Life expectancy at birth</td>
</tr>
</tbody>
</table>
4.2 Differences between old and new Poverty Index (PI) Indicators

<table>
<thead>
<tr>
<th>Old – Human Poverty Index (HPI) Indicators</th>
<th>New – Multi-dimensional Poverty Index (MPI) Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probability at birth of not surviving to age 40</td>
<td>Child mortality</td>
</tr>
<tr>
<td>Adult Literacy</td>
<td>Years of schooling and children enrolled</td>
</tr>
<tr>
<td>Percentage of population not using an improved water source</td>
<td>Cooking fuel, toilet, water, electricity, floor, assets</td>
</tr>
<tr>
<td>Percentage of children underweight for age</td>
<td>Nutrition – measured by adult BMI and children underweight for age</td>
</tr>
</tbody>
</table>
4.3 Differences between old and new Gender Indicators (GI)

<table>
<thead>
<tr>
<th>Old – GDI-GEM Indicators</th>
<th>New – Gender Inequality Index (GII)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female and male life expectancy at birth</td>
<td>Maternal mortality ratio</td>
</tr>
<tr>
<td>Female and male adult literacy rate</td>
<td>Adolescent fertility rate</td>
</tr>
<tr>
<td>Female and male gross school enrolment ratio</td>
<td>Female and male population with at least secondary education</td>
</tr>
<tr>
<td>Female and male estimated income</td>
<td>Female and male labour force participation rates</td>
</tr>
<tr>
<td>Female shares of parliamentary seats</td>
<td>Female and male shares of parliamentary seats</td>
</tr>
<tr>
<td>Female shares of positions as legislators</td>
<td></td>
</tr>
<tr>
<td>Female and male shares of positions as senior officials and managers</td>
<td></td>
</tr>
<tr>
<td>Female and male shares of professional and technical positions</td>
<td></td>
</tr>
</tbody>
</table>
5.0 Multidimensional Poverty Index (MPI) (Nigeria)

- Based on 10 indicators, covered under 3 broad groups
  - Education
  - Health and
  - Living standards.

- Data mined from several surveys (GHS 2010, MISC IV (2011), Federal Ministry of Education (child enrolment 2010) and NLSS) to cover 10 indicators.
5.1 Multidimensional Poverty Index (MPI) (contd)
Nigeria: 2011 Findings (Education)

1. Education Dimension has two indicators:

- Years of Schooling: 27.0% completed 5-6 years of schooling where basic school age is an 8-9 year period from national starting age of 6 years

- Child Enrolment: 84.5%
### Nigeria’s Educational Index (2011)

<table>
<thead>
<tr>
<th>Educational Index</th>
<th>MYS (Mean Year of Schooling)</th>
<th>MYSI</th>
<th>EYSI (Estimated Years of Schooling)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National (both sexes)</td>
<td>0.8686</td>
<td>0.7120</td>
<td>0.1566</td>
</tr>
<tr>
<td>Male</td>
<td>0.8919</td>
<td>0.8030</td>
<td>0.0889</td>
</tr>
<tr>
<td>Female</td>
<td>0.8028</td>
<td>0.6210</td>
<td>0.1818</td>
</tr>
</tbody>
</table>

**Summary**
- Educational Index: 0.8690
- Life Expectancy: 0.4628
- GNI index: 0.3215
- HDI: 0.5060
- IHDI: 0.4640
- % loss in HDI: 0.0830
5.3 Multidimensional Poverty Index (MPI) (contd)
Nigeria: 2011 Findings (Health)

2. Health Dimension has two indicators:

- Nutrition measured by:
  - Adult Body Mass Index (19.1m/kg²)
  - Children underweight for age

- Mortality (any age):
  - Measuring the deaths that occurred in the family - 3.5% child mortality rate
5.4 Multidimensional Poverty Index (MPI) (contd)
Nigeria: 2011 Findings (Standard of Living)

3. Standard of living Dimension has six indicators:

- Electricity: households with no access to electricity - 51.3%
- Drinking water: poor access to safe water – 32.4%
- Sanitation: poor access to decent toilet facility and refuse disposal – 67.9%
- Flooring: Type of flooring as measure of quality of dwelling
- Cooking Fuel e.g. use of “dirty” fuel like firewood/charcoal/animal dung to cook – 45.6%
- Assets: Non possession of a car/truck and/or non possession of more than one of the following items such as Radio, TV, Telephone, Bike, Motorcycle, Camel, Donkey or Refrigerator represent poverty - 32.4%
5.5 Multidimensional Poverty Index (MPI) (contd)

Others: GII indicators and Indices

<table>
<thead>
<tr>
<th>Index</th>
<th>Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reproductive Health 0.510</td>
<td>Empowerment 0.450</td>
</tr>
<tr>
<td>GII</td>
<td>Labour Market 0.785</td>
</tr>
</tbody>
</table>

GII
- 1. Maternal Mortality Ratio (MMR)(value)
  - F-810, M-0
  - F-31.5, M-0

1. Parliamentary seats by each sex (%)
   - F-6.7, M-93.3
2. Educational attainment by sex (secondary level and above) (%)
   - F-42.8, M-57.2

1. Labour force Participation Rate (LFPR) by sex (% of total)
   - F-76.5, M-80.5
5.6 Multidimensional Poverty Index (MPI) (contd)

**Summary:**

- The results showed that there was relative high deprivation in Health (48.75 percent) and standard of Living (40.06 percent).

- The Mean Year of Schooling (MYS) for the Country is 8.433 while the Educational Index (EI) is 0.869. This showed an increase of 0.157 over the previous Computed (EI) of the country.
6.0 Financing Development Agenda: The role of the Leading Group on Innovative Financing

- Finance - critical to achieving any development agenda

- The LG - a platform of 63 member countries with various levels of development, in conjunction with international organisations and NGOs

- Seeks to promote definition and implementation of innovative financing mechanisms around the world.

- Conceptualised predictable and stable mechanisms for raising funds for development to complement official development assistance (ODA).
6.1 Financing Development Agenda: The role of the Leading Group on Innovative Financing (contd)

- At 11th plenary of LG in Finland in February 2013, Nigeria assumed the Presidency of the Leading Group

- Nigeria therefore currently the focal nation for promoting innovative financing mechanisms

- For development support paradigm, required to meet the widening development funding gap.

- Issues of financing the post-2015 Agenda continue to dominate international discourse.
6.2 Financing Development Agenda: The role of the Leading Group on Innovative Financing (contd)

- Nigeria advocating innovative financing mechanisms at sub-regional, regional and international development platforms, like ECOWAS, AU, G-77 and UN, to which we belong.

- Leading Group advocating broader strategic framework for financing for development, post 2015, that goes beyond ODA.

- Dwindling ODA means greater need to harness other sources with great potential for sustainability.

- The LG promoting a draft resolution dedicated to innovative financing to be presented at the 68th UNGA.
6.3 Financing Development Agenda: The role of the Leading Group on Innovative Financing (contd)

Evidence of Success of LG Effort:

- Leading Group produced useful expert reports in such critical sectors as education, health, food security, illicit flows and climate change.

- Popularizing these reports and mechanisms in an evidence-based manner.

- Guarantee Mechanisms, e.g. Advanced Market Commitments (AMC), International Financial Facility for Immunization (IFFIM).

- Market Mechanisms, e.g. those based on CO\textsubscript{2} emissions, levy on air tickets and Financial Transaction Tax (FTT).

- Over $6 billion raised from these sources since 2006.
6.4 Financing Development Agenda: The role of the Leading Group on Innovative Financing (contd)

Priorities of Nigeria’s LG Presidency:

- Food security and nutrition.
- Fight against illicit financial flows
- Development of a robust M&E system
7.0 Conclusion

- Launch of the Poverty Peer Network, a veritable platform for knowledge sharing and mutual support
- Will help to gain greater focus on and commitment to global fight against poverty
- Congratulate the initiators of the Network