THE MULTIDIMENSIONAL POVERTY INDEX (MPI)
The Nigerian Experience

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INTRODUCTION...

WHAT ARE WE DOING HERE?
The Nigerian Country Experience

- Nigeria, population over 170 million,
  - 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, e.g., 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.
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
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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