

Poverty & Equity Brief

Africa Western & Central

Nigeria

April 2023

Based on the most recent official household survey data from Nigeria's National Bureau of Statistics, 30.9 percent of Nigerians lived below the international extreme poverty line of \$2.15 per person per day (2017 PPP) in 2018/19; just before the COVID-19 crisis. This estimate differs from previous Poverty and Equity Briefs that used the \$1.90 2011 PPP line only because the cross-country price adjustments and poverty lines used to calculate international poverty rates have been updated and does not reflect any true change in poverty (see <https://blogs.worldbank.org/africacan/what-does-moving-2017-ppps-and-new-international-poverty-lines-mean-nigeria> for further details). Regardless of the yardstick used, Nigeria remains spatially unequal, with poverty clustered in the country's north and in rural areas. Among those living below the \$2.15 poverty line in 2018/19, 79.4 percent lived in Nigeria's northern states and 86.8 percent lived in rural areas.

Poverty reduction was slow in Nigeria in the decade prior to COVID-19; the poverty headcount rate at the \$2.15 poverty line dropped by only around 4 percentage points between 2010/11 and 2018/19, as per new survey-to-survey imputations. Moreover, the welfare of richer Nigerians – who gained more in the first half of the 2010s but then lost out more after the 2016 recession hit – was more closely linked with Nigeria's growth performance than the welfare of poorer Nigerians. The fact that growth may not raise living standards for the poor and vulnerable echoes Nigeria's labor market conditions: just 17 percent of Nigerian workers held the wage jobs most able to lift people out of poverty, with the majority being engaged in small-scale farm and non-farm enterprise activities. The slow pace of structural transformation reflects Nigeria's dependence on oil, which accounts for more than 80 percent of exports, but less than 1 percent of jobs.

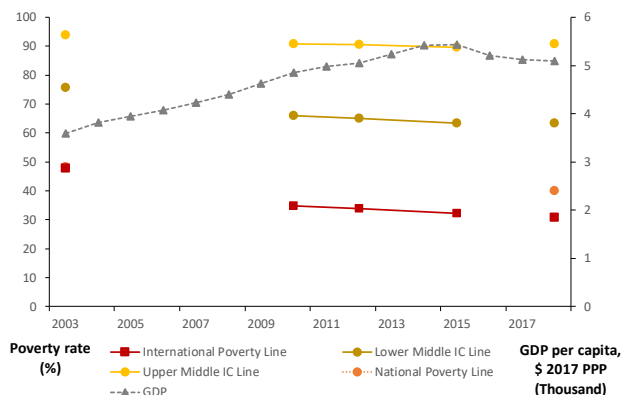
Shocks could hold back poverty reduction in Nigeria, even as the specter of the COVID-19 crisis subsides. The effects of the conflict in Ukraine on global commodity markets, a larger-than-expected depreciation of the naira, and the impacts of severe flooding on domestic supply of staple crops have kept inflation high, especially for the food items consumed most by poor households. In October 2022, headline inflation reached 21.1 percent year on year – its highest rate in 17 years – while food inflation was at 23.7 percent. While subsidies have dampened the effect of rising global oil prices on at-pump petrol prices – at a huge cost to Nigeria's fiscal balance of almost 2 percent of GDP in 2022 – fuel availability presents a serious issue, with large queues forming at petrol stations across Nigeria. These shocks could be compounded by the rapid pace at which the current policy of demonetization is being implemented, particularly for poor and vulnerable households that rely on cash transactions. The new government – elected in February 2023 – will need to address these immediate policy questions quickly and effectively.

Expanding social protection may guard against rising poverty in the short run. Yet in the long run, Nigeria will need to effect reforms to diversify its economy, catalyze private investment, and invigorate the creation of jobs that can spread the proceeds of growth to yield sustainable poverty reduction.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	82.9	40.1	2018
International Poverty Line 321.5 in Nigerian naira (2018) or US\$2.15 (2017 PPP) per day per capita	N/A	30.9	2018
Lower Middle Income Class Poverty Line 545.8 in Nigerian naira (2018) or US\$3.65 (2017 PPP) per day per capita	N/A	63.5	2018
Upper Middle Income Class Poverty Line 1024.3 in Nigerian naira (2018) or US\$6.85 (2017 PPP) per day per capita	N/A	90.8	2018
Multidimensional Poverty Measure		N/A	N/A
SHARED PROSPERITY			
Annualized Income or Consumption Growth per capita of the bottom 40 percent		N/A	N/A
INEQUALITY			
Gini Index		35.1	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		N/A	N/A
GROWTH			
Annualized GDP per capita growth		-0.58	2013-2018
Annualized Income or Consumption Growth per capita from Household Survey		N/A	N/A
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		N/A	N/A

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

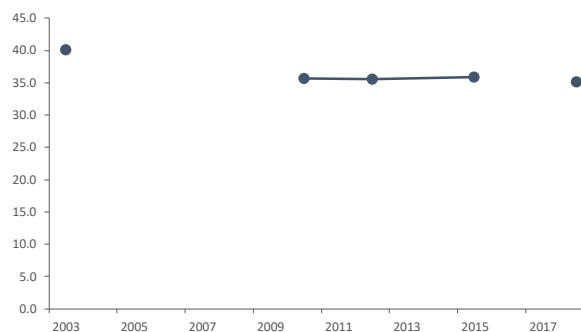
POVERTY HEADCOUNT RATE, 2003-2018



Source: World Bank using LSS/SSAPOV/GMD

INEQUALITY TRENDS, 2003-2018

Gini Index



Source: World Bank using LSS/SSAPOV/GMD

KEY INDICATORS

Distribution among groups: 2018	International Poverty Line (%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	88	12	18	82
Rural population	59	41	52	48
Males	69	31	40	60
Females	69	31	40	60
0 to 14 years old	62	38	48	52
15 to 64 years old	74	26	35	65
65 and older	81	19	27	73
Without education (16+)	53	47	58	42
Primary education (16+)	73	27	37	63
Secondary education (16+)	83	17	25	75
Tertiary/post-secondary education (16+)	94	6	10	90

Source: World Bank using LSS/SSAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2018	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US\$2.15 per person	30.9
Education	
At least one school-aged child is not enrolled in school	N/A
No adult has completed primary education	N/A
Access to basic infrastructure	
No access to limited-standard drinking water	N/A
No access to limited-standard sanitation	N/A
No access to electricity	N/A

Source: World Bank using LSS/SSAPOV/GMD

POVERTY DATA AND METHODOLOGY

In May 2020, Nigeria's National Bureau of Statistics (NBS) released the 2018/19 Nigerian Living Standards Survey (NLSS) providing the first official estimates of poverty and welfare in Nigeria in almost a decade. The 2018/19 NLSS collected data on consumption, education, health, employment, housing, and many other non-monetary indicators of welfare. Following a two-stage sampling approach, the data are representative at the national, urban-rural, and state levels; crucial given Nigeria's federal structure.

Two key caveats must be borne in mind when interpreting the 2018/19 NLSS data. First, official welfare estimates (including those presented above) do not include Borno state, which accounts for around 2.5 percent of the population. Due to violent conflict, some parts of Borno were not accessible at the time of the survey. Second, the poverty and welfare estimates from the 2018/19 NLSS are not comparable with those from the 2009/10 Harmonised Nigerian Living Standards Survey (HNLSS), given substantial improvements made to the questionnaire, sampling, and survey implementation. For example, the questionnaire module used to measure food consumption was changed from a daily diary – handed to enumerators during four visits over the course of one month – to a seven-day recall, while meals consumed outside the home were not captured by the same module.

Since the 2018/19 NLSS and the 2009/10 HNLSS cannot technically be compared, poverty and inequality trends for Nigeria for the 2010s are constructed using survey-to-survey imputations. A model linking monetary consumption and a set of non-monetary indicators was created using the 2018/19 NLSS. This model was then used to impute into the General Household Survey (GHS) in 2011/11, 2012/13, and 2015/16 using a common set of consistently-measured non-monetary variables.

NBS launched data collection for the new 2022/23 NLSS in the fall of 2022. This will make it possible to assess directly how the welfare of Nigerian households has fared during the COVID-19 crisis and subsequent price shocks that have affected the country.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The three countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.