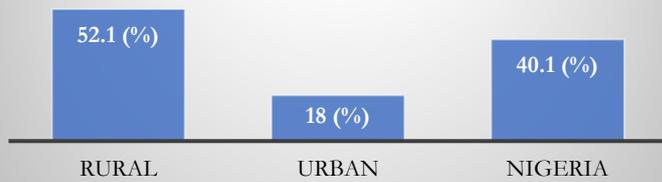**KAIROS RESEARCH**

The Nigerian Living Standards Survey (NLSS) is the official survey that is the basis for measuring poverty and living standards. Between September of 2018 and October of 2019, the National Bureau of Statistics (NBS) conducted the latest round of the NLSS after a decade.

With the support of World Bank, the NBS adopted best practices in the collection and processing of household data collected from 22,110 households in all states (excluding Borno) and Federal Capital Territory. The NLSS measured prevalence of poverty and to estimate a wide range of socio-economic indicators including benchmarking of the Sustainable Development Goals (SDG)
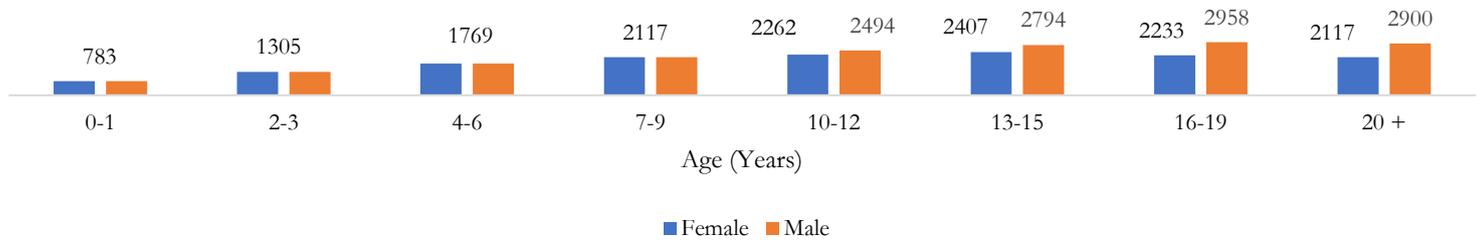

**Source: National Bureau of Statistics (NBS), Kairos Capital Research**

The Poverty and Inequality Report released by NBS on the 4th of March 2020 indicated that 40.1% of Nigeria's total population are classified as poor due to the fact that the country's per capital income expenditure (mostly used for food consumption) is below ₦137,430 per annum. The 40.1% of poverty translates to over 82.9 million Nigerians classified as poor by the national standards. The NBS further stated that urban poverty index stood at 18% while rural poverty rate is estimated at 52.10%. This implies that out of 100 people in both rural and urban areas, poverty is 2.9x higher in rural areas relative to urban areas.

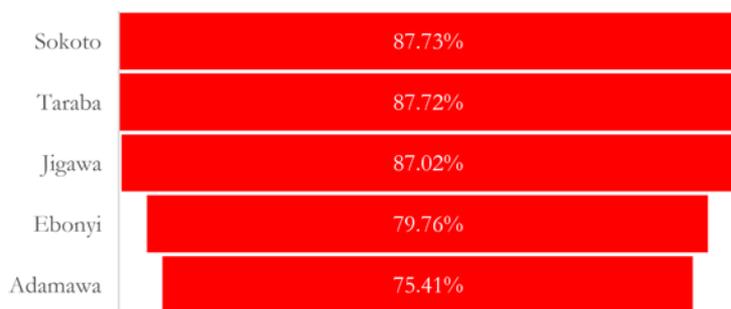**Source: National Bureau of Statistics (NBS), Kairos Capital Research**

The official poverty line is determined by aggregating the monetary value of food and non-food items needed for an individual to achieve a basic level of welfare. It is anchored in the minimum nutritional requirement of individuals and calculated by computing the cost of the minimum nutritional basket (expressed in terms of caloric intake) by the average per capital caloric intake. The average per capital calorie intake in Nigeria is 2,251 calories per day.

Poor

Living Below ₦137,430

Non-Poor

Living Above ₦137,430
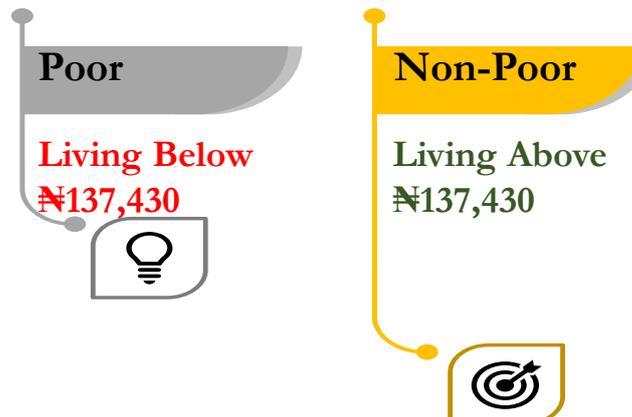
In this report, an average of 4 out of 10 individuals in Nigeria has a real per capita expenditure below ₦137,430 per year. This means that the monthly income of an individual is less than ₦11,500 while income per day is ₦377.

Invariably, any individual that spends less than ₦377 daily on food, health, education, clothing, shelter, security, electricity etc. can be considered to be poor in the society.

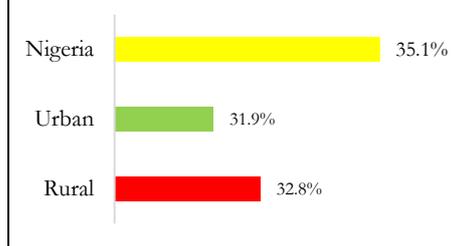## Top 5 States with the Highest Poverty Headcount Rate as a % of Population

State	Rate
Sokoto	87.73%
Taraba	87.72%
Jigawa	87.02%
Ebonyi	79.76%
Adamawa	75.41%

Top 5 States with the Lowest Poverty Headcount Rate as a % of Population

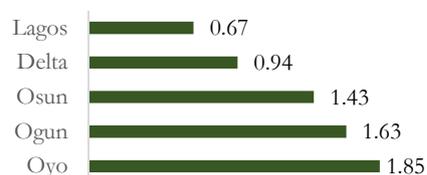| State	Rate
Lagos	4.50%
Delta	6.02%
Osun	8.52%
Ogun	9.32%
Oyo	9.38%

Source: National Bureau of Statistics (NBS), Kairos Capital Research

Taraba's Gini Index is 42.88 implying that the level of inequality is quite high in the State. This is closely followed by Sokoto, Jigawa, Ebonyi etc. while states like Lagos, Delta, Osun etc. has the lowest case of income inequality in the country.
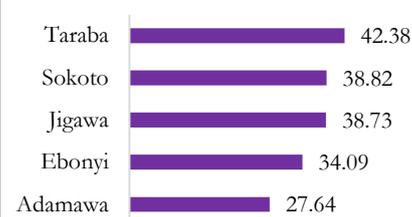
Gini Coefficient in Nigeria

Nigeria	35.1%
Urban	31.9%
Rural	32.8%

States with the Lowest Level of Gini Coefficient

State	Value
Lagos	0.67
Delta	0.94
Osun	1.43
Ogun	1.63
Oyo	1.85

States with the Highest Level of Gini Coefficeint

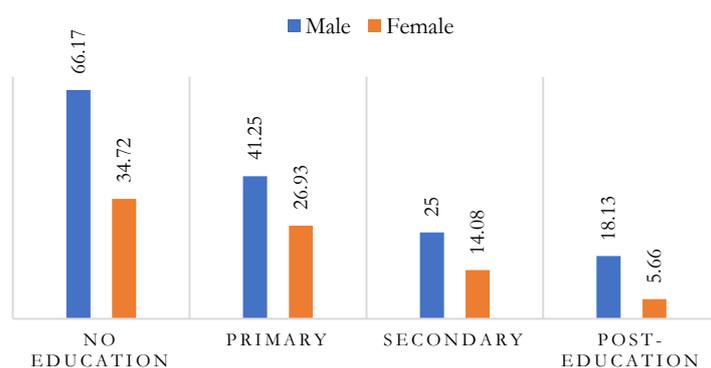| State	Value
Taraba	42.38
Sokoto	38.82
Jigawa	38.73
Ebonyi	34.09
Adamawa	27.64

Source: National Bureau of Statistics (NBS), Kairos Research

Gini index is a statistical measure of expenditure distribution in the country. It is widely used as a measure of economic inequality. Thus, a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. Nigeria has a Gini index of 35.1% which implies that there is a moderate gap between the rich and the poor.

POVERTY HEADCOUNT RATE BY INCOME-GENERATING ACTIVITY AND SEX OF HOUSEHOLD HEAD (%)

Activity	Male	Female
AGRICULTU...	58.76	37.75
NON FARM...	25.45	19.45
WAGE WORK	17.53	13.99
DIVERSIFIED	46.9	31.54
APPRENTIC...	34.24	24.13
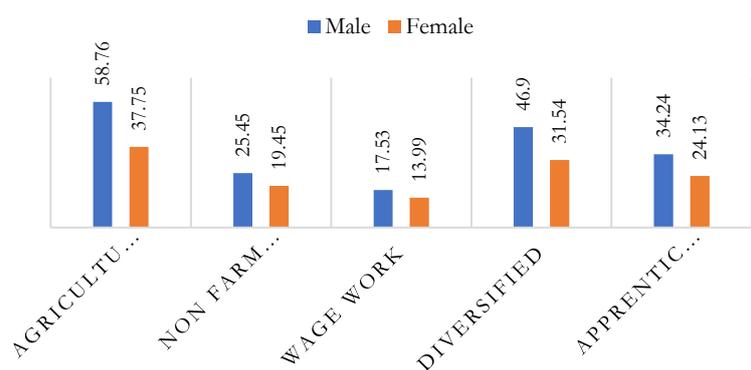
POVERTY HEADCOUNT RATE BY EDUCATIONAL LEVEL AND SEX OF HOUSEHOLD HEAD (%)

Education Level	Male	Female
NO EDUCATION	66.17	34.72
PRIMARY	41.25	26.93
SECONDARY	25	14.08
POST-EDUCATION	18.13	5.66

Source: National Bureau of Statistics (NBS), Kairos Capital Research

By Profession, the poverty rate is the highest for people in the agricultural sector; 58.76 men out of 100 men that engage in agricultural jobs are poor while poverty is lowest among salary earners and non-farm workers. The less education the breadwinner of a household has, the more susceptible he/she is to being poor.

CONCLUSION

With poverty line set at ₦137,430 and poverty gap index (measures the extent to which a person falls below the poverty line as a percentage of the poverty line) at 12.9%, it means Nigeria will need a total of ₦3,669,793,290,000.00 for its 207 million population to end extreme poverty.