

# MEASURING MULTIDIMENSIONAL POVERTY, AN EXPERIENCE IN TESTING ALKIRE-FOSTER METHODOLOGY IN MOLDOVA

National Bureau of Statistics of Moldova

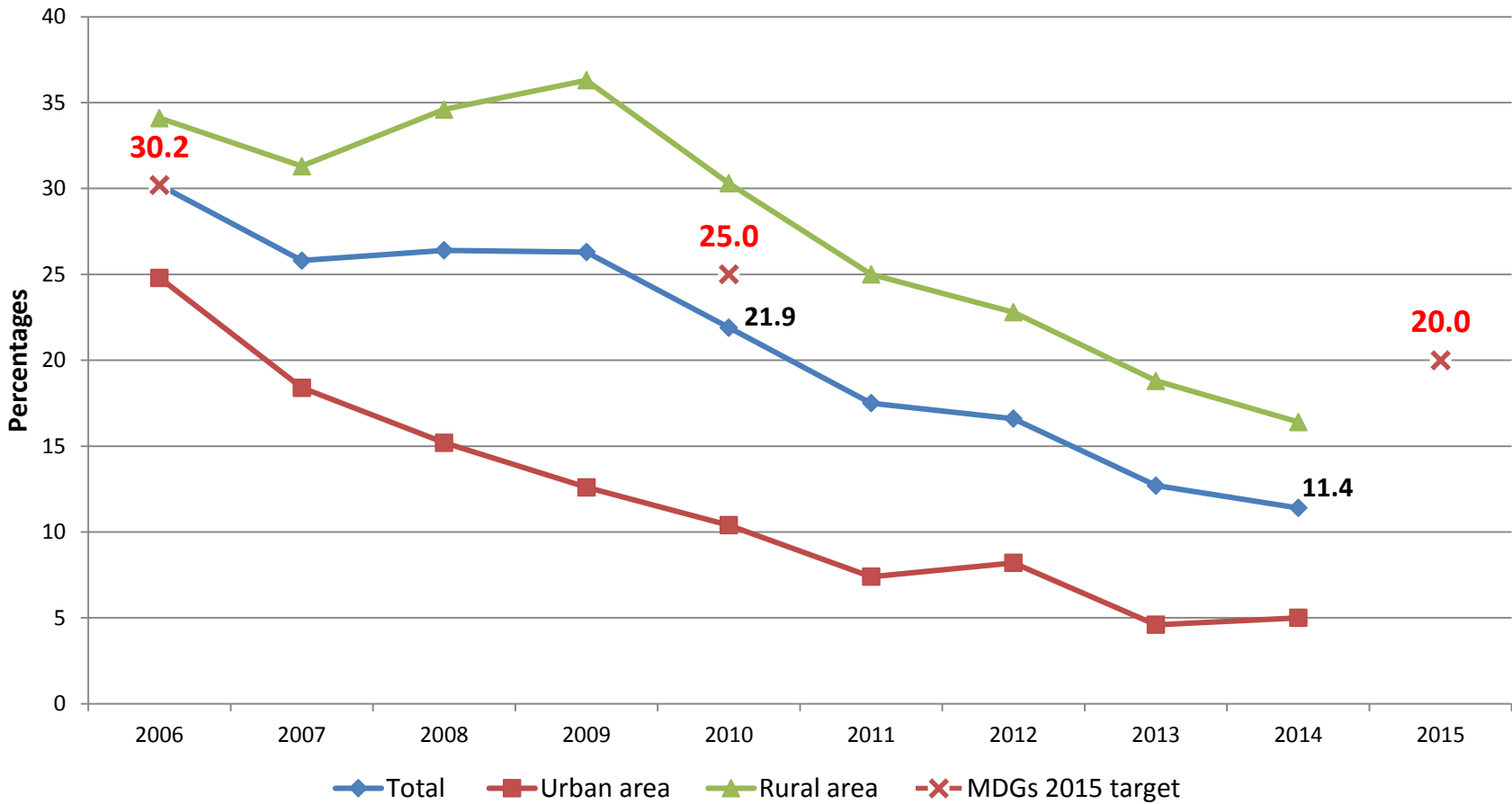


# Poverty line

## Absolute poverty line:

- **1993-2000** – Minimal consumer budget
- **2000 up to now**– Subsistence level
- **2004** – *first absolute poverty line* approved by Strategy of economic growth and poverty reduction (SCERS)
- **2006 up to now**– *revised absolute poverty line* and approved by Government Decision:
  - food and non – food component – **total poverty line**
  - food component – **extreme poverty line**
- **2009 up to now** – national threshold used for mean tested social allocation for poor
- **2016** – revision of absolute poverty line.

# The absolute poverty rate, (2006-2014)



Source: Household Budget Survey (2006-2014), NBS

# Data source:

## Household Budget Survey

- i) measures of living standards,
- ii) consumption and income structure,
- iii) weights for consumer price index and
- iv) various estimates for the National Accounts.

**Sample size** – 9 768 households;

➤ **Data collection method:**

- paper based interview (face to face interview and self recording of diary)

➤ **Survey tools:**

- Household roster: socio and demographic characteristics, education, employment, housing, land, etc.
- Diary: income, expenditure (cash, in-kind)
- Non-response sheet: reasons of non-responses and key variables about non-respondent

## Why thinking beyond monetary measure?

i) **Need to align to EU Acquis Communautaire on Statistics:**

*Chapter 6 Statistics*

ii) **Agenda 2030 on Sustainable Development Goals:  
SDG Target 1.2:**

By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

# Why thinking beyond monetary measure?

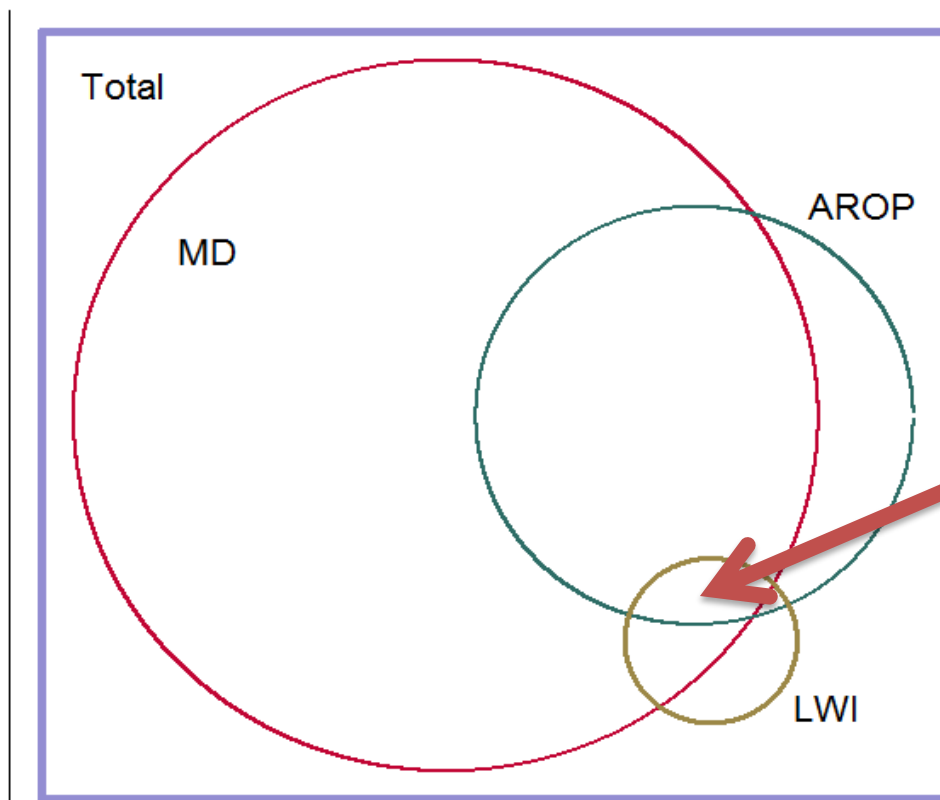
## Monetary poverty:

- ✓ – Time and cost of survey (data collection)
- ✓ – Comparability
- ✓ – Does not show how people are poor

## A **good** poverty measure can and should:

- ✓ produce the official statistics of multidimensional poverty
- ✓ identify overall patterns of deprivation
- ✓ compare the composition of poverty in different regions or social groups
- ✓ report poverty trends over time
- ✓ monitor the changes in particular indicators
- ✓ evaluate the impact of programmes on multiple outcomes
- ✓ target geographical regions or households for particular purposes

## Europe 2020: multidimensional poverty (AROPE)



All 3  
deprivations  
(0.7%)

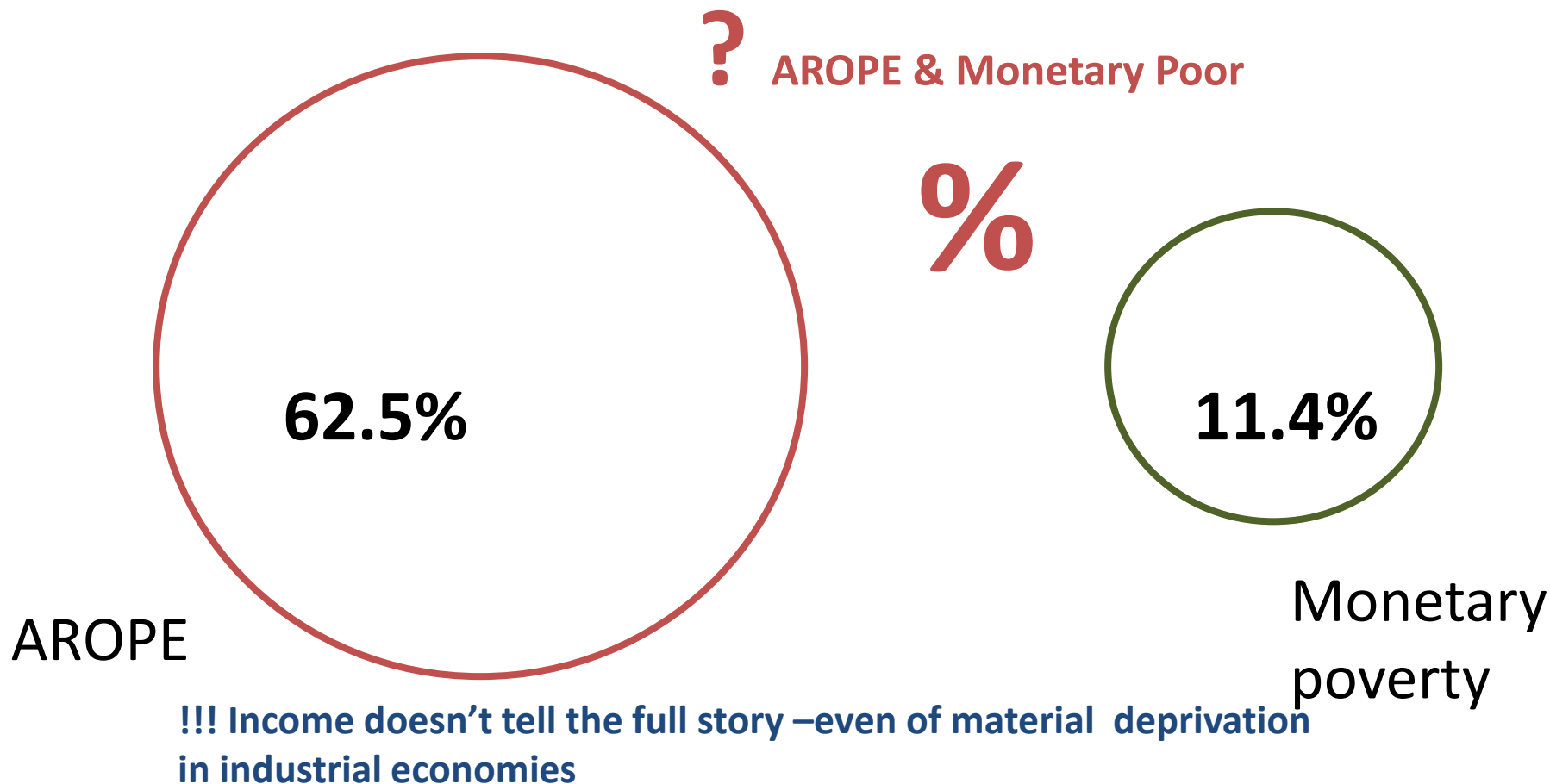


**Source:** Authors' estimates based on the data from HBS (BNS, 2014).

**Note:** Size of the bubbles and their overall corresponds to the relative size of the three categories.

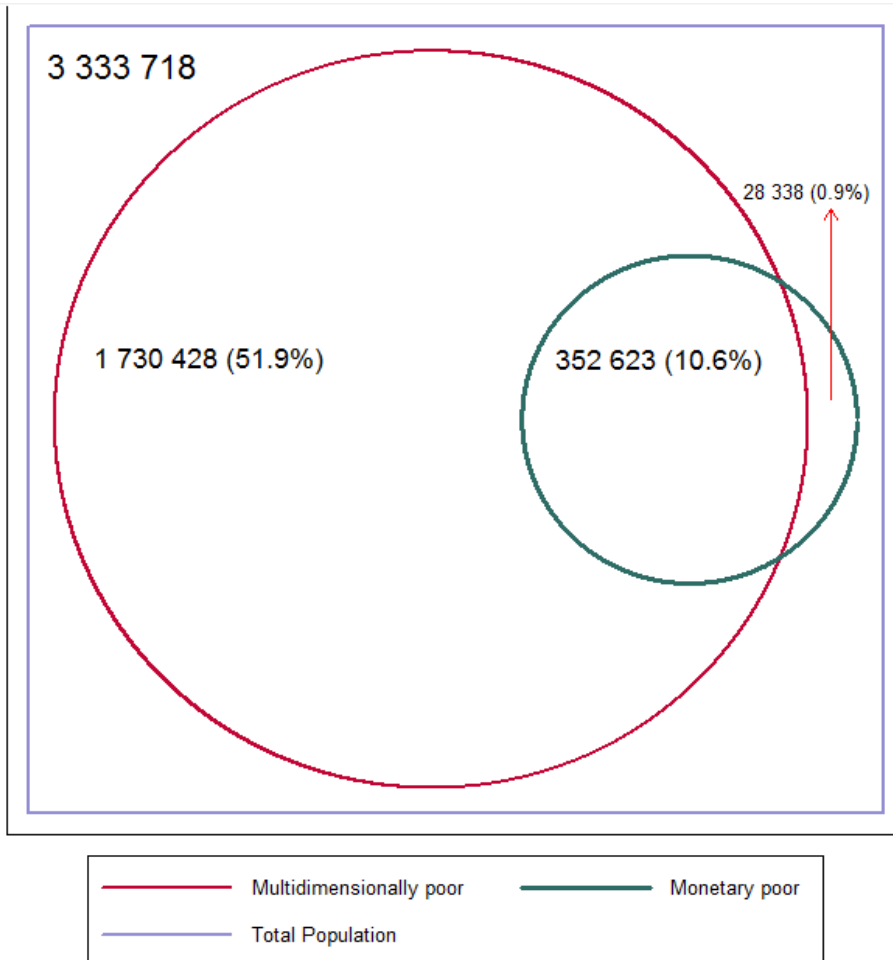
## Monetary vs. non-monetary deprivations?

In Moldova (2014):





# Overlapping domains of multidimensionally poverty (AROPE) and monetary poverty, 2014



!!! Monetary poverty does not closely proxy the material deprivations in Moldova.

**Source:** Authors' estimates based on the data from HBS (BNS, 2014).

**Note:** Size of the bubbles and their overall corresponds to the relative size of the three categories. The percentages presented are out of the total population.

# Is monetary poverty a proxy for key non-income deprivations?

Lack of overlap between monetary and CA poverty, Moldova, 2014

Capability poverty measured as	Health (bad health)	Employment (informal work)	Housing (water)
% of CA poor not in monetary poverty	85.7	84.6	76.8
% of monetary poor not CA poor	68.7	42.0	46.5

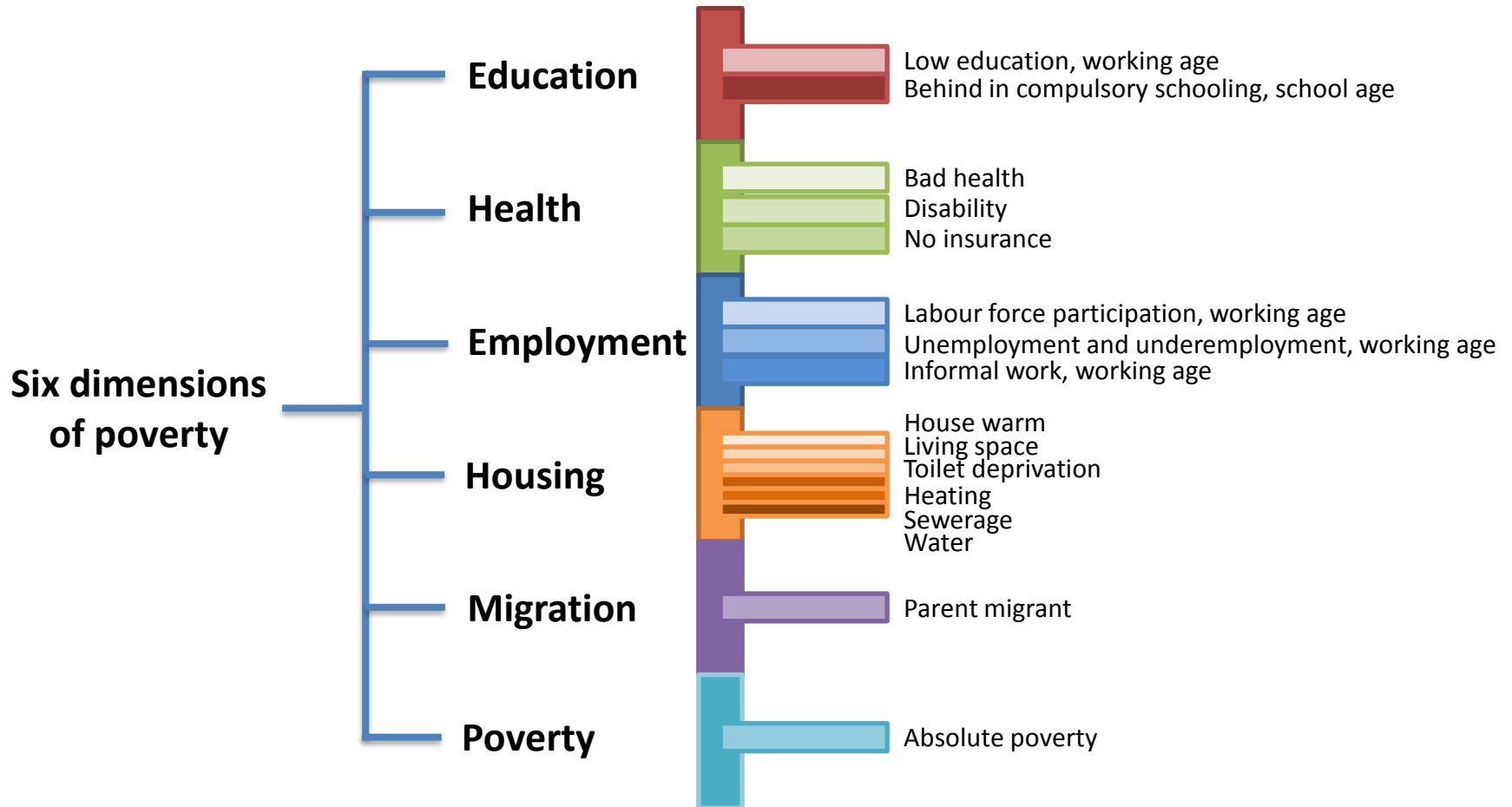
**Note:** Health - at least one HH member reports bad or very bad health status

Employment - at least one household member of working age (15-56 among women, and 15-62 among men) works in informal sector

Housing - Household lacks a water connection



# Dimensions, Indicators, Weights

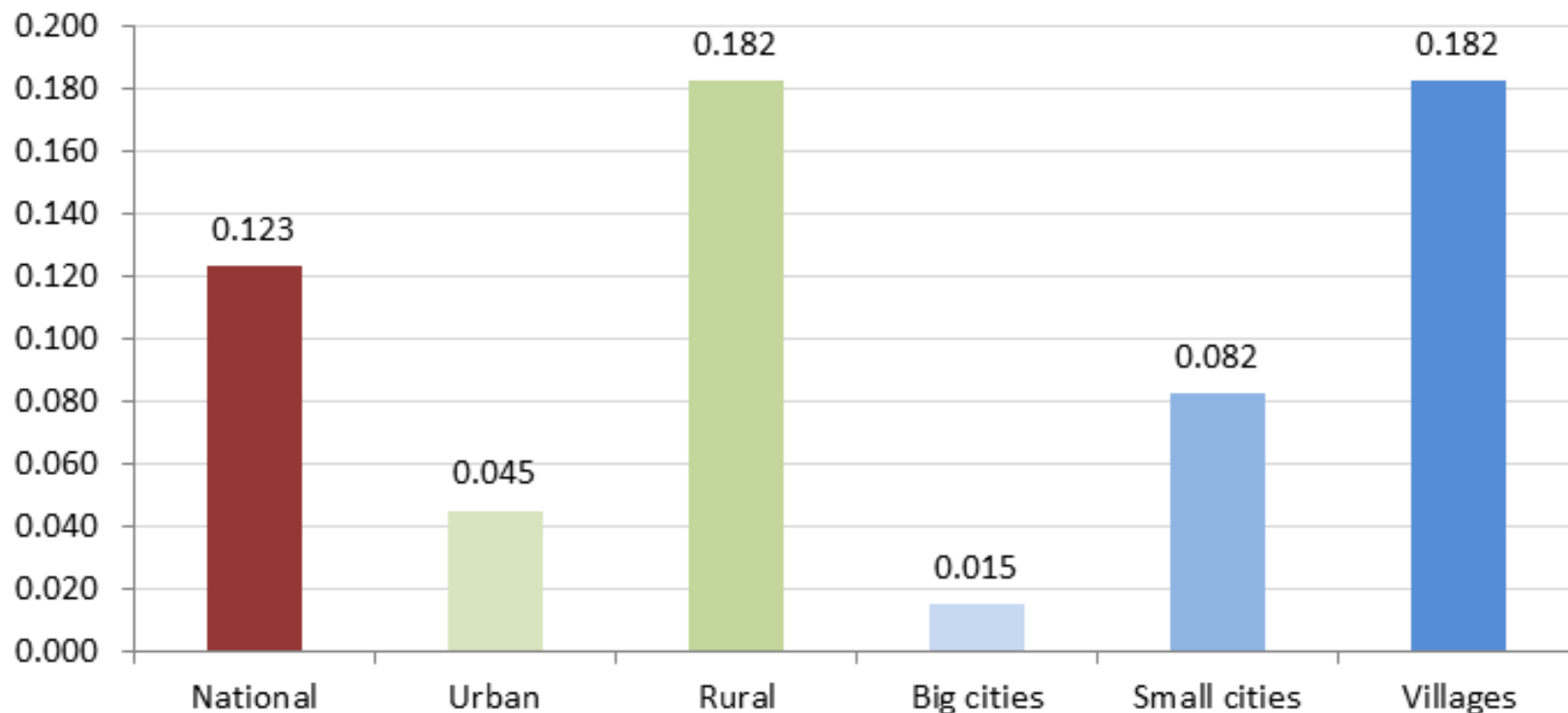


# Dimensions, Indicators, Weights

<i>Dimension (6)</i>	<i>Indicator (16)</i>	<i>Deprived if ...</i>	<i>Weight</i>
<b>Education</b>	Low education, working age	There is no working age (15-56 among women, and 15-62 among men) household member with secondary education or more	1/12
	Behind in compulsory schooling, school age	At least one child aged 12-15 has not completed primary school or, aged 15-18, has not completed lower secondary school.	1/12
<b>Health</b>	Bad health	At least one household member reports bad or very bad health status	1/18
	Disability	At least one household member reports a level of disability of I or II	1/18
	No insurance	At least one household member has no health insurance	1/18
<b>Employment</b>	Labour force participation, working age	Active ratio is less than 0.5 among working age members (15-56 among women and 15-62 among men)	1/18
	Unemployment and underemployment, working age	At least 75% of active working age members (15-56 among women and 15-62 among men) are unemployed or underemployed (working less than 40 hours a week but want to work more)	1/18
	Informal employment, working age	At least one household member of working age (15-56 among women and 15-62 among men) works in informal sector	1/18
<b>Housing</b>	House warm	Cannot afford financially to keep the house adequately warm	1/36
	Living space	Living space is insufficient	1/36
	Toilet deprivation	There is no indoor toilet facility	1/36
	Heating	There is no heating, or heating is provided by coal, wood stove, or other solid materials	1/36
	Sewerage	Household lacks any access to a sewerage system	1/36
	Water	Household lacks a water connection	1/36
<b>Migration</b>	Migrants	At least one parent migrant in the household	1/6
<b>Poverty</b>	Absolute poverty	The consumption expenditures are below absolute poverty line	1/6

# Who is poor? (Subgroup decomposition)

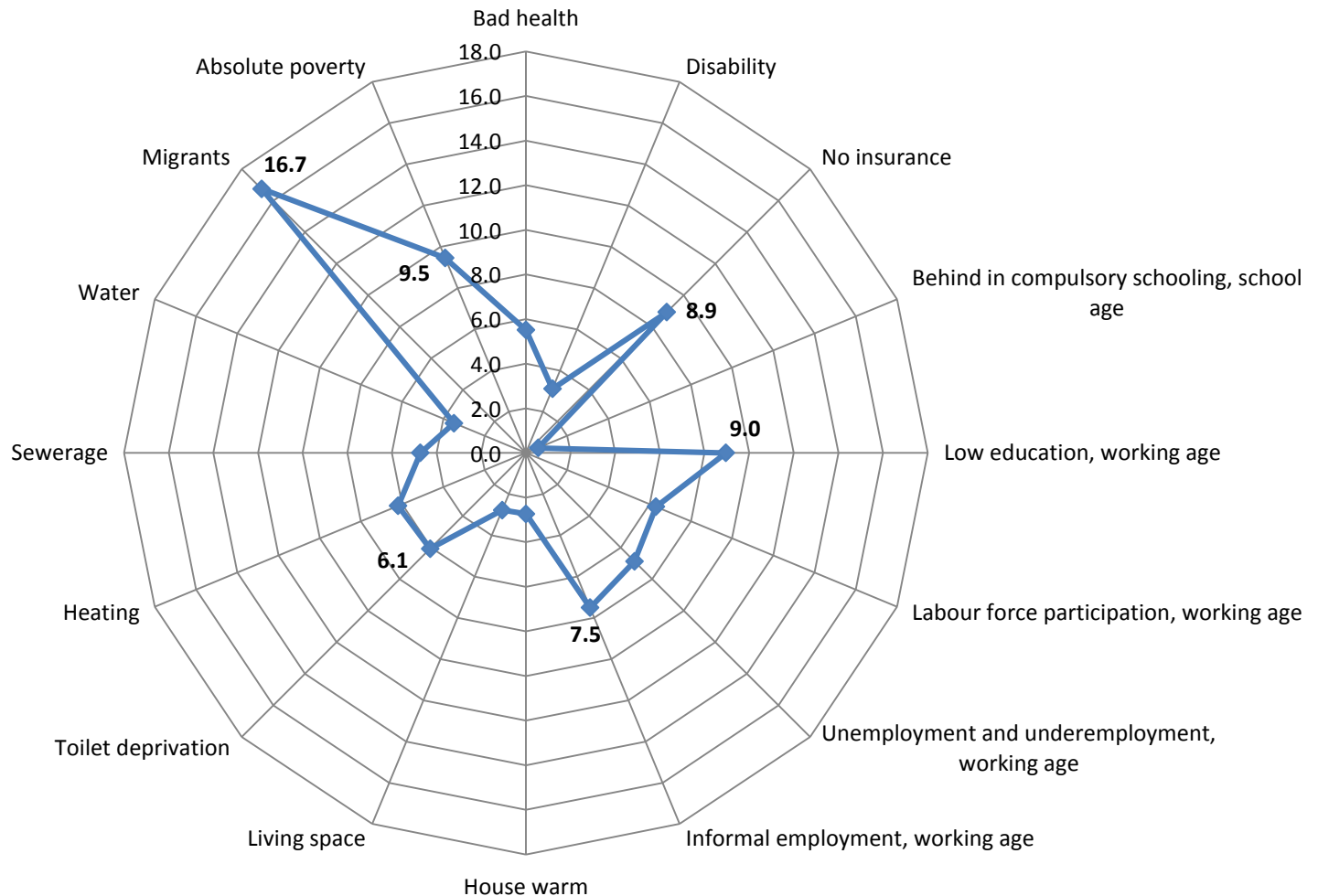
## MPI in different regions



Source: Authors' estimates based on the data from HBS (BNS, 2014).

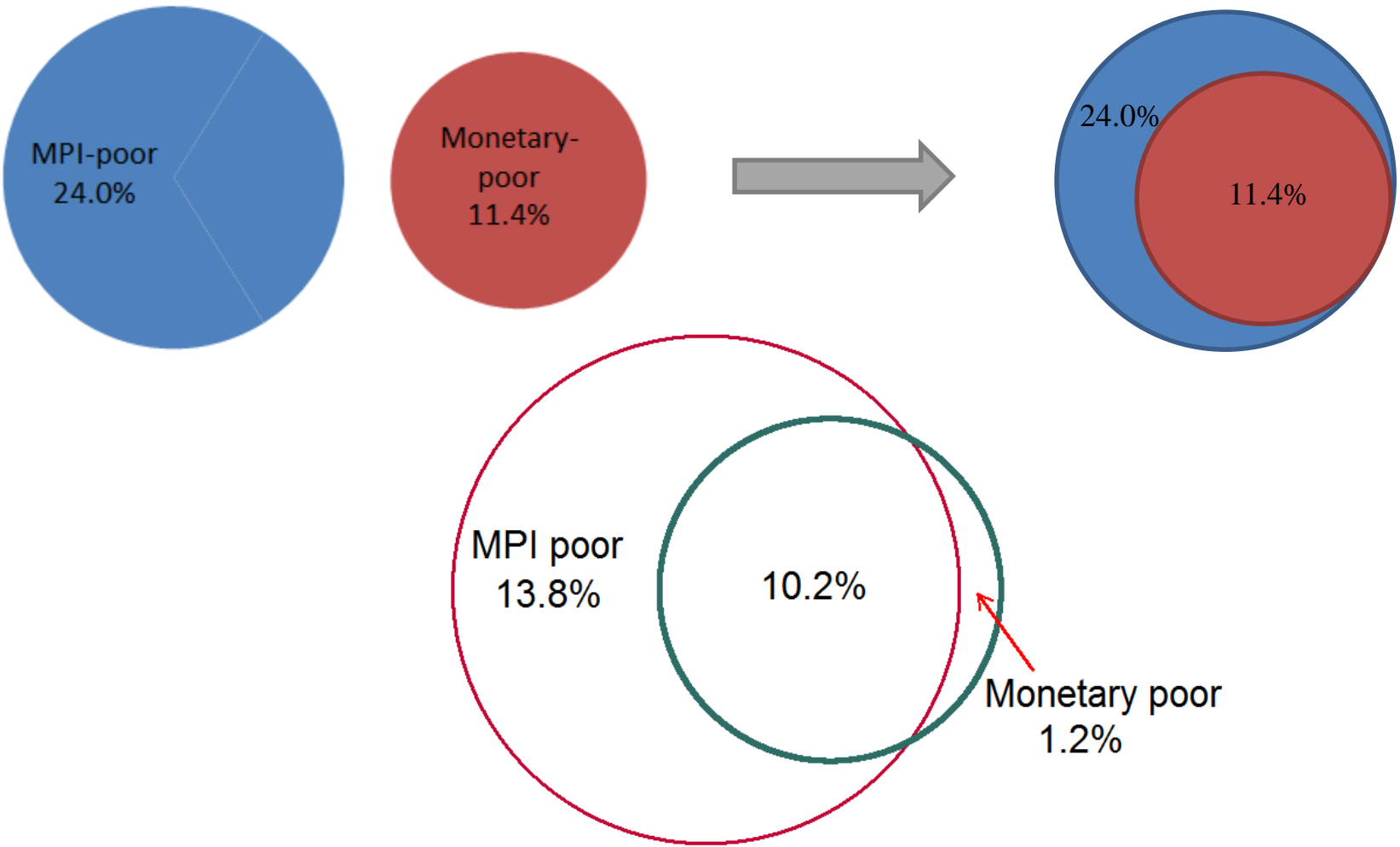
# How are they poor?

Dimensional breakdown, % (MPI=0.1013)



Source: Authors' estimates based on the data from HBS (BNS, 2014).

# Relationship between Monetary Poor & Multidimensionally poor, Moldova, 2014



**Source:** Authors' estimates based on the data from HBS (BNS, 2014).  
**Note:** Size of the bubbles and their overall corresponds to the relative size of the three categories. The percentages presented are out of the total population.



## Main challenges

- ✓ Data are based on household level (EU- SILC is not available)
- ✓ Data doesn't reveal the individual poverty, but household poverty
- ✓ The HBS questionnaire need to be adjusted by including more questions
- ✓ International comparison difficult
  - a common view on operational definitions and methodological solutions needed
- ✓ Need to raise users awareness on multidimensional deprivations.



## Next steps:

- Normative decisions:
  - Purpose
  - Unit of Analysis
  - Dimensions (AROPE part of the dimensions, etc.)
  - Indicators
  - Deprivation Cutoffs
  - Weights
  - Poverty cutoff
- Accuracy of the estimations
  - Robustness analyses
  - Statistical inferences



# Thank You!

