MEASURING MULTIDIMENSIONAL POVERTY – EVIDENCE FROM MOLDOVA

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Income Job Housing Food Household size Holiday
Education Health Area of residence Sex Expenses

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:

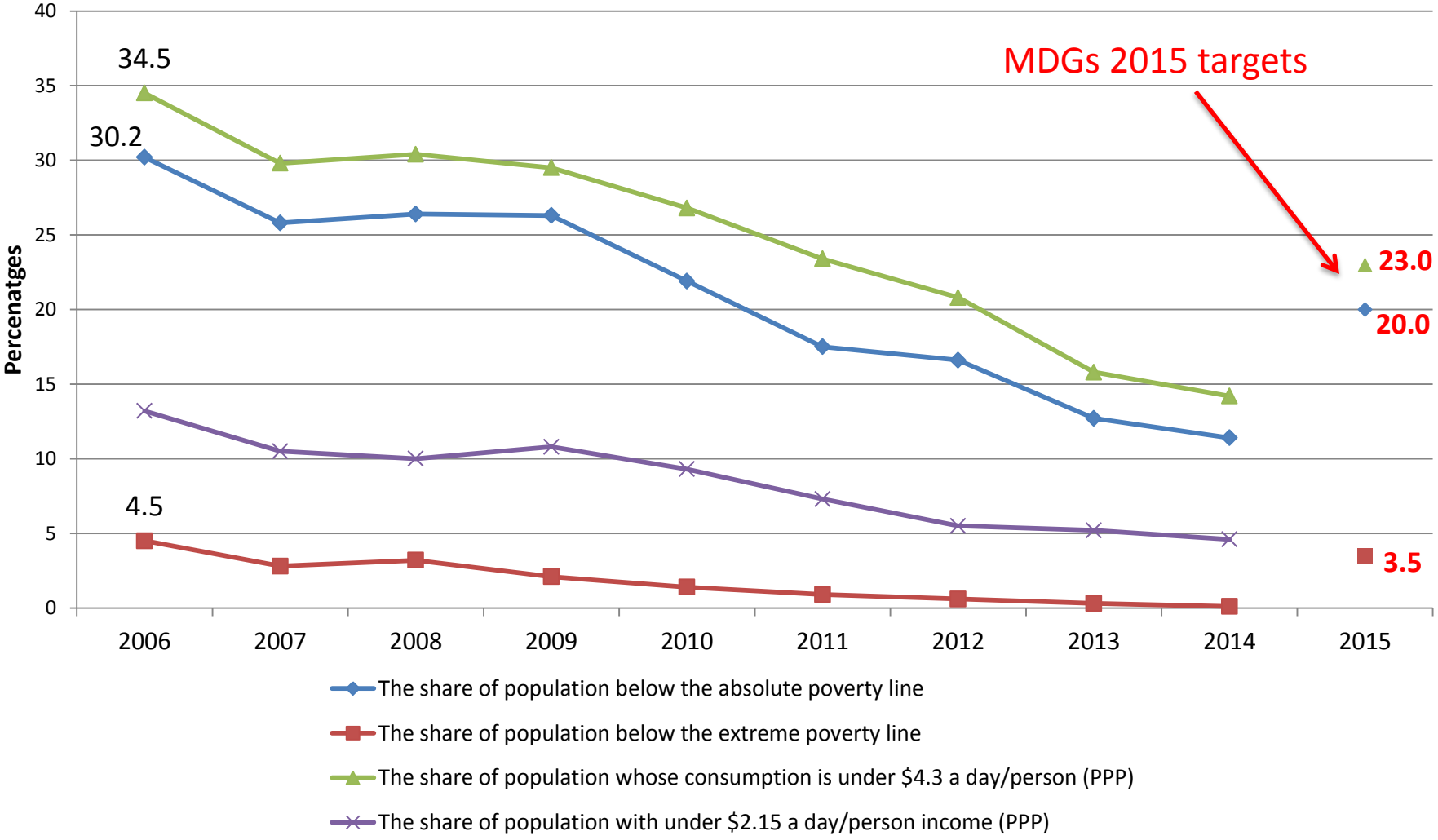
- food and non – food component – **total poverty line**

- 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.

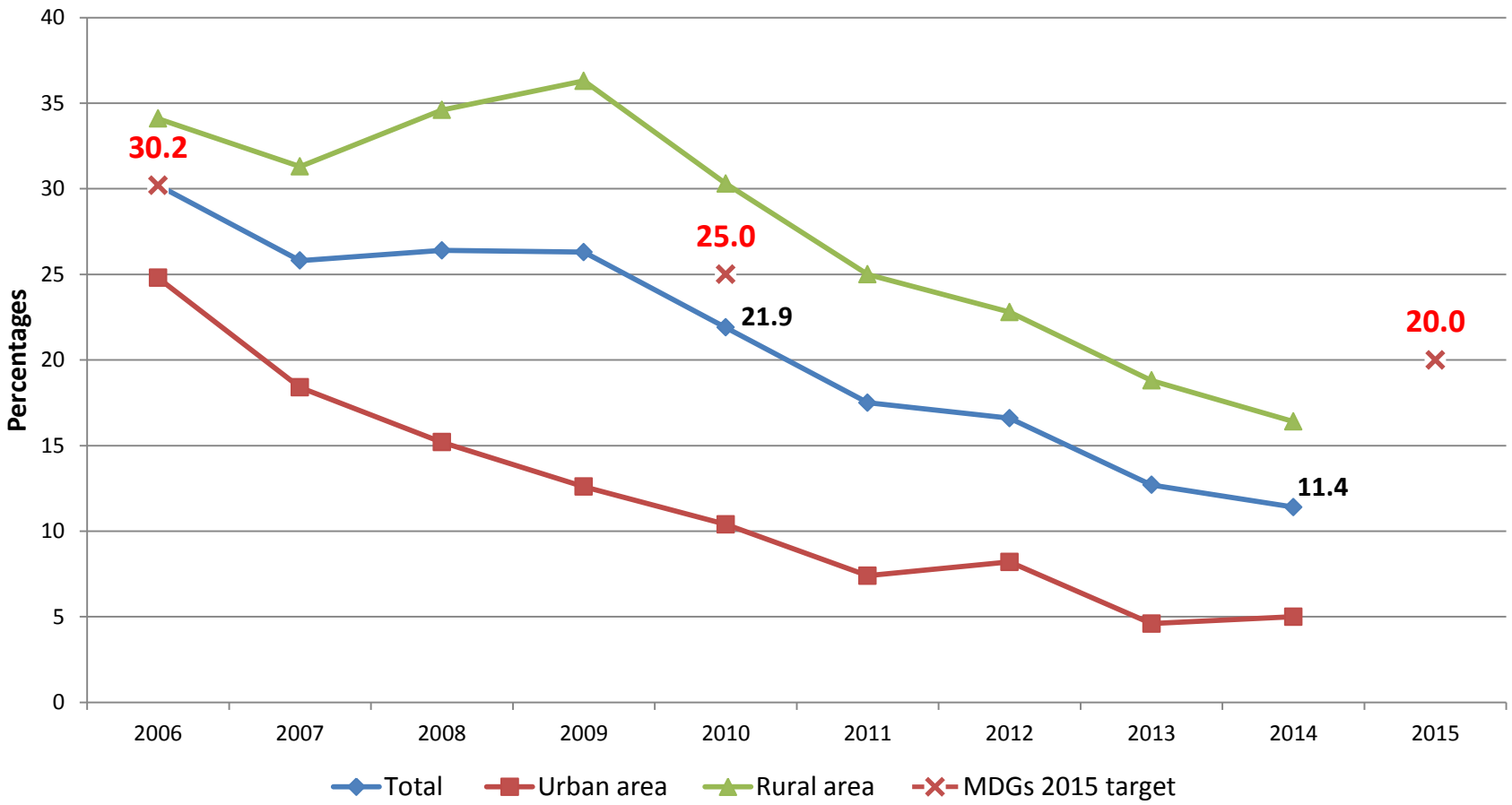
Source: Household Budget Survey (2006-2014), NBS

Poverty rate (MDGs), 2006-2014



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

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:

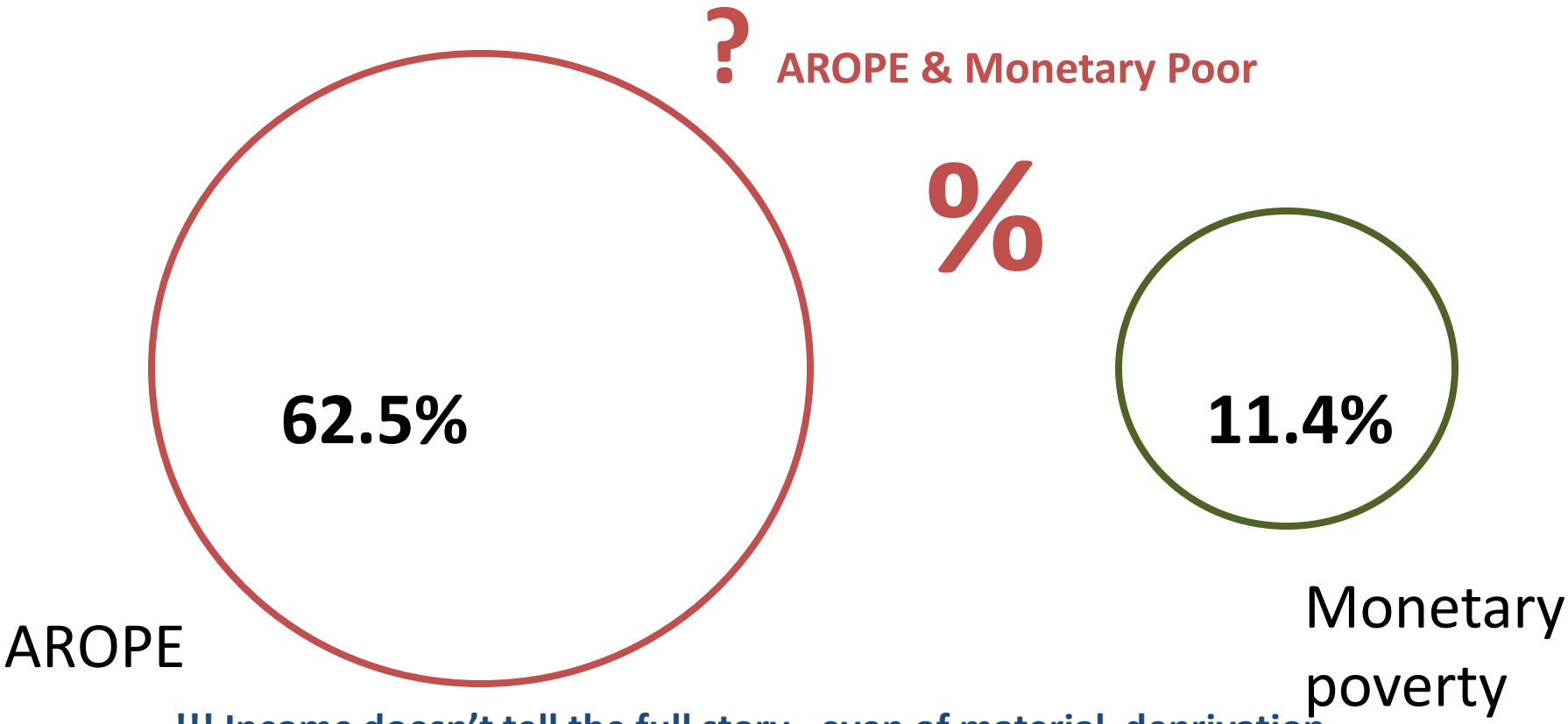
- ✓ produce the official statistics of multidimensional poverty
- ✓ identify overall patterns of deprivation
- ✓ compare the composition of poverty in different regions or social groups
- ✓ report poverty trends over time
- ✓ monitor the changes in particular indicators
- ✓ evaluate the impact of programmes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

Methodological approach

At risk of poverty	**No differences**			
Low work intensity	Defined as people of all ages (0-59) living in households where the members of working age worked less than 20.0% of their total potential during the previous week (40 hours/week)			
Material deprivation	**EU**		**MD**	
	Your household could afford financially the follow			
	Keeping the home adequately warm		To keep the house adequately warm	
	Face unexpected expenses		Face unexpected expenses of **5000 lei**	
	Eat meat, fish or a protein equivalent every second day		To include in the diet meat or fish every second day (**if desired**)	
	A week of holiday away from home once a year		A week of holiday away from home once a year	
	Avoiding arrears (in mortgage or rent, utility bills, or hire purchase instalments)		1. For paying utility bills 2. For bank credit reimbursement	
	Financial affordability	A personal car	* Car, personal minivan	Number of items
		A washing machine	* Automatic Washing Machine * Mechanical Washing machine	
		A colour TV	* TV	
		A telephone	** Telephone Mobile phone	

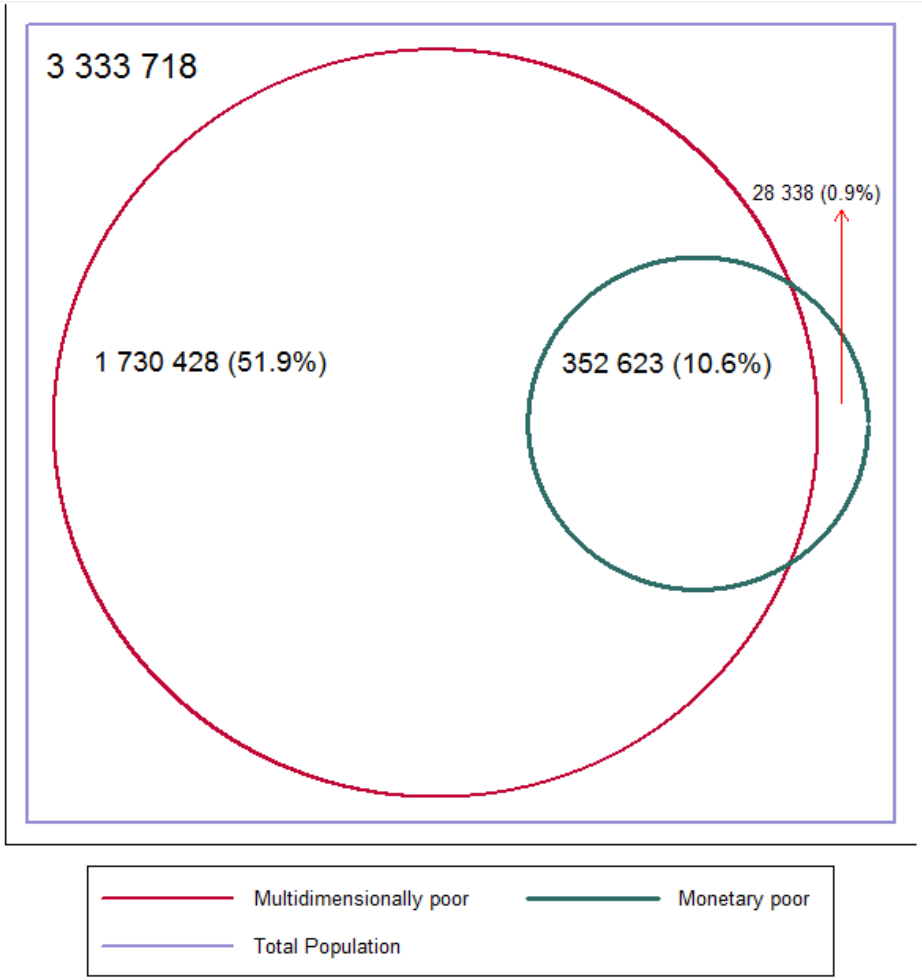
Monetary vs. non-monetary deprivations?

In Moldova (2014):



!!! Income doesn't tell the full story –even of material deprivation in industrial economies

Overlapping domains of multidimensionally poverty and monetary poverty, 2014



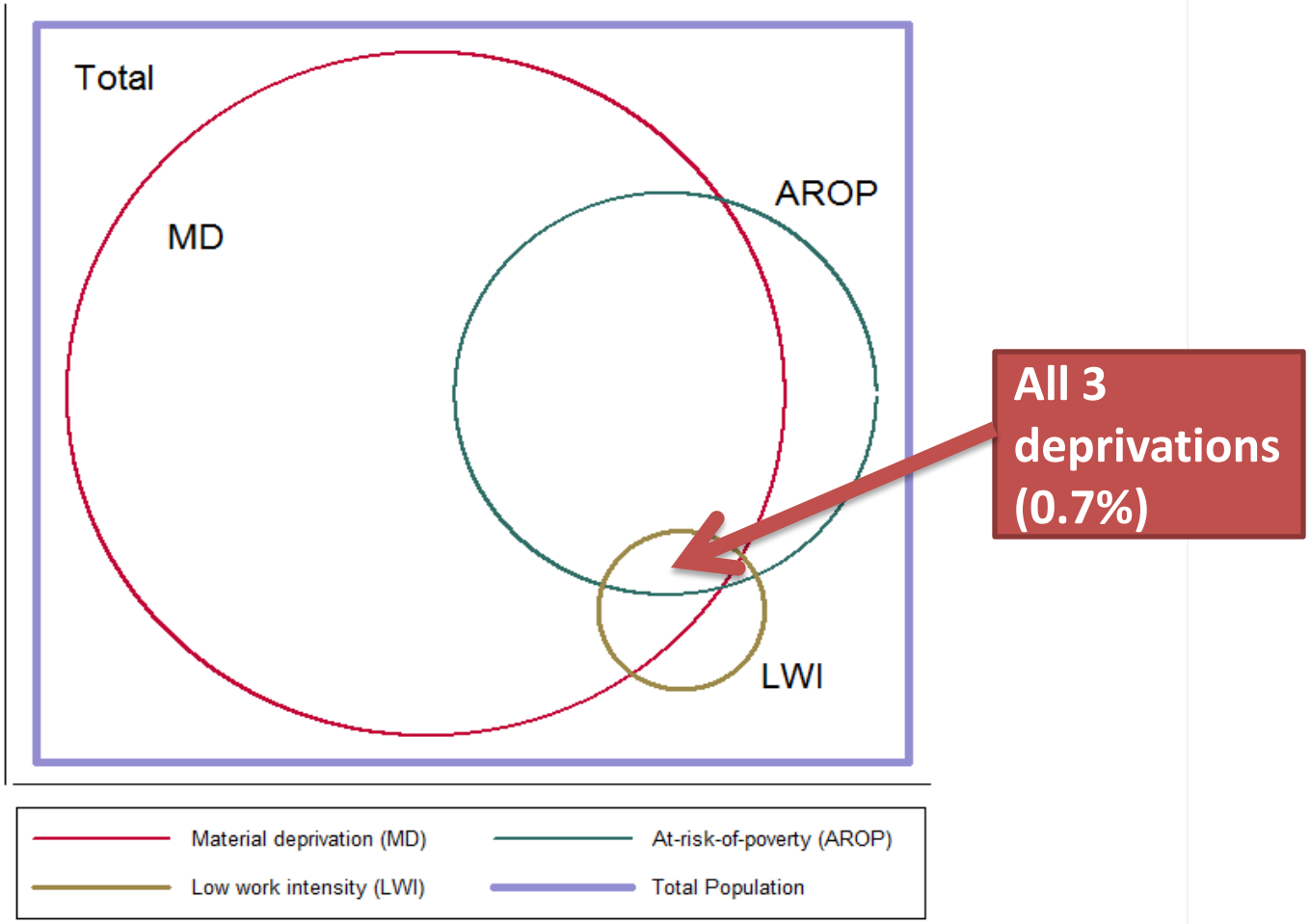
Source: Authors' estimates based on the data from HBS (BNS, 2014).
Note: Size of the bubbles and their overall corresponds to the relative size of the three categories. The percentages presented are out of the total population.

How do various dimensions of social exclusion relate?

Category	Population	
	Individuals	Share (%)
1. Residing in low work intensity HH (LWI)	114 394	3.4
2. At risk of poverty (AROP)	607 225	18.2
3. At least 4 material deprivations (out of 9) (MD)	1 937 887	58.1
Intersection of (1) and (2)	33 736	1.0
Intersection of (1) and (3)	70 123	2.1
Intersection of (2) and (3)	495 304	14.9
Intersection of (1), (2) and (3)	22 707	0.7
Union of (1), (2) and (3)	2 083 050	62.5
Population not victim of the 1, 2 and 3	1 250 668	37.5
Monetary poor	380 961	11.4
Total population	3 333 718	100.0

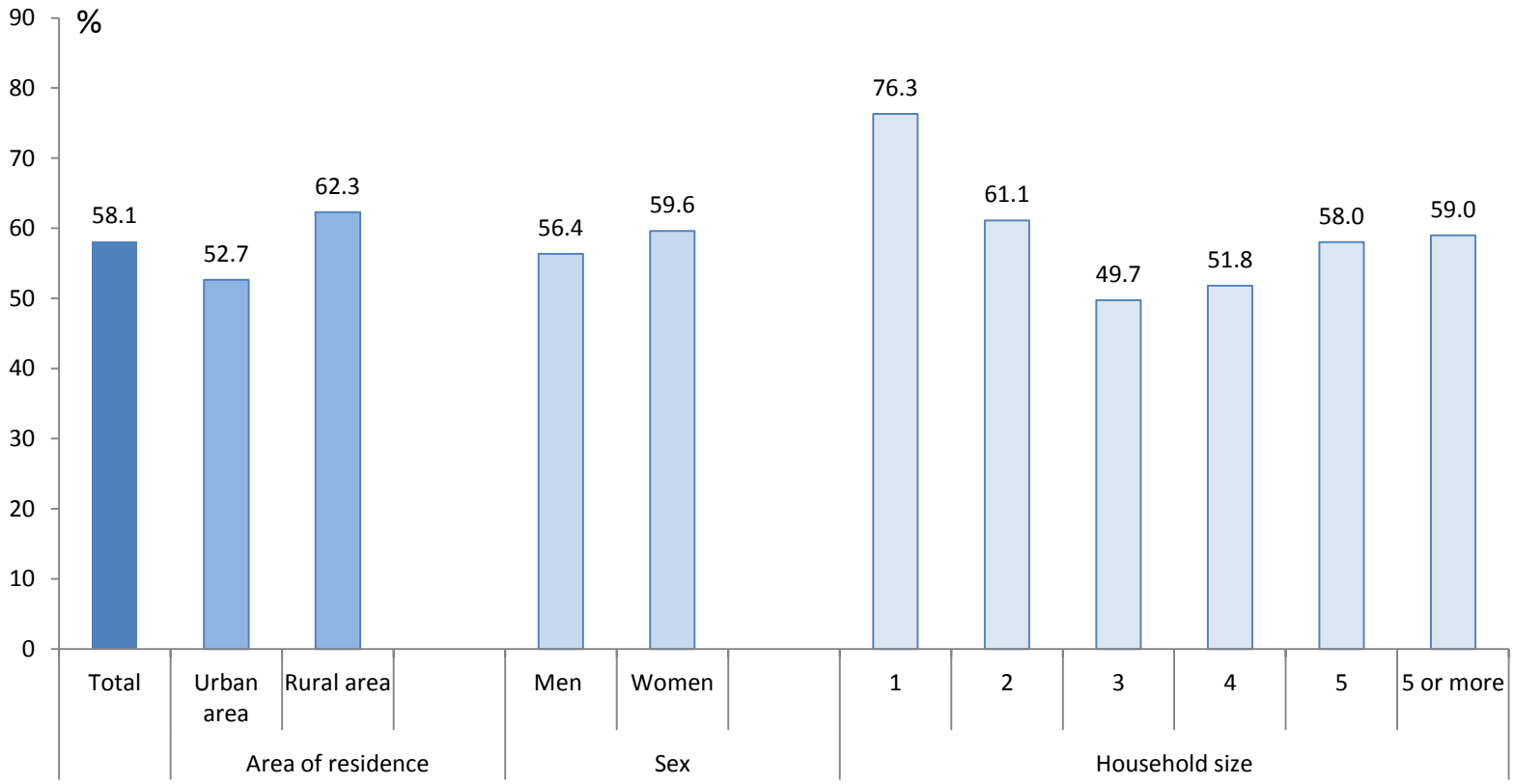
Source: Authors' estimates based on the data from HBS (BNS, 2014).

Overlapping domains of poverty, material deprivation and low work intensity



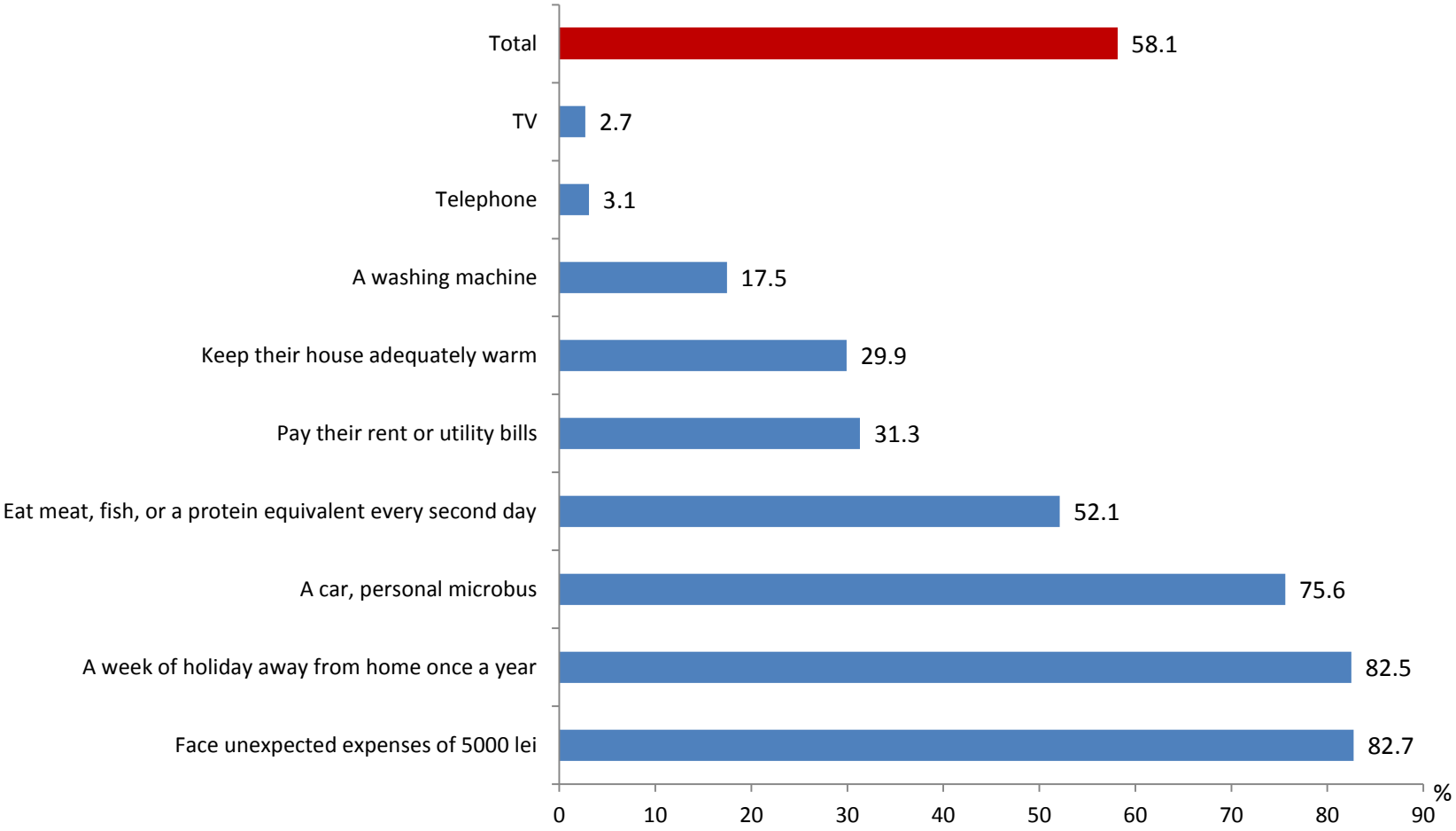
Source: Authors' estimates based on the data from HBS (BNS, 2014).
Note: Size of the bubbles and their overall corresponds to the relative size of the three categories.

Share of materially deprived people by area of residence, sex and household size, 2014



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

Material deprivation rates, for total population and by items, 2014



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

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, which would measure:
  - the financial capacity to afford some of the items included in the MD
  - the number of months worked during the last 12 months
- ✓ International comparison difficult
  - a common view on operational definitions and methodological solutions needed
- ✓ Need to raise users awareness on multidimensional deprivations.

STATISTICA MOLDOVEI

Thank You!