Multidimensional Poverty Index in the Republic of Moldova

Workshop on Harmonization of Poverty Statistics to Measure SDG 1 and 10
Genève, 7 December, 2022
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“For a poor person everything is terrible - illness, humiliation, shame. We are cripples; we are afraid of everything; we depend on everyone. No one needs us. We are like garbage that everyone wants to get rid of” — Voices of the Poor (World Bank), Moldova
Poverty Monitoring

☑ Government program “Moldova of Goods Times”

☑ National Development Strategy “Moldova 2030”

Poverty reduction is among the main challenges of the national development agenda

Global commitments such as the 17 Sustainable Development Goals (SDGs) of the “Transforming our world: the 2030 Agenda for Sustainable Development”

☑ 169 targets and 232 indicators “no one is left behind”

☑ SDG1 calls to End poverty in all its forms everywhere: zero poverty:
  ☑ 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
  ☑ Indicator 1.2.1: Proportion of population living below the national poverty line, by sex and age
  ☑ Indicator 1.2.2: Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Poverty reduction is at the heart of the Global development agenda
Poverty Monitoring

How do NBS count the poor in the country?

First: identify indicator (expenditure).
Second: set poverty lines.
Third: summarize poverty data.
Data source – Household Budget Survey

The main objectives of HBS
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 – 1051 households per month;

✔ 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)
- Participation form: reasons of non-responses and key variables about non-respondent
Poverty line evolution

Absolute poverty line:

- **2004** – *first absolute poverty line* approved by Strategy of economic growth and poverty reduction (SCERS)
- **2006 – 2016** – *revised absolute poverty line* and approved by Government Decision:
  - food and non – food component – total poverty line
  - food component – extreme poverty line
- **2016** – *revised absolute poverty line*
- **2019** – *adjusted for the new estimates of the usual resident population*

www.statistica.gov.md

*Nivelul sărăciei în Republica Moldova (communicate de presă, Banca de date statistice)*
Advantages and limitations of absolute poverty measures

**Advantages**

- Based on a continuous household survey
- Targeting individuals
- Thresholds are defined directly from the survey
- Data are comparable over short-to-moderate spans of time

**Limitations**

- The threshold is sensitive to the initial calculation point expenditures
- Requires periodic revision of the poverty line
- International comparability
- Focused on monetary and less on multidimensional aspects of poverty
Main challenges

✓ Complementing monetary poverty with multidimensional approach

✓ Designing the National Multidimensional Poverty Index for Moldova
Why multidimensional poverty?

Poverty has many faces
- The lived experience of poverty differs among people
- Poor people often face multiple deprivations at the same time
- Changes in poverty can happen by people exiting poverty or people becoming ‘less poor’ (but still being in poverty)

Monetary measures fail to capture this complexity
- Sole focus on income, consumption and expenditure
- They do not consider many issues that impact quality of life (e.g. health, living standards, employment)
- Focus on simple headcount ratio (proportion of people in poverty)

SDG 1 requires countries to ‘End poverty in all its forms everywhere’
**Target 1.2.2** – 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
Eight Essential Choices for your own AF Measure:

1. Purpose
2. Space
3. Unit of Identification or Analysis
4. Dimensions (if helpful)
5. Indicators - columns in the matrix
6. Deprivation Cutoffs for each Indicator
7. Weights/Values for each Indicator
8. Poverty cutoff to identify the poor
9. Identification (who is poor)
10. Aggregation (How much poverty does a society have)
Defining the National MPI (by data users & “poor”)
### Cercetarea bugetelor gospodăriilor casnice

<table>
<thead>
<tr>
<th>Anumite crestei</th>
<th>Lupa</th>
<th>Cordul ferestrelui</th>
<th>Cordul operatului de intretinere</th>
<th>Locul de reabilitație</th>
<th>Indicat</th>
<th>Nu</th>
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### Capitolul 8 Probleme și dificultăți cu care se confrunta responzenti

1. Aveți cea mai dificultatea în vederea colectării, noații, recenzării, formând proprie, localizarea, etc. care vă impiedică în calificarea activității plăcută?

2. În ultimile 12 luni ai fost nevenit să întâlniți diferite probleme care s-au desfășurat activității obișnuite în gospodărie cu urma o dificultăți menționate?

3. În ultimile 12 luni ai avut nevoie să strângiți denumitul din motive de vârstă, gen, starea, disabilități, sănătate, statul social, etc.?

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<th>Codul reprezintă</th>
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4. În ultimile 12 luni gospodăria DVS a avut de solziat în rezultatea rezultatului calificării nationale ale plănicilor de teren, imediată, plină, populate, urbană, rurală, urbană, etc.? 

5. Este lăcuita DVS situată în apropiere de o sura de poluare (depozit de deșeuri, gălățe, mărfuri, etc.), care este un sura de luminoză, generând o mică repetitivită, fiind afectată negativ calitatea apelor potabile, calitatea solului, este un sura de insecte, bolnavi, etc.?

6. Gospodăria DVS tehnice a apărut utilizată pentru consum și găină, prin fărăre, făcându-se purificare carei la rece pentru o timp, etc.?

7. Câți de seriu este să Vă plimbati seara în timp de noapte în zona unde DVS locuit? 

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8. DVS a învins în zone diferite de urgentă dictă în acesteze de nevoie de

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Moldova National MPI

Developed by National Bureau of Statistics with support from UNDP and OPHI

Statistical considerations
- Moldova MPI uses a single data source – HBS
- Deprivations are identified at the household level
- Results are analysed at the individual level
- MPI has 4 dimensions and 11 indicators
- Poverty cutoff is set at 35%
- Poverty estimates are disaggregated by statistical regions, rural/urban, sex, disability, age groups (including children), other
Moldova National MPI

Health
- Access to medical services
- Lack of medical insurance

Education
- Years of Schooling
- Youth NEET (Not in Education, Employment or Training)

Living Standard
- Heating
- Improved Sanitation
- Housing Materials
- Overcrowding
- Access clean source of water

Labour Market
- Unemployment and seasonal / occasional employment
- Decent employment
## Moldova National MPI

### Deprivation cutoffs

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Indicator</th>
<th>Deprivation Cut-off</th>
<th>Weights</th>
<th>SDG Area</th>
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</thead>
<tbody>
<tr>
<td>Health (1/4)</td>
<td>Access to medical services</td>
<td>A household is deprived if at least one member of the household did not have access to medical care when they needed it</td>
<td>1/8</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Lack of medical insurance</td>
<td>A household is deprived if at least one member of the household does not have health insurance</td>
<td>1/8</td>
<td>3</td>
</tr>
<tr>
<td>Education (1/4)</td>
<td>Years of Schooling</td>
<td>A household is deprived if at least one member of the household aged 18-65 has not completed secondary education</td>
<td>1/8</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Youth NEET (Not in Education, Employment or Training)</td>
<td>A household is deprived if at least one member of the household aged 15-29 is not participating in any form of education, employment or training</td>
<td>1/8</td>
<td>4 and 8</td>
</tr>
</tbody>
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## Moldova National MPI

### Deprivation cutoffs

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Living standards</td>
<td>Heating</td>
<td>A household is deprived if it heats with polluting fuel (wood, coal, oil)</td>
<td>1/20</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Sanitation</td>
<td>A household is deprived if the dwelling is not connected to the public sewerage network</td>
<td>1/20</td>
<td>6</td>
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<tr>
<td></td>
<td>Housing</td>
<td>A household is deprived if the household faces at least one problem: leaky roof, damp walls / floors, damp foundation, rotten floor or window frames</td>
<td>1/20</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Overcrowding</td>
<td>A household is deprived if the average living area per capita is less than 9 m²</td>
<td>1/20</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Water</td>
<td>A household is deprived if the dwelling is not connected to the public water supply network</td>
<td>1/20</td>
<td>6</td>
</tr>
<tr>
<td>Labor Market</td>
<td>Unemployment and seasonal / occasional employment</td>
<td>A household is deprived if at least one household member of working age (16-62 for men and 16-58 for women) is unemployed (ILO definition) or has only seasonal / occasional employment</td>
<td>1/8</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Decent work</td>
<td>A household is deprived if at least one member of the household is employed informally in the labor market or employed seasonally / occasionally</td>
<td>1/8</td>
<td>8</td>
</tr>
</tbody>
</table>
Accumulated Probability

Incidence of Poverty
Censored Headcount Ratios

Percentage Contributions

Poverty Cutoff 35%
Next steps

• Approval of the MPI methodology - 2022
• MPI estimation - 2023
• Public presentation of MPI - 2023
• Inclusion of MPI in the list of indicators for monitoring the SDG target 1.2 - 2023