

Multidimensional Poverty Index in the Republic of Moldova

Workshop on Harmonization of Poverty Statistics to Measure SDG 1 and 10
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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



1 FĂRĂ SĂRĂCIE



Poverty Monitoring

- ✓ Government program “Moldova of Good Times”
- ✓ National Development Strategy “Moldova 2030”

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

1 NO POVERTY



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

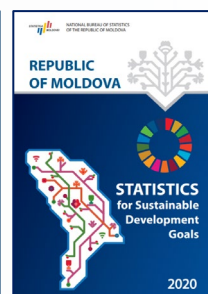
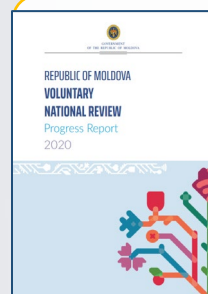
- ✓ 169 targets and 232 indicators “no one is left behind”
- ✓ SDG1 calls to *End poverty in all its forms everywhere* zero poverty:
- ✓ Target 1.2. By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
- ✓ 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

TARGET 1-2



REDUCE POVERTY BY AT LEAST 50%



Voluntary national reviews
Statistical Annex



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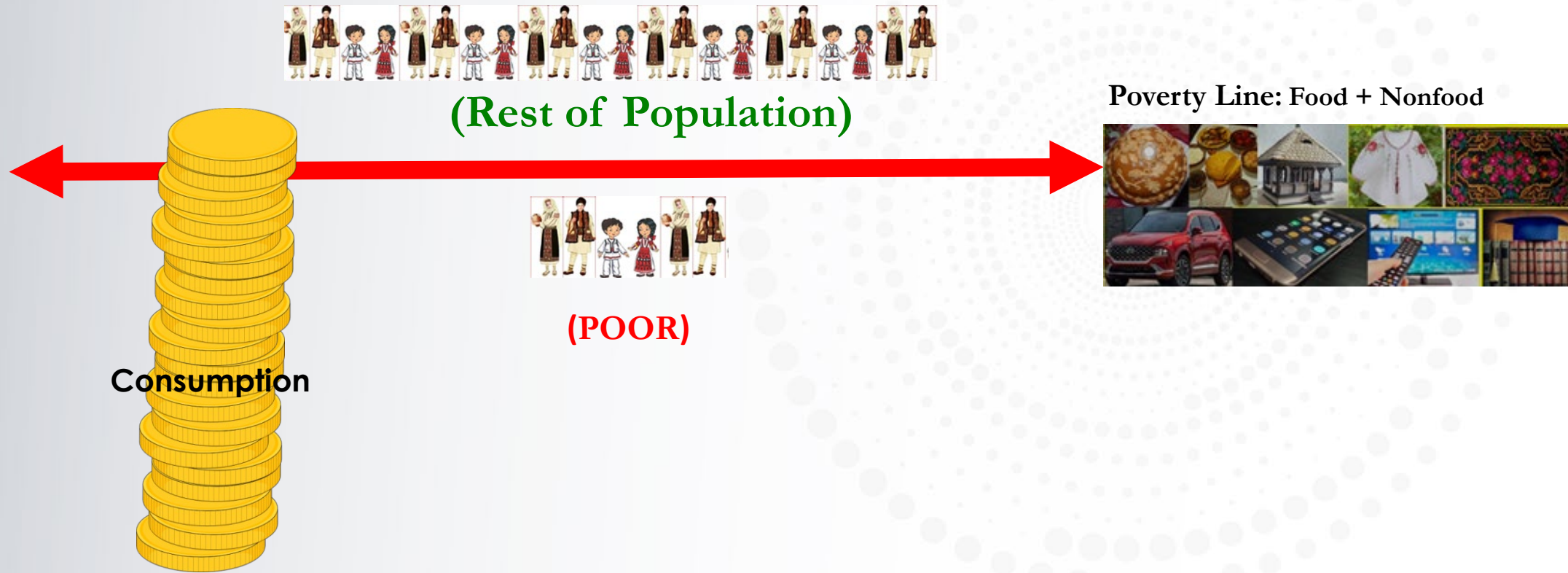
Poverty Monitoring

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.

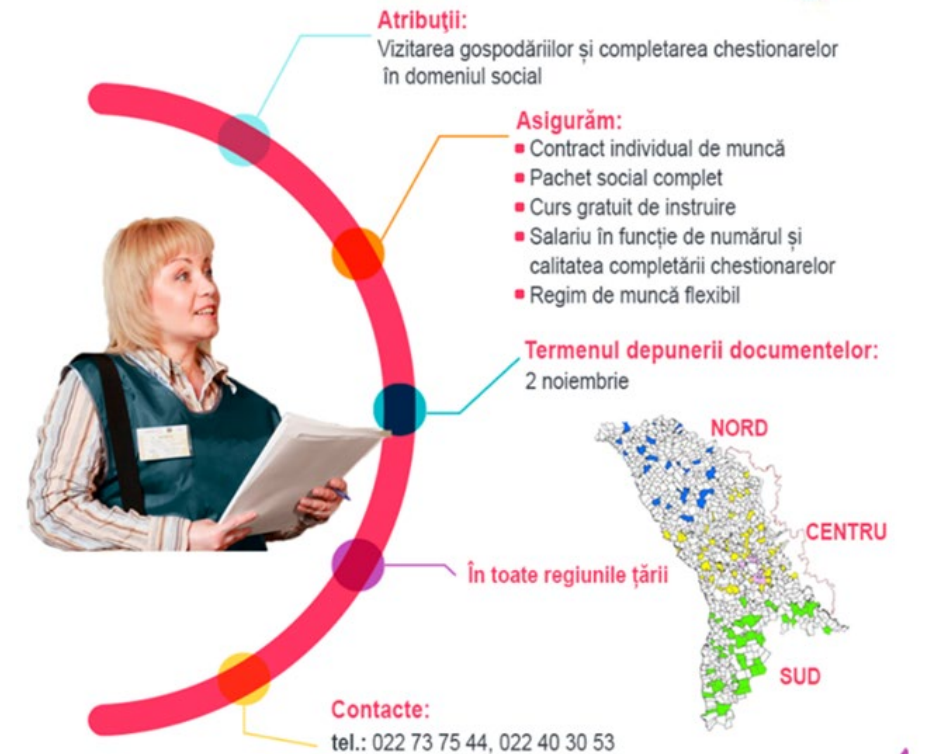
Sample size – 1051 households per month;

✓ **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:

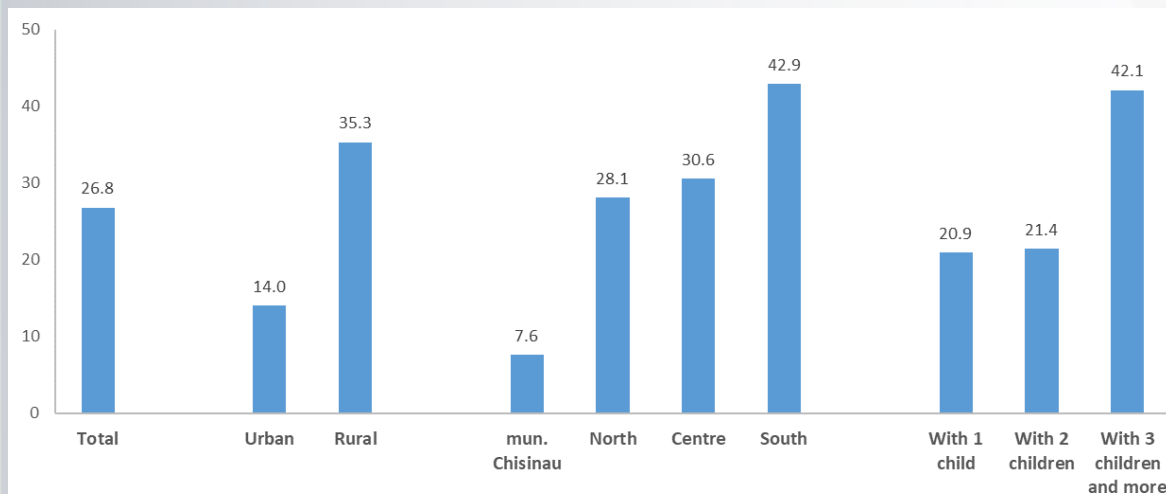
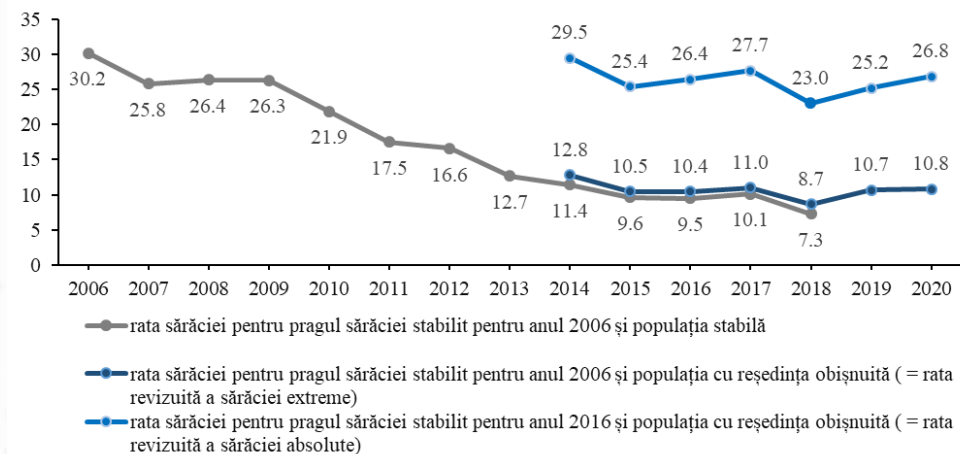
✓ **2004** – *first absolute poverty line* approved by Strategy of economic growth and poverty reduction (SCERS)

✓ **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)*



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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



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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'

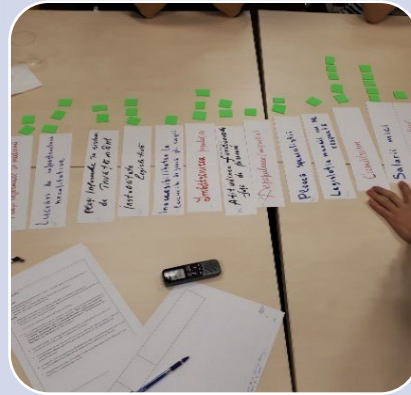
Target 1.2.2 – By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty **in all its dimensions** according to national definitions



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”)



Purpose of the index

Inter-institutional Workshop

Goal: experimental estimations of AROPE index & MPI / Alkire-Foster methodology

Output: poverty dimensions versus national policies

Dimensions of the “poor”

Qualitative research & collective intelligence

Goal: poverty by “poor”

** 15 focus-groups by “opinion leaders”, 124 participants - migrants, elderly, unemployed, young unemployed, HIV-SIDA, Roma, women with children, people with chronic diseases

Output: 68 issues/concerns of the “poor”

Measurements for dimensions

Consultation with the decision-makers

Goal: identify measurements for poverty dimensions of the “poor”

Output: 68 issues of poverty & deprivation prioritized and grouped by 10 socio-economic dimensions; proposals of indicators to measure them

Priority Dimensions

Quantitative survey

Goal: prioritize poverty dimensions by general population

Output: distribution of poverty & deprivation issues by dimensions at community/ individual levels

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

Lack of medical insurance



Education

Youth NEET (Not in Education, Employment or Training)



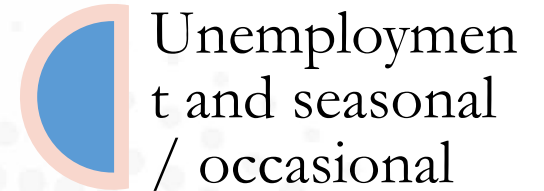
Living Standard

Improved Sanitation

Housing Materials

Overcrowding

Access clean source of water



Labour Market

Decent employment

Deprivation cutoffs

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

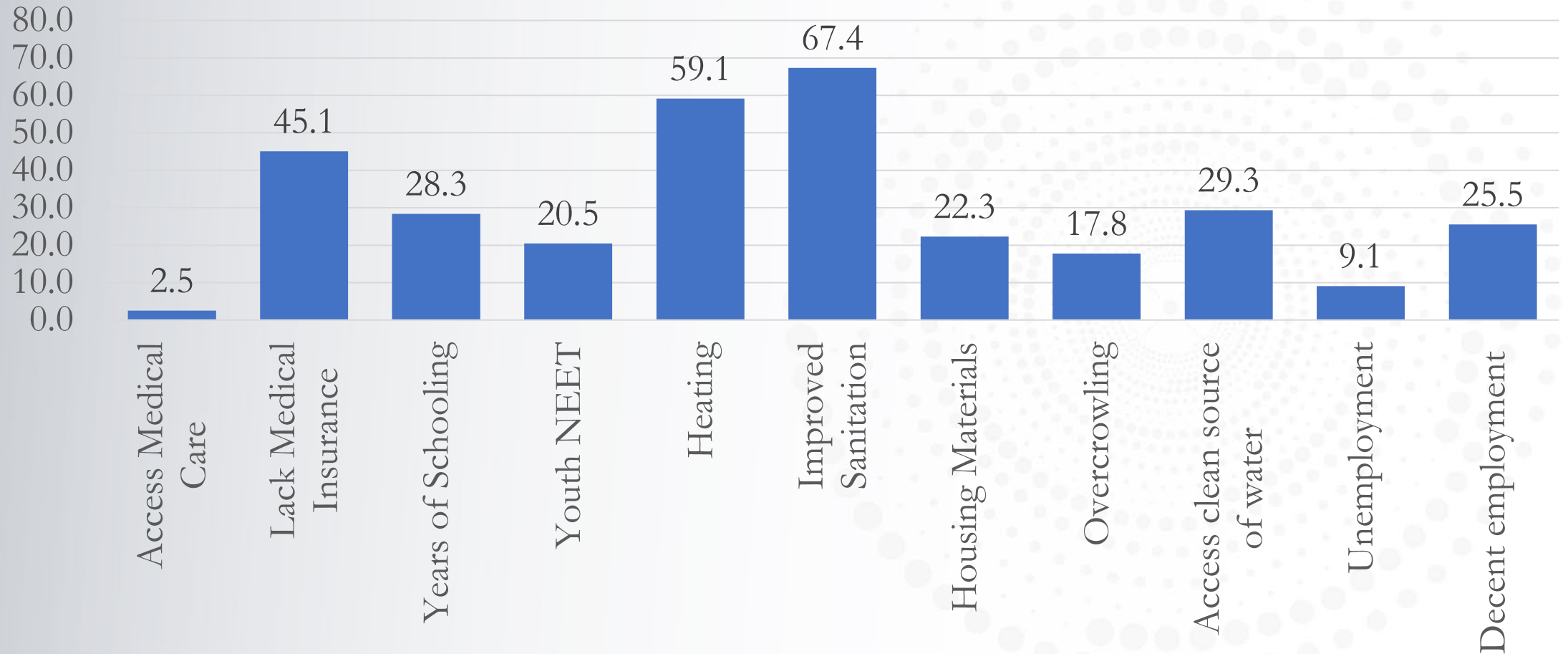


Deprivation cutoffs

Dimension	Indicator	Deprivation Cut-off	Weights	SDG Area
Living standards (1/4)	Heating	A household is deprived if it heats with polluting fuel (wood, coal, oil)	1/20	10
	Sanitation	A household is deprived if the dwelling is not connected to the public sewerage network	1/20	6
	Housing	A household is deprived if the household faces at least one problem: leaky roof, damp walls / floors, damp foundation, rotten floor or window frames	1/20	10
	Overcrowding	A household is deprived if the average living area per capita is less than 9 m ²	1/20	10
	Water	A household is deprived if the dwelling is not connected to the public water supply network	1/20	6
Labor Market (1/4)	Unemployment and seasonal / occasional employment	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	1/8	8
	Decent work	A household is deprived if at least one member of the household is employed informally in the labor market or employed seasonally / occasionally	1/8	8

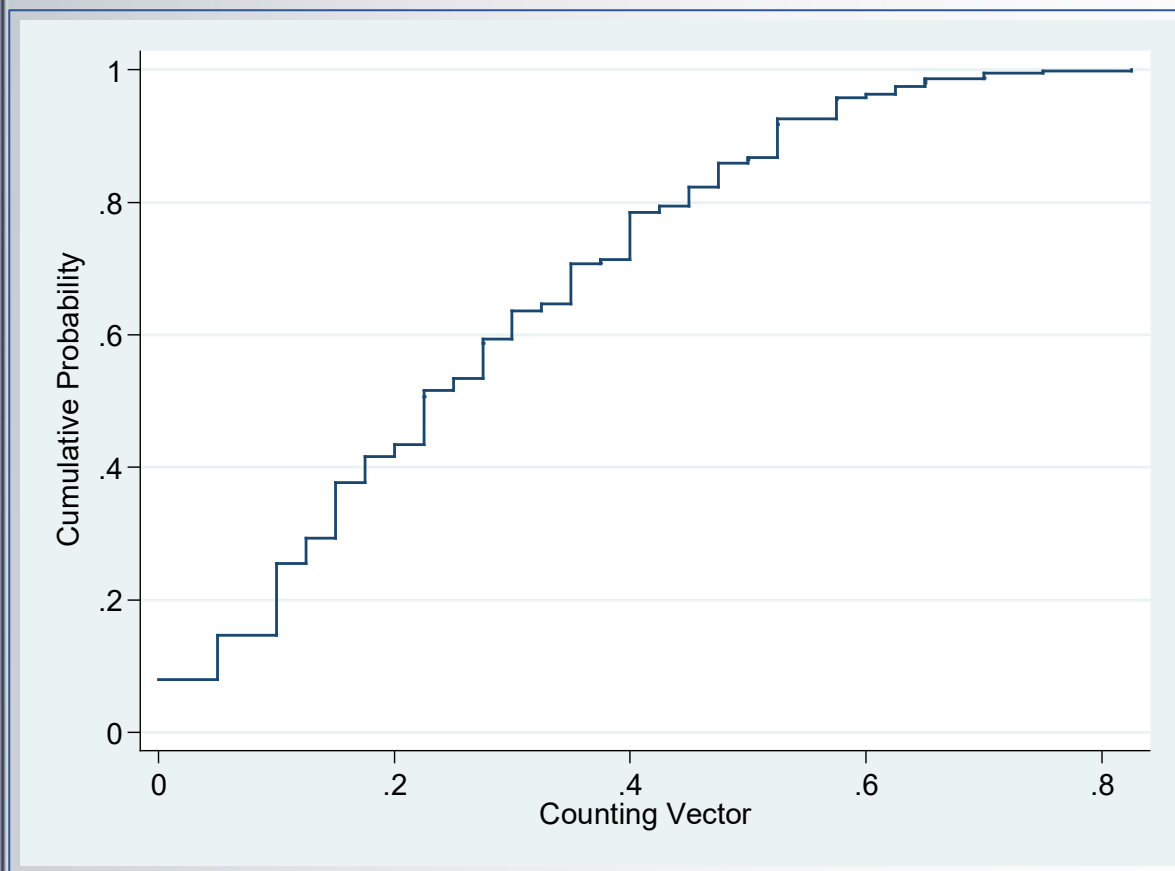
Moldova National MPI

Uncensored Headcount Ratios

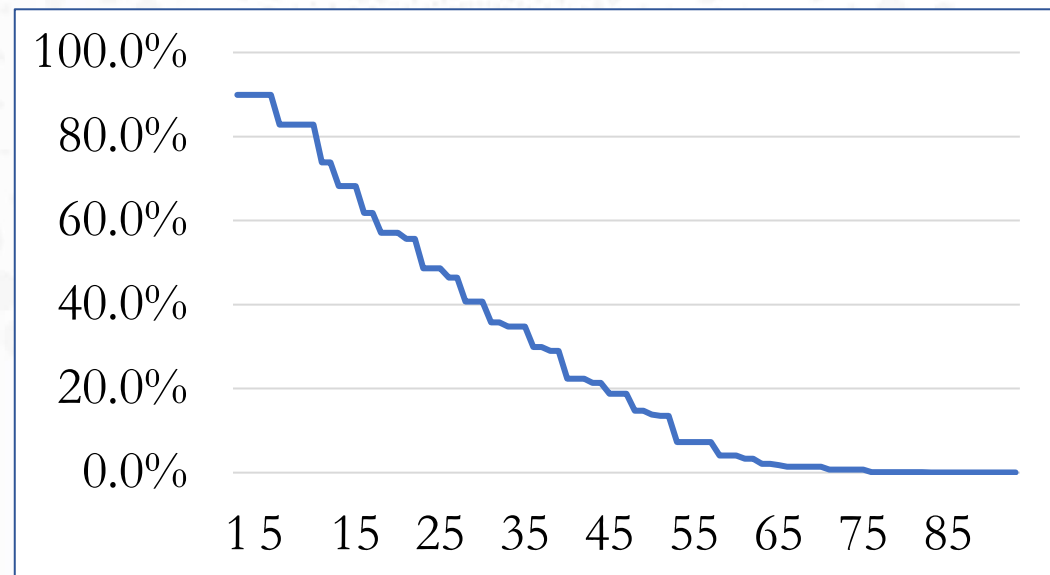


Moldova National MPI

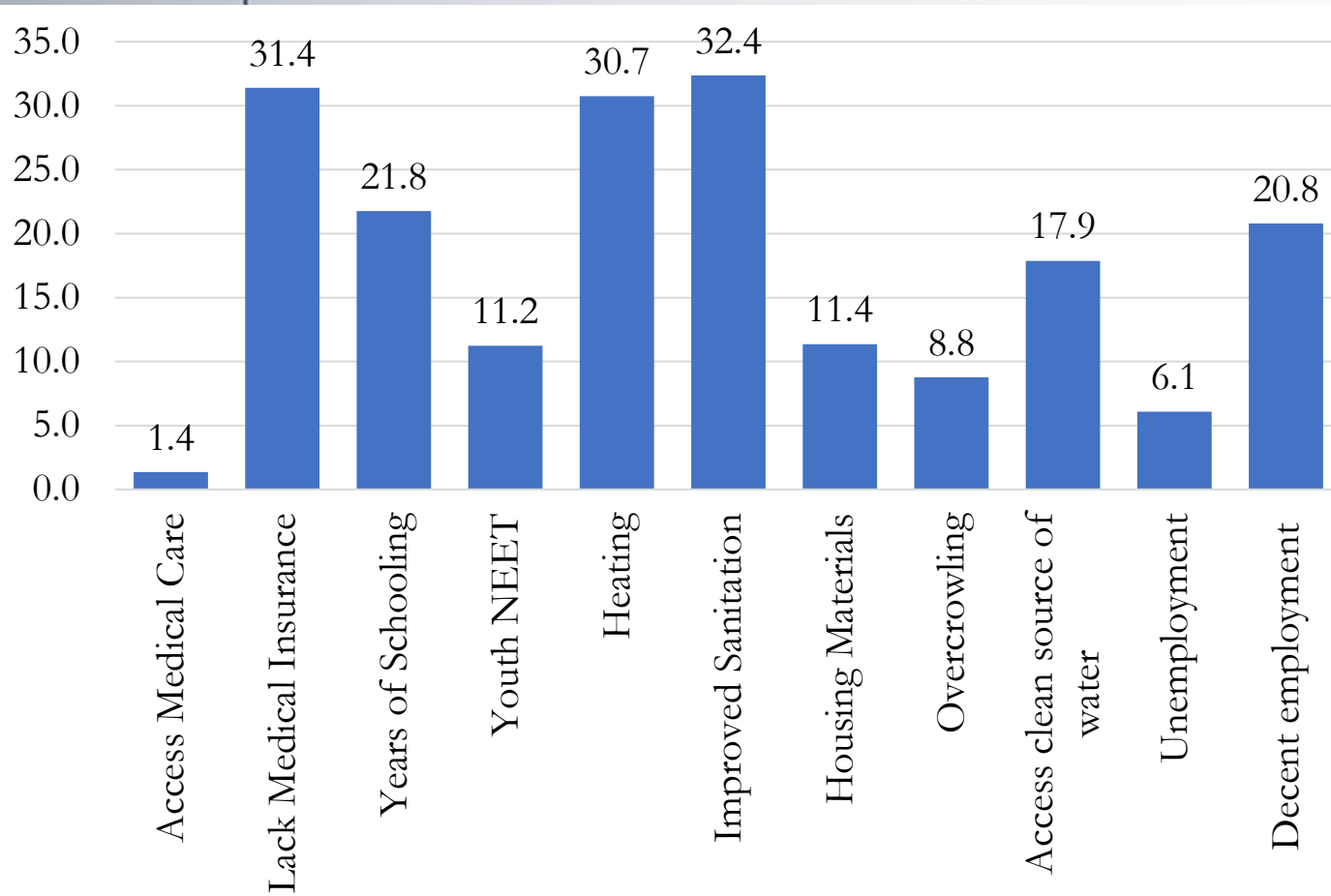
Accumulated Probability



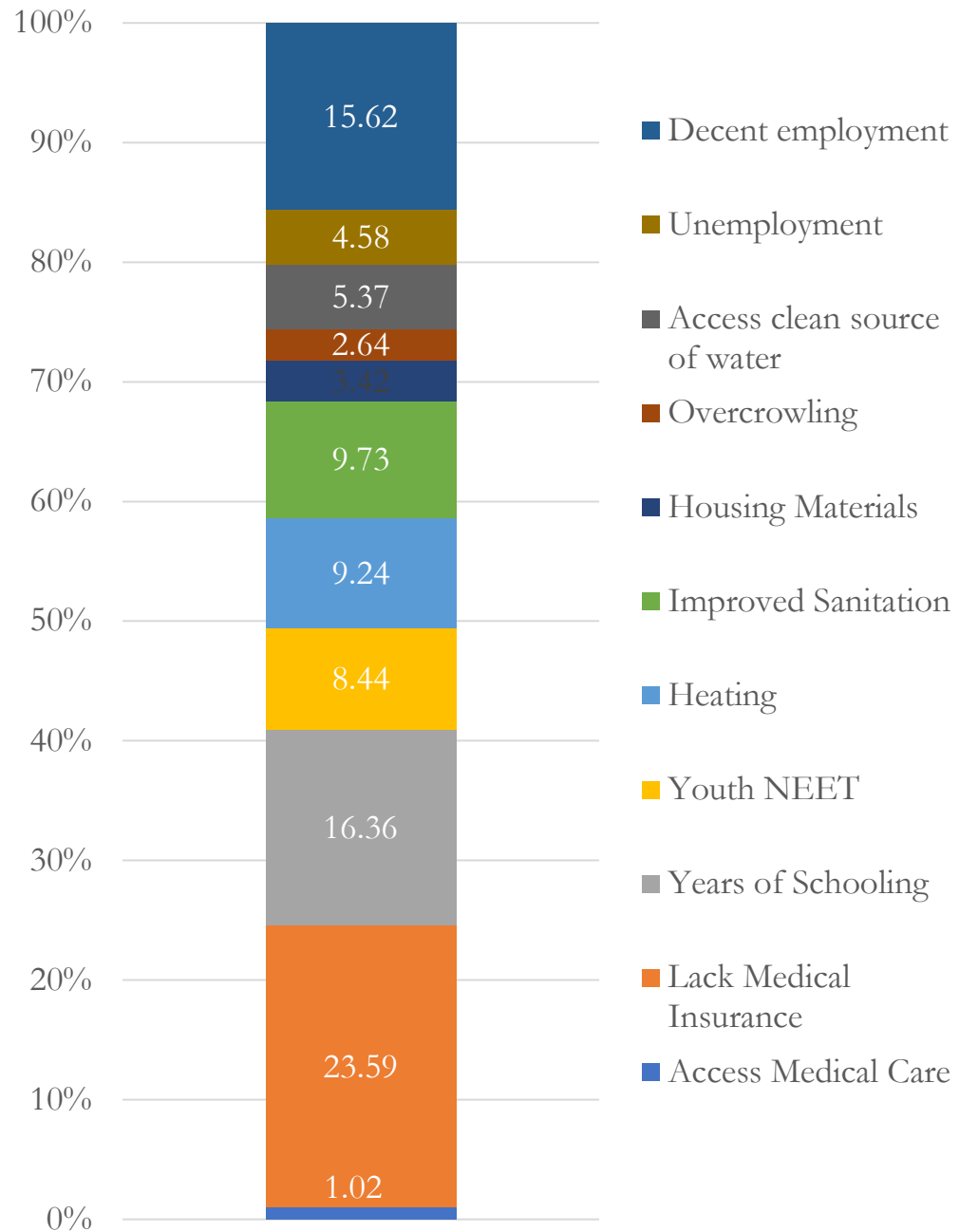
Incidence of Poverty



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

