

Poverty & Equity Brief

Europe & Central Asia

Moldova

October 2020

The upper middle-income poverty rate (consumption per capita below \$5.50 per day in revised 2011 PPP) decreased to 12.8 percent in 2018 from 15.8 percent in 2017, after stagnating over the 2015-2017 period. The depth of poverty also declined to 2.2 per cent of the poverty line compared with 2.9 per cent in 2017, largely driven by a decline in the depth of poverty in rural areas. Poverty remains more prevalent in rural areas (rural poverty rates remained 12.0 percentage points higher than in urban areas in 2018). The latest national poverty rate estimate was 23.0 percent in 2018 down from 27.7 percent in 2017.

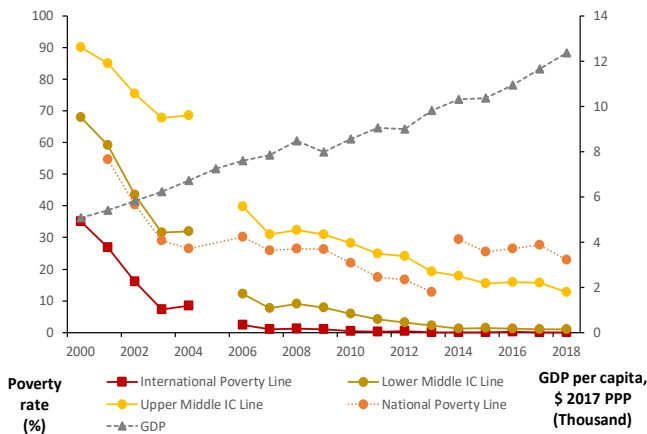
Consumption growth of the bottom 40 percent over the period **2013–2018** was 1.9 percent annually and outpaced the average consumption growth for the total population (0.32 percent), resulting in a positive shared prosperity premium of 1.6 percent. Median incomes also grew during the period **2013–2018** by 0.6 percent annually. Over this period, the positive trends in poverty reduction and shared prosperity were largely driven by increases in pensions and remittances. In line with faster growth at the lower end of the consumption distribution the Gini index marginally declined to 25.7 in 2018, down from 25.9 in 2017, continuing the general downward trend observed since 2006.

The COVID-19 pandemic has severely affected economic activity and household consumption in Moldova. GDP contracted by 7.2 percent in H12020 y/y and private household consumption contracted by almost 10 percent, on the back of decreased remittances and lower employment rates. Projections suggests that poverty could increase by 4.5 to 16 percentage points, depending on the severity of the COVID-19 crisis and the nature and generosity of social support to mitigate its impacts. Adequate health and social security provisions will need to be maintained over the medium term to alleviate the worst effects of the crisis on vulnerable households.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	628.0	23.0	2018
International Poverty Line 15.2 in Moldovan leu (2018) or US\$1.90 (2011 PPP) per day per capita	0.5	0.0	2018
Lower Middle Income Class Poverty Line 25.7 in Moldovan leu (2018) or US\$3.20 (2011 PPP) per day per capita	24.8	0.9	2018
Upper Middle Income Class Poverty Line 44.1 in Moldovan leu (2018) or US\$5.50 (2011 PPP) per day per capita	347.5	12.8	2018
Multidimensional Poverty Measure		0.1	2017
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.90	2013-2018
INEQUALITY			
Gini Index		25.7	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.57	2013-2018
GROWTH			
Annualized GDP per capita growth		4.74	2013-2018
Annualized Consumption Growth per capita from Household Survey		0.32	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.62	2013-2018

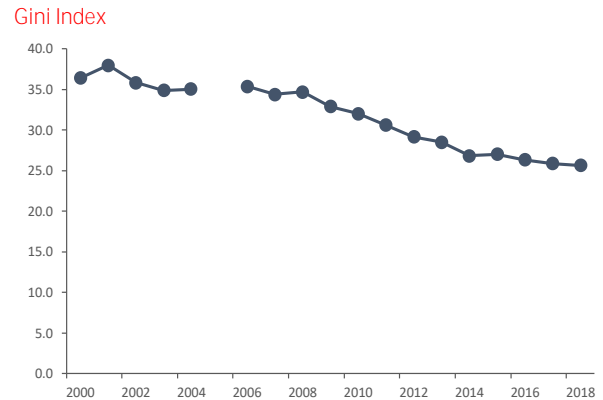
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2020, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2000-2018



Source: World Bank using HBS/ECAPOV/GMD

INEQUALITY TRENDS, 2000-2018



Source: World Bank using HBS/ECAPOV/GMD

KEY INDICATORS

Distribution among groups: 2018	Lower Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2017 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population				N/A	Monetary poverty (Consumption)
Rural population	99	1	51	49	Daily consumption less than US\$1.90 per person
Males	99	1	41	59	
Females	99	1	39	61	Education
0 to 14 years old	99	1	52	48	At least one school-aged child is not enrolled in school
15 to 64 years old	99	1	37	63	No adult has completed primary education
65 and older	99	N/A*	38	62	
Without education (16+)	N/A*	N/A*	N/A*	N/A*	Access to basic infrastructure
Primary education (16+)	98	N/A*	61	39	No access to limited-standard drinking water
Secondary education (16+)	99	1	47	53	No access to limited-standard sanitation
Tertiary/post-secondary education (16+)	100	N/A*	28	72	No access to electricity

Source: World Bank using HBS/ECAPOV/GMD

Source: World Bank using HBS/ECAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

The World Bank's international poverty rates are based on an absolute threshold that reflects how the world's poorest countries define a minimum threshold of living standards, adjusted for purchasing power parity (PPP) and for national inflation. In 2020, the 2011 PPP was revised to take into account the effects of (i) national accounts rebasing, (ii) improvement of the underlying price data, (iii) regression of non-participating countries, and (iv) the national accounts expenditure shares and relative prices between all of the countries in each comparison region. The revised 2011 PPP for Moldova is 0.8 percent lower than one based on the original PPP.

Official poverty estimates in Moldova are produced by the National Bureau of Statistics of the Republic of Moldova. They are calculated on the basis of Household Budget Surveys (HBS). The official poverty rate is measured as the share of the total population residing in households that have monthly expenditures per adult equivalent person lower than the absolute poverty line, expressed in percentage terms. The absolute poverty line represents the value of food expenses that ensure the consumption of 2,400 kcal per person per day, adjusted to the food consumption structure of the households from the second to fourth deciles, and nonfood expenses based on individuals in the first five quintiles with food consumption close to the value of the poverty basket. The poverty data are published annually. The most recent official poverty data are for 2018. The most recent HBS data available to the World Bank is for 2018. A revision of poverty methodology has just been completed, updating the poverty line that was set in 2006 to account for notable changes in socio-economic conditions over the past decade. The source for the data is National Bureau of Statistics of the Republic of Moldova (<http://www.statistica.md/>).

HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.