

# Poverty & Equity Brief

Europe & Central Asia

## Moldova

April 2023

Poverty as measured by the national poverty line fell from 26.8 percent in 2020 to 24.5 percent in 2021, comparable with pre-COVID-19 levels of 25.2 percent in 2019. The fall in poverty can be attributed to the general economic recovery including in the labor market, but also to an almost doubling of the minimum pension in October 2021.

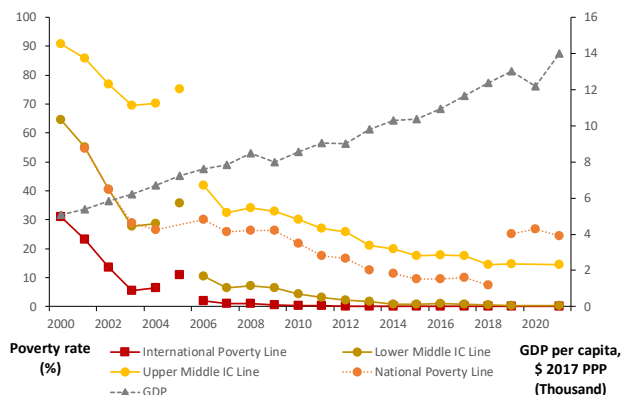
The reduction in poverty observed in 2021 is unlikely to have extended to 2022. Year on year inflation compared with the annual average for 2021 for Moldova stood at 28.7 percent in 2022, driven largely by high food and fuel inflation following Russia's invasion of Ukraine. Compared with 2021, food prices were almost a third higher, electricity prices were 56 percent higher, gas prices more than tripled, and the cost of central heating increased by 62 percent. Solid fuel prices including coal, briquettes and firewood which the poor disproportionately use as fuel sources have increased substantially. Amidst high food and fuel inflation and disproportionately higher expenditure shares on these items among poorer Moldovans, the incidence and depth of poverty is likely to increase through both direct and second-order impacts. Impacts of higher fuel inflation are likely to be limited in part by the government's Energy Vulnerability Reduction Fund, but only for those connected to network gas and central heating, which tend to be relatively wealthier households, whereas the means-tested cold season benefit (APRA) is expected to help mitigate rising fuel costs among poorer Moldovans.

Further challenges include reduced remittances, a key source of income for Moldovan households, which were down some 2.2 percent over the first three quarters of the year according to preliminary balance of payments data. Other potential challenges include return migration as the economic situation in key migrant destination countries including the Russian Federation, Ukraine, and the EU continues to deteriorate. Preliminary data suggest that the labor market has improved with employment increasing compared with 2021, which may in part be driven by the absorption of Ukrainian refugees into the labor market, mediating further increases in poverty.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	640.7	24.5	2021
International Poverty Line 16.2 in Moldovan leu (2021) or US\$2.15 (2017 PPP) per day per capita	0.0	0.0	2021
Lower Middle Income Class Poverty Line 27.4 in Moldovan leu (2021) or US\$3.65 (2017 PPP) per day per capita	8.8	0.3	2021
Upper Middle Income Class Poverty Line 51.5 in Moldovan leu (2021) or US\$6.85 (2017 PPP) per day per capita	377.0	14.4	2021
Multidimensional Poverty Measure		0.2	2021
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.30	2016-2021
INEQUALITY			
Gini Index		25.7	2021
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.18	2016-2021
GROWTH			
Annualized GDP per capita growth		5.07	2016-2021
Annualized Consumption Growth per capita from Household Survey		1.12	2016-2021
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.31	2016-2021

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

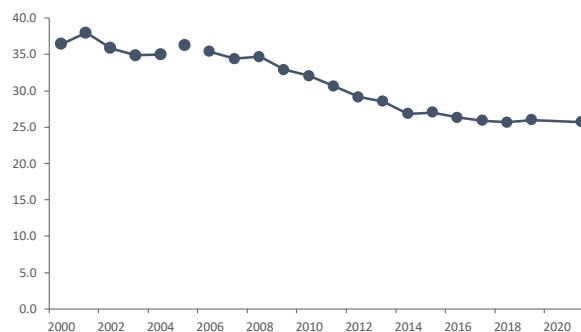
## POVERTY HEADCOUNT RATE, 2000-2021



Source: World Bank using HBS/ECAPOV/GMD

## INEQUALITY TRENDS, 2000-2021

### Gini Index



Source: World Bank using HBS/ECAPOV/GMD

## KEY INDICATORS

Distribution among groups: 2021	Lower Middle Income line (%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population				N/A
Rural population	100	0	52	48
Males	100	N/A*	42	58
Females	100	N/A*	38	62
0 to 14 years old	100	N/A*	52	48
15 to 64 years old	100	0	36	64
65 and older	100	N/A*	41	59
Without education (16+)				N/A
Primary education (16+)	94	N/A*	69	31
Secondary education (16+)	100	N/A*	48	52
Tertiary/post-secondary education (16+)	100	N/A*	29	71

Source: World Bank using HBS/ECAPOV/GMD

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

### Multidimensional Poverty Measures: 2021

	(% of population)
<b>Monetary poverty (Consumption)</b>	
Daily consumption less than US\$2.15 per person	0.0
<b>Education</b>	
At least one school-aged child is not enrolled in school	0.5
No adult has completed primary education	0.1
<b>Access to basic infrastructure</b>	
No access to limited-standard drinking water	13.6
No access to limited-standard sanitation	19.6
No access to electricity	0.0

Source: World Bank using HBS/ECAPOV/GMD

## 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 (now the 2017 PPP) 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 2021, however the method of welfare aggregation and the consumption module used to construct that aggregate was revised in 2019 limiting comparability over time. The most recent HBS data available to the World Bank is for 2020. 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/>).

**Note on new global poverty lines:** Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See [pip.worldbank.org](http://pip.worldbank.org).

## 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.