

Poverty & Equity Brief

Europe & Central Asia

Albania

April 2022

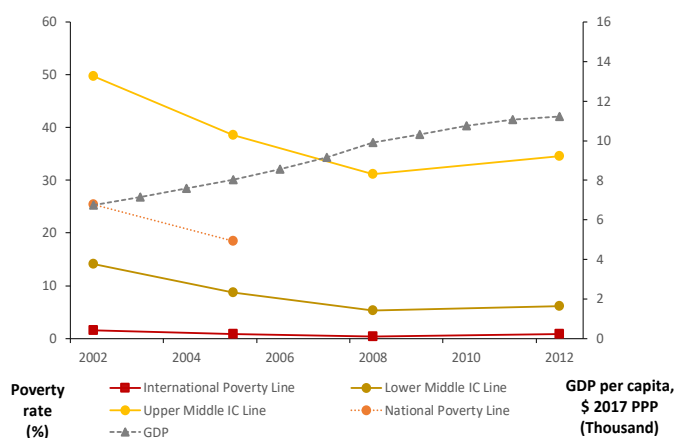
Poverty in Albania is estimated to have fallen significantly to 22 percent of the population in 2021, and baseline projections for 2022 are thus far optimistic; however, inflation could disrupt this trend. Between 2016 and 2019, income-based poverty declined by 11.8 percentage points, from 40 percent to 28 percent of the population, as GDP per capita grew at 3.6 percent per year on average. In 2020, poverty is estimated to have increased by 3.2 percentage points due to the November 2019 earthquake and the COVID-19 pandemic. In 2021, the economy bounced back strongly, and per capita GDP grew by 9 percent. Employment has almost recovered to its 2019 level and unemployment remained mostly stable at 11.5 percent since 2019, though it has fallen slightly for workers 15-29 and increased slightly for workers 30-64. On the other hand, there is evidence of significant income growth: 3.7 percent real growth for formal sector wages, 13 percent real minimum wage growth, and 14.7 percent growth in remittances, for example. Taking the historical poverty-growth elasticity, in 2021 poverty is estimated to have fallen considerably to 22 percent. Under a baseline scenario of historical inflation patterns, it is projected to fall again in 2022 by 2.6 percentage points, going below 20 percent of the population. However, rising inflation could severely reduce real income growth among poor and vulnerable households and dampen poverty reduction.

The latest Gini index available using the new Survey of Income and Living Conditions for 2020 (reference year 2019) was 34.9.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	557.1	18.5	2005
International Poverty Line 105.9 in Albanian lek (2012) or US\$1.90 (2011 PPP) per day per capita	24.6	0.8	2012
Lower Middle Income Class Poverty Line 178.4 in Albanian lek (2012) or US\$3.20 (2011 PPP) per day per capita	179.3	6.2	2012
Upper Middle Income Class Poverty Line 306.7 in Albanian lek (2012) or US\$5.50 (2011 PPP) per day per capita	1,001.5	34.5	2012
Multidimensional Poverty Measure		0.4	2018
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		8.81	2014-2017
INEQUALITY			
Gini Index		29.0	2012
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.84	2014-2017
GROWTH			
Annualized GDP per capita growth		3.30	2014-2017
Annualized Consumption Growth per capita from Household Survey		6.96	2014-2017
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		7.09	2014-2017

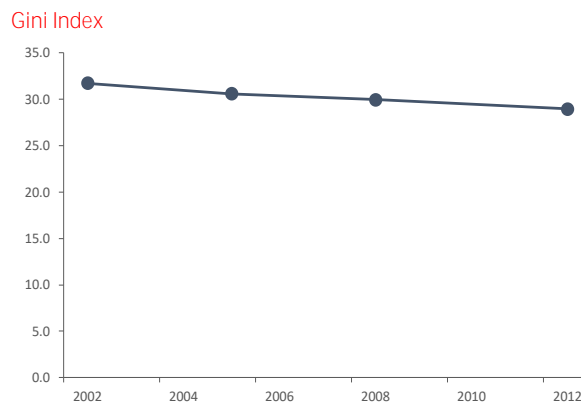
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of April 2022, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2002-2012



Source: World Bank using LSMS/ECAPOV/GMD

INEQUALITY TRENDS, 2002-2012



Source: World Bank using LSMS/ECAPOV/GMD

KEY INDICATORS

Distribution among groups: 2018	Lower Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2018	(% of population)
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population					Monetary poverty (Consumption)	
Rural population					Daily consumption less than US\$1.90 per person	0.1
Males	97	3	41	59	Education	
Females	97	3	39	61	At least one school-aged child is not enrolled in school	N/A
0 to 14 years old	95	5	52	48	No adult has completed primary education	0.2
15 to 64 years old	97	3	38	62	Access to basic infrastructure	
65 and older	98	2	33	67	No access to limited-standard drinking water	9.6
Without education (16+)					No access to limited-standard sanitation	6.6
Primary education (16+)					No access to electricity	0.1
Secondary education (16+)						
Tertiary/post-secondary education (16+)						

Source: World Bank using LSMS/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 the "dollar a day" methodology and are comparable across countries and years. The guiding principle of international poverty lines is to count the number of poor people in the world in terms of some absolute standard and to measure progress on global goals set by the World Bank, the United Nations, and other development partners. The levels and trends of the national and international poverty rates can differ because (1) the income or consumption aggregate is estimated using different methodologies (for example, per capita versus adult equivalence scales); or (2) the poverty lines are different: either the poverty threshold is set at different amounts (absolute poverty lines) or the national line is a function of the income distribution in any given year and therefore changes over time (relative poverty lines).

Since 2017, the Institute of National Statistics of Albania reports income-based (EU SILC) measures of "at-risk-of-poverty", a relative poverty measure that aligns to those of EU member countries.

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.