

AN ANALYSIS OF MONETARY AND MULTIDIMENSIONAL POVERTY MEASUREMENTS IN ALBANIA (MULTIDIMENSIONAL POVERTY INDEX)

Roland Bardhi

Department of Agribusiness, Faculty of Economy and Agribusiness
Agricultural University of Tirana
ALBANIA

ABSTRACT

Poverty is a multi-dimensional and complex phenomenon and relates not only to income or consumption, considered as monetary dimensions of poverty, but also to non-monetary dimensions such as education, health, gender equality, water supply, etc. There are different definitions of the nature and measurement of poverty. The methods used differ from country to country. The poverty can be measured in monetary terms, non-monetary terms or subjective terms. So, monetary measurement and definition of the poverty line according to a significant level of income or consumption has some limitations, which leads to further applications and measuring multidimensional nature of poverty. Non-monetary poverty and subjective poverty is more related with a long term period and judgment. Measures of multidimensional poverty have become increasingly popular amongst researchers and policymakers, complementing traditional money-metric poverty estimates. The most well-known of these, the Multidimensional Poverty Index (Alkire and Santos 2010), was featured prominently in the 2010 Human Development Report (UNDP 2010). Most of poverty studies in Albania rely on income and consumption data and thus use the poverty line based on the Living Standards Measurement Report in Albania using the cost-based method. Thus, real poverty measures and its management is the core of current and future development objectives in our country. The measurement and analysis of poverty, deprivation, and sustainable development are crucial to know what the figures show (being decomposable), to makes evident all the factors determining this situation, to give the policymakers the right paths to right goals. In this paper, first, I analyze and compare the results of monetary and non-monetary measures, focusing also on Multidimensional Poverty Index (MPI) as an added value in poverty measurement efforts as a complementary metric measure of poverty. Second, this paper by analyzing the results of the Multidimensional Poverty Index in Albania helps to read the phenomenon of poverty in a three dimensional aspect and with 10 different indicators. Thirdly, I argue that the results should orient the policy making to focus on the priority in health and education dimensions.

Keywords: Monetary measurement, multidimensional poverty index (MPI), deprivation.