

Poverty & Equity Brief

Europe & Central Asia

Albania

April 2020

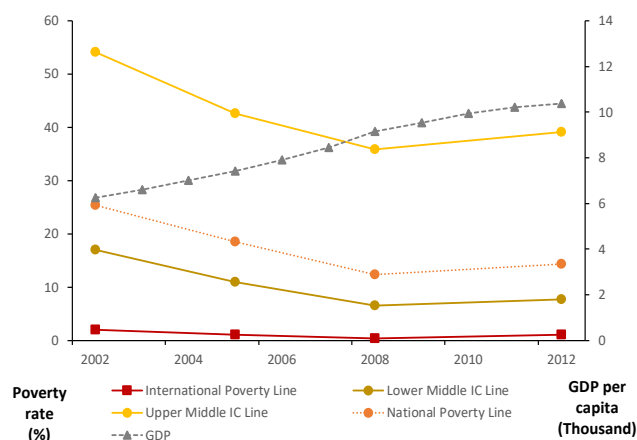
The latest official poverty figures for Albania date to 2012, when the poverty headcount was 39.1 percent (measured as \$5.5 per person per day, 2011 PPP), so it is not possible to accurately measure changes in poverty since then. Poverty projections based on GDP, consumption growth and other data sources suggest there has been a slow decline in poverty, down to about 37 percent in 2020. Recent events, including the 6.3 Richter-scale-magnitude earthquake that hit the country at the end of 2019, causing 51 fatalities, and the recent coronavirus pandemic have hampered poverty reduction. Monetary poverty and material deprivation increased in the 7 most affected municipalities in 2019, and overall poverty is expected to increase in 2020 breaking a downward trend. Unemployment reached a historically low 11.4 percent (Q3 of 2019) and real wage growth was positive at 2.3 percent, but it is expected to rise sharply in 2020. It is expected that tourism and other services will reduce employment and incomes in 2020. Labor force participation of women under 25 continues to be low at 31 percent. However, for women 25 and above it has improved considerably: for the segment 25-54 years-old, it stands at 77.5 percent. Real wages for women have increased relatively faster than for men in transport and administrative services, reducing the gender pay gap in those sectors, although overall the gap has remained constant at around 11 percent since 2014.

The latest Gini index available (from 2012) was 28.96, below the 30 measured in 2008. This decline was in part the result of the global financial crisis, which caused the average household's consumption to drop by more than the consumption of the bottom 40 percent. Tirana had the highest inequality, with a Gini index of 30.55. Recent analysis of the fiscal system suggests that taxation in Albania has a small equalizing effect, although the reliance on indirect taxes has a modest poverty-increasing effect.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	414.8	14.3	2012
International Poverty Line 112.8 in Albanian lek (2012) or US\$1.90 (2011 PPP) per day per capita	30.9	1.1	2012
Lower Middle Income Class Poverty Line 189.9 in Albanian lek (2012) or US\$3.20 (2011 PPP) per day per capita	222.5	7.7	2012
Upper Middle Income Class Poverty Line 326.4 in Albanian lek (2012) or US\$5.50 (2011 PPP) per day per capita	1,134.9	39.1	2012
Multidimensional Poverty Measure		2.0	2017
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		2.46	2014-2017
INEQUALITY			
Gini Index		29.0	2012
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.65	2014-2017
GROWTH			
Annualized GDP per capita growth		3.30	2014-2017
Annualized Consumption Growth per capita from Household Survey		0.81	2014-2017
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.93	2014-2017

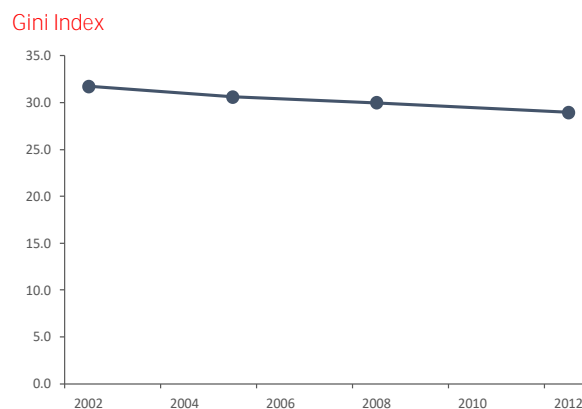
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

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: 2012	Lower Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2017
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population				N/A	Monetary poverty (Consumption)	
Rural population				N/A	Daily consumption less than US\$1.90 per person	1.7
Males	94	6	40	60	Education	
Females	93	7	40	60	At least one school-aged child is not enrolled in school	N/A
0 to 14 years old	90	10	54	46	No adult has completed primary education	0.3
15 to 64 years old	94	6	38	62	Access to basic infrastructure	
65 and older	96	4	30	70	No access to limited-standard drinking water	9.3
Without education (16+)	96	N/A*	N/A*	62	No access to limited-standard sanitation	7.0
Primary education (16+)	93	7	41	59	No access to electricity	0.1
Secondary education (16+)	95	5	37	63		
Tertiary/post-secondary education (16+)	98	2	21	79		

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).

The most recent national poverty data available for Albania are for 2012, when the last Living Standard Measurement Study survey was conducted by the Institute of Statistics. National poverty figures are consumption based using per capita consumption, and the absolute poverty line was estimated using the cost of basic needs methodology. The country has recently implemented the income-based EU SILC to align its welfare monitoring to those of EU 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.