

FROM UNIDIMENSIONAL FORWARDS MULTIDIMENSIONAL POVERTY MEASUREMENT (MULTIDIMENSIONAL POVERTY INDEX ALBANIA M.P.I.)

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ABSTRACT

Albania has undergone deep social-economic changes during its long transition, which according to different periods of time and the nature of its indicators, are considered both positive and negative. Last decade has shown that the economic progress has been considerable and it has been present even during economic crises of other European countries. Unfortunately, compared with other European countries, our country is still ranked as the poorest, which means that this progress is not reflected with the same levels in the poverty reduction, well-being and sustainable development. Thus, real poverty measurements and its management is the core of actual and prospective 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 make evident all the factors determining this situation, to give the policymakers the right paths to right goals.

This study first of all focuses on multidimensional poverty index MPI discussing how and how many its dimensions and indicators exceed the limits of classical measurements of poverty, creates the possibilities of measuring and comparing multidimensional poverty. not only nationally, but regionally as well (Eastern Balkan). Second, this paper call at attention, Multidimensional Poverty Index MPI as an add value in efforts of poverty measurement, its information differs from those taken by unidimensional measurement. Multidimensional Poverty Index Albania helps to analyze the spectrum of poverty, understanding of sustainable development emergency, as well as it is a great help for reading poverty phenomenon on a three dimensional aspect and under the sub-meaning of 10 different indicators. Third this study offers a further comparative analyses of MPI Albania and Eastern Balkan countries Fourth it contrasts, all inclusive indexes are generated and applied, doesn't mean their conclusions are translated (converted) into all- inclusive policies as well. Indexes and techniques for poverty measurement in Albania are the same as those in other countries, but policies and results vary. Finally we argue the measures chosen to use in poverty measurement of course can lead or mislead towards the process of policy making due to the great practical relevance of measurement methodologies.

Keywords: poverty measurement, multidimensional poverty index (MPI), deprivation, incidence of poverty

JEL codes: D63, I32, O1, O57

Introduction

“Despite the substantial growth and a sizable reduction in poverty, Albania remains one of the poorest countries in Southeastern Europe”, World Bank.

How can it be decided if an individual in a given place, and time is poor or not? This is a wide discussion even in academic environment. The measurement way may be the most delicate point of discussion of poverty assessment. Despite this, we must not ignore the conceptual aspects of the problem analyses. It's worth mentioning the fact that the literature of debate on poverty starts with: “What is poverty, and who is poor?” and continues with: “which are the main factors that govern the poverty?” what is their comments thread? And does the used approach help to connect orientate of economic policies?”

Albania is a country which started using the free market in the beginning of 90's. For almost two decades, Albania has been successful in improving the process of doing business, agriculture in having progress during the last years, the financial system is developing, poverty is reduced, but there are a lot more battles to win to get rid of poverty. Migration and Emigration has always accompanied and country's transition (*World Bank 2007*). The World Bank's Reports (2007) show that this population movement is accompanied by the improvement of living conditions of the local population.

One of the biggest problems of the Albanian society is still low level of living conditions (chart 4). Evidences show a high percentage of food expenses by Albanian families. To be remembered, these expenses represent the basic needs of the man. This high percentage of expenses on food shows that the income is insufficient to cover other needs apart from the basic.

The scientific research on poverty in Albania are carried out mostly after 2002, proceed by the World Bank Reports. In 2007, a report on migration and poverty in Albania was published (*World Bank 2007*). It was made a deep analysis on the factors which influence the poverty, in that report.

On the other hand, the data for Albania leaves to much to deserve. The Survey on Measuring of standard of living (LSMS) are carried out for 2002, 2005, 2008 and 2012 by statistic institution (INSTAT). Their small number makes it almost impossible to use an empiric model to go deeper in the relationship between poverty and other micro or microeconomic indexes in chronological time. This is the reason why, with this study and research, we are giving a descriptive analyses aiming of contributing in literature and at further clarifying the poverty in Albania.

Literature Overview

Poverty may be, is one of the most challenging field for the researches. We can point out that there hasn't been a model or an almost acceptable approach for the poverty yet. There are many well – known authors who have given precious contributions of this field and it's worth mentioning her A.Smith, known as the father of discipline in economy , A.Sen , with a Nobel Prize in a Economy and being known as the welfare economist , and many others like S.Alkire and J.Foster , our recent researches who are made big steps in the poverty

conception and measurements. Nunes (2008), has made a literature overview concerning the instruments of poverty measurements. Orshansky (1965) was the first to bring the concept of the line of absolute poverty. Orshansky (1965) suggests the use of the approach to the line of absolute poverty, by deciding a point or level of income for the individual and for an 8 member family. All the individuals and families under this level, make what is called the part of population with the absolute poverty. The absolute poverty can be defined even as an impossibility to reach a minimum standard of living. This fact is consistent in time and space and is especially used in USA. Contrary to the approach to the absolute poverty, Townsend (1979) created the relatively approach for poverty measurements. Generally, relative poverty is measured as the percentage of population with less income compared to a fix income decided. The relative poverty can be identified as relative compared to some welfare measurements done for all the population. This method is mostly used by European Countries. Both methods are one dimensional and there has been a wide critic towards them, pointing out the necessity of including more dimensions in the analyses. (Nunes 2008)

It's a fact that the lack of the income doesn't completely explain the poverty phenomenon. (Sen 2009). Lately, more and more the fact of poverty assessment by an all-exclusive instrument is being emphasized. This becomes even more serious necessity once it is noticed that the income methods shows some drawbacks.

Firstly, the sample of consuming behavior may not be uniformed, thus the use of the poverty line based on income doesn't guarantee that somebody will achieve the minimum of its needs.

Secondly, different individuals may face different prices, thus reducing the accuracy of the line of poverty.

Thirdly, the ability of changing a certain amount of income in a substantial freedom varies according to age, gender, health, place, climate and disability conditions.

Fourthly, there are crucial services like water, health and education which are not offered by the market. Furthermore, the use of income method is not effective in verifying the internal distribution of the income.

Lastly, people who experience poverty describe their situation as a loss while the income is less. These limitations are pointed out by some authors, as Alkire and Santon, which make a summary of them. Contrary to the method of "dollar-per-day" measurement, the index of multi- dimensional poverty (MDP), is a method of indirect poverty measurement. Both these method complete each other. MDP identifies those individuals who fail to achieve those needs generally accepted as minimum and functional freedom.(a concept developed by Sen).

The basic study unit is the family, conditioned by the data. I would be better if we were individual oriented rather than family, because this would also show up the affect of gender in poverty. Its right to think that poverty affects one gender more than other.

MDP combines two aspects of poverty:

1. The expansion of poverty, shown as a percentage of poor people (H) and
2. The intensity of poor people, the average percentage of dimensions poor people are deprived of. (A)

Table one tends to clarify the composition of MPI (MDP) index. The base is laid on the fact that there are three main dimensions to be considered in measuring this index: health, education and standard of living. Each of these, weights equally, in the index, a third. On the other hand, these dimensions are represented by identified data.

Health, as a MPI dimension, is represented by nutrition index and child mortality. If it is noticed that a family or individual is badly fed, then the family is considered as deprived from the nutrition index. If it is noticed that a baby was dead in a family, than it is deprived from the child mortality index. Education is represented by the number of attending school. If no one in a family hasn't done at least 5 years of education and if there are children who don't attend school from one to eight year long, then the family is deprived from the corresponding index. It is agreed that the standard of living have to be measured by energy for cooking, hygiene water, electricity, the floor and the assets.

Table 1: The structure of Multi-Dimensional Poverty (MDP) in a 3 dimensions and ten indexes: - Reference: Alkire and Santos.

Dimension	Index (weigh)	Deprived if
Health (1/3)	Nutrition (1/6)	<i>A grown up/a child badly fed.</i>
	Infant/child mortality (1/6)	<i>A child dead in a family</i>
Education (1/3)	Years of attending school (1/6)	<i>None of family members has completed five years of education</i>
	School attendance (1/6)	<i>Any of scholar age children doesn't attend school from 1 to 8 years.</i>
MPI	Cooking energy (1/18)	<i>Family cooks with wood energy</i>
	Hygiene (1/18)	<i>The family hygiene is not improved or is improved but shared with other families</i>
	Water (1/18)	<i>The family doesn't access drinking water, or the drinking water is 30 minutes far away</i>
	Electricity (1/18)	<i>The family doesn't have electricity</i>
	Floor (1/18)	<i>The family has got a dirty sandy floor</i>
Standard of living (1/3)	Assets (1/18)	<i>The family doesn't own more than one of the assets like radio, television, telephone, bicycle, motorcycle or fridge and doesn't own a car or a lorry.</i>

Attending the steps created by Alkire and Foster , it is achieved to assess the multi-dimensional poverty. A special attention is given to deciding the exclusive limits to a given index. If a family is deprived in one of the dimensions, this means that this family is facing acute poverty. Acute poverty is that in which a family is deprived from some basic needs and rights within a dimension. When all the ten indexes are considered as deprived, than we to do with a multi-dimensional poverty. Here it is emphasized the difference between multi-dimensional poverty and one-dimensional poverty, where privation and poverty express each other. Thus, you may be deprived in one of the indexes but not poor; you may be poor but not deprived in any of the indexes . But how much should the limit be, which identify privation and poverty? This is related to the country where the study is carried out, the culture, social development and many other factors the well-being is related with.

The authors of this method of poverty measurement are based on Human Development Index (HDI). HDI is an index created in 1990 by Amartya Sen and it is used by UNDP in its reports until 2010. HDI takes into consideration three dimensions and four indexes: Health (life expectancy), education (the average years of education and coming years of it) and standard of living (national income per person). One of the differences between HDI and MPI is that the last tends to measure not based in general indexes of the income. MPI is wider inclusive, gives wider information and is more flexible for economic politics, because it shows which of the indexes is deprived. It looks like HDI has been ahead the MPI formulation.

Table2: HDI construction: three dimensions and four indexes

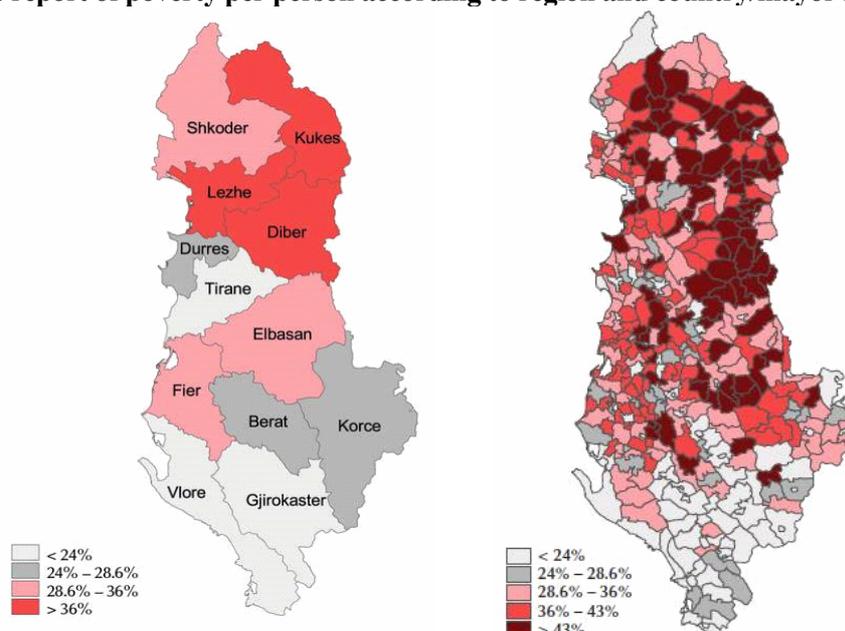
	Dimension	Index
HDI	Health	Life expectancy
	Education	Average years of education Expected years of education
	Standard of living	National income per person

THE EVIDENCE FOR ALBANIA

In this issue, we are bringing some evidence for the main poverty indexes for Albania. Through them you can create a clearer view on poverty tendencies.

The World Bank in 2004, aiming at helping politics, created and setup the distributive maps of poverty based on the data provided by INSTAT using the surveys of measurements of the standard of living (LSMS). Two of the three composed maps are shown in the following. It is clearly seen the concentration of poverty in north-east regions. It is interesting the position of Tirana region in the first and second map. In the first, Tirana is reported to have low levels of poverty per person. While in the second one, it is shown that they reach the most negative extremes.

Figure 1: The report of poverty per person according to region and country/mayor in Albania, 2004.



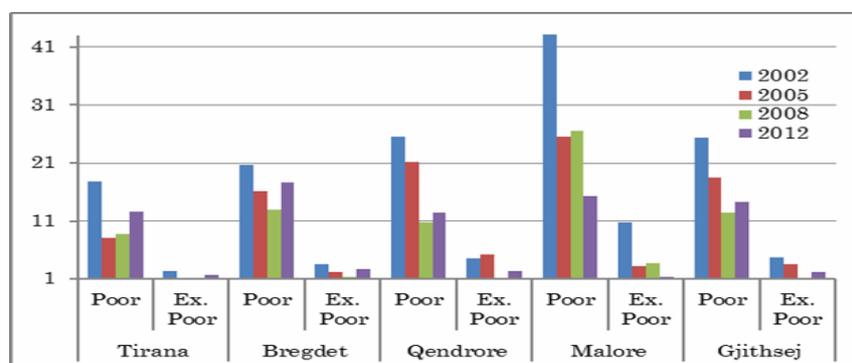
Source of information: World Bank

The following chart illustrates the development of poverty in years according to regions:

1. Tirana (the capital of country)
2. Seaside region (*Bregdeti*)
3. Central region (*Qendrore*),
4. Mountainous region (*Malore*) and
5. All or Total (*Gjithsej*).

In the chart are considered two indexes reported by the statistic institution: poor and extreme poor. In a quick view it is clearly shown that from 2002 to 2012 these two indexes have been reduced. In the first years, as shown in the figure the mountainous region reflects the highest values of these indexes. Concretely, in 2002 the poor index for this region is 44.5% of the population that lives there, which forms 18.6% more than in the central region (44.5%-25.6%). But, in 2002 the poor index in mountainous has performed a negative correlation in relation to other regions. It is the only zone where it is shown a further reduction of this index, reaching the level of 15.3% from 26.6% that was in 2008. This may have happened due to many reasons. Probably the movement of population towards urban zones may have had decisive affect in this index. As we mentioned above, in all the other zones expect the mountainous one, in 2012 this index is worsen. Apart from the migration of population, another reason may be the influence of the financial crisis of the recent years in Albania or our neighbors as well as the fragility of the Albania economy and deep budget limitations (financial help) for implementation of politics to sooth and fight poverty. The accuracy or not of these two hypotheses is left to be studied later. On the same tracks even the report of the World Bank is expressed (2007). Almost the same tendency is shown by extreme poor index, but in a more moderated values. It is disturbing the fact that the last year (2012) reflects a worse situation of the two indexes . This may serve as a signal for the policy makers which have to pre-consider a further worsening of the situation. Maybe one of the ways is the concentration in the pushing politics or stimulation of economy growth, which is in accordance with recommendations of World Bank. (2007). According to previous study the economy growth is the biggest contribution in smoothing the poverty in Albania. (World Bank 2007).

Figure 2: The graphic show of poverty percentage according to regions and years.

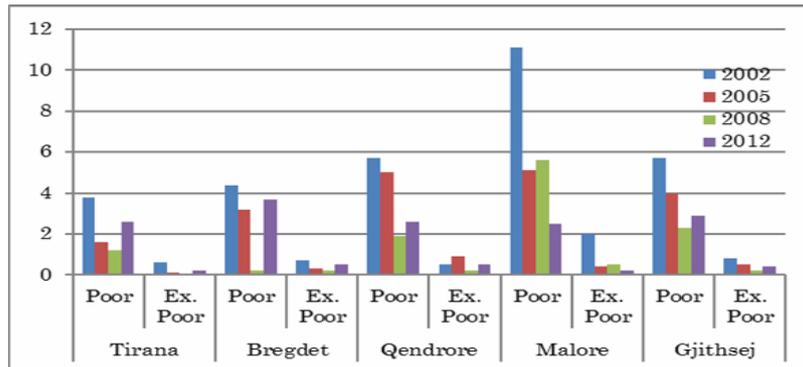


Source of information: INSTAT

But what has happened with the gap and hardness of poverty? To answer this question, we have shown two following charts. The index of poverty gap is illustrated in the chart for

regions or zones and years for two categories, poor and extremely poor. Generally, the poverty gap has been the same with poverty as a whole, which was illustrated in the previous chart. Let us focus on the seaside zone which has shown the worst and highest poverty gap compared with other zones in 2012. From an inconsiderable value in 2008 (0.2%) it has reached the value of 3.7 in 2012. It would be of high interest to study which are those factors which have determined such a behavior of poverty gap, but in this study we are not focused on this aspect.

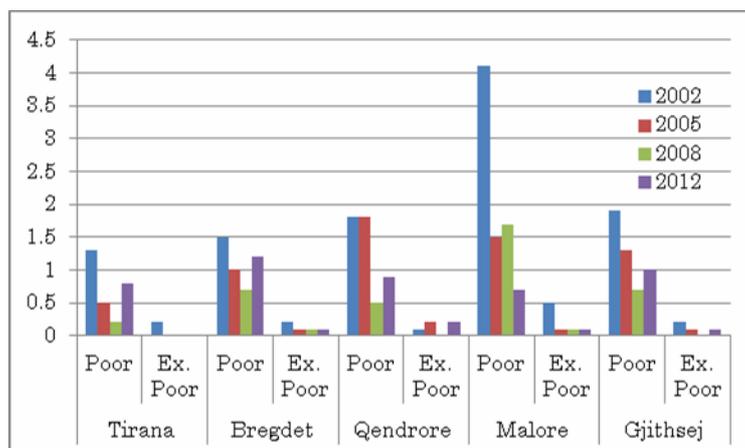
Figure 3: The poverty gap according zones and years.



Source of information: INSTAT

The roughness of poverty in Albania according to zones and years is illustrated in the following charts. Even this index corresponds with poverty as a whole and poverty gap as well, especially for the index poor. If we stop an analyze the central zone, the poor index , in the first two evidence(2002,2005), the poverty has been in the level of 1.8 followed by a fall of about 1.3 (= 1.8-0.5) in 2008 and resulting in the value of 0.9 in 2012. It is interesting the fact that for the seaside and mountainous zones the category extremely poor for 2005, 2008 and 2012 remain the same level of 0.1 and for Tirana is 0.

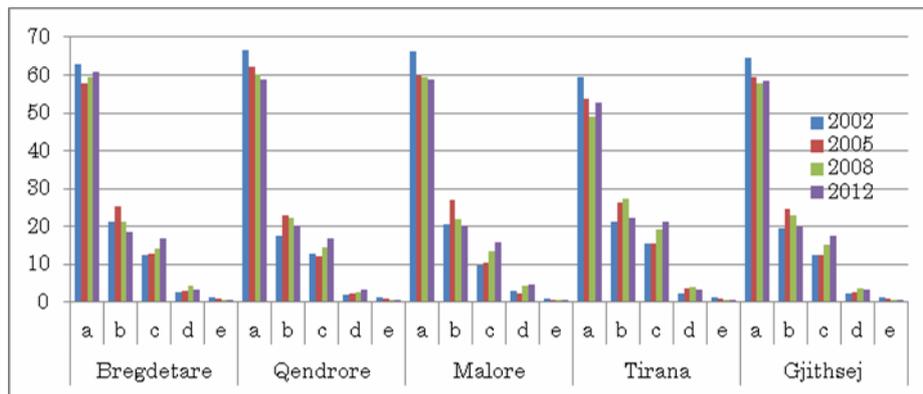
Figure 4: A poverty roughness according zones and years.



Source of information: INSTAT

A deeper view of development of poverty , based on the tradition methods of measuring it , can be taken from the real consumption per person. The following chart illustrates this index according to Albanian regions in four main moments: years 2002, 2005, 2008, 2012. It is disturbing the fact that most of the expenses for consumption are destined on food , which implies one of the basic needs to be realized. There is a slight reduction with the passing of years, but data expansion may give more information about the tendency of these indexes. In all regions the index of basic expenses has a clear tendency of growth, while expenses for long-term equipment are almost inconsiderable.

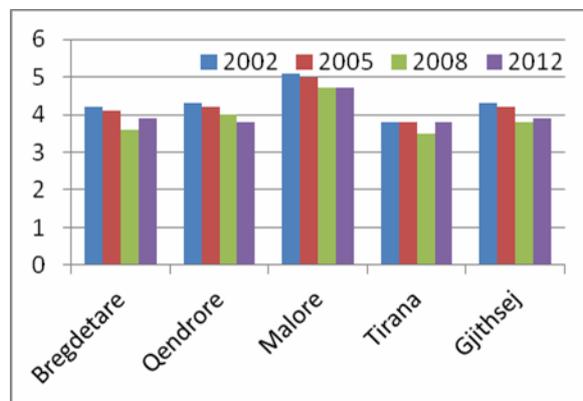
Figure 5: Percentages of total real consumption per person according to zones and years



Source of information: INSTAT

One of the indexes for MPI method is the number of members in a family. The following charts help us to create an idea about its behavior in different zones. The first place is run by mountainous zone with 5 members per family and with a slight tendency to be reduced. This may have an important role in poverty percentage, as a result with the roughness and its gap. Tirana’s region represents an average of 3.7 members per family, which is the lowest compared to other regions.

Figure 6: The average number of family members according to zones and years.



Source of information: INSTAT

ALBANIA IN M.P.I. “OPTIC”

It is obviously clear that the method of MPI poverty measurement, even though it is a recent approach, it will be the base of the development of the theory and implementation in the future. This is a natural assumption when we notice that the organizations focused on the poverty issue are using this approach (UNDP uses it in its reports since 2010). Based on the published report for Albania we have the following consideration for 2009.

Table 3: Summary of MPI report.

Issue	Value
MPI (Multi Dimensional Index of Poverty)	0.005
H (Distribution of Poverty)	1.4%
A (The average concentration among the poor)	37.7%
The percentage of population affected by poverty	7.4%
The percentage of population in rough poverty	0.1%

Source: Alkire, S.,A.Conconi & J.M.Roche.

Oxford Poverty & Human Development Initiative based on consideration and results of Alkire, Roche, Santos, & Seth report the main indexes of MPI for Albania. Thus, the percentage of population in rough poverty is considered to be 0.1%, the percentage of population affected by poverty is 7.4%, while the two components of MPI which are (H) and the average concentration between the poor (A) result in the level of 1.4% and 37.7% respectively. And, knowing that:

$$MPI = H \times A$$

$$MPI = 1.4\% \times 37.7\%$$

it is estimated even the value of multi- dimensional poverty index which is 0.005.

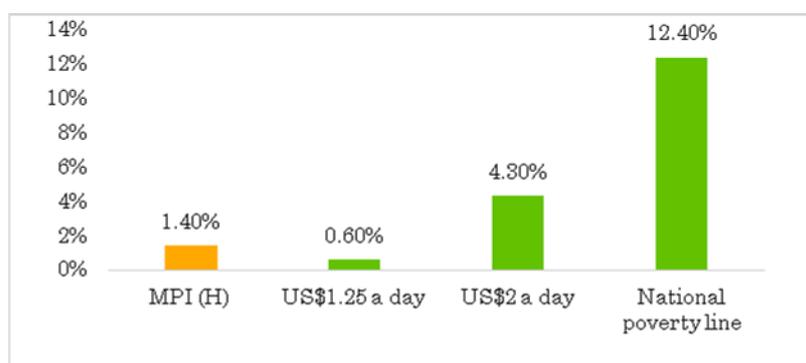
These figures can be interpreted:

- For the poverty distribution (H=1.4%): 1.4% of the population is poor according to MPI (they are deprived from at least 33.33% of the weigh index, according to the definition):
- For the average concentration among the poor (A=37.7%): those who are poor according to MPI suffer from deprivation in the level of 37.7% of indexes, as an average;
- The MPI Value is a figure which helps us to give a position to our country compared to others. The lower this figure the multi – dimensional poverty is.

The results brought by MPI are better understood if they are compared with other applicative methods. So, if we showed in a chart the poverty distribution (H) and the poverty lines we would have the following figures. This gives us the view which helps us to understand the difference between the methods used for poverty measurements. If we base on the poverty line method with 1.25 dollar per day, the poverty in Albania is 0.6%.

Expressed differently, this means that 0.6% of the population lives with less than 1.26 American dollar per day. The poverty according to poverty line in the level of 2 dollar per day is naturally higher than that of 1.25 dollar per day, 4.3% or 4.3% of the population lives with less than 2 dollar per day. The national line of poverty is reported 12.4%, which is much higher than two previous lines. The report of poverty per person according to MPI (H) results to be 1.4% and this is higher than the value of poverty line in 1.25 dollar per day and lower than that of 2 dollar per day ($US\$1.25 \text{ a day} < H < US\2 a day). The last one is one of the finding of MPI method, where the value of multi-dimensional poverty shows that in Albania there are fewer poor than those expressed by National Lines of Poverty and the poverty line in 2 dollar per day. The difference between them is quite obvious.

Figure 7 : The comparison of poverty values according to different measurements



Source of information: Alkire, Conconi & Roche

The pie chart gives us information of how is poverty in Albania composed according to MPI index. This means that we can understand which the major factors of poverty are or which the poverty origin is. For example, the value 26 of school attendance by children shows that 26% of poor population and deprived in each index suffers from not school attendance as the biggest cause of poverty. If we join the value of school years (6.1%) with that of school attendance by scholar age children (26%) than we have the value which corresponds the measure of education (32%) and implies that 32% of poor population has a problem with education as a cause of poverty. Furthermore, the measure of health reaches the value of 44.9% (24,3%+20.7%). The standard of living makes up the rest value of 23%. From this we noticed that health makes the biggest part or we can say that health is the biggest factor as a cause multi-dimensional poverty in Albania. To sum up, the index of school attendance by children is the biggest cause of poverty, while health is the measure which forms and causes the biggest part of the poverty. Electricity index is the only one which has the value of 0%. So, there is no poverty caused by electricity.

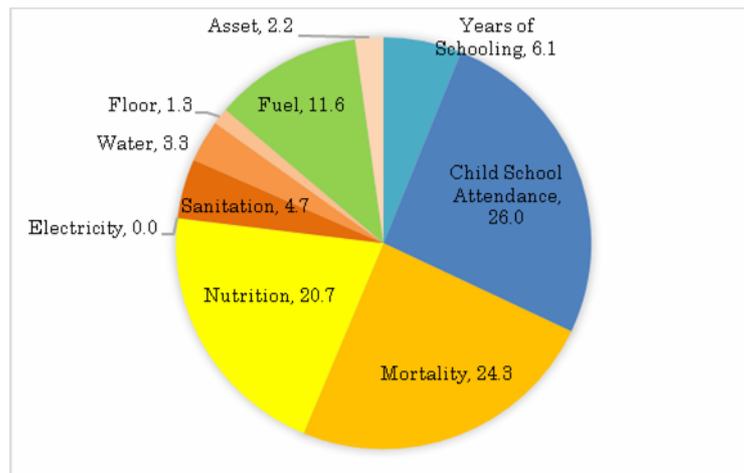


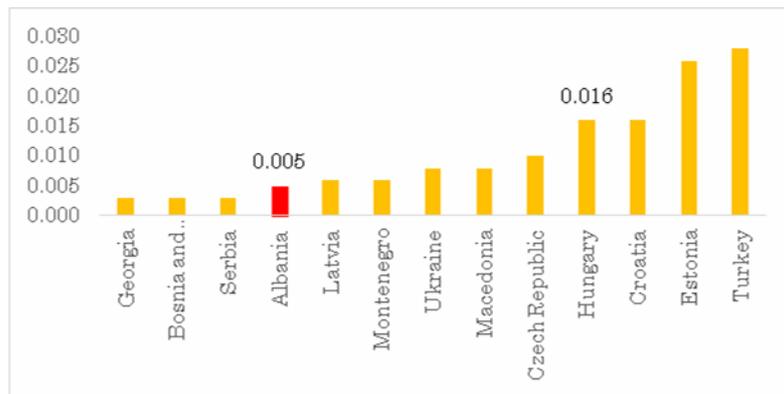
Figure 8: Distribution in percentage of poverty according to indexes.

Sources of information: Alkire, Conconi & Roche

One the advantage of MPI method is that is creates the orientation of politics exactly where the poverty arises. If we stop and analyze the MPI composition in indexes we will understand that despite the fact which is the origin of poverty, it may be necessary to concentrate only on one factor and not spend energy and efforts on factors which may not have urgent need to be improved. Thus, in Albanian case according to MPI the efforts of policy makers facing the poverty should be focused on the measure of health making the biggest part in MPI. On the other hand, if we are further interested , the school attendance index by scholar age children has the highest value of depriving cases , a value which helps us to put it first in the “struggle” against the phenomena of the school abundance. This helps even the government agency clarifying where the problem is. This index is followed by that of nutrition , having a high level of deprivation in population. Still clearer , the economic politics related to struggle against poverty there is no necessary to focus on electricity index because it is reported to be a non-deprived index in Albania.

Now let us focus on the analyses of MPI in region. Firstly the ranking. Based on the found data by the Oxford University, we can rank countries under development with low level income , where Albania is positioned better than countries like Check Republic , Hungary and Croatia.

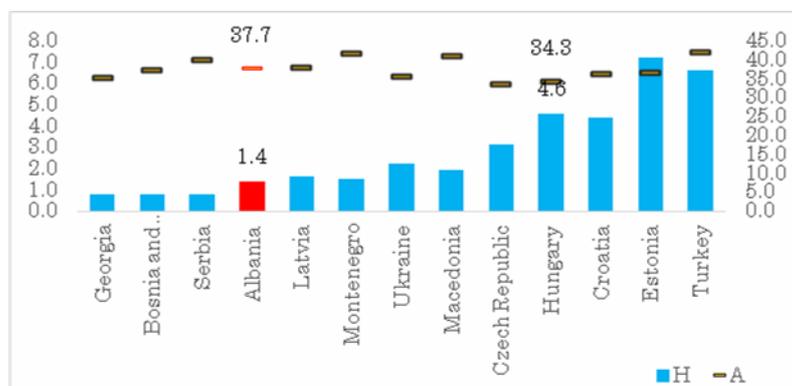
Figure 9: Ranking of several regional countries according to MPI



Source of information: Alkire, Concon & Roche.

What happens with ranking based on poverty distribution and its intensity? As far as poverty distribution is concerned (H), there isn't much difference compared with ranking based on MPI. Albania has got a low level of this measure when we compare it with chosen countries. Concerning the poverty concentration, the rank has got some differences where Albania passes to countries with higher poverty.

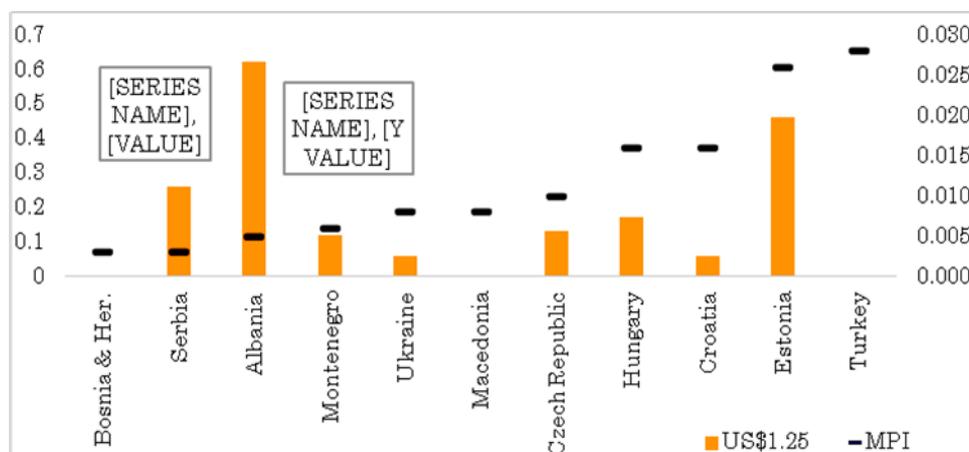
Figure 10: Ranking of some regional countries according poverty shown by H (Distribution) and A(intensity)



Source of information: Alkire, Concon & Roche.

The illustration of ranking according to MPI and poverty line in 1.25 dollar per day helps us understand how assessments of these two poverty measurements differ. If we refer to poverty line measurement, Albania is the poorest country among others with a value in a level 0.6. But, MPI poverty assessment classifies it much better, 0.005. At this point, many governments are skeptic with figure of MPI. But on the other hand, the assessment of poverty only by income has got its own drawbacks. Anyway, the clash between these two measures is because of MPI considers ten indexes and measures them as quality variable thus widening the poverty body.

Figure 11: Ranking of some regional countries according to MPI (right side) and poverty line in 1.25 dollar per day (left side).



Source of information: Alkire, Concon & Roche.

Let's come back again to the composition of MPI, but this time according to the countries analyzed. Let us try to understand that the poverty origin varies from one economy to another. Exactly this is one of the undisputable advantages of multi-dimensional method, where the governments are presented with the profile of the poverty origin of their own country and from here on they achieve to orientate their policies in accordance to the urgency rank. So, if for Albania the most problematic index is school attendance by scholar age children, in other countries this index may be not. Concretely, Bosnia and Herzegovina suffers from bad nutrition and than is followed by years of education. Serbia and Macedonia suffer more from nutrition and it's followed by school attendance. And so on and so forth.

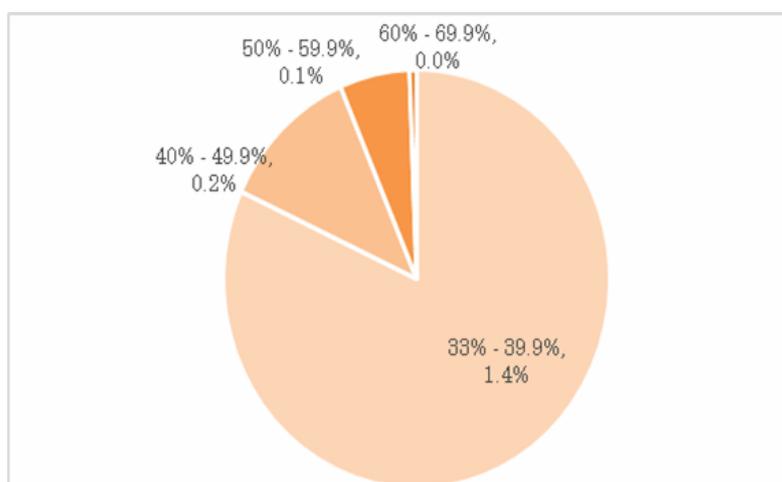
Table 4: the contribution of MPI elements on poverty

Country	MPI	Contribution of each measure in poverty			Living Standard (10 indicators)									
		Education	Health	Living Standards	Years of /Education	School Attendance	Mortality (each age)	Nutrition	Electric Power	Hygiene	Water	Floor	Energy for cooking	Property
Bosnia and Herzegovina	0.003	29.2	<u>51.8</u>	19.0	19.8	9.4	<u>51.8</u>	1.2	2.7	1.4	0.8	8.6	4.3	
Serbia	0.003	30.5	<u>40.1</u>	29.4	21.3	9.2	<u>40.1</u>	1.1	3.9	1.8	5.8	11.0	5.7	
Albania	0.005	32.0	<u>44.9</u>	23.0	6.1	<u>26.0</u>	24.3	20.7	0.0	4.7	3.3	1.3	11.6	2.2
Montenegro	0.006	37.5	<u>47.6</u>	14.9	17.5	20.0	<u>47.6</u>	0.4	3.2	1.9	0.4	8.0	1.0	
Ukraine	0.008	4.7	<u>91.1</u>	4.2	1.2	3.5	<u>91.1</u>	0.1	1.0	0.4	0.2	1.8	0.7	
Macedonia	0.008	59.9*	12.8	27.3	28.9	<u>30.9</u>	10.5	2.4	1.1	5.5	2.6	4.6	10.3	3.3
Czech Republic	0.010	0.0	<u>99.9</u>	0.1	0.0		<u>99.9</u>	0.0	0.0	0.1	0.0	0.0	0.1	
Hungary	0.016	1.8	<u>95.6</u>	2.7	1.8		<u>95.6</u>	0.0	0.0	0.0	2.0	0.0	0.7	
Croatia	0.016	45.0	<u>46.7</u>	8.3	45.0		<u>46.7</u>	0.0	1.0	0.3	0.2	4.3	2.4	
Estonia	0.026	<u>91.2</u>	1.2	7.6	<u>91.2</u>		0.0	1.2	0.0	1.2	0.6	0.0	5.1	0.8
Turkey	0.028	<u>42.3</u>	38.4	19.2	9.1	<u>33.2</u>	30.0	8.4	0.0	7.8	4.9	3.3	3.2	

Source of information: Alkire, Concon & Roche.

Concerning the poverty intensity among multi-dimensional poor, we have to mention that its interpretation is closely related to the fact that a family, a 100% deprived at poverty indexes faces a bigger poverty intensity than a family 40% deprived. Based on this logic, the poverty intensity analysis is built. Let us concentrate in the following chart which is a part of report for Albania. The identified part 33%-39.9% forms that part of population which suffers 39.9% of the poverty indexes. This is the biggest part of multi-dimensional poverty in Albania. According to MPI 1.4% is the percentage of poor population with this intensity, or 0.2% which represents the percentage of people who are deprived in 40% of poverty indexes.

Figure 12: Illustration of poverty intensity analyses



Source of information: Alkire, Conconi & Roche

Discussions

Poverty and struggle against it, is one of the most delicate issues of policies related with social well being of a country. Undoubtedly, it is an important part of debates by policy makers, decision makers, economists and academics. According to World Bank Reports, Albania is one of the poorest countries of the south-east European Region. The definition of poverty is closely related with the method used to measure it. As we proved above, poverty according to INSTAT measurements, use by LSMS – one-dimensional, is to much different from the result given by multi-dimensional poverty index (MPI). This difference confuses even policy makers. Which is more accurate? MPI is more suitable measure. It integrates a multi-dimensional analysis, identifies which of the included factors as an index influences on the poverty, by presenting with the poverty profile correspondently and this orientates the policies against it. Of course, as a relatively new method, this needs a further consolidation especially the chosen of suitable indexes for representing the respectively concepts. The founders of this method are of the opinion that the discussion about the right operation of some concepts in variables can be open meaning thus the further perfection of MPI method. Also, considerations are being given to include even other aspects of social character. A problematic issue is the problem of finding and collecting the data. For example, due to the lack of data in Albanian case, the infancy mortality is measured with mortality for every age, bringing a different information from the theoretic one.

For the Albanian case, MPI shows the level 0.005 which is a lower level among countries under development and with poor income. The index of health is reported more problematic than two other indexes, while that of school attendance is the most deprived index. These findings are not uniform among poor countries. And now we come to the conclusion that many authors have previously emphasized: poverty is caused and has a different nature for different countries, even inside the country.

If we can show a consideration, after reading the meaning of MPI figures, the policies with school attendance focus would be an urgent need in response to poverty, as well as health focus.

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