

Analysis of monetary poverty and wellbeing of households with children, based on 2019 Household Budget Survey results

Analytical report



Chişinău, 2021

Preface

The analytical report contains statistical information on the general characteristics of households with children according to the area of residence, number of children, type of household, quintiles, presence of migrants in households, their level of poverty and wellbeing.

The main source of information for the calculation of the standard set of poverty indicators is the Household Budget Survey¹ (HBS), conducted by the National Bureau of Statistics (NBS). The main objective of the HBS is to determine multiple-aspect level of living standards of the population, including different socio-economic groups, in terms of income, expenditure, consumption, living conditions and other indicators that characterize the wellbeing of the population.

Poverty in the Republic of Moldova is measured using consumption expenditures and the absolute poverty threshold (consisting of two components: food and non-food), which is calculated in a specific year, and includes the monetary value of the consumption basket, considered to provide minimum basic needs, nationally acceptable. Poverty indicators were calculated according to the revised methodology², approved by the Decision of the Director General of the National Bureau of Statistics no. 56 of August 24, 2018, completed by NBS decision no. 15 of July 2, 2020.

The data are presented without the territory on the left bank of the Dniester and Bender municipality and are based on the usual resident population.

The report has been developed with the support of *UNICEF Moldova*.

¹ HBS metadata https://statistica.gov.md/public/files/Metadate/en/CBGC_en.pdf

² Methodology for calculating the absolute poverty threshold.

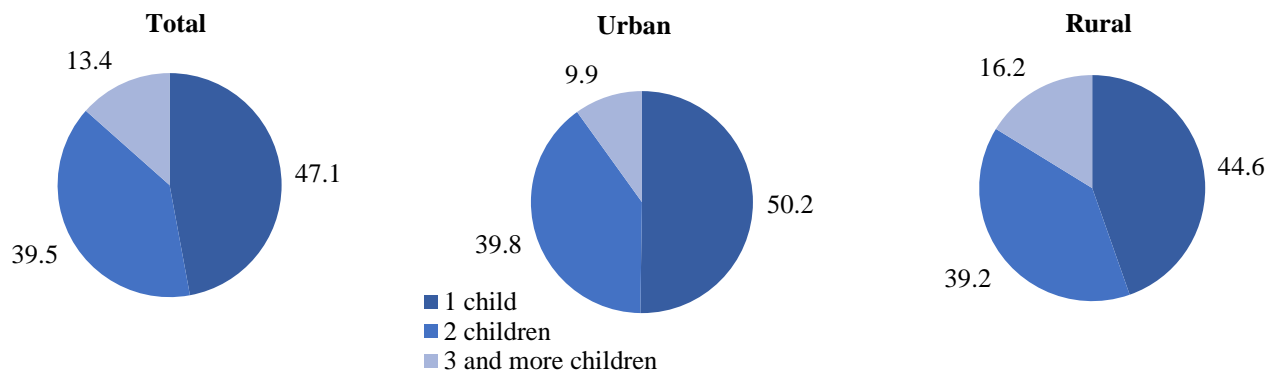
https://statistica.gov.md/public/files/Metadate/alte/Metodologie_saracie.pdf

General characteristic of households with children

According to the 2019 Household Budget Survey, households with children under 18 account for 31.6% of all households of the Republic of Moldova. About 60% of the households with children are located in rural area.

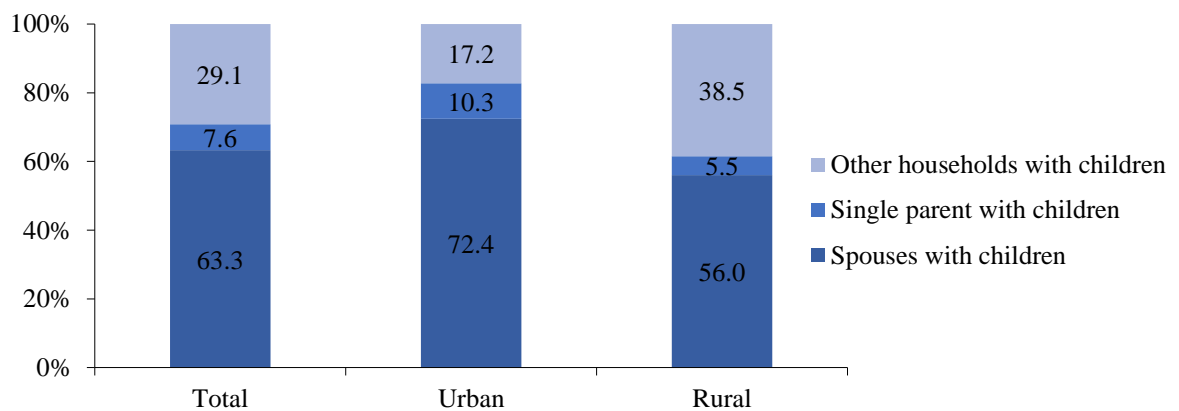
Households with one child prevail – 47.1% of the total households, followed by households with two children – 39.5%, and those with three or more children – 13.4% respectively. The share of the households with one child is bigger for the households in urban area than in the rural area, while the cases of the households with 3 and more children are come across more often in rural area (Figure 1).

Figure 1. *Distribution of households with children by number of the children and area of residence, 2019*



Depending on the type of the household, these are made up generally of family couples with children (63.3%) and households referring to the category “other households with children” which are the household cases formed by more family nuclei (29.1%). The one-parent households represent 7.6% of the total number of households with children. In urban area the share of one-parent households is by 4.8 percentage points higher than in rural area. There is a similar situation for family couples with children, which are more common in urban areas. More households with children are however found in rural area (Figure 2).

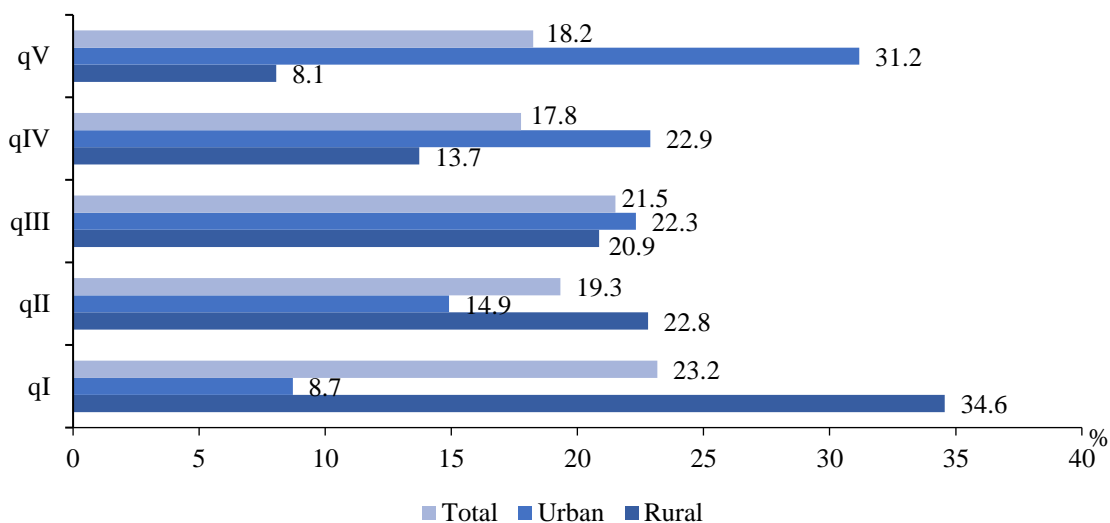
Figure 2. *Distribution of households with children by household type and area of residence, 2019, %*



The type and structure of households with children also determine the average household size. Thus, in 2019 the average size of a household with children was 3.9 people, with a difference between urban areas – 3.7 people and rural areas – 4.2 people.

The household size and the number of children in the household are some of the factors that determine the level of household’s vulnerability in general and of those with children. The breakdown of households with children, by their welfare level, shows the wealthier the quintile, the lower the number of households with children. Thus, 23.2% of households with children are in quintile I (20% of the population with lowest income), in comparison with 18.2% of households in quintile V (20% of the category with the highest income). The situation of urban households with children is different from rural households. While in urban areas the increase of households’ welfare determines the increase in the share of households with children from 8.7% for the households for quintile I to 31.2% for quintile V, the trend in rural areas is reversed. Of all rural households with children, 34.6% are in the category with the lowest income, and only 8.1% belong to the category with the highest income (Figure 3).

Figure 3. *Breakdown of households with children by quintile and area of residence, 2019, %*



Overall, a higher welfare level of households with children is mainly characteristic for households with one child (60.2%) and family couples with children (79.2%), and according to their residence, 75.3% of them are urban households. Furthermore, from all the households with children with the lowest income, 83.4% live in rural area, 40.4% of them having 2 children. Another characteristic for these households is the fact that practically one in two households (54.4%) is formed of family couples with children.

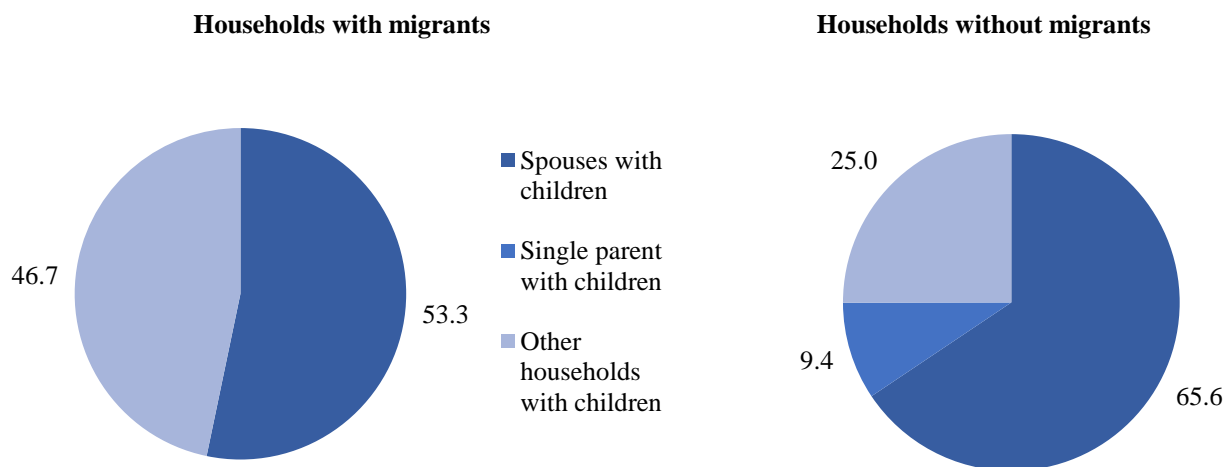
Presence of migrants in households with children

The migration phenomenon has a bigger impact on households with children. While out of the total households almost 10.1% have at least one member abroad, then in the case of households with children practically one in five households (18.9%) has a migrant. The highest migration rate is characteristic for rural areas, where the share of households with children and consisting of at least one migrant is of 25.4%, against 10.6% in urban areas. A share of 75.2% of households with children and migrants are from rural areas.

Among the households with children and migrants, households with one child (45.4%) and those with 2 children (41.8%) predominate. A similar structure is also found in the case of households with children and no migrants.

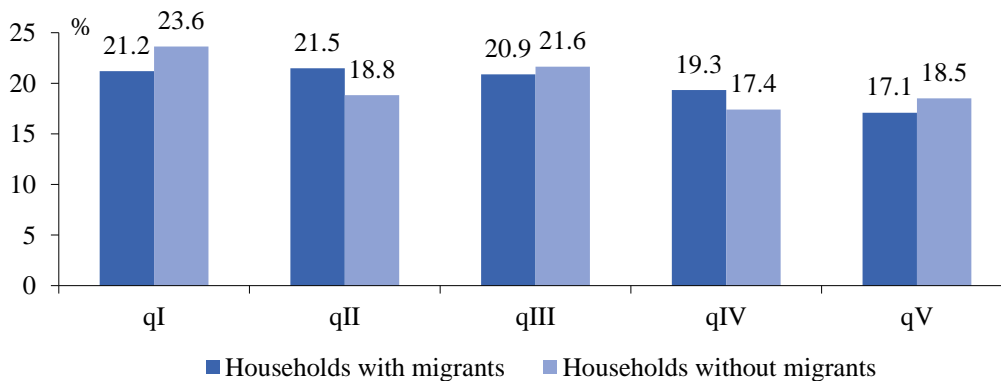
Depending on the type of the household, 53.3% of the households with children and migrants are represented by family couples with children. The share of 46.7% of households with children and migrants are represented by other households with children (households formed of several family nuclei). The structure of households with children and without migrants is different. Practically two thirds of the households are represented by family couples with children (65.6%), followed by other households with children - 25.0% and one-parent households - 9.4% (Figure 4).

Figure 4. *Distribution of households with children by presence of migrants and household type, 2019, %*



Depending on the level of household wellbeing and presence of migrants, we find that of all households with children, where at least one member is gone abroad, 21.2% make up a part of the category with the lowest income (quintile I), while of all households with children without migrants the share is 23.6% (Figure 5).

Figure 5. *Distribution of households with children by presence of migrants and quintiles, 2019, %*

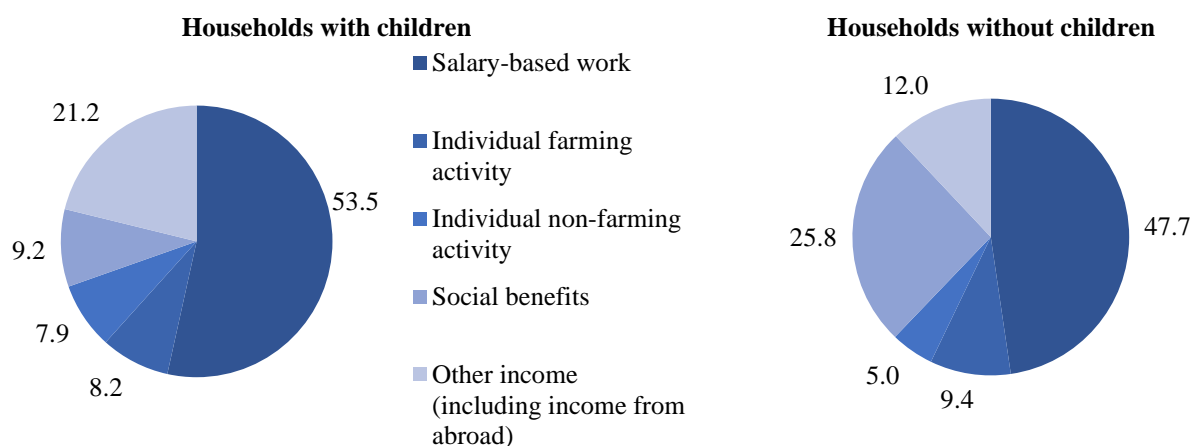


Income of households with children

The income of households determines not only their socio-economic status, but also their vulnerability level. Incomes of households with children are different in size and structure in comparison with the incomes earned by households without children. Incomes of households with children are substantially lower than the incomes of households without children. On average, in 2019 the disposable income of households with children amounted to MDL 2449.1 per person every month compared to MDL 3320.4 for households without children. Furthermore, the average disposable income per person for all the categories of households in the country constituted MDL 2880.6.

In households with children, the main income source is salary (53.5%), followed by income from social benefits (9.2%), individual farming activity (8.2%) and individual non-farming activity (7.9%). An important income source for households with children continues to be transfers from abroad, representing on average 16.8% of their income – by 7.8 percentage points higher than in the case of households without children (Figure 6).

Figure 6. Structure of disposable income by type of household, 2019

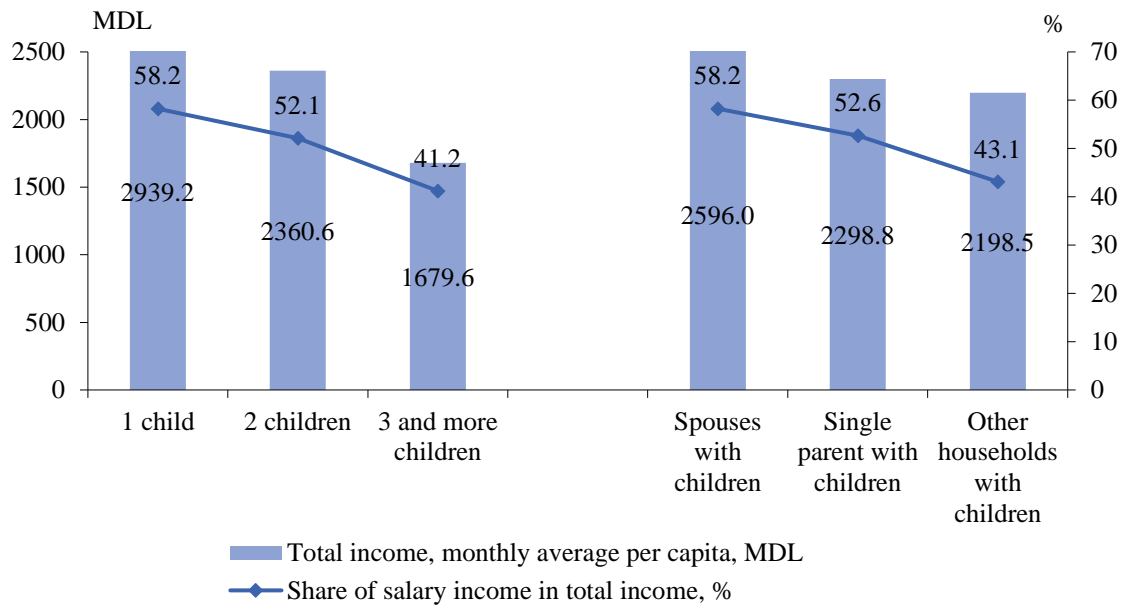


The level of income of households with children depends on several factors, including: area of residence, number of children, household type and quintile.

The area of residence is a key factor to determine the welfare level of households with children. The rural population is mainly involved in the agricultural sector that usually does not generate a decent income. As a result, the monthly income of rural households with children is by 32.8% lower than the income of urban households. In urban areas, about 65.6% of the income is generated by salaries, and about 8.0% came from individual non-farming activities. At the same time, only 40.5% of the rural households' income is generated by salaries and 16.3% – from individual farming activity.

Thus, the households with one child are in a better situation with a monthly income of MDL 2939.2 per person in comparison with MDL 1679.6 in the case of households with three or more children. Regarding the type of household, it was found that the lowest income is characteristic for households made up of several family nuclei – MDL 2198.5 per person monthly (Figure 7).

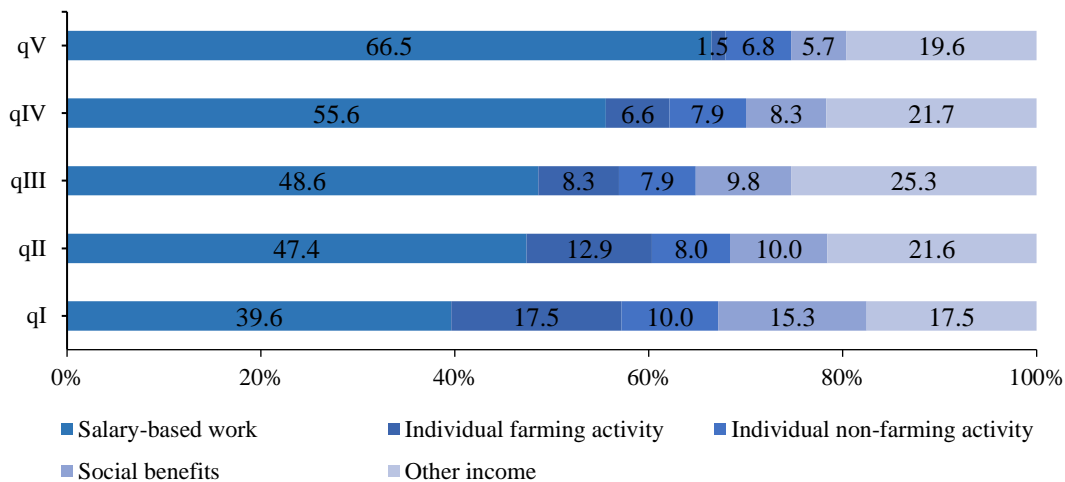
Figure 7. Average income of households with children by number of children and type of household, 2019



Regardless of the type of household, the main income source is salary, with a contribution ranging from 58.2% for family couples to 43.1% for households made up of several family nuclei. The contribution of salaries varies depending on the number of children in the household, from 58.2% for households with one child to 41.2% for those with three or more children (Figure 7). This could be explained by the fact that 68% of large families (with three and more children) are from rural areas, where opportunities to earn additional income are limited.

The polarization of the income of households with children is highlighted by their distribution in quintiles. Thus, in the case of households with the lowest income (quintile I) the average monthly income per person was MDL 1425.5 lei, or about 3.0 times lower than the income of the persons with the highest income (quintile V). The sources of income of households with children also differ significantly depending on the welfare level of the household. In the case of households with the lowest income, salary contribution to income generation accounts for only 39.6%, while in the case of households with the highest income, salary generated income accounts for 66.5%. In the structure of income of households from quintile I, 17.5% is represented by individual farming activity, compared with 1.5% for households from quintile V. Social benefits are more important for households with the lowest income, amounting to 15.3% of total disposable income, by 9.6 percentage points more than in the case of households with the highest income (Figure 8).

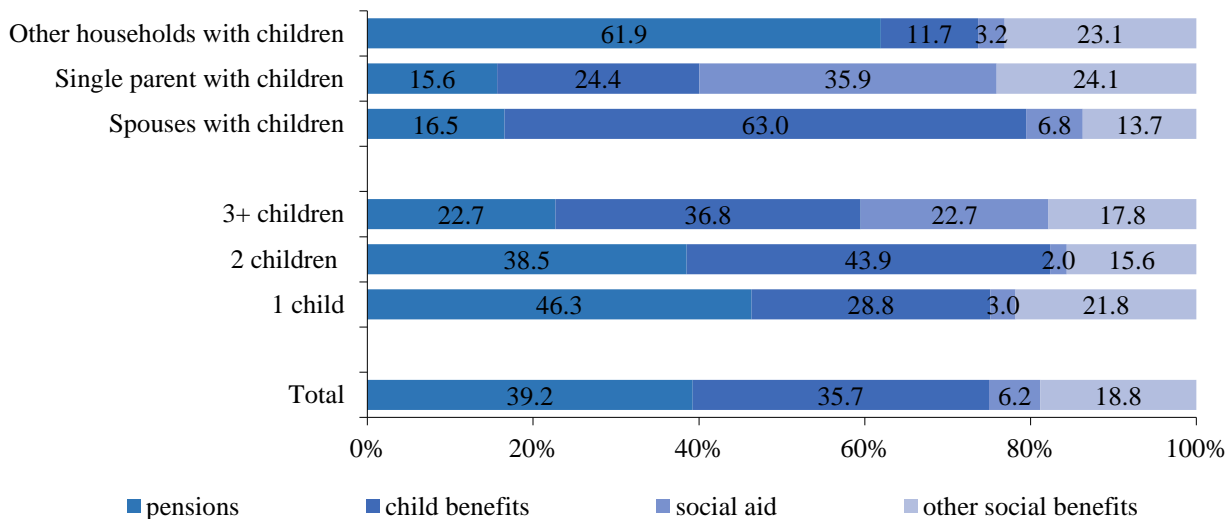
Figure 8. *Structure of disposable income of households with children by quintiles, 2019, %*



Households with children are less dependent on social benefits, in comparison with households without children. On average they account for 9.2% of the total income. A share of 39.2 of these benefits is formed on the basis of different types of allowances, 35.7% representing child benefits, 6.2% – social aid and the rest – other social payments (Figure 9).

The social payments are more important for households with many children (12.5% of the total income), but also for households made up of several family nuclei (15.5%). At the same time, family couples with children benefit the most from child benefits, while households with one child and those made up of several family nuclei benefit more from different types of allowances (Figure 9).

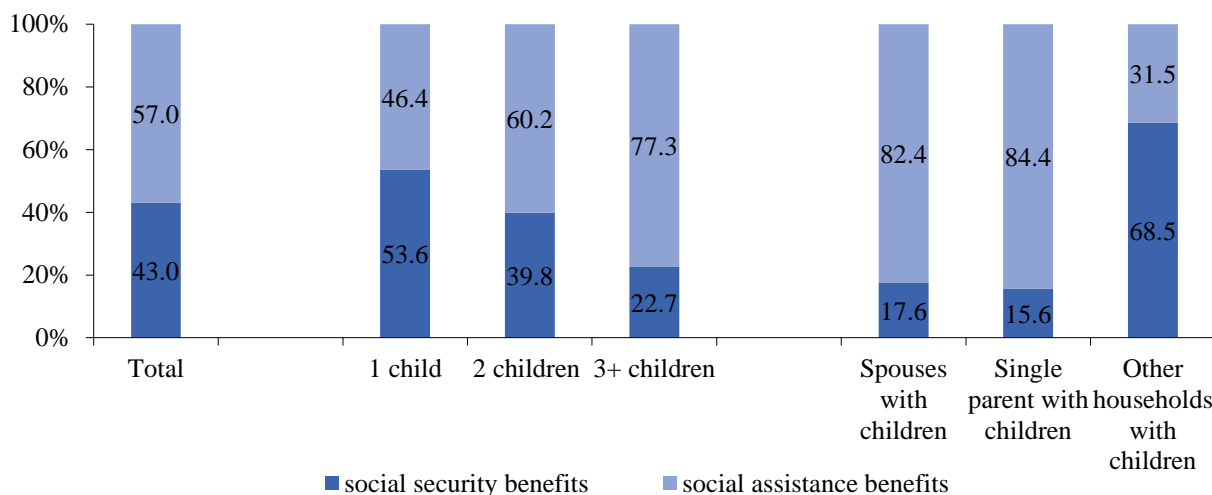
Figure 9. *Structure of social benefits by type of households with children, 2019, %*



Of the total social benefits, 43.0% are social security benefits and 57.0 – social assistance benefits. In the households with 1 child, the social benefits are mainly represented by social security benefits (53.6% of all social benefits), and in the case of households with 2 or more children the contribution of these payments decreases in favour of social assistance benefits. Depending on the type of the household, a higher dependence on social security benefits is registered among households made up of several family nuclei (68.5% of the total social benefits), and in the case of family couples

and single parent households, the most important are the social assistance benefits (82.4% and 84.4%, respectively) (Figure 10).

Figure 10. Structure of social benefits by number of children and type of household, 2019, %



Child poverty

With the overall poverty rate of 25.2% in 2019³, the poverty rate among children amounted to 24.0%. At the same time, 11.3% of children suffer from extreme poverty, compared to 10.7% of the total population.

Children’s situation differs significantly depending on their area of residence. Children in rural areas are at a much higher risk of impoverishment than children in urban areas. Thus, the poverty rate of children in rural areas was 36.0% in 2019 compared to 7.1% in the case of children in urban areas (Figure 11).

Figure 11. Absolute poverty rate among children by area of residence, 2019, %

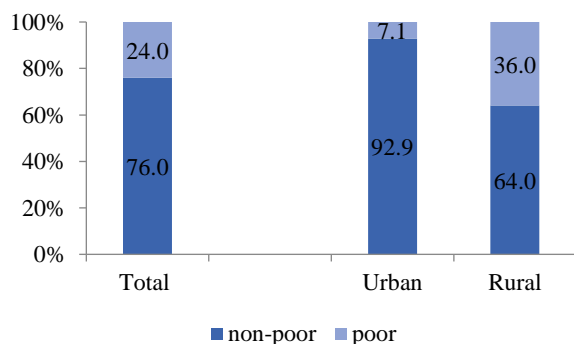
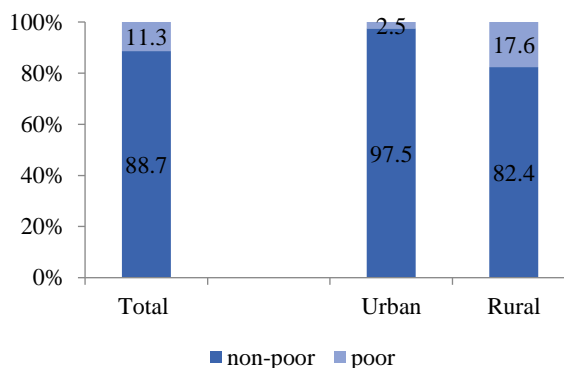


Figure 12. Distribution of absolute poverty rate among children by area of residence, 2019, %

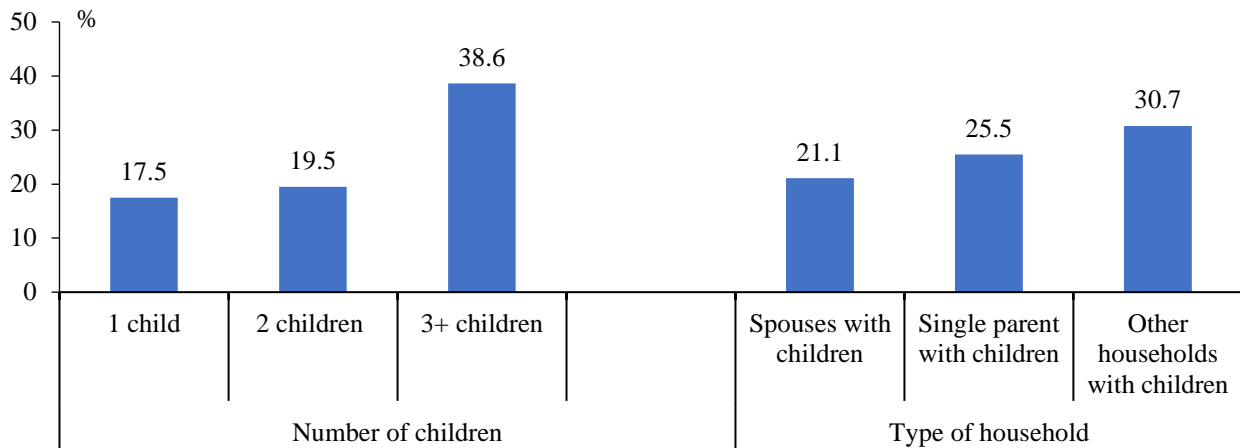


The bigger discrepancies between urban and rural areas are related to extreme poverty. The extreme poverty rate of children in rural area in 2019 constituted 17.6% compared to 2.5% for children in urban area (Figure 12).

³ The poverty indicators were calculated according to the revised methodology approved by the Order of Director General of the National Bureau of Statistics No 56 of 24 August 2018, supplemented by NBS Order No 15 of 2 July 2020 https://statistica.gov.md/public/files/Metadate/alte/Metodologie_saracie.pdf

Household's features like the number of children and type of households also determine the vulnerability level of households with children. The risk of families entering poverty increases considerably with the birth of the next child. Thus, in 2019 households with three and more children registered the highest poverty rate (38.6%), while households with one child registered the lowest one (17.5%) (Figure 13).

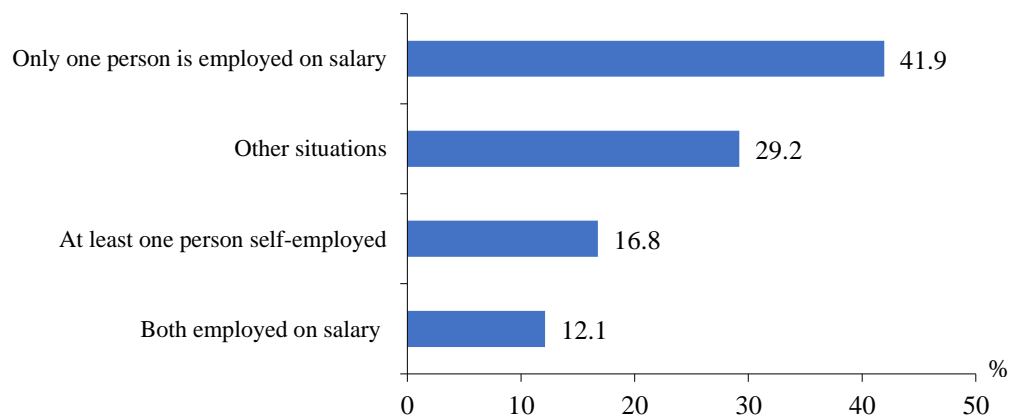
Figure 13. *Absolute poverty rate among children by the number of children in and type of household, 2019, %*



Depending on the type of the household, children from households made up of several family nuclei face the highest risk of entering poverty (30.7%), since this type of households prevails in rural areas where the poverty incidence is generally higher.

The occupational status of parents is one of the main factors that determine child welfare. The employment of parents diminishes essentially the probability of children entering poverty. Thus, the lowest poverty rate is registered in the case of children with both parents employed (12.1%), followed by children with at least one self-employed parent working in non-farming activities (16.8%). The highest level of poverty is recorded in the case of children from households with only one person employed on salary (41.9%) (Figure 14).

Figure 14. *Absolute poverty rate among children depending on parents' occupational status, 2019, %*



The presence of parents in the family is another important characteristic for assessing the vulnerability level of children. Overall, 16.6% of all children have both parents left for abroad (Figure 15). Parents working abroad have a positive economic impact on the financial situation of children. In families where at least one parent left for abroad, the child's financial situation is much better than in

families with no parents abroad. Thus, in 2019 the poverty level of children with at least one parent abroad was by 5.4 percentage points lower than in the case of children with both parents at home (24.9%) (Figure 16).

Figure 15. Structure of children with or without parents abroad, 2019, %

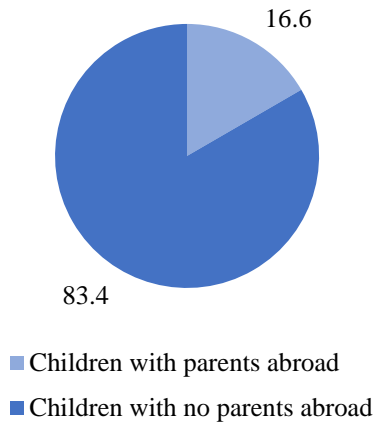
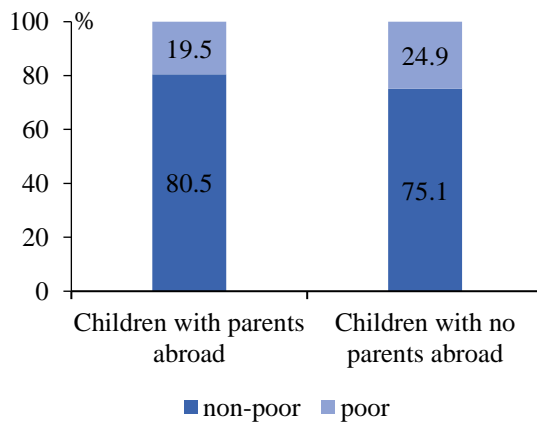


Figure 16. Absolute poverty rate among children with or without parents abroad, 2019, %



Impact of social benefits on child poverty

If households did not receive child benefits, the absolute poverty rate would have constituted 27.4%. This is by 3.4 percentage points more than the actual poverty rate. Pensions have a slightly higher impact on the level of children’s welfare, contributing to poverty reduction by 3.7 percentage points.

Table 1. Impact of social benefits on child poverty, 2019

	Absolute poverty rate, %		Difference, percentage points
	without social benefits	actual situation (with social benefits)	
Child benefits	27.4	24.0	3.4
Pensions	27.7	24.0	3.7
Social aid	24.8	24.0	0.8

Analysing the impact of child benefits and social aid on child poverty, we can state that they both contributed to the reduction of poverty rate in 2019 by 4.4 percentage points.

Annex: 36 tables