

**TWINNING CONTRACT**

**AM/14/ENP/ST/15**

# **Strengthening of the National Statistical System of Armenia – Phase II**



## **STUDY VISIT REPORT**

**on**

**Poverty Statistics**

**Activity 4.3: Study visit**

**Study visit to Istat of Italy**

**12-15 April 2016**

**Final Version**



National Statistical Service  
Republic of Armenia



**Table of contents**

1. General comments ..... 3

2. Lessons Learned ..... 3

3. Conclusions and recommendations..... 7

Annex 1. Programme ..... 8

Annex 2. Persons met ..... 8

**List of Abbreviations**

EU	European Union
NSI	National Statistical Institute (e.g. NSSRA)
NSS	National Statistical System (of official statistics)
NSSRA	National Statistical Service of the Republic of Armenia

## 1. General comments

This study visit report was prepared within the Twinning Project ” Strengthening of the National Statistical System of Armenia – Phase II ” and organised under component 4, activity 4.3.

The purpose of the study visit was to gain knowledge on the Italian experience and the practical application related to Poverty Statistics, and to draft description on how this knowledge can be used in NSSRA.

The staff of NSSRA would like to express its thanks to all officials and individuals met for the kind support and valuable information which they received during the stay in Italy and which highly facilitated the work.

This views and observations stated in this report are those of the participating staff of NSSRA and do not necessarily correspond to the views of EU, NSSRA or Istat.

## 2. Lessons Learned

The topic of study visit was “Poverty measures in Italy”.

*The areas covered in the study visit and the lessons learned during the visit were:*

- Absolute poverty measure,
- Indicators from the Household Budget Survey,
- Poverty and social exclusion in Italy using European indicators,
- Some methodological issues (weighting and data treatment procedures, non- monetary components of income and consumption expenditures as imputed rent and self-consumption evaluation, sampling errors),
- Output tables based on the processed data of Social exclusion survey in Armenia,
- Social exclusion and material deprivation: a new challenge for Europe,
- An integrated lecture of different indicators.

***On the first day of the visit to Istat, 12 April 2016*** the NSSRA staff was welcomed by Ms. Nicoletta Pannuzi, the head of Household Economic Conditions Division. Then all the participants of the meeting introduced themselves. Then Ms. Nicoletta Pannuzi presented the topic “Poverty measures in Italy”, which included:

- The Italian panorama,
- Main similarities between poverty incidence at h/h and population level: implicit hypothesis,
- Poverty indices (poverty incidence and intensity),
- Conceptual differences,
- Main differences: Income or consumption expenditure,
- Poverty line,
- Main differences in terms of Poverty line definition, Equivalence scale,
- The extreme poverty,
- The project aimed at defining the homelessness phenomenon in the Italian territory (Homeless survey);
- Toward an information system on Roma population (EU Roma integration goals should cover, in proportion to the size of the Roma population, four crucial areas: access to education, employment, healthcare and housing).

The second presentation was done by Ms. Ilaria Arigoni, a statistician from Household Economic Conditions Division who presented the topic “Indicators from the Household Budget Survey”. She presented the following issues:

- Household Budget Survey: main objectives, expenditure definition, survey unit, main features of survey design, sample design, survey time, survey questionnaires,
- Current expenditures, self-produced products,
- CAPI Questionnaire for the initial interview, CAPI Questionnaire for the final interview,
- Coicop vs Ecoicop ,
- Relative poverty analysis: poverty line, equivalence scale, households vs individuals, main indicators, poverty line variations, some results – households, some results – individuals, different poverty lines.

The third presentation on the same day was done by Ms. Alessandra Masi, the head of Poverty and Deprivation Unit on topic “Absolute poverty measure”. Ms. Alessandra Masi spoke about:

- General definition of absolute poverty, thresholds,
- Main indices,
- Monthly absolute poverty threshold for selected households typologies, geographical area and municipality type for 2014 in Euros,
- Household Budget Survey: expenditure definition,
- Households vs individuals,
- Absolute poverty incidence by household characteristics for 2013-2014,
- Minor children in absolute poverty by characteristics for 2014.

***On the second day of the visit to Istat 13 April 2016*** three presentations have been made on the following topics: “Poverty and social exclusion in Italy using European indicators”, and two presentations under the same title: ”Some methodological issues (weighting and data treatment procedures, non-monetary components of income and consumption expenditures as imputed rent and self-consumption evaluation, sampling errors)”.

The first presenter was Ms. Lucia Coppola with the topic “Poverty and social exclusion in Italy by using European indicators”. During the presentation she spoke about EU Statistics on:

- Income and Living Conditions,
- Sample design,
- Questionnaire structure,
- Relative measure of poverty,
- Dynamics of Rate At Risk of Poverty,
- Material Deprivation (MD) and Severe (SMD),
- Low Work Intensity,
- At persistent Risk of Poverty (APRP).

The second presenter Mr. Davide Di Laurea, a researcher from Census, Administrative and Statistical Registers Department spoke about “Some issues on income and consumption for measuring well-being”:

- Well-being as a complex phenomenon,
- Three pillars for understanding and measuring people’s well-being:
  - Material living conditions (or economic well-being): they determine people’s consumption possibilities and their command over resources.
  - Quality of life: non-monetary attributes of individuals that shape their opportunities and life chances; they have intrinsic values under different cultures and contexts.
  - The sustainability of the socio-economic and natural systems where people live and work. It depends on how current human activities impact on the stocks of different types of capital (natural, economic, human and social) that underpin well-being.
- Two approaches for economic well-being measures (the macro and micro approaches),
- Problems and drawbacks for macro and micro approaches,
- Stiglitz commission and the integrated approach,
- The need for reconciliation between macro & micro: a comparison between NA, Shiw (B.of IT), EuSile (Istat),
- Distributional impact of imputed rent on income,
- Distributional impact of IR: changes over time & by countries,
- Distributional impact of IR on ARP by tenure status,
- Impact of social transfer on risk of poverty and persistent risk of poverty.

The third presenter Mr. Andrea Cutillo, a researcher from Social and Environmental Statistics Department presented the topic “Weighting procedure for the Italian Eu-Sile”:

- Survey design,
- Representativeness of the reference population,
- Rotational design,
- Weighting procedure for cross sectional estimates,
- Weighting procedure for the cross-sectional component,
- Sampling,
- Design weights for the entering subsample,
- Sample size and Correction for non-response,
- Contact outcomes and Non response,
- Non response correction,
- Auxiliary variables for non- response,
- Few changes in the course of the years (present procedure),
- Calibration through registers information,
- The weighting procedure for cross-sectional component,
- Intermediate calibration by LFS,

- Evaluation of the procedure,
- The weighting procedure for the longitudinal component,
- Few words on HBS survey.

***On the third day of the visit to Istat, 14 April 2016*** the participants of the study visit listened to two presentations done by Mr. Davide Di Laurea, a researcher from Census, Administrative and Statistical Registers Department and Ms. Lucia Coppola, a researcher from Household Economic Conditions Division.

Mr. Davide Di Laurea presented “Output tables based on the processed data of Social exclusion survey in Armenia”. As soon as Armenia began first Social exclusions survey since 1 January 2016, NSSRA prior to study visit sent two months’ database of the survey to Istat in order to get output tables by Istat researcher. Some output tables showed a high level of unaffordability in some questions:

1. Can your household afford an unexpected required expense of 40.000 dram and pay through its own resources (without borrowing or asking for financial help)?
2. Can your household afford to go for a week's annual holiday, away from home, including stays in a second dwelling or with friends/relatives
3. Can your household afford to keep home adequately warm?
4. Does someone in your household own a car, truck or the other mode of transportation?

Expert mentioned that the received output tables showed a high level of negative answers on the listed above questions.

The second presentation was done by Ms. Lucia Coppola. The presented topic was “Social exclusion and material deprivation: a new challenge for Europe”: Ms. Lucia spoke about:

- At Risk of Poverty or Social Exclusion (AROPE),
- Material Deprivation (MD) and Severe MD (SMD),
- A new challenge for Europe,
- Ah-hoc module on Material Deprivation 2009,
- Definition of new MD indicators,
- Final list of Items(Indicator for the whole population),
- Material Deprivation Thresholds,
- New Material Deprivation Indicators,
- Impact of new MD on the AROPE,
- Definition of new MD indicators,
- Final list of Items: Indicator for children,
- Children Material Deprivation Thresholds,
- Next steps:
  - confirm the comparative analyses based on 2009 ad-hoc module (i.e. the suitability, validity, reliability and additivity of the selected items in most of the EU countries)
  - compare trends in new and current MD indicators.

***On the fourth working day of the visit to Istat, 15 April 2016*** the following topic was discussed “An integrated lecture of different indicators” done by Ms. Nicoletta Pannuzi.

- What happened in Italy during the crisis period?
- In 2007-2012 prices rose more than consumption expenditure and especially than income,
- Consumption sustained by savings and debt,
- Who paid most of the crisis costs?
- The territorial gap has grown,
- Poverty and deprivation,
- Between 2009 and 2010, the risk of poverty increased (based on income),
- Between 2011 and 2012 the absolute poverty increased (based on consumption expenditure),
- The dynamics of relative poverty confirm many of the worsening observed for absolute poverty,
- Severe material deprivation increased from 6,9% in 2010, to 11,2% in 2011, to 14,3% in 2012.

The viewpoint of the NSSRA was presented by Ms. Diana Martirosova the head of Household Survey Division. She mentioned that all presentations were interesting. She presented the method of conducting Armenian ILCS and indicators received as a result to Italian experts.

### **3. Conclusions and recommendations**

It was very interesting to learn the experience of Italian statistics in the field of conducting households surveys (HBS and SILC), to learn methods of measuring absolute poverty, risk of poverty and social exclusions, material deprivations. Indicators from the Household Budget Survey were presented in a very interesting way. It was very important to learn different indicators from the integrated lecture.

The most attractive part of household budget survey in Italy was using CAPI with the list of all items of goods from COICOP, where interviewers filled in all kind of expenditures. The way of conducting survey and sampling approach (longitudinal and every four years change of sampling blocks) was very interesting. It was very interesting to listen to the lecture on how Italian population overcame the world economic and financial crisis, on inequality between different parts of country (North, Center, South and islands), what kind of households are vulnerable.

The NSS RA learned about new challenge for Europe in social exclusion and material deprivation.

It was very important to see output tables from Armenian database of Social exclusions survey in January-February 2016.

Participants of the visit noticed high unaffordable rate in figures related to the some questions.

## Annex1.Programme

### ‘Strengthening of the National Statistical System of Armenia- Phase II’

#### Component 4 - Poverty Statistics

#### Activity 4.3 Study visit to Italy

**12 - 15 April 2016**

Istat – Viale Oceano Pacifico, 171 - Room 126

### Program

#### 12 April

- 9.30 Welcome and introduction (Istat, N. Pannuzi)
- 9.45 – 11 Poverty measures in Italy (Istat, N. Pannuzi)
- Poverty measure in Armenia, including role and objectives of the twinning project (NSSRA)
- Break
- 11.30 – 13 Indicators from the Household Budget Survey (Istat, I. Arigoni)
- 13 – 14 Lunch break
- 14 – 16 Absolute poverty measure (Istat, A. Masi)

#### 13 April

- 9.30 – 11 Poverty and social exclusion in Italy using European indicators (Istat, L. Coppola)
- Break
- 11.30 – 13 Some methodological issues (weighting and data treatment procedures, non monetary components of income and consumption expenditures as imputed rent and self-consumption evaluation, sampling errors) – part I (Istat, D. Di Laurea)
- 13 - 14 Lunch break
- 14 – 16 Some methodological issues (weighting and data treatment procedures, non monetary components of income and consumption expenditures as imputed rent and self-consumption evaluation, sampling errors) – part II (Istat, A. Cutillo)

#### 14 April

- 9.30 – 13 Output tables based on process data of Social exclusion survey in Armenia (Istat, D. Di Laurea)  
(including break 11 – 11.30)
- 13 – 14 Lunch break
- 14 – 16 Social exclusion and material deprivation: a new challenge for Europe (Istat, L. Coppola)

#### 15 April

- 9.30 – 13 An integrated lecture of different indicators (Istat, Pannuzi).
- 13 – 14 Lunch break
- 14 – 16 Q&A, Discussion and conclusions**



## **Annex 2. Persons met**

### **Participants of NSSRA:**

Mr. Gagik Gevorgyan, Member, State Council on Statistics of RA

Ms. Diana Martirosova, Head, Households Surveys Division

Ms. Lusine Markosyan, Main Specialist, Households Surveys Division

Ms. Arus Galstyan, First Category Specialist, Households Surveys Division

### **Participants of the Twinning Project**

Ms. Anush Poghosyan, Interpreter

### **Participants of Istat, Italian National Institute of Statistics:**

Ms. Nicoletta Pannuzi, Head of Household Economic Conditions Division

Ms. Ilaria Arigoni, Statistician, Household Economic Conditions Division

Ms. Lucia Coppola, Researcher, Household Economic Conditions Division

Mr. Andrea Cutillo, Researcher, Social and Environmental Statistics Department

Mr. Davide Di Laurea, Researcher, Census, Administrative and Statistical Registers Department

Ms. Alessandra Masi, Head of Unit Poverty and Deprivation