TWINNING CONTRACT

AM/14/ENP/ST/15

Strengthening of the National Statistical System of Armenia – Phase II

MISSION REPORT

on

Poverty Statistics

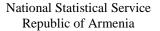**Activity 4.5: Follow-up on achievements and recommendations for the future**

Mission carried out by

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Final version

National Statistical Service
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List of Abbreviations

EU	European Union
NSSRA	National Statistical Service of the Republic of Armenia
EU_SILC	Statistics on Income and Living conditions (Eurostat)
MD	Material Deprivation
AROPE	At risk of Poverty or Social Exclusion
ILCS	Armenian Integrated Living Conditions Survey

1. General comments

This mission report was prepared within the Twinning Project " Strengthening of the National Statistical System of Armenia – Phase II".
It is the final mission to be completed within Component 4 of the project.

The purposes of the mission were:
- To discuss the status regarding the component at the beginning of the project
- To discuss the status of the project results
- To prepare recommendations regarding the sustainability of the achievements
- To prepare recommendations for future work of NSSRA after the project finishes
- To identify outstanding issues and needs for further support, if any

The MS Experts would like to express their thanks to all officials and individuals met for the kind support and valuable information which was received during the stay in Armenia and which highly facilitated the work of the MS Experts.

This views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of EU, NSSRA, Statistics Finland or Statistics Denmark.

2. Status at the beginning of the project

The data source for poverty and social exclusion statistics is the Armenian Integrated Living Conditions Survey (ILCS). It has very extensive contents, and covers consumption, income, housing as well as aspects of social exclusion. Data are collected via paper questionnaires. In each month of the year, more than 400 households are interviewed.

Based on the ILCS data, a high quality report "Social Snapshot and Poverty in Armenia" has been produced. The report has included sections on social exclusion, covering for instance material and housing deprivation, and deprivation of children.

Although the Armenian ILCS standards on data collection and reporting on poverty were found to be high in the first mission in September 2015, two main objectives for further improvement were identified. First, to converge towards international standards on poverty statistics, in particular the European standards. Second, to improve monitoring of child poverty and social exclusion.

A concern as well as a constraint for further improvements was seen to be the high respondent burden in the ILCS. The current questionnaire is lengthy and covers many difficult areas. There is quite limited scope to add further questions to the current ILCS questionnaire. The use administrative data was not seen as a feasible alternative in the short term.

The starting point for discussions on the contents of the pilot was the EU indicator of at risk of poverty or social exclusion (AROPE). It has three components: poverty, severe material deprivation, and low work intensity.

The EU definition of poverty is a relative measure based on income. The Armenian poverty threshold is based on consumption data, because they are of better quality than income data and better reflect the economic well-being of households. In contrast to income poverty and low work intensity components, convergence with EU-SILC seems feasible in the material

deprivation domain as well as with subjective economic well-being question. The recommendation is to concentrate on these questions, testing only them in the pilot survey.

3. Status of project results

PILOT
In the first mission in September 2015, the current situation of poverty and deprivation statistics in Armenia were assessed, and the questionnaire for the social exclusion pilot survey was designed.

The contents of the pilot built on EU-SILC target variables on material deprivation and other relevant variables. The aim was to converge towards the EU-SILC contents without damaging the current Armenian ILCS contents. A concrete objective was agreed to be the ability to compute the indicator of severe material deprivation from the Armenian ILCS data according to European Union standards.

In November 2015, NSSRA conducted a pilot survey for 48 households. The pilot survey collected data for six sections and 26 variables on material deprivation both on household or individual level, as well as child-specific questions.

The results from the pilot were analysed in the second mission in late 2015. In general, the quality of the pilot data were good and the results were encouraging. Comparisons of the pilot results with the results for low-income countries in the EU indicated that the results for Armenia seem plausible. For some variables the pilot survey showed quite high degrees of deprivation in Armenia.

Because of the good coherence and plausibility of the pilot survey data, the conclusion of the analysis was to keep the questions in the same format as they were in the pilot survey. Some translations were reviewed for clarification. A proposal concerning the placement of the new questions in the main ILCS questionnaire's structure was discussed and approved by NSSRA.

ILCS 2016 data collection
The EU Material Deprivation items were successfully collected in the 2016 ILCS Survey alongside some additional national items, including a module on Child Deprivation. The 2016 results were analyzed in the third mission in April 2017.

In general, the data were found to be complete and technically of high quality. According to the preliminary analysis, the deprivation results were found to be coherent with other background information such as the households' ability to make ends meet. As in the pilot, the analysis indicated high levels of deprivation in Armenia compared to European countries.

The general conclusion was that the data collection had been successfully conducted, and that the collected data provided the necessary information for making international comparisons with both the current and the revised EU-SILC material Deprivation indicators. The suggestion for further work was to systematically check the validity and internal consistency of the Material Deprivation items prior to publication of the data, for instance by cross-tabulating the results with consumption and income data and existing poverty indicators.

Improving the IT skills for the analysis and dissemination
Constructing the relevant tables for both analysis and dissemination requires a lot of work and technical skill. The Household Survey Division is currently relying heavily on the skills of one, maybe two co-workers in the IT-department to produce relevant tables. This has the potential to severely delay the processes in case of absence or other unexpected tasks.

As a first step to resolve the issue, the SAS programs used by the experts in their data analysis were converted to SPSS code together with the NSSRA IT expert during the April 2017 mission. This enabled the NSSRA to do the analyses on their own using SPSS, according to the current EU specifications of the deprivation indicators, and including some of the more technical aspects such as imputation of personal deprivation items to children.

As part of the last mission the experts initiated training in Statistical Programming for key employees in the Household Survey Division and a new IT-expert. The aim of this has been to enable the household survey division to produce tables on their own and reduce dependency on the IT-division.

4. Sustainability of the achievements

Risks that may compromise sustainability
The EU Material Deprivation indicators are currently under revision. While the set of items to be collected for the new material indicators are known and being collected, Eurostat has not yet made the final decision on the thresholds for the new Eurostat indicator on Material Deprivation. This entails that the NSSRA needs to stay updated on Eurostat methodology to maintain comparability in the years to come.

The Household Survey Division has been dependent on one key employee in the IT-department for producing tables. The IT-situation has the potential to become a bottleneck. This could potentially lead to unnecessary delays in producing tables for publications and should be mitigated by training key employees in the Household Survey Division in statistical programming,

Conducting large social surveys is expensive. As such lack of funding might pose a risk for sustainability in the future.

5. Recommendations for the future (short and long term)

Data validation and dissemination
NSSRA has collected the required data and should publish the results, when the validity of the result has been confirmed. The results for the individual material Deprivation Items as well as the compiled indicators should be crosschecked with income and consumption levels of the households.
The indicators and the questions have been designed in a European context. The questions are not tailored for Armenia. The result is that certain questions I.E the ability to go on holiday with the entire household, may show comparatively high levels of deprivation, due to the multigenerational households common to Armenia. Local characteristics such as this should be explained as the results are disseminated.

International comparisons can be made using European results found in the Eurostat Database.

The suggestion is to have a section on the European Material Deprivation indicators presented in the publication Social snapshot and Poverty in Armenia by September. The next step would be to disseminate some results in the Statbank at least by the end of the year.

Staying updated on Eurostat Methodology

NSSRA has successfully collected the necessary data on the deprivation items to compute the Eurostat material deprivation indicators. As part of the mission the experts have assisted the NSSRA Household Survey Division to develop code in SPSS, which enables the division to compute the Material Deprivation items with different thresholds.

For the old indicator consisting of 9 items the thresholds for material deprivation are 3 out of 9 items and the Threshold for severe Material Deprivation the threshold is 4 out of 9 items. However Eurostat has not yet made a decision on the exact thresholds for the new Material Deprivation indicators consisting of 13 items or for the child deprivation indicator. The NSSRA is encouraged to stay updated on Eurostat methodology by checking the EU-SILC homepage or by contact with the experts or Eurostat officials by e-mail.

Retain or upgrade national indicator

The Eurostat indicators on Material Deprivation are designed in a European context. The main purpose for the Indicators in Armenia is to provide Statistics on Deprivation that is internationally comparable.

The recommendation is that the NSSRA retain national deprivation indicators, which better reflect the needs and preferences of the Armenian population, while still ensuring that the ILCS can be used to construct indicators in line with EU-standards. The aim is for the EU-indicator to complement national indicators on deprivation.

New workflow on IT and data processing

A primary bottleneck for the production of Deprivation indicators has been identified as the dependency of the Household Survey Division on key staff in the IT-division. To mitigate this it's the recommendation that the Household Survey Division should develop the capability to produce their own tables for reports.

The recommendation is that the Household Survey Division should always make sure, that the data collected is always transferred/copied to the computers in the Household survey Division once the databases has been constructed by the IT-department. The purpose is both for The Household Survey Division to be able to produce its own tables for dissemination and to train its employees in Statistical programming using real data. In order to obtain the necessary skills the recommendation is for key employees to spend at least 30 minutes a day practicing programming skills during the learning period.

Thus the role of the IT-department should be to prepare the database and do the necessary data cleaning and merging of the data. The IT-division should have a support role in training of the employees and for helping with any technical difficulties that may arise.

Consider extended use of administrative registers

The ILCS questionnaire is fairly extensive. Use of administrative registers could in the long run be used to provide information on basic demographics, educational level or incomes and

thus in the long term be useful for reducing burden on respondents and the cost of data collection.

Administrative registers could furthermore help reduce bias caused by lower participation rates among certain strata of society through post-stratification.

6. Identification of needs for additional support

Employees at the Household Survey Division have been introduced to statistical programming in SPSS. To further improve skills in statistical programming for key employees, it's recommended that NSSRA seek support for further training of the employees in the form of courses in Statistical software.

Conducting surveys such as the ILCS is expensive. NSSRA would benefit from additional support in the future. In the longer term a transition to Computer Assisted interviews could become a large expense and additional financial support may be required.

7. Outstanding issues

The Child Deprivation Indicators and the exact definition of the new thresholds on the Material Deprivation indicators are not yet decided by Eurostat. Once Eurostat has finalised a proposal NSSRA should be able to compute the new indicators and maintain international comparability.

Annex 1: Terms of Reference

Terms of Reference

EU Twinning Project AM/14/ENP/ST/15

13-16 June 2017

Component 4: Poverty Statistics

Activity 4.5: Follow-up on achievements and recommendations for the future

0. Mandatory results and benchmarks for the component

Mandatory results:

- Social exclusions statistics introduced and calculated (July 2017)

Benchmarks:

- Questionnaire for social exclusion pilot survey drafted (October 2015)
- Pilot survey conducted (December 2015)
- Test results calculated (December 2015)
- System of indicators on social exclusions for children introduced (July 2017)
- Staff of NSSRA trained on issues related to the social exclusions statistics (July 2017)

1. Purpose of the activity

- To discuss the status regarding the component at the beginning of the project
- To discuss the status of the project results
- To prepare recommendations regarding the sustainability of the achievements
- To prepare recommendations for future work of NSSRA after the project finishes
- To identify outstanding issues and needs for further support, if any

2. Expected output of the activity

Poverty Statistics component follow up (for each topic in the component):

- Status at the beginning of the project
- Status of the project results
- Sustainability of the achievements
- Recommendations for the future (short and long term)
- Clarification of outstanding issues

3. Participants

NSSRA
Component leaders
- Mr. Gagik Gevorgyan, Member of Council on Statistics of RA
- Ms. Lusine Markosyan, Head of Households Surveys Division of NSSRA

Other staff
- Ms. Diana Martirosova, Advisor to the president of NSSRA
- Ms. Anna Amroyan, Chief Specialist of Households Survey Division, the National Statistical Service of RA
- Ms. Armenuhi Arushanyan, Chief Specialist of IT Development Division of the IT and Information Resources Management Department, the National Statistical Service of RA
- Ms. Aida Badalyan, Leading specialist of the Households Survey Division, the National Statistical Service of RA
- Ms. Arus Galstyan, first category specialist of the Households Survey Division, the National Statistical Service of RA
- Ms. Laura Avetisyan, second specialist of the Households Survey Division, the National Statistical Service of RA

MS experts
- Mr. Jarl Quitzau, Expert, Statistics Denmark
- Mr. Veli-Matti Törmälehto, Expert, Statistics Finland

Other stakeholders taking part in the activity
Representatives from
- Ministry of Labour and social issues of RA
- Ministry of Education of RA
- Ministry of Health of RA and
- UNICEF

will also be invited.

Annex 2. Programme for the mission

Time	Place	Event	Purpose / detail
Tuesday, afternoon *(13/6)*	NSSRA	Meeting with RTA	To discuss the programme of the week
	NSSRA	Meeting with BC Component Leader and BC Experts	Assessment of situation and presentation by BC of the work conducted since last mission
Wednesday, morning *(14/6)*	NSSRA	Meeting with BC Component Leader and BC Experts	Follow-up on outstanding issues Identification of needs for additional support
Wednesday, afternoon *(14/6)*	NSSRA	Meeting with BC Component Leader and BC Experts	Discussion of status of project results Discussion on how to ensure sustainability of the achievements
Thursday, morning *(15/6)*	NSSRA	Meeting with stakeholders	Meeting with stakeholders
Thursday, afternoon *(15/6)*	NSSRA	Meeting with BC Component Leader and BC Experts	Discussions of the way forward after the Twinning project and what to be recommended for the future (short and long term)
Friday, morning *(16/6)*	NSSRA	Meeting with BC Component Leader Ad-hoc meetings	Preparation of final conclusions, recommendations and Mission Report
Friday, afternoon *(16/6)*	NSSRA	Debriefing with BC Project Leader	Discussion of MS Experts' findings and agreement on the reached conclusions De-briefing and presentation for BC Project Leader

Annex 3: Persons met

NSSRA:

- Stepan Mnatsakanyan, President of the NSSRA
- Anahit Safyan, Member of the State Council on Statistics of RA
- Lusine Markosyan, Head of Household Surveys Division
- Anna Amroyan, Household Surveys Division
- Arus Galstyan, Household Surveys Division
- Laura Avetisyan, Household Surveys Division
- Armenuhi Arushanyan, IT Development Division
- Diana Martirosova, Advisor to the president of NSSRA
- Nelly Margaryan, statitiscal information dissemination and public relations division
- Lilit Karapetyan, statitiscal information dissemination and public relations division
- Alina Hunanyan, statitiscal information dissemination and public relations division
- Armine Avetisyan, Population census and demography division
- Nelly Baghsaryan, Social Sphere and Nature Protection Division
- Alina Grigoryan, Social Sphere and Nature Protection Division
- Ani Hambardzumyan, Social Sphere and Nature Protection Division
- Mariam Yeritsyan, Price Statistics and International Comparisons Division
- Zaruhi Avetisyan, Price Statistics and International Comparisons Division

External stakeholders:

- Anna Daguessian, UNICEF

RTA Team:

- Peter Bohnstedt Anan Hansen, Resident Twinning Adviser
- Liana Atoyan, RTA Assistant
- Anush Poghosyan, RTA Language Assistant