

Expert meeting on measuring poverty and inequality



POVERTY MEASUREMENT IN AZERBAIJAN

Yashar PASHA

Budva, Montenegro, 26-27 September 2017

Country profile

Territory – 86,6 square km;

Population – 9705600;

Households – 1848767

Average size of households – 4,7

Population density – 96; (per 1 km²)

urban population – 54 per cent;

rural population – 46 per cent;

men – 49 per cent;

women – 51 per cent;

Population by age group:

0-14 years – 26 per cent;

15-64 years – 67 per cent;

65 years and older – 7 per cent;

Poverty line – 135.6 AZN

Needs for Poverty Measurement

Adopted and implemented the following state programs:

"Poverty Reduction and Economic Development in 2005-2007.",

"Poverty Reduction and Sustainable Development in 2008-2015."

"Development of official statistics in 2008-2017", "Socio-economic development of regions 2004- 2013. and etc.

Carried out works

The questions of household budget survey methodology of the World Bank and Eurostat were studied. Questionnaires were compiled at the household and individual level according the specifics of the country. International classifications relating to HBS were approved and implemented. For sampling it was used electronic database of the country households from population census 2009.

Sampling Procedure for HBS

Territorially-random sampling

Three-stage probability sampling. Primary sampling units (PSUs), Secondary sampling units (SSUs).

Source for sampling 2009 population census:

- code of districts**
- population census district**
- supervisor area**
- enumerator unit**
- surname, name head of households**
- number of person**
- full address and mail index**

Main resources

In the department quality of life statistics 10 persons are engaged:

At the regional level - 255 interviewers;
Each administrative district (city) has 1 supervisor - total 76 person;

In processing of the data it is being used the statistical software package SPSS, STATA, SAS.

Questionnaires:

Questionnaire for main interview.

Expenses journal (2 weeks of a quarter).

Quarterly questionnaire of incomes and

expenses (end of survey for by all persons involved).

Memory form for a quarterly questionnaire.

Received Results:

By types of households

By education, sex, age, employment, social status of a household.s head

By decile and quintile groups of population

By level of income and expenses of families with/without a child

Sampling size

Starting from January of 2015 quarterly panel survey

Every quarter 10200 households (0,5 percent of total households)

In annual data base 10200 households and 39000 individuals

Assessment of the total of monetary incomes by quintil groups of population

I quintile 12.4 %

II quintile 16.0 %

III quintile 18.6 %

IV quintile 21.6 %

V quintile 31.4 %

The disparity between 10% of the most and the least wealthy groups of population is 3.3 times

Ration of Refugee and IDP childrens

8.3 % of refugees. children aged between 12 months and 6 years are considered as underfed.

In this category 5-years-old-children have the highest percentage of children with insufficient weight,
boys – 10.7 %,
girls – 7.5 %

Poverty Level (2016)

Absolute poverty – 148,5 AZN, 5,9 per cent
is based in the size of a minimum consumption
basket that includes 2400 kcal per day

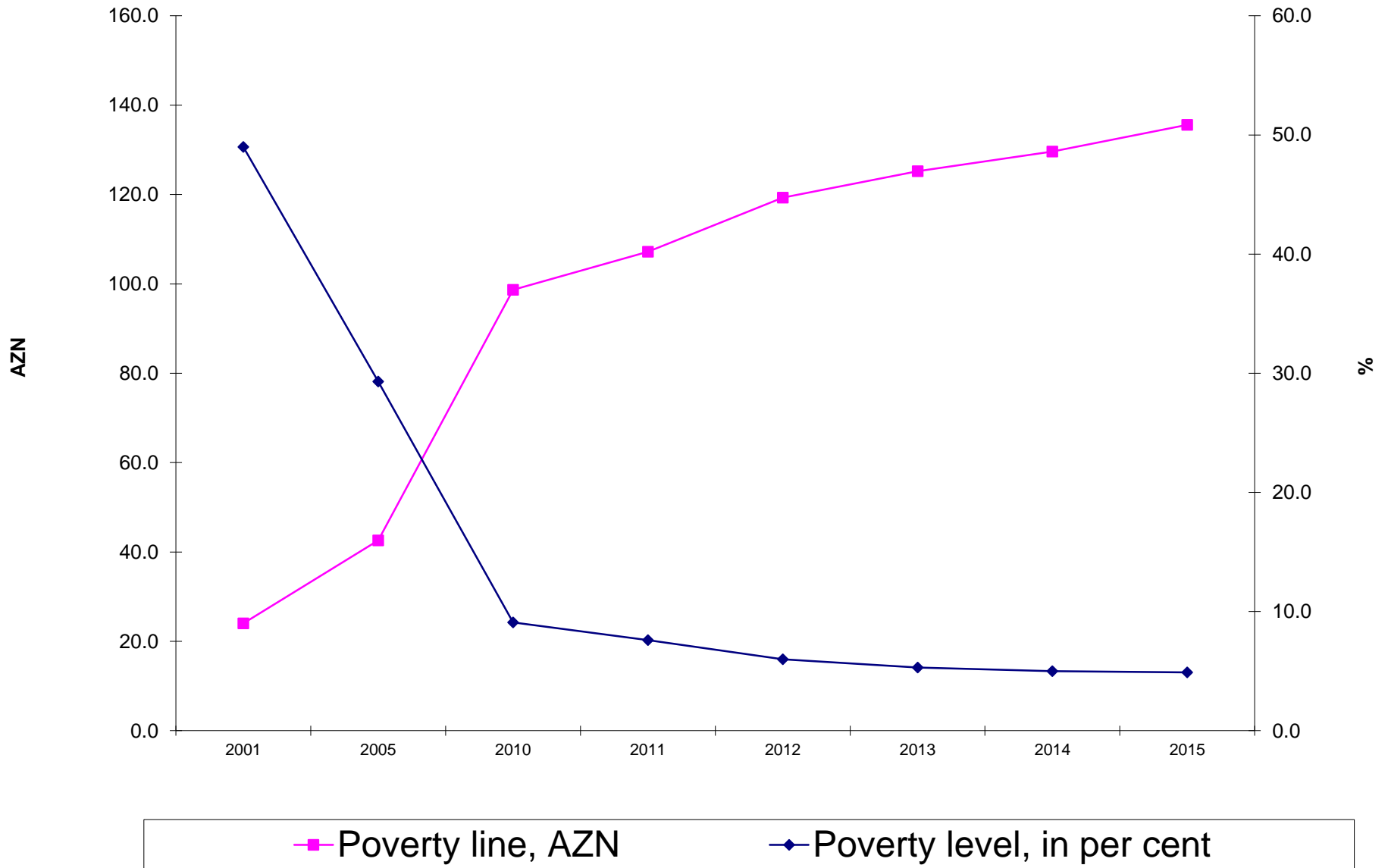
**Specific gravity of foodstuff in a minimum
consumption basket is equal to 59 %**

**Defines poverty level in the poorest groups of
population**

Poverty line & level

	2001	2005	2010	2013	2014	2015	2016
Poverty threshold, AZN	24.0	42.6	98.7	125.2	129.6	135.6	148.5
Poverty level, %	49.0	29.3	9.1	5.3	5.0	4.9	5.9

Poverty line and poverty level in 2001-2015 year



Material deprivation

State Statistical Committee in 2014 studied the methodology of material deprivation of the population, including the methodology used by Eurostat. In 2015 conducted pilot survey of households in the part of household participating in HBS. In the pilot survey used the following questions:

Eurostat deprivation questions

1. mortgage or rent payments, utility bills, hire purchase instalments or other loan payments;
2. one week's holiday away from home;
3. meal with meat, chicken, fish or vegetarian equivalent every second day;
4. unexpected financial expenses 136 AZN;
5. telephone (including mobile telephone);
6. colour TV;
7. washing machine;
8. car;
9. heating to keep the home sufficiently warm..

Material deprivation threshold

The material deprivation broad categories are based on the number of items people lack out of a list of nine material deprivation items. **deprived** (3 of 9 items), **severe deprivation** (4 of 9 items) and **extreme deprivation** (5 of 9 items).

People at risk of poverty and social exclusions
Persons (as percentage of persons in the total population or as thousands of persons) and in the relevant age and sex breakdowns who are at-risk-of-poverty ($EQ_INC20 < ARPT60$) or severely materially deprived (SEV_DEP) or living in a household with low work intensity ($WI < 0.2\%$).

Material deprivation

- *Economic deprivation:*

- 1) Provide oneself with basic inexpensive food products
- 2) Update once in 5 years the necessary outdoor clothing and shoes for adults for cold season
- 3) purchase when necessary of outwear and footwear for children
- 4) a colour TV set
- 5) a refrigerator
- 6) Carry out, if necessary, urgent housing improvements
- 7) Timely and full payment of bills for housing and the necessary services for its maintenance
- 8) to improve living conditions
- 9) Pay, if necessary, inexpensive medical services (other than dental), analyzes, checkups, procedures
- 10) Pay for medicines and medical supplies prescribed by doctor

- 11) Pay inexpensive emergency surgery and/or hospital treatment**
- 12) receive professional education**
 - Infrastructure development**
- 13) Shops, kiosks, markets and other sales outlets near your house;**
- 14) Hairdressing, dry cleaning, repair of clothing, shoes, appliances, and other household services;**
- 15) Health Center (feldsher-midwife stations, ambulance station, out-patient clinic, etc.), pharmacy**
- 16) Forehanded emergency medical services**
- 17) Lack of pre-school facilities (kindergartens, nurseries) close to home**
- 18) Lack of regular daily transport connection with another locality with higher level of infrastructure (shop network, cultural and educational facilities, etc.)**

Low work intensity

Based on the Eurostat (2015) definition, people living in households with very low work intensity are defined as people of all ages (0-59) living in households where the members of working age worked less than 20.0% of their total potential during the previous 12 months. It should be mentioned that the households composed only of children (0-17), of students aged less than 25 and/or people aged 60 or more are completely excluded from the indicator calculation.

"OECD-modified scale". After having used the "old OECD scale" in the 1980s and the earlier 1990s, the Statistical Office of the European Union (EUROSTAT) adopted in the late 1990s the so-called "OECD-modified equivalence scale". This scale, first proposed by Haagenars *et al.* (1994), assigns a value of 1 to the household head, of 0.5 to each additional adult member and of 0.3 to each child.

Use of disposable income for the calculation of the median income (50, 60, 70%), excluding temporary and seasonal income.

Questions EU-SILC

Currently is being studied EU-SILC methodology is «Survey of income and living conditions," some of the questions that cover the household budget survey. There are questions at the level of households and individuals. On questions relating to employment will be added to the individual level, the number of hours of work per week, type of contract , activity calendar for the past 12 months to determine the intensity of the work, quality issues, etc.

EU-SILC questions in household level

HH1 *Thinking of your household's total income, is your household able to make ends meet, namely, to pay for its usual necessary expenses?*

HH2 *Please consider your total housing costs including mortgage repayment (instalment and interest) or rent, insurance and service charges (sewage removal, refuse removal, regular maintenance, repairs and other charges). To what extent are these costs a financial burden to you?*

EU-SILC questions in individual level

- P1 Is person employee, self-employee, working through contract, farmer?
- P2 Has person ever worked (at least for 6 months)?
- P3 What is number of hours person usually work at main work?
- P4 Does person do any additional work for payment, profit in the second, third ... job?
- P5 What is number of hours person usually work at the second, third job?
- P6 Type of contract:
- P6a Is person work in...
- P6b Was person work in the last situation in

EU-SILC questions in individual level, *continue*

P7 Calendar of activities: Circle the number for each months the economic status of the person. Person should have for each month only one (main) status. In the case that the person had more statuses, choose the most important status.

- Employee: Full time/ Part time
- Self-employee: Full time/ Part time
- Unemployed
- Student
- Retirement
- Permanently disabled for work
- Compulsory military service
- Fullfilling domestics tasks
- Other inaactive person

EU-SILC questions in individual level, *continue*

Do you replace worn-out clothes by some new (not second-hand) ones?

Do you have two pairs of properly fitting shoes (including a pair of all-weather shoes)?

Do you get together with friends/family (relatives) for a drink/meal at least once a month?

Do you regularly participate in a leisure activity such as sport, cinema, concert, etc.?

Do you spend a small amount of money each week on yourself without having to consult anyone?

Do you have access to Internet for personal use at home?

Application of new technology in household survey

By the purpose of preparation of operative and more complete statistical data in online regime were used tablet-type computers. The advantage of this experience of technological innovation is not using the paper during the collection of data. Statistical data had been loaded into the tablet type computers, inserted into tables and saved through touch screen and transferred directly to the server network through the special software package in any internet space. Comprehensiveness of inquiry had been checked by means of logical control software compiled to minimize errors probability during the survey.

Challenges and problems

Calculation of the international poverty line (\$ 1.90, \$ 3.90, \$ 5) on the basis of purchasing power parity (PPP) of the national currency;

Using the OECD equivalence scale;

Use of disposable income poverty measurement, excluding temporary and seasonal income.



Thanks!

www.stat.gov.az

yashar@azstat.org