

UNECE Group of Experts on Measuring Poverty and
Inequality

Geneva, 28-29 November 2024

Impact of Social Transfers on Poverty – Case of Albania from SILC

Blerina Memaj

Living Conditions Unit - INSTAT

- The effectiveness of social transfers in Albania
 - Data from the Income and Living Conditions Survey (ILIC) for year 2022
- I. Many studies conducted have assessed the impact of social transfers on poverty reduction--a strong negative correlation between poverty and social transfers
 - II. Review of the studies with focus social transfers and poverty---statistics for Albania
 - III. The relationship between social transfers and how is the impact of them in the main indicator at risk of poverty
 - IV. Logistic regression -social transfers, gender, education, age, household size
-

The concept of Social Transfers

- Social transfers are designed to support vulnerable populations and improve their living conditions
- Social transfers included in SILC (in accordance with Eurostat methodology)
 - ✓ old-age (retirement) and survivors pensions
 - ✓ family-related benefits/education-related benefits
 - ✓ sickness and invalidity benefits
 - ✓ unemployment benefits
 - ✓ housing allowances
 - ✓ social assistance

The concept of Social Transfers

Figure1. Type of social transfers

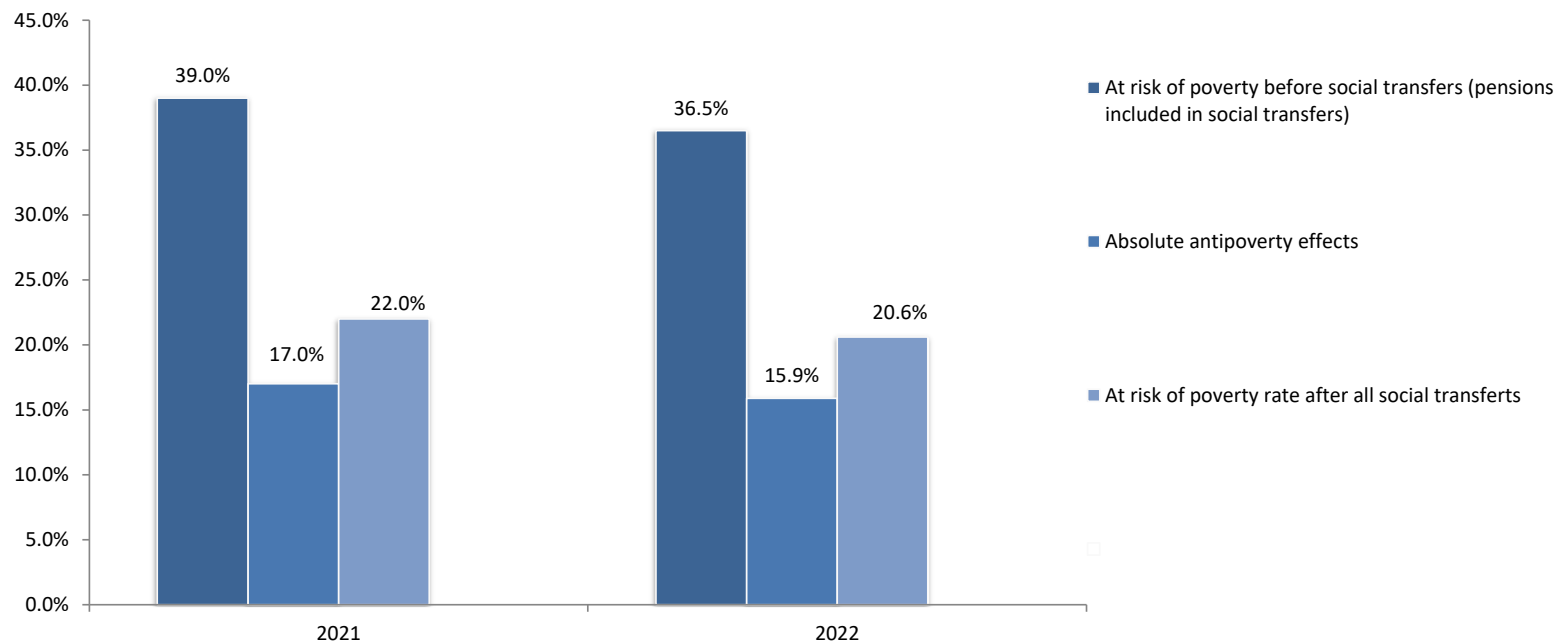
Old-age and survivors pensions- 80% of social transfers



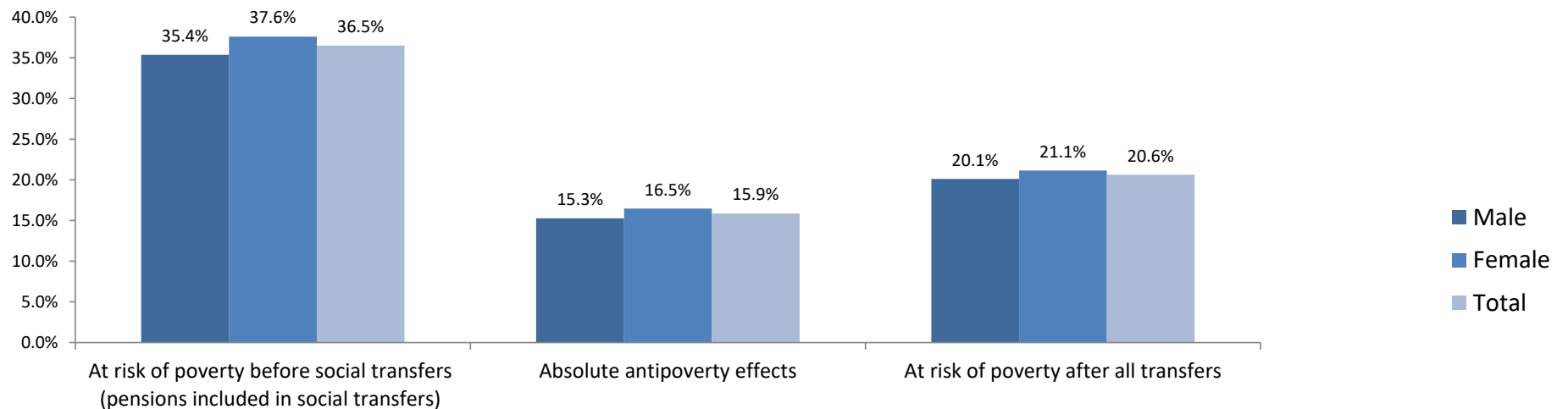
■ old-age (retirement) and survivors pensions ■ family-benefits/education-related benefits
■ sickness and invalidity benefits ■ housing allowances/social assistance

Social Transfers and poverty reduction

■ Absolute antipoverty effect

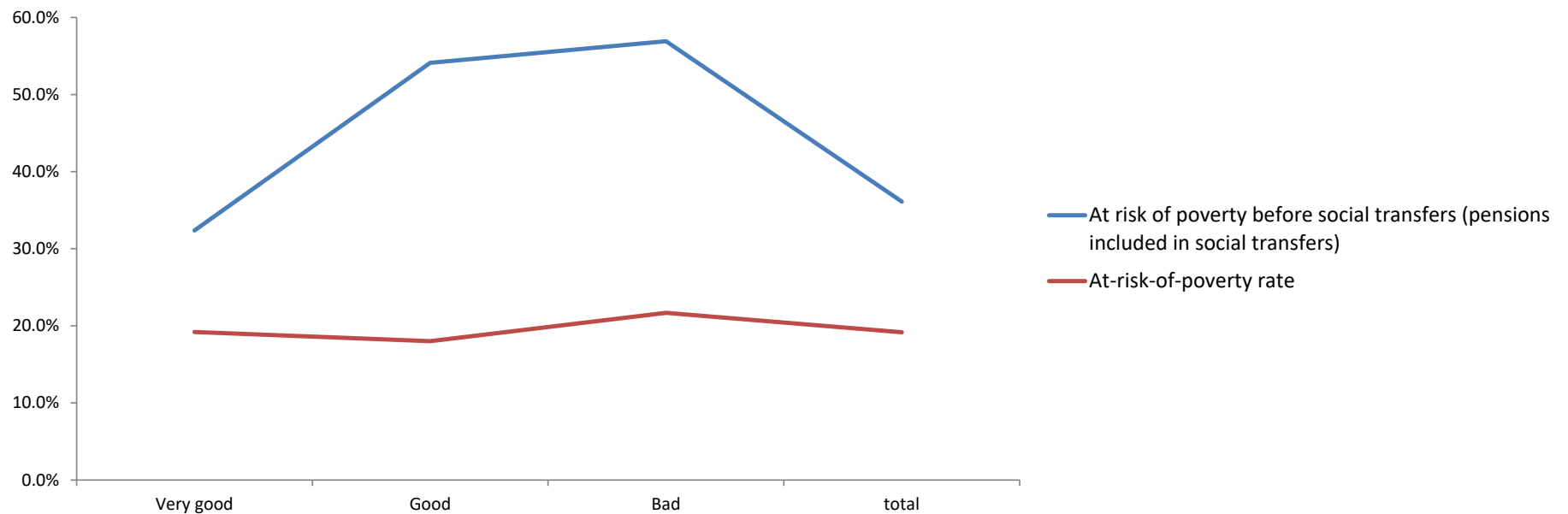


Absolute antipoverty effects by gender



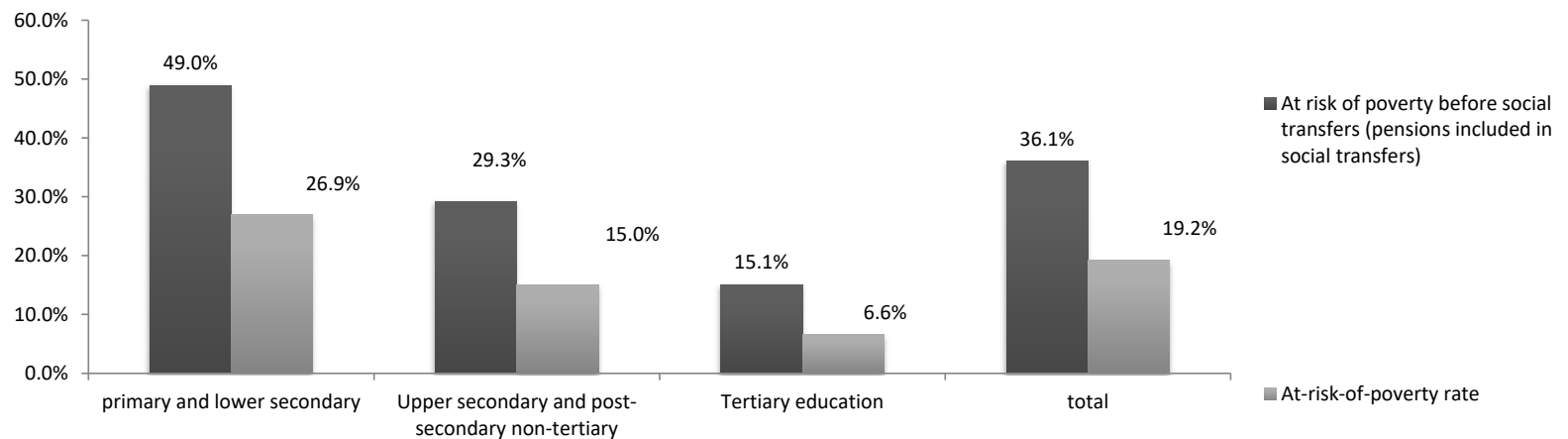
Impact of social transfers

At risk of poverty before and after social transfers by general health



Impact of social transfers

At risk of poverty before and after social transfers by education level



Regression - Estimation Results

Variable and their Definitions

Variable	Definition
Social transfers	Total transfers
Education level	1=primary and lower secondary(1-2),2= Upper secondary and post-secondary non-tertiary(3-4), 3=Tertiary education(5-8)
Gender	1=Male, 0= Female
Employment status	1 Employed 0 Unemployed
General health	1-very good, 2- good, 3- bad
Age groups	1. Age group 0-17 years old 2. 18-64 years old 3. 65+
HHSIZE	Household size

Regression - Estimation Results

Correlation of Different Variables with Poverty Status

Variable	Pearson's Correlation Coefficient
Social transfers	-0.065
Education level	-0.181
Gender	.013
Employment status	-.150
General health	.003
Age groups	-.130
HHSIZE	.141

Regression - Estimation Results

Selected Variables through Logistic Regression

Dependent Variable	At Risk of poverty rate	
Variables	Coefficient	Standard Error
Social transfers	-0.405	0.063
Education level	-0.722	0.032
Gender	-0.213	0.039
Employment status	-1.056	0.047
Age groups	-0.502	0.055
HHSIZE	0.143	0.012
Constant	1.127	0.154
Log pseudolikelihood	17433.939	
Number of observations	21795	

Regression - Estimation Results

The final model's equation is:

$$\textit{At risk of poverty rate} = 1.127 - 0.405 * \textit{social transfers} - 0.722 * \textit{Education level} - 0.213 * \textit{Gender} - 1.056 * \textit{Employment status} - 0.502 * \textit{Age groups} + 0.143 * \textit{HHSIZE}$$

Conclusion

- Social transfers reduce the percentage of people at risk-of-poverty---social policies are efficient
- Negative correlation between poverty and social transfers
- Social transfers are essential for fostering social inclusion and promoting sustainable development
- EU-SILC data provides a comprehensive framework for assessing the effectiveness of social transfers in reducing poverty



Thank you for your attention!

Blerina Memaj

bmemaj@instat.gov.al