



Disaggregation of poverty indicators by small area methods for targeting of the "Reddito di Cittadinanza" national policy in Italy

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Abstract:

Sustainable Development Goal 1 calls for the implementation of nationally appropriate social protection systems to combat (or end) poverty. In Europe two main indicators are used to capture and monitor poverty: the At-Risk-of-Poverty Rate which takes into consideration households' reported income based on the EU Statistics on Income and Living Condition (EU-SILC) survey; the absolute poverty index based on consumption data collected through the Household and Budget Survey (HBS).

A crucial data source concerning anti-poverty policies is the measure of guaranteed minimum income "Reddito di Cittadinanza" (RdC) introduced in Italy in April 2019. To obtain reliable estimates of these indicators at the local level, it is necessary to introduce small areas estimation models that allow the use of data from different sources. In this work, we applied an inverse-sine transformation Fay and Herriot model with a bias-corrected back transformation which allows to provide reliable estimates of absolute and relative poverty for the assessment of RdC policy targeting in the 59 areas represented by the region by degree of urbanisation level in Italy. We consider these areas as a vast body of literature considers the degree of urbanization as a key geographical variable for the study of poverty phenomena. Levels of poverty in rural and urban areas, indeed, not only differs but they stem from different causes and require different solutions.

The analysis presented hereby is based on four main data sources: HBS and EU-SILC survey data; data from the Italian Ministry of Treasury Tax returns; the number of RdC beneficiaries and the monetary amount of benefit received in each municipality from INPS, the Italian Social Security Agency. Our results suggest that the RdC policy implemented at national level does not support the poorest areas and propose new aspects that should be taken in consideration to propose more adequate policies.

Keywords: Small Area Estimation, Absolute Poverty, Relative Poverty, Policy Targeting, Sustainable Development Goal