



**NATIONAL STATISTICAL SERVICE OF
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SOCIAL SNAPSHOT AND POVERTY IN ARMENIA
report
(Key Findings of the 2012 Integrated Living Conditions Survey)

The report “*Social Snapshot and Poverty in Armenia*” prepared by the National Statistical Service of the Republic of Armenia (NSS RA) is intended to reflect on the changes in the social situation and living conditions in Armenia over the period 2008-2012. This issue is the fourteenth one in the series of similar reports produced annually by the NSS RA. The main objective of the reports is to inform the public about poverty level and social situation in the country based on the findings of the 2012 Integrated Living Conditions Survey (ILCS).

In 2012, the ILCS was conducted through the funding of the Republic of Armenia state budget.

Whereas the report mainly draws from the findings of the ILCS conducted by the NSS RA, it also uses data provided by the Ministry of Labor and Social Affairs, the Ministry of Health Care, and the Ministry of Education and Science.

The report has been drafted through the analytical and technical assistance of the World Bank.

In Armenia, consumption aggregate is used for assessing the level of well-being. In international practice consumption – in comparison with income – is recognized as an indicator providing more accurate information and less sensitive to short-term shocks, especially as far as countries with a transitional economy are concerned.

The report presents the poverty snapshot in Armenia over the period 2008-2012. The methodology for measuring and analyzing poverty has been updated (based on 2009 data) with the technical assistance of the World Bank and reflects the changes in household consumption over the recent years. In contrast to the previous methodology based on 2004 data, the updated methodology for poverty assessment provides higher poverty lines, which enable to highlight the general changes in living conditions and the growing importance of the share of non-food component within factual household consumption.

Poverty line in 2012 was computed using the factual minimum food basket and the estimated share of non-food products for 2009.

Poverty Lines and Their Changes, 2008-2012
(per Adult Equivalent, per Month)

(AMD)

Poverty lines	2008	2009	2010	2011	2012
Food or extreme poverty line	17644	17483	19126	21306	21732
Lower total poverty line	24388	25217	27410	29856	30547
Upper total poverty line	29903	30920	33517	36158	37044

Source: ILCS 2008-2012

The *poor* are defined as those with consumption per adult equivalent below the upper total poverty line; the *very poor* are defined as those with consumption per adult equivalent below the lower total poverty line, whereas the *extremely poor* are defined as those with consumption per adult equivalent below the food poverty line.

In 2012, the total – both upper and lower – and the extreme poverty lines per adult equivalent per month were estimated to be AMD 37044 (or USD 92.2), AMD 30547 (or USD 76.0) and AMD 21732 (or USD 54.1), respectively.

The report also reflects on the negative impact of the global financial/ economic, debt, liquidity, and confidence crises since the fourth quarter of 2008.

Over 2008-2012, the key factor behind the increase in the poverty rate was the deep recession of the economy at 14.1% in 2009. The economy in 2010 had a modest growth at 2.2% as compared with the previous year, in 2011 the economic growth relative to the previous year constituted 4.7%. The next year, 2012, recorded a rather significant economic growth of GDP at 7.2%; however, this was not sufficient for reaching the level of 2008. ILCS 2012 results show that the average monthly real consumption of the entire population increased by 6.3% as compared to 2008. Such increase was observed in all quintiles of consumption.

In 2012, poverty rate decreased in comparison with the previous year. Specifically, poverty rate was 32.4%, a 7.4% reduction from the poverty rate in 2011 (35.0%).

In 2012, almost every third person – that is 32.4% of the population – was poor, among them 13.5% were very poor, and 2.8% were extremely poor. Although poverty rate decreased in 2012 in comparison with 2011, both poverty rate and its gap and severity were still at a higher level than in 2008.

The number of the poor in 2012 was around 980 thousand (per resident population¹), the number of the very poor – 408 thousand, and the number of the extremely poor – around 85 thousand.

¹ Resident population headcount for 2012 was calculated as per the results of the Census 2011, whereas the number of poor population deriving from ILCS 2011 (as published in the previous report) was calculated on basis of resident population headcount for 2011 as per the results of the Census 2001. These two indicators are not comparable, since the average annual indicator for 2011 (i.e. the output of respective indicators for both 2011 and the previous years) has not been revised yet as per the results of the Census 2011.

The **poverty gap** of 5.6% indicates that, if the country were to mobilize for each individual (both poor and non-poor) resources equivalent to the poverty line of 5.6% and these resources were allocated to the poor, poverty theoretically would be eliminated assuming that the assistance aimed for the poor would fully reach them. If calculated as per the poor population only, the poverty gap indicates poverty deficit, i.e. it shows the extent to which the average income (or consumption) of the poor falls below the poverty line.

The **severity of poverty** reflects inequality among the poor. It reflects the fact that in terms of consumption some poor people are further away from the poverty line, while some others are much closer to it. In 2012, the severity of poverty was 1.6%.

Basic Poverty Indicators, 2008-2012

(percent)

	2008			2011			2012					
	Extremely poor	Very poor	Poor	Extremely poor	Very poor	Poor	Extremely poor	Very poor	Poor	Percentage share in population headcount	Poverty gap	Poverty severity
Urban	1.9	13.0	27.6	4.6	21.3	35.2	3.2	14.3	32.5	64.6	5.9	1.7
Yerevan	1.1	8.1	20.1	2.7	14.5	27.5	2.2	10.5	25.6	26.7	4.3	1.2
Other urban	2.8	18.2	35.8	6.6	28.7	43.6	4.4	18.4	40.2	37.9	7.7	2.3
Rural	1.2	11.9	27.5	2.2	17.5	34.5	2.1	12.0	32.1	35.4	5.1	1.4
Total	1.6	12.6	27.6	3.7	19.9	35.0	2.8	13.5	32.4	100.0	5.6	1.6

Source: ILCS 2008-2012

Note: Consumption was measured per adult equivalent

In comparison with 2008, extreme poverty rate in 2012 increased by 1.8 times (or by 1.2 percentage points); the share of the very poor increased by 7.1% (or by 0.9 percentage points), and total poverty increased by 17.4% (or by 4.8 percentage points). The estimated poverty gap in 2012 was 5.6% as compared to 5.1% in 2008 (an increase by 9.8% or 0.5 percentage points), whereas the estimated poverty severity was 1.6% as compared to 1.4% in 2008 (an increase by 14.3% or 0.2 percentage points). The deficit of additional consumption for the poor relative to the poverty line, in percentage expression, constituted 17.4%.

In 2012, poverty indicators did not significantly differ by urban (32.5%) and rural (32.1%) communities.

Over 2008-2012, poverty rate in urban communities increased at a slightly higher pace than that in rural communities (4.9 percentage points against 4.6 percentage points).

The capital city Yerevan had the lowest poverty rate in the country (25.6%), which was 1.6 times lower if compared with other urban communities. In 2012, poverty in Yerevan as compared to 2008 increased by 5.6 percentage points, whereas in other urban communities such increase totaled 4.5 percentage points. In terms of urban/rural distinction of welfare, majority of the poor (64.6%) were urban residents.

Inequality indicators measured by the Gini coefficient indicate that polarization of population in Armenia is deeper in terms of income distribution than that in terms of consumption distribution.

Consumption inequality measured by the Gini coefficient increased from 0.242 in 2008 to 0.269 in 2012. Gross income inequality, in turn, increased from 0.339 in 2008 to 0.372 in 2012.

Subjective Assessment of Poverty and Living Conditions

Under the ILCS 2012, members of the surveyed households aged 16 years and above were asked series of questions designed to give insights into their subjective assessment of living conditions.

In Armenia, poverty estimates based on subjective perceptions (i.e. personal judgment of individuals regarding their own welfare) tended to be lower than those obtained by means of consumption per adult equivalent as an objective welfare measure (17.6% and 32.4%, respectively).

Some 3.1% of surveyed households assessed themselves to be extremely poor, as compared to the level of extreme poverty at 2.8% measured by means of consumption per adult equivalent. Subjective assessments on poverty rates in 2012 were higher than in 2008 (17.6% and 17.0%, respectively).

The report “Armenia: Social Snapshot and Poverty” is available at the open library of the RA National Statistical Service (Room No 721) and on its website at <http://armstat.am/en/?nid=81&id=1503>.

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