

PART IV: SUBJECTIVE ASSESSMENT OF POVERTY IN 2014

Chapter 11: Subjective Assessment of Poverty and Living Conditions

Poverty is multi-dimensional and can be measured using both objective and subjective approaches. In Armenia, poverty estimates based on subjective perceptions (i.e. personal judgment of individuals regarding their own welfare) are 1.8 times lower than those obtained through using consumption per adult equivalent as an objective welfare measure (17.0%). 2.4% of surveyed households assessed themselves to be extremely poor, which is similar to the extreme poverty incidence measured through using consumption per adult equivalent (2.3%).

Subjective assessments on poverty rates in 2014 and 2008 were identical (17.0%).

11.1. Perception of Living Conditions

Under the ILCS 2014, members of the surveyed households aged 16 years and above were asked a series of questions designed to give insights into their primary concerns about their living conditions.

Table 11.1 – Armenia: Primary Concerns of Household Members, 2014

Primary concerns	2014
Basic food needs	14.0
Basic non-food needs	35.0
Housing needs	19.6
Appropriate education for children	2.5
Healthcare needs	7.3
Other	21.6

Source: *ILCS 2014*

In 2014, the share of household members who considered provision of basic food as a primary concern constituted 14%. Some 35% of the population considered satisfaction of basic non-food needs to be their primary concern. Lack of proper housing was reported as the primary concern by every fifth surveyed (20%). Some 7% percent of the respondents mentioned their inability to afford healthcare services, and 3% referred to their inability to ensure good education for their children as a top concern. Another 22% specified other primary concerns.

Over 2008-2014, the subjective assessment of living conditions changed in the following way:

Table 11.2 – Armenia: Subjective Assessment of Living Conditions, 2008-2014

(percent)

	Subjective assessment of living conditions					
	Extremely poor	Poor	Below average	Average	Above average	Rich
2008	2.3	14.7	35.6	43.0	4.2	0.2
2009	2.9	15.0	37.3	41.3	3.4	0.1
2010	2.2	12.4	38.8	42.2	4.0	0.4
2011	2.1	13.3	38.2	43.2	3.1	0.1
2012	3.1	14.5	38.2	39.9	4.2	0.1
2013	3.3	14.7	40.7	36.6	4.6	0.1
2014	2.4	14.6	42.3	36.5	4.1	0.1

Source: *ILCS 2008-2014*

According to the subjective assessment of the living conditions, in 2014 some 17.0% of households considered them to be poor (including extremely poor), as compared to the same 17.0% in 2008. According to the self-assessment of the respondents, in 2014:

- 36.5 % of respondents, as compared to 43.0% in 2008, considered their living conditions to be average;
- 42.3% of respondents, as compared to 35.6% in 2008, considered their living conditions to be below the average;
- 0.1%, as compared to 0.2% in 2008, considered themselves to be rich; and
- 4.1%, which is very close to the assessment in 2008 (4.2%), considered their living conditions to be above the average.

Hence, in comparison with the respective indicators in 2008, changes have been observed in the subjective assessments in 2014, for those respondents who consider their living conditions to be below the average and average. In 2014, 42.3% of respondents considered their living conditions below the average against 35.6% in 2008 (6.7 percentage point increase) and 36.5% as average against 43.0% in 2008 (6.5 percentage point decrease).

A comparison of the objective and subjective assessments of living conditions is presented in the table below, where households are ranked by the subjective assessment of their living conditions and by consumption per adult equivalent, with subsequent breakdown by poverty rate.

The below table shows that 38.2% of the respondents classed into the first (the poorest) decile group of consumption by objective assessment have a similar subjective assessment of their living conditions (extremely poor and poor). On the other hand, only 7.3% of the respondents classed into the tenth (the richest) decile group of consumption have a similar subjective assessment of their living conditions (above average and rich).

**Table 11.3 – Armenia: Subjective and Objective (by Decile Groups of Consumption Aggregate)
Assessment of Living Conditions, 2014**

(percent of decile group)

Decile groups of consumption aggregate (objective assessment)	Subjective assessment of living conditions					
	Extremely poor	Poor	Below average	Average	Above average	Rich
Total, including:	2.4	14.6	42.3	36.5	4.1	0.1
First decile	7.1	31.1	42.7	17.7	1.4	-
II	2.9	19.3	42.6	31.3	3.9	-
III	3.1	16.6	45.8	30.4	4.1	-
IV	3.4	10.1	44.7	37.9	3.9	-
V	1.6	16.9	42.3	36.6	2.6	-
VI	1.7	13.6	43.8	38.5	2.4	-
VII	0.6	11.3	45.1	38.9	4.1	-
VIII	1.2	10.3	40.7	43.7	4.1	-
IX	1.2	9.4	39.0	43.1	6.6	0.7
Tenth decile	1.2	8.5	37.8	45.2	7.3	-

Source: *ILCS 2014*

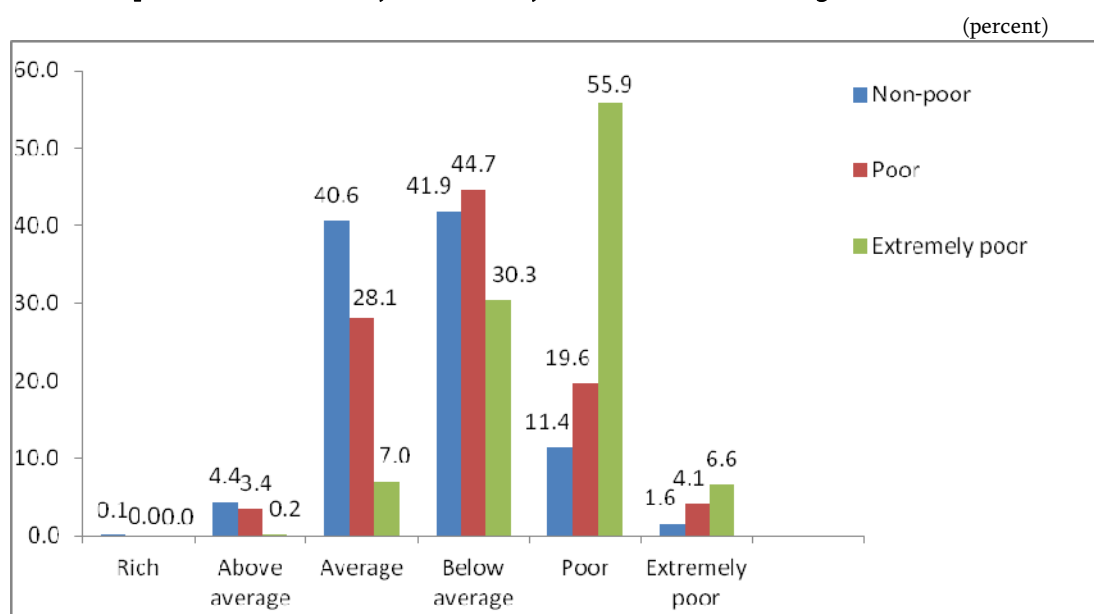
Note: *Consumption is measured per adult equivalent*

Although the results are generally consistent, the subjective assessment of total poverty appears to be lower than the objective. Some 14.6% of the population headcount (excluding the extremely poor) considered themselves to be poor, whereas the poverty rate estimate based on consumption per adult equivalent was 27.7%. At the same time, 2.4% of the population headcount considered themselves to be extremely poor, which is close to the extreme poverty rate measured by consumption per adult equivalent of 2.3%. Subsequently, in 2014 the total poverty rate based on self-assessment constituted 17.0%, as compared to 30.0% estimate based on consumption per adult equivalent. Notably, 4.1% of the households assessed their living conditions to be above average, while almost no household (0.1%) considered themselves to be rich.

Graph 11.1 groups the surveyed households by the subjective assessment of their living conditions and by poverty rate estimated on basis of consumption per adult equivalent. Hence, 1.6% of non-poor households by consumption per adult equivalent assessed themselves to be extremely poor, whereas 4.1% of those classed on basis of the consumption aggregate as poor thought they were actually extremely poor.

The extremely poor as per the consumption aggregate had the following perception of their social and economic status: extremely poor – 6.6%, poor – 55.9%, below average – 30.3%, average – 7.0%, 0.2%. No households in this category considered themselves as rich.

Graph 11.1 – Armenia: Subjective and Objective Assessment of Living Conditions, 2014



Source: *ILCS 2014*

Households were also asked to identify the per month per capita amount they thought a household would need in order to live well and very well, or to survive. The respective results of ILCS 2008 and 2014 are presented in table below.

Table 11.4 – Armenia: Household Perception of per Capita Average Monthly Income Needed for Living, 2008 and 2014

	AMD		USD	
	2008	2014	2008	2014
For living very well	853 804	1 297 693	2 350	3 120
For living well	191 591	294 060	527	707
For survival	46 847	85 231	129	205

Source: *ILCS 2008 and 2014*

The table above shows that in 2014 the per capita monthly amount in Armenian drams required for survival increased by 1.8 times, as compared to 2008. Over the same period, the amount considered by households to be sufficient for living well increased by 1.5 times, whereas that for very well-off households decreased by more than 1.5 times. 2008-2014 reflect higher costs of living (inflation), and a shift in the subjective assessment of what is necessary to lead a (very) well life in Armenia.

According to ILCS 2014, in terms of further plans on improving their living conditions, household members aged 16 years and above reasoned as follows: “nothing depends on me, the Government should provide for employment and good conditions” (41.5%), or “I have no plans” (20.2). Some 9.7% of the respondents were searching for an income-generating employment in Armenia, and only 1.0% sought to start an own business in Armenia.

Some 24.1% of the respondents thought that the new generation would have a better life, an almost equal share (23.9%) felt hard to answer that question, 31.0% thought that the new generation would have even a worse life, and the other 21.0% thought that nothing would change.

11.2. Satisfaction with Quality of Paid Services

The survey explored opinions of respondent households regarding paid services of different providers. Relevant findings of the survey are presented in Table 11.5. As one can see, in 2014 most households (97%) were satisfied with electricity supply. There was also a high level of satisfaction with postal services – 81%, water supply – 80% public transportation – 79%, telephone services – 76%, garbage disposal – 76% and sewerage – 72%. At the same time, a certain part of the population expressed dissatisfaction in relation to health care, irrigation, garbage disposal, water supply, and public transportation services (from 17 to 30%). As compared to 2008, in 2014 households were more satisfied with paid services except for health, education and irrigation.

Table 11.5 – Armenia: Satisfaction with Paid Services, 2008 and 2014

(percent)

Type of paid service	Satisfied		Not satisfied		Felt hard to answer	
	2008	2014	2008	2014	2008	2014
Water supply	57.1	80.2	42.5	19.2	0.4	0.6
Sewerage	65.0	71.5	23.1	15.4	11.9	13.1
Garbage disposal	54.1	75.6	42.4	21.3	3.5	3.1
Telephone	74.2	76.0	13.5	7.0	12.3	17.0
Electricity supply	97.4	96.7	2.4	3.2	0.2	0.1
Postal service	73.7	80.7	2.6	2.1	23.7	17.2
Bank services	61.4	71.0	2.4	6.3	36.2	22.7
Irrigation	18.2	13.0	20.9	25.5	60.9	61.5
Healthcare	56.1	54.7	29.0	29.7	14.9	15.6
Education	62.2	52.2	15.5	15.8	22.3	32.0
Public transportation	80.2	79.2	15.6	17.0	4.2	3.8

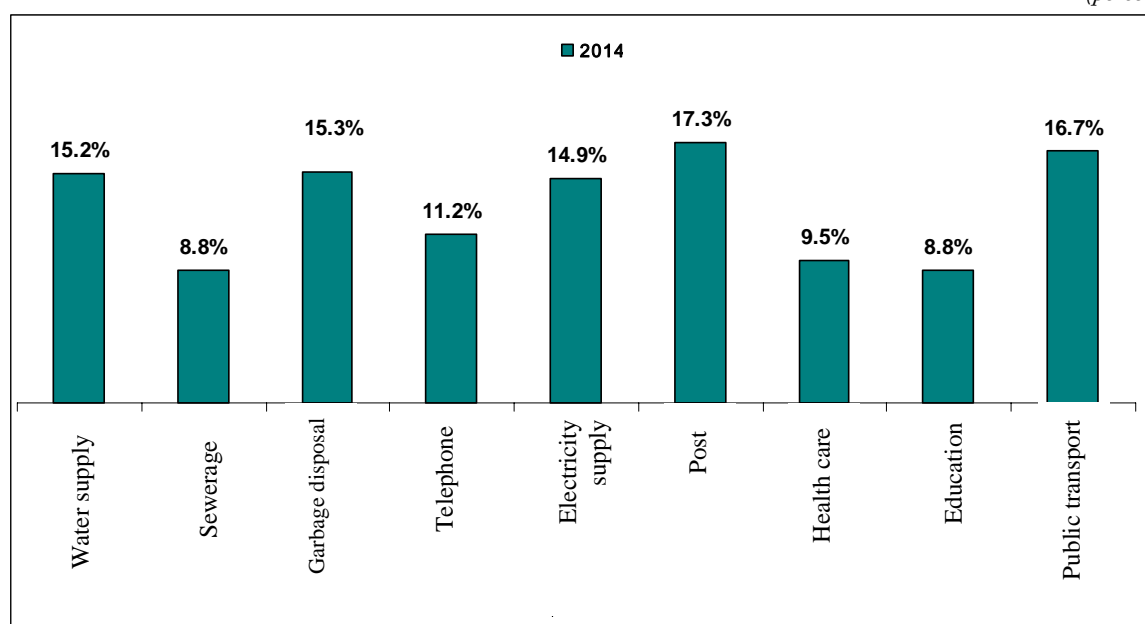
Source: *ILCS 2008 and 2014*

To the question on the changes in provided services over the last 12 months, a certain part of the respondents reported some positive changes, with the range of such changes varying from the smallest 1.4% (in terms of irrigation) to the largest 17.3% (in terms of postal service).

Graphs 11.2 and 11.3 illustrate the positive and negative perceptions of the changes in service quality for 2014.

Graph 11.2 – Armenia: Household Perceptions of Positive Changes in Service Quality, 2014

(percent)

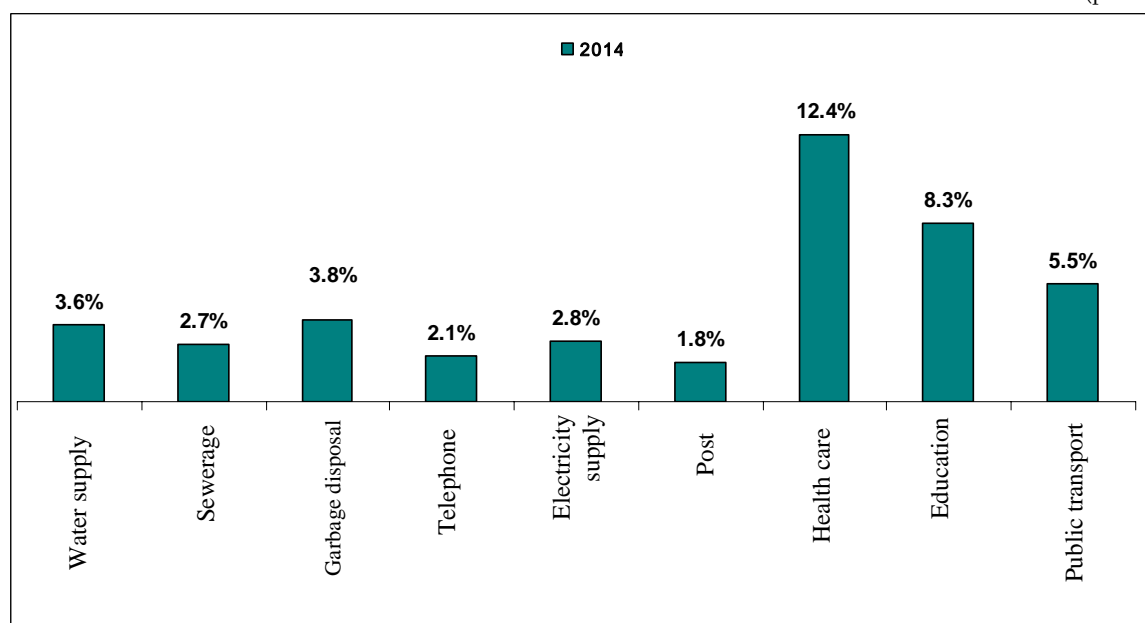


Source: *ILCS 2014*

With regard to the perceived quality of provided services, the most positive changes were reported in relation to the postal service, public transportation, banks, garbage disposal and electricity supply.

Graph 11.3–Armenia: Household Perceptions of Negative Changes in Service Quality, 2014

(percent)



Source: *ILCS 2014*

According to ILCS 2014 data, the most negative changes with respect to provided services were reported in relation to health care (12.4%) and education (8.3%) (Graph 11.3).

Only a negligent proportion of respondents applied to the management of the respective services in case of their deteriorated quality. Table 11.6 illustrates the steps taken by the population in relation to deteriorated service quality and the outcomes of such actions. As one can see, it is quite uncommon for the population to apply in request of improving service quality.

In addition to quantitative data, qualitative information is also important. Thus, despite the complaints related to poor drinking water supply, only in 36.5% of cases the management took steps to remedy the situation. Respectively, some 38.1% of appeals related to healthcare services, 24.5% – to garbage disposal, 43.5% – to educational services, and 21.5% – to public transportation were processed in due manner.

**Table 11.6 – Armenia: Appeals to Management of Respective Services
in Case of Service Quality Deterioration, 2008 and 2014**

(percent)

Type of paid service	Observed deterioration of provided service quality		Did not apply to management for deterioration of provided service quality		After applying, management took certain steps for remedying the situation	
	2008	2014	2008	2014	2008	2014
Water supply	10.9	3.6	93.7	96.3	19.6	36.5
Sewerage	3.6	2.7	97.2	98.7	52.8	57.8
Garbage disposal	8.6	3.8	96.6	97.3	30.8	24.5
Telephone	4.1	2.1	93.3	97.5	75.8	86.8
Electricity supply	0.8	2.8	94.8	97.2	91.1	81.5
Postal service	0.6	1.8	99.5	99.5	84.7	92.4
Bank services	0.9	3.7	99.3	99.5	84.6	67.9
Irrigation	2.2	5.0	97.2	98.4	30.2	33.5
Healthcare	7.7	12.4	98.3	98.8	30.3	38.1
Education	6.3	8.3	99.3	99.7	34.2	43.5
Public transportation	4.5	5.5	99.2	98.7	51.9	21.5

Source: *ILCS 2008 and 2014*