

PART IV: SUBJECTIVE ASSESSMENT OF
POVERTY IN 2012

Chapter 12: 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) tended to be lower than those obtained through using consumption per adult equivalent as an objective welfare measure (17.6% and 32.4%, respectively).

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

12.1. Perception of 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 primary concerns about their living conditions.

Table 12.1 – Armenia: Primary Concerns of Household Members, 2012

Primary concerns	(percent)
	2012
Basic food needs	15
Basic non-food needs	35
Housing needs	21
Appropriate education for children	1
Healthcare needs	7
Other	21

Source: *ILCS 2012*

In 2012, the share of household members who considered provision of basic food as a primary concern constituted 15%. Some 35 percent 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 almost every fifth surveyed (21%). Some 7% percent of the respondents mentioned their inability to afford healthcare services, and 1% referred to their inability to ensure good education for their children as a top concern. Another 21% specified other primary concerns.

Over 2008-2012, the subjective assessment of living conditions changed in the following way:

Table 12.2 – Armenia: Subjective Assessment of Living Conditions, 2008-2012

	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

Source: *ILCS 2008-2012*

According to the subjective assessment of the living conditions, in 2012 some 17.6% of households considered them to be poor, including extremely poor (as compared to 17.0% in 2008). At that, in 2012:

- 39.9 % of respondents, as compared to 43.0% in 2008, considered their living conditions to be average;
- 38.2% 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
- 4.2%, which is the same as the assessment in 2008, considered their living conditions to be above the average.

Hence, in comparison with the respective indicators in 2008, no substantial changes have been observed in the subjective assessments, except for those respondents who consider their living conditions to be below the average.

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 40.6% 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 8.0% 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 12.3 – Armenia: Subjective and Objective (by Decile Groups of Consumption Aggregate) Assessment of Living Conditions, 2012

(percent)

Decile groups of consumption aggregate <i>(objective assessment)</i>	Subjective assessment of living conditions					
	Extremely poor	Poor	Below average	Average	Above average	Rich
Total, including:	3.1	14.5	38.2	39.9	4.2	0.1
First decile	8.3	32.3	35.0	22.0	2.4	-
II	6.4	24.2	40.1	27.3	2.0	-
III	4.2	14.2	41.2	37.0	3.4	-
IV	4.1	14.1	35.6	42.5	3.7	-
V	3.0	15.0	38.3	40.2	3.5	-
VI	3.2	11.3	37.2	41.5	6.4	0.4
VII	1.3	11.6	39.9	41.4	5.8	-
VIII	0.8	10.8	41.4	44.7	2.3	-
IX	0.6	10.3	36.8	47.0	4.7	0.6
Tenth decile	0.3	4.9	35.3	51.5	8.0	-

Source: *ILCS 2012*

Note: *Consumption is measured per adult equivalent*

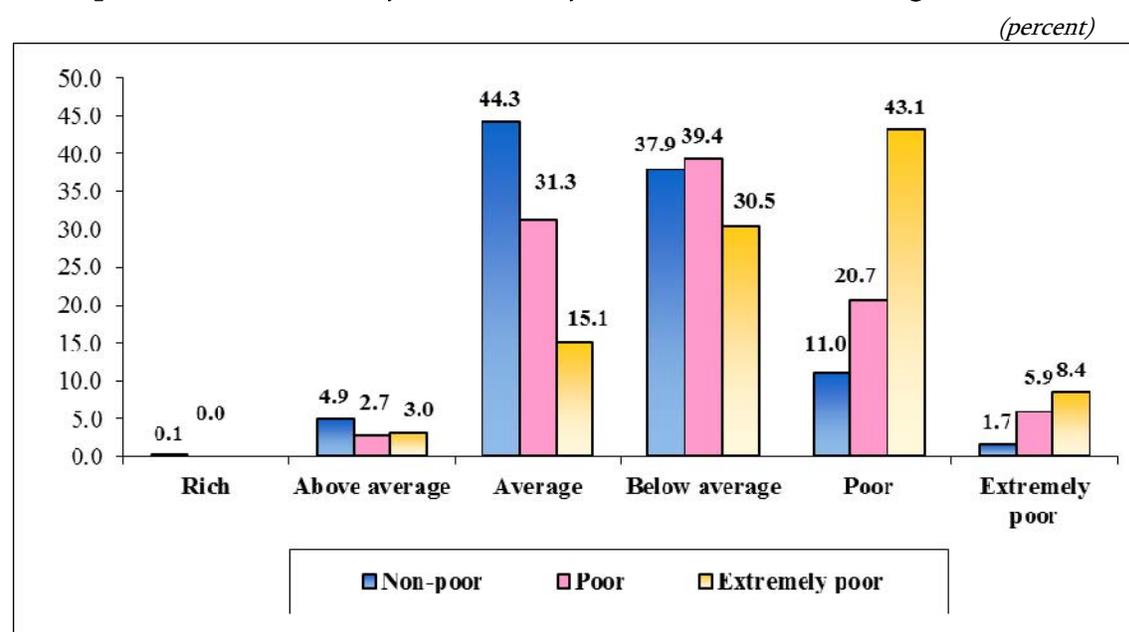
Although the results are generally consistent, the objective assessment of total poverty appears to be lower than the subjective one. Some 14.5% of the population headcount (excluding the extremely poor) considered themselves to be poor, whereas the poverty rate estimate based on consumption per adult equivalent was 29.6%. At the same time, 3.1% of the population headcount considered themselves to be extremely poor, whereas the extreme poverty rate estimate based on

consumption per adult equivalent was 2.8% only. Due to this, in 2012 the total poverty rate based on self-assessment constituted 17.6%, as compared with the 32.4% estimate based on consumption per adult equivalent. Interestingly, 4.2% of the households assessed their living conditions to be above average, while very rare households (0.1%) considered themselves to be rich.

Graph 12.1 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, 1.7% of non-poor households by consumption per adult equivalent assessed themselves to be extremely poor, whereas 5.9% of those classed on basis of the consumption aggregate as poor thought they were actually extremely poor. Some 8.4% of extremely poor households by consumption per adult equivalent assessed themselves to be extremely poor.

The extremely poor as per the consumption aggregate had the following perception of their social and economic status: extremely poor – 8.4%, poor – 43.1%, below average – 30.5%, average – 15.1%. No households in this category considered their living conditions to be above average or rich.

Graph 12.1 – Armenia: Subjective and Objective Assessment of Living Conditions, 2012



Source: *ILCS 2012*

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 2012 are presented in table below.

Table 12.4 – Armenia: Household Perception of per Capita Average Monthly Income Needed for Living, 2008 and 2012

	AMD		USD	
	2008	2012	2008	2012
For living very well	853804	1800417	2350	4833
For living well	191591	259588	527	697
For survival	46847	67385	129	181

Source: *ILCS 2008 and 2012*

The table above shows that in 2012 the per capita amount in Armenian drams required for survival increased by 1.4 times, as compared to 2008. Over the same period, the amounts considered by households to be sufficient for living well and very well increased by, respectively, 1.3 and 2.1 times.

Under ILCS 2012, in relation to the 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” (34.3%), or “I have no plans” (24.3%). Some 12.5% of the respondents were searching for an income-generating employment in Armenia, and only 0.5% sought to start an own business.

Some 30.3% of the respondents thought that the new generation would have a better life, 27.9% felt hard to answer that question, 21.7% thought that the new generation would have even a worse life, and the other 20.1% thought that nothing would change.

12.2. 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 12.5. As one can see, in 2012 most households (98%) were satisfied with electricity supply. There was also a high level of satisfaction with public transportation – 84.1%, telephone services – 80.5%, water supply services – 79.5%, garbage disposal – 78.8%, postal services – 76.4%, and sewerage services – 71.4%. The highest level of dissatisfaction was reported in relation to health care, water supply, and garbage disposal services. As compared to 2008, in 2012 households were more satisfied with paid services except for education.

Table 12.5 – Armenia: Satisfaction with Paid Services, 2008 and 2012

(percent)

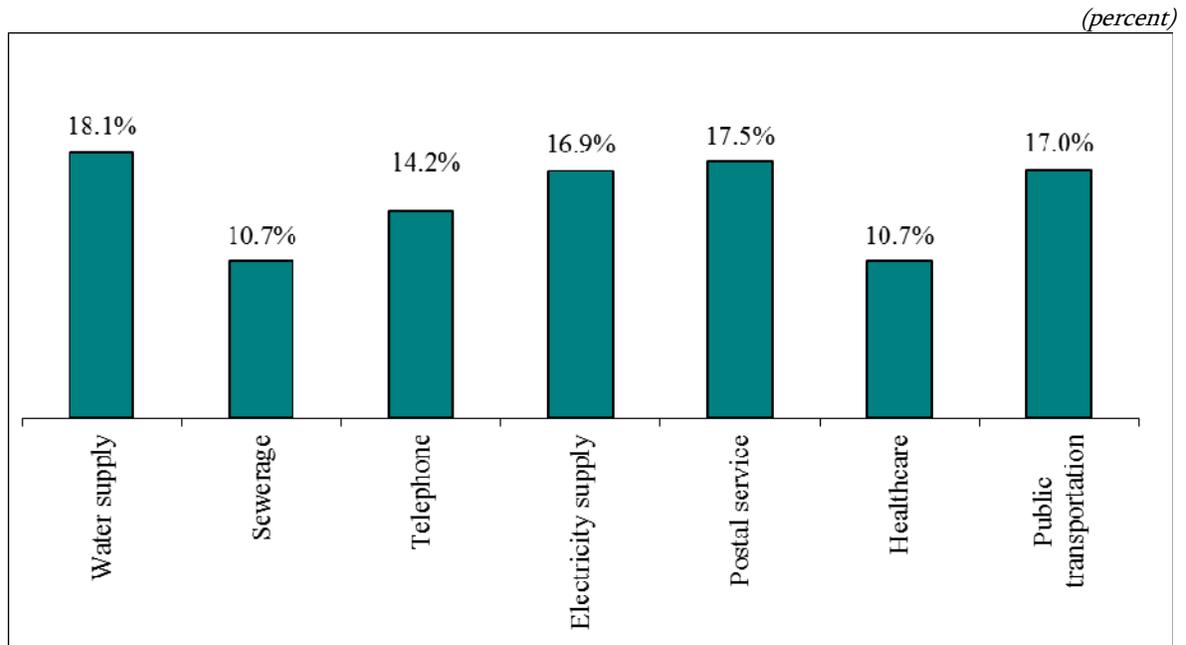
Type of paid service	Satisfied		Not satisfied		Felt hard to answer	
	2008	2012	2008	2012	2008	2012
Water supply	57.1	79.5	42.5	19.4	0.4	1.0
Sewerage	65.0	71.4	23.1	15.2	11.9	13.4
Garbage disposal	54.1	78.8	42.4	15.4	3.5	5.8
Telephone	74.2	80.5	13.5	7.7	12.3	11.8
Electricity supply	97.4	98.0	2.4	1.8	0.2	0.1
Postal service	73.7	76.4	2.6	2.0	23.7	21.6
Bank services	61.4	68.5	2.4	4.0	36.2	27.4
Irrigation	18.2	20.9	20.9	14.6	60.9	64.5
Healthcare	56.1	60.3	29.0	26.1	14.9	13.7
Education	62.2	50.5	15.5	11.0	22.3	38.5
Public transportation	80.2	84.1	15.6	12.7	4.2	3.2

Source: *ILCS 2008 and 2012*

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 10.7% (in relation to health care, sewerage) to the largest 18.1% (in relation to water supply).

Graphs 12.2 and 12.3 illustrate the positive and negative perceptions of the changes in service quality for 2012.

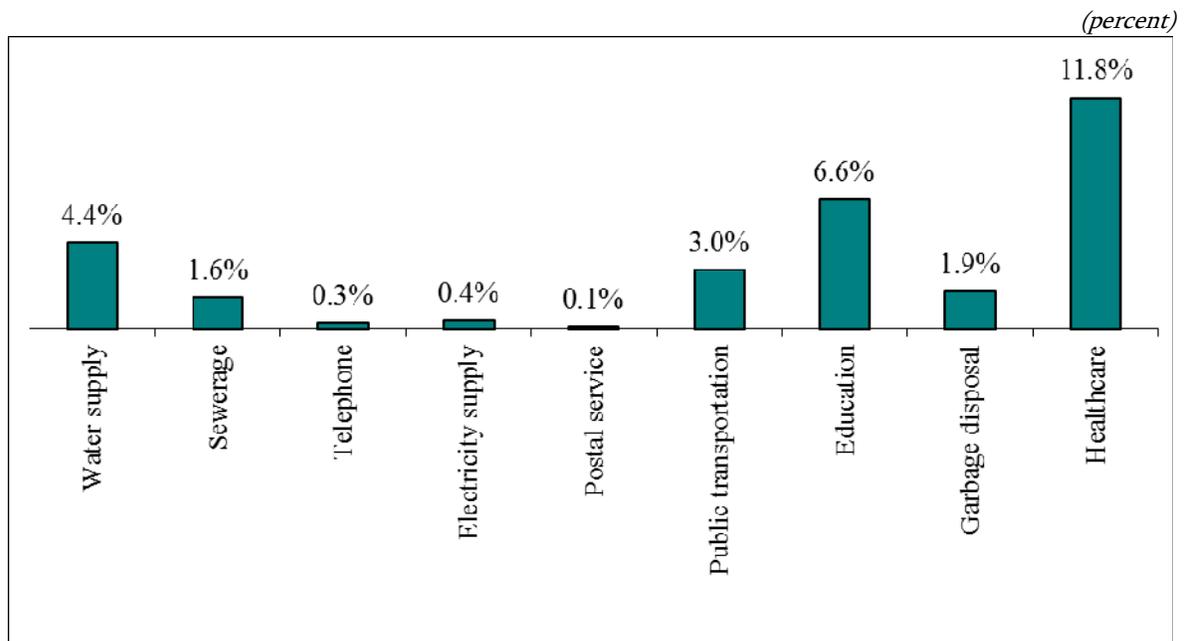
Graph 12.2 – Armenia: Household Perceptions of Positive Changes in Service Quality, 2012



Source: *ILCS 2012*

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

Graph 12.3 – Armenia: Household Perceptions of Negative Changes in Service Quality, 2012



Source: *ILCS 2012*

According to ILCS 2012 data, the most negative changes with respect to provided services were reported in relation to health care (11.8%) and education (6.6%) (Graph 12.3).

The respondents did not always apply to the management of the respective services in case of deteriorated service quality. Table 12.6 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 20.5% of cases the management took steps to remedy the situation. Respectively, some 19.2 % of appeals related to healthcare services, 25.3% – to garbage disposal, 26.6% – to educational services, and 30.4% – to public transportation were processed in due manner.

**Table 12.6 – Armenia: Appeals to Management of Respective Services
in Case of Service Quality Deterioration**

(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	2012	2008	2012	2008	2012
Water supply	10.9	4.4	93.7	97.3	19.6	20.5
Sewerage	3.6	1.6	97.2	98.7	52.8	26.4
Garbage disposal	8.6	1.9	96.6	98.7	30.8	25.3
Telephone	4.1	0.3	93.3	97.0	75.8	91.8
Electricity supply	0.8	0.4	94.8	97.8	91.1	93.9
Postal service	0.6	0.1	99.5	99.8	84.7	93.7
Bank services	0.9	0.8	99.3	99.8	84.6	45.6
Irrigation	2.2	1.5	97.2	98.8	30.2	37.3
Healthcare	7.7	11.8	98.3	99.3	30.3	19.2
Education	6.3	6.6	99.3	99.6	34.2	26.6
Public transportation	4.5	3.0	99.2	99.7	51.9	30.4

Source: ILCS 2008 and 2012