Poverty Assessment Methodologies Used over 1996-2011 by the National Statistical Service of the Republic of Armenia

1) Since 1996, when the present Integrated Living Conditions Survey was first implemented in Armenia, the National Statistical Service of the Republic of Armenia (NSS) with the assistance of the World Bank, USAID and other donor organizations, has been putting effort to continuously improve the quality of data collected through household surveys, as well as to advance its own expertise in arriving at a more accurate assessment of poverty. These efforts have proven to be successful as the data collected through household surveys and the estimates of poverty rate based on such data appeared to be an important input in defining and monitoring the poverty reduction strategy, which is the responsibility of the Government.

2) In 2004, the NSS undertook significant measures to improve the Integrated Living Conditions Survey (ILCS) and to update the poverty assessment methodology, which was used until 2008. With the technical assistance provided by the World Bank and numerous consultancies and practical works: (1) the sample frame was updated using the 2001 Population Census database, (2) the sample size was expanded to ensure representativeness of data by regions, (3) the ILCS questionnaire was revised to reflect economic and social changes since 1998/99 upto 2003, and a comprehensive section on employment was added into the questionnaire, (4) the surveying personnel underwent a more profound training.

The NSS made certain adjustments to the poverty assessment methodology and developed capacities for estimating and analyzing poverty trends and the socio-economic situation. The adjusted methodology was then used in 2004-2008.

Since 2007, with the co-funding provided by the Millennium Challenge Account - Armenia (MCA-Armenia), a state non-commercial organization, the sample size of the ILCS has been expanded from 5184 in 2006 to 7,872 households annually.

3) The findings of this report are based on the poverty assessment methodology updated in 2009 and implemented with the assistance of the World Bank experts. In comparison to the methodology used by the NSS in 2004-2008, the adjusted methodology has the following features:

I) The new minimum food basket has been introduced, which reflects changes in the consumption structure since 2004-2008, as well as the current shares of food and non-food products and services. The ILCS 2009 data have been used for designing the new consumption model. The newly defined minimum food basket has been used for estimating the extreme (food) and total (lower and upper) poverty lines (as a transition from two to three-tier assessment of poverty). The new basket will provide a comparison basis for estimating poverty rates for the next few years and will be adjusted for average annual inflation rates.