

***PART 4. ARMENIA: SUBJECTIVE
ASSESSMENT OF POVERTY
IN 2011***

Chapter 12. Subjective Assessment of Poverty and Living Standards

Poverty is multi-dimensional and can be measured using both objective and subjective approaches. In Armenia, poverty estimates based on subjective perceptions (personal judgment of individuals regarding their own welfare) tended to be lower than those attained using consumption per adult equivalent as an objective welfare measure (15.4% and 35.0% respectively).

Only 2.1% of surveyed households assessed themselves to be extremely poor, as compared to 3.7% when measured using consumption per adult equivalent. Subjective assessments on poverty rates in 2011 were lower than in 2008 (15.4 % in 2011, in comparison with 17.0% in 2008).

12.1. Perception of Living Standards

Under the ILCS 2011, 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 12.1 - Armenia: Primary Concerns of Household Members, 2011

Primary concerns	(percent)
	2011
Provide for basic food needs	15
Satisfy basic non-food needs	33
Solve housing problem	22
Ensure appropriate education for children	2
Afford healthcare services	6
Other	22

Source: *ILCS 2011*

In 2011, the share of household members who considered provision of basic food as a primary concern totaled 15%. About 33 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 every fourth surveyed (22%) in 2011. Some 6% percent of the respondents mentioned their inability to afford healthcare services, and 2% referred to their inability to ensure good education for their children as a top concern, and 22% mentioned other primary concerns.

Over 2008-2011, the subjective assessment of living standards changed in the following way:

Table 12.2. Armenia: Subjective Assessment of Living Standards, 2008 – 2011

	Subjective assessment of living standards					
	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

Source: *ILCS 2008 -2011*

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According to the subjective assessment of the living conditions, in 2011 some 15.4% of households considered them to be poor and extremely poor, as compared to 17.0% in 2008. At that, in 2011:

43.2 % of respondents, as compared to 43.0% in 2008, considered their living standards to be average;

38.2% of respondents, as compared to 35.6% in 2008, considered their living standards to be below the average;

Only 0.1%, as compared to 0.2% in 2008, considered themselves to be rich; and

3.1%, as compared to 4.2% in 2008, considered their living conditions to be above the average.

No significant differences are observed between 2008 and 2011 except for those who considered their living standards to be below the average.

A comparison of the objective and subjective estimates of living conditions is presented in the matrix 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.

As shown in table below the objective estimate of living conditions of first (the poorest) decile group of consumption-34.5%, concurs with their subjective assessment of Living Standards as extremely poor and poor. At the same time the objective estimate of living conditions of tenth (the richest) decile group of consumption-7.2%, concurs with their subjective assessment of Living Standards as above average and rich.

Table 12.3 - Armenia: Subjective and Objective Assessment of Living Standards, by Decile Groups of Consumption Aggregate, 2011 (% of given decile group)

(percent)

Decile groups of consumption aggregate	Subjective assessment of living standards					
	Extremely poor	Poor	Below average	Average	Above average	Rich
Total, including	2.1	13.3	38.2	43.2	3.1	0.1
I	7.1	27.4	34.0	30.8	0.7	0.0
II	5.5	19.2	40.6	32.3	2.4	0.0
III	2.6	12.1	42.6	39.9	2.8	0.0
IV	3.1	16.9	37.6	40.9	1.5	0.0
V	0.8	12.9	44.1	40.1	2.1	0.0
VI	0.7	14.3	37.1	45.6	2.3	0.0
VII	0.7	11.3	39.4	45.1	3.5	0.0
VIII	0.9	8.2	40.1	48.6	2.2	0.0
IX	1.0	7.6	34.5	50.6	5.6	0.7
X	0.5	6.5	32.0	53.8	7.2	0.0

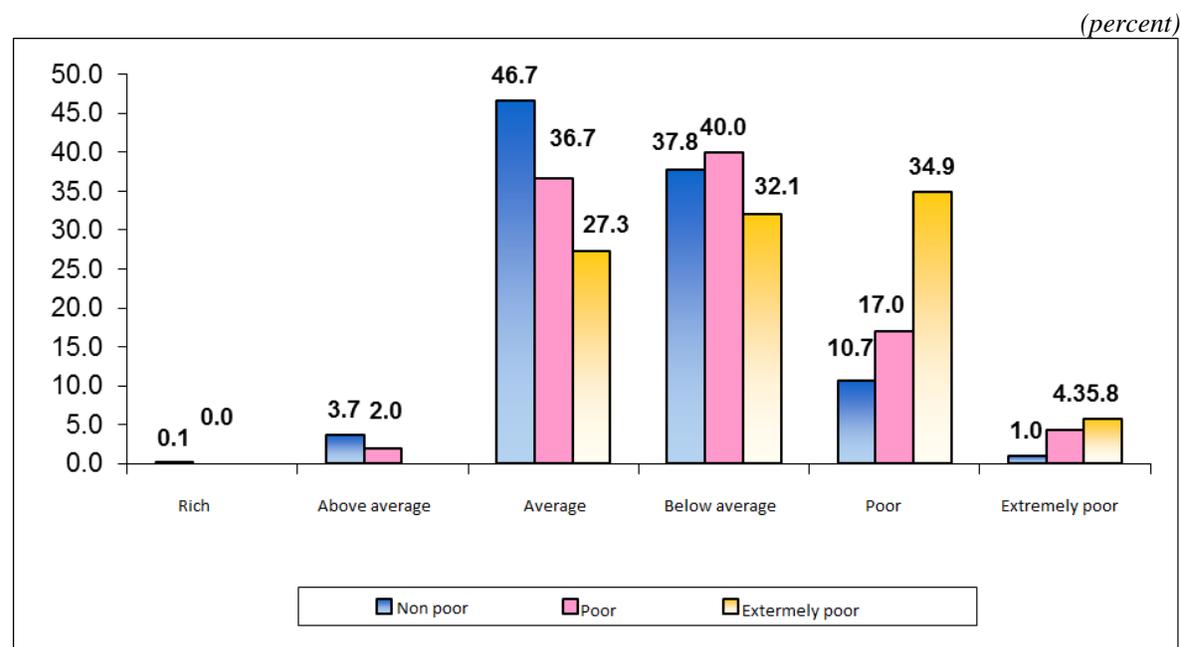
Source: *ILCS 2011*

Note: *Consumption is measured per adult equivalent*

Although the results are broadly consistent, the objective poverty incidence is lower than the subjective. Only 2.1 percent self-assessed themselves as very poor, as opposed to 3.7 percent when measured in terms of consumption per adult equivalent. Similarly, 13.3 percent thought they were poor (without extremely poor), vs. the 31.3 percent estimate based on consumption per adult equivalent. Therefore, in 2011, the overall poverty incidence based on self-assessment was 15.4 percent; while the consumption based estimate was 35.0 percent. Interestingly, only 3.1% thought they were above average and almost no one (0.1%) would assess themselves as “rich”.

Figure 12.1 groups the surveyed households by their subjective poverty estimates and the level of poverty measured by consumption per adult equivalent. For instance, 1.0 percent of the non-poor households by consumption per adult equivalent self-assessed themselves as extremely poor; 4.3 of those ranked as consumption poor thought they were extremely poor; and 5.8 percent of the extremely poor by consumption self-assessed themselves as extremely poor. The extremely poor by consumption perceived their socioeconomic situation in the following way: extremely poor, 5.8 percent; poor, 34.9 percent; below average, 32.1 percent; average, 27.3 percent; and no one household- above average.

Figure 12.1 - Armenia: Subjective and Objective Assessment of Living Standards, 2011



Source. *ILCS 2011*

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 make ends meet. The results as per ILCS 2008 and 2011 are presented in table below.

Table 12.4 - Armenia: Household Perception of per Capita Average Monthly Income Needed for Living, 2008 and 2011

	AMD		USD	
	2008	2011	2008	2011
For living very well	853804	786122	2350	2110
For living well	191591	170947	527	459
For survival	46847	80567	129	216

Source: *ILCS, 2008 and 2011*

The table above shows that the per capita amount in Armenian drams required for survival increased by about 37 percent in 2011, as compared to 2008. Over the same period, the amounts considered to be sufficient for living well and very well decreased.

Under ILCS 2011, in relation to the further plans on improving their living standards, household members aged 16 years and above provided following responses: “nothing depends on me, the Government should

provide for employment and good conditions” - 30.6%, and “I have no plans” – 28.5%. Some 14.9% of the respondents were searching for an income-generating employment in Armenia, and only 0.3% wished (planned) to start their own business.

Around 32.7% of the respondents thought that the new generation will live better, 29.4% felt hard to answer that question, 21.4% thought that the new generation will live even worse, and the other 16.5% 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 from the table, in 2011 most households were mainly satisfied with electricity supply (the 97.8% have confirmed about it). There was also a high level of satisfaction with public transportation – 85.6%, telephone services – 79.4%, postal services – 78.6%, water supply-75.5%, garbage disposal-75.1% and sewerage services – 72.3%. The highest level of dissatisfaction was reported in relation to healthcare, water supply and , garbage disposal services. In 2011, satisfaction with paid services among the households increased, as compared to 2008.

Table 12.5 - Armenia: Satisfaction with Paid Services, 2008 and 2011

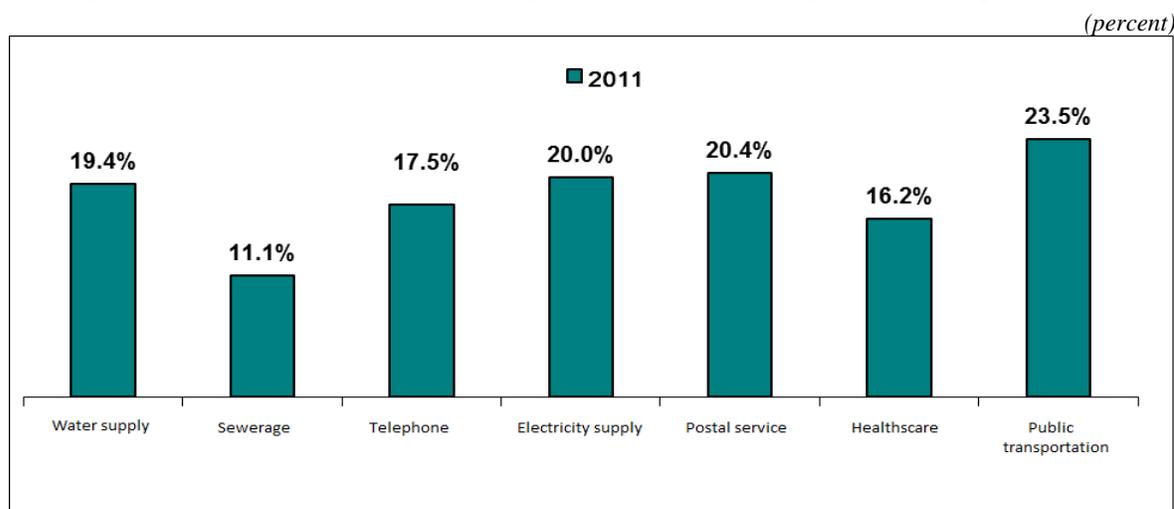
(percent)

Type of paid service	Satisfied		Not satisfied		Felt hard to answer	
	2008	2011	2008	2011	2008	2011
Water supply	57.1	75.5	42.5	23.9	0.4	0.6
Sewerage	65.0	72.3	23.1	15.6	11.9	12.1
Garbage removal	54.1	75.1	42.4	18.1	3.5	6.8
Telephone	74.2	79.4	13.5	8.2	12.3	12.4
Electricity supply	97.4	97.8	2.4	2.1	0.2	0.1
Postal service	73.7	78.6	2.6	2.8	23.7	18.6
Bank operations	61.4	69.7	2.4	3.2	36.2	27.1
Irrigation	18.2	21.6	20.9	13.4	60.9	65.0
Healthcare	56.1	62.6	29.0	27.7	14.9	9.7
Education	62.2	56.2	15.5	15.6	22.3	28.2
Public transportation	80.2	85.6	15.6	11.9	4.2	2.5

Source: *ILCS 2008 and 2011*

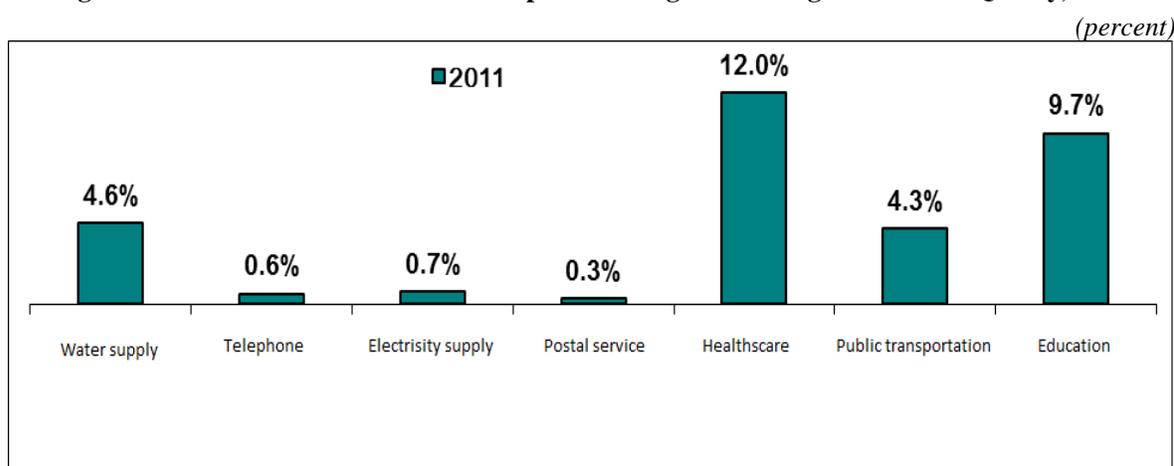
To the question on the changes in provided services over the last 12 months, a certain part of the respondents reported some positive changes, with the range of such changes varying from 11.1% (in relation to sewerage) to 23.5% (in relation to public transportation) as the most positive change.

Figures 12.2 and 12.3 illustrate the positive and negative perception of the changes in service quality for 2011.

Figure 12.2 - Armenia: Household Perceptions of Positive Changes in Service Quality, 2011

Source: *ILCS 2011*

With regard to the perceived quality of provided services, in 2011 the most positive changes were reported in relation to the public transportation, garbage removal, bank operations and postal services.

Figure 12.3 - Armenia: Household Perceptions of Negative Changes in Service Quality, 2011

Source: *ILCS 2011*

According to ILCS 2011 data, the most negative changes with respect to provided services were reported in relation to health care (12.0%) and education (9.7%) (Figure 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 from the table, it is quite uncommon for the population to apply requesting improvement of service quality.

Qualitative information is equally important as quantitative data. Thus, despite the complaints related to water supply services, only in 25% of cases the management took steps to remedy the situation. Respectively, some 27 % of appeals related to healthcare, 28% - to garbage disposal, 40% - to educational services, 49%- to public transportation.

Table 12.6 - Armenia: Appeals to Management of Respective Services in Case of Service Quality Deterioration, 2008 and 2011

(percent)

Name of paid service	Observed deterioration of provided service		Did not apply to the management for the deterioration of provided services		After applying, the management took certain steps for remedying the situation	
	2008	2011	2008	2011	2008	2011
Water supply	10.9	4.6	93.7	97.0	19.6	25.3
Sewerage	3.6	1.2	97.2	98.2	52.8	63.6
Garbage disposal	8.6	1.8	96.6	98.2	30.8	27.8
Telephone	4.1	0.6	93.3	96.2	75.8	95.4
Electricity supply	0.8	0.7	94.8	96.8	91.1	93.0
Postal service	0.6	0.3	99.5	99.4	84.7	87.0
Bank operations	0.9	0.5	99.3	99.5	84.6	81.5
Irrigation	2.2	0.7	97.2	99.3	30.2	55.1
Healthcare	7.7	12.0	98.3	98.7	30.3	26.9
Education	6.3	9.7	99.3	99.5	34.2	39.7
Public transportation	4.5	4.3	99.2	99.3	51.9	48.5

Source: *ILCS 2008 and 2011*