

**PART IV: ARMENIA-SUBJECTIVE
ASSESSMENT OF POVERTY IN 2015**

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, welfare estimates based on subjective perceptions (i.e. personal judgment of individuals regarding their own living standards) were 1.9 times lower than those obtained through using consumption per adult equivalent as an objective welfare measure (poverty rate estimates 15.7% and 29.8%, respectively).

Only 1.9% of surveyed households assessed themselves to be extremely poor, which is close to the level of extreme poverty measured through using consumption (2.0%).

Subjective assessment of poverty rate in 2015 was by 1.4 percentage points lower than in 2008 (17.0%).

11.1. Perception of Living Conditions

The ILCS 2015, includes a section on primary concerns about living conditions for all household members aged 16 years and above.

Table 11.1 – Armenia: Primary Concerns of Household Members, 2015

Primary concerns	2015
Basic food needs	14.1
Basic non-food needs	39.9
Housing needs	20.1
Appropriate education for children	2.2
Healthcare needs	8.4
Other	15.3

Source: *ILCS 2015*

In 2015, the share of household members who considered provision of basic food as a primary concern was 14.1%. Some 39.9% of the all individuals above 16 years considered satisfaction of basic non-food needs to be their primary concern. Lack of proper housing was reported in 2015, just like in 2014, as the primary concern by every fifth respondent (20.1%). Some 8.4% percent of the respondents mentioned their inability to afford healthcare services, and 2.2% referred to their inability to ensure good education for their children as a primary concern. Another 15.3% specified other primary concerns. Between 2008 and 2015, the subjective assessment of living conditions changed in the following way:

Table 11.2 – Armenia: Subjective Assessment of Living Conditions, 2008-2015

	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
2015	1,9	13,7	45,1	36,1	3,2	0,0

Source: *ILCS 2008-2015*

According to the subjective assessment of the living conditions, in 2015 some 15.60% of households considered themselves to be poor (including extremely poor), as compared to 17.0% in 2008. In 2015:

36.1 % of respondents, as compared to 43.0% in 2008, considered their living conditions to be average;

45.1% of respondents, as compared to 35.6% in 2008, considered their living conditions to be below the average;

No respondents, as compared to 0.2% in 2008, considered themselves to be rich; and

3.2% of respondents, which is 0.9 percentage points lower than the respective indicator of the previous year (4.1%), considered their living conditions to be above the average.

Hence, in comparison with the respective indicators in 2008, certain negative changes have been observed in the subjective assessments of the respondents who consider their living conditions to be below the average (an increase of 9.5 percentage points) and average (a decline of 6.9 percentage points).

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 Table 11.3 shows that 32.9% of the respondents classed into the first (the poorest) decile group of consumption by objective assessment had 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 had 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, 2015

(percent of decile group)

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:	1,9	13,7	45,1	36,1	3,2	0,0
First decile	6,7	26,2	42,7	23,0	1,4	-
II	2,6	17,1	44,6	32,1	3,6	-
III	2,4	15,4	54,6	26,6	1,0	-
IV	1,8	13,2	45,1	36,6	3,3	-
V	1,2	11,8	45,5	38,1	3,4	-
VI	1,3	14,3	46,5	35,1	2,8	-
VII	1,0	10,2	47,6	39,2	2,0	-
VIII	1,7	10,5	44,5	39,2	4,1	-
IX	0,1	9,2	46,0	41,9	2,8	-
Tenth decile	0,7	10,2	34,6	47,2	7,2	0,1

Source: *ILCS 2015*

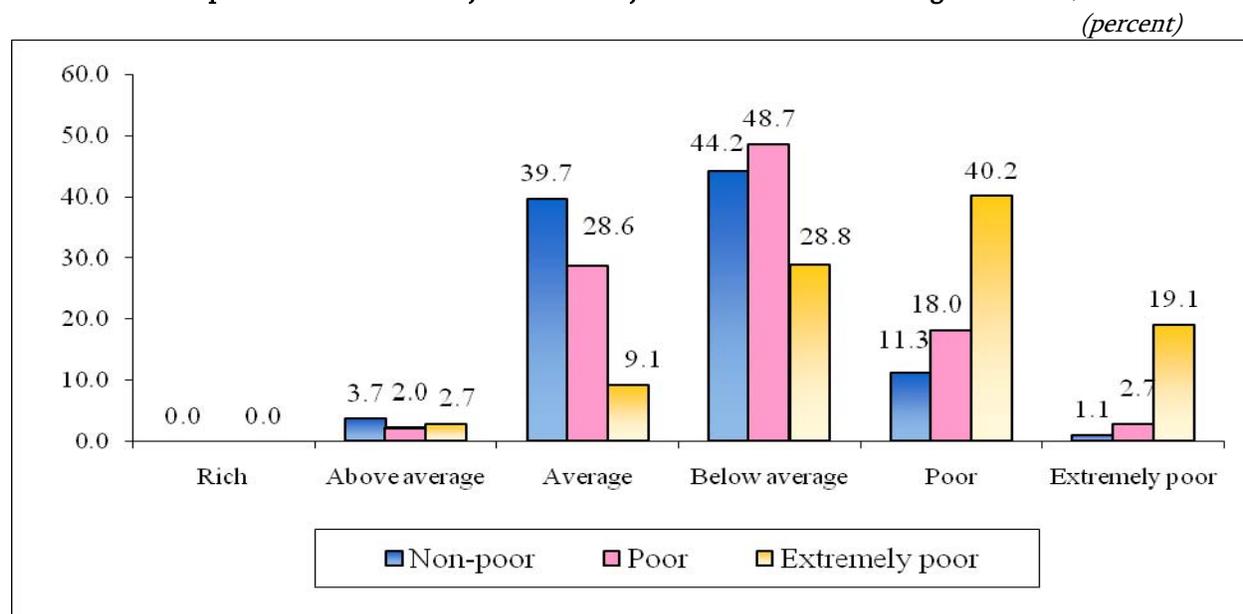
Note: *Consumption is measured per adult equivalent*

Although the results are generally consistent, the subjective assessment of total poverty appears to be lower than the objective one. Some 13.7% of the population (excluding the extremely poor) considered themselves to be poor, whereas the poverty rate estimate based on consumption per adult equivalent was 29.8%. At the same time, 1.9% of the population considered themselves to be extremely poor, which is close to the extreme poverty rate estimate based on consumption per adult equivalent (2.0%). Interestingly, 3.2% of the households assessed their living conditions to be above average, and no households 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. 1.1% of non-poor households by consumption per adult equivalent assessed themselves to be extremely poor, whereas 2.7% 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 – 19.1%, poor – 40.2%, below average – 28.8%, average – 9.1%, and above average – 2.7%. No households in this category considered their living conditions to be above average or rich.

Graph 11.1 – Armenia: Subjective and Objective Assessment of Living Conditions, 2015



Source: ILCS 2015

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 2015 are presented in table below.

Table 11.4 – Armenia: Household Perception of per Capita Average Monthly Income Needed for Living, 2015

	AMD	USD
For living very well	568 369	1 367
For living well	250 672	603
For survival	95 680	230

Source: ILCS 2015

The ILCS 2015 also asked household members aged 16 years and above about their expectations on improving their living conditions, reasoned as follows: “nothing depends on me, the Government should provide for employment and good conditions” (38.5%), or “I have no plans” (20.0%). Some 12.4% of the respondents were searching for an income-generating employment in Armenia, and only 1.1% sought to start an own business in Armenia.

Some 22.8% of the respondents thought that the new generation would have a better life, an almost equal share (23.8%) felt hard to answer that question, 33.6% thought that the new generation would have even a worse life, and the other 19.8% 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 2015 most households (98%) were satisfied with electricity supply. There was also a high level of satisfaction with water supply services – 83%, public transportation – 81%, postal services – 81%, garbage disposal – 78%, bank services – 74%, and sewerage services – 72%. At the same time, a certain part of population expressed dissatisfaction (ranging between 15% and 27%) in relation to health care, garbage disposal, water supply and public transportation services. As compared to 2008, in 2015 households were more satisfied with paid services except for education and irrigation services.

Table 11.5 – Armenia: Satisfaction with Paid Services, 2008 and 2015

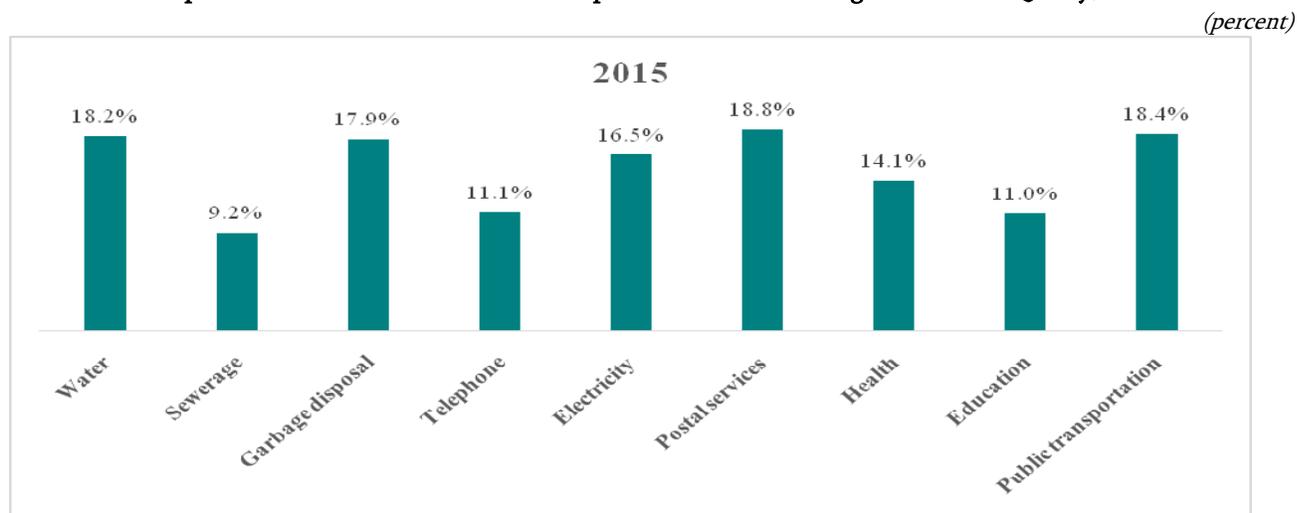
(percent)

Type of paid service	Satisfied		Not satisfied		Felt hard to answer	
	2008	2015	2008	2015	2008	2015
Water supply	57.1	83.0	42.5	15.4	0.4	1.6
Sewerage	65.0	72.3	23.1	13.7	11.9	14.0
Garbage disposal	54.1	78.2	42.4	18.0	3.5	3.8
Telephone, landline	74.2	61.1	13.5	6.4	12.3	32.5
Electricity supply	97.4	97.9	2.4	1.8	0.2	0.3
Postal service	73.7	80.6	2.6	2.7	23.7	16.7
Bank services	61.4	74.4	2.4	4.7	36.2	20.9
Irrigation	18.2	17.6	20.9	14.3	60.9	68.1
Healthcare	56.1	61.5	29.0	27.1	14.9	11.4
Education	62.2	52.3	15.5	14.1	22.3	33.6
Public transportation	80.2	81.2	15.6	14.8	4.2	4.0

Source: *ILCS 2008 and 2015*

To the question on the changes in provided services over the last 12 months, some respondents reported positive changes, with the range of such changes varying from the smallest 3.3% (in relation to irrigation) to the largest 18.8% (in relation to postal service). Graphs 11.2 and 11.3 illustrate the positive and negative perceptions of the changes in service quality for 2015.

Graph 11.2 – Armenia: Household Perceptions of Positive Changes in Service Quality, 2015

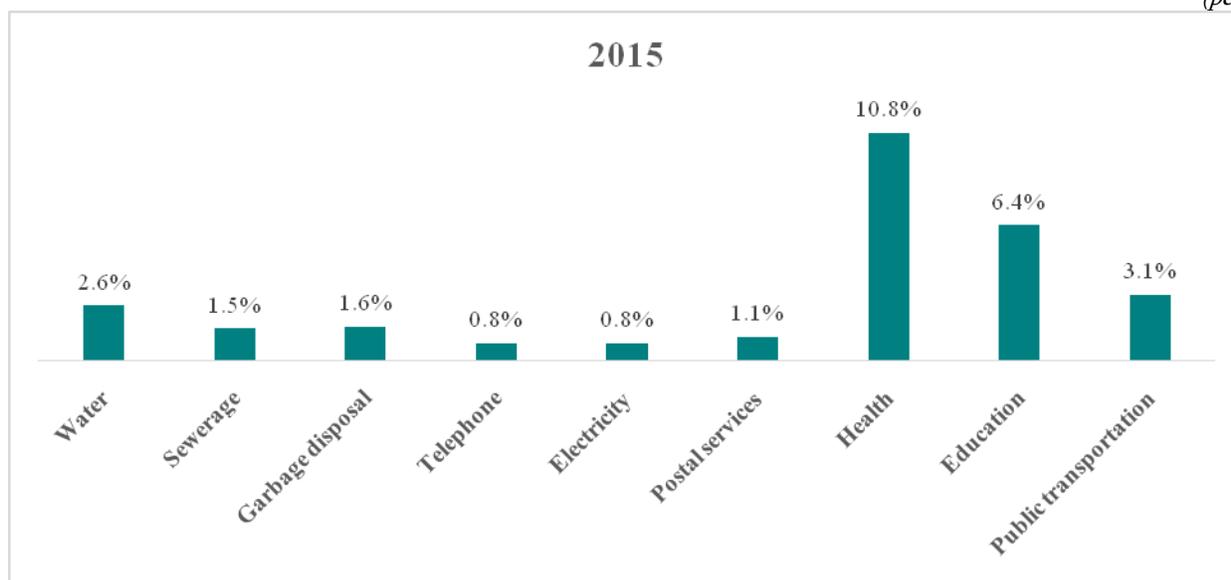


Source: *ILCS 2015*

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

Graph 11.3 – Armenia: Household Perceptions of Negative Changes in Service Quality, 2015

(percent)



Source: ILCS 2015

According to ILCS 2015 data, the most negative changes with respect to provided services were reported in relation to health care (10.8%) and education (6.4%) (Graph 11.3).

A small part of the respondents applied to the management of the respective services in case of deteriorated service 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 52.7% of cases the management took steps to remedy the situation. Respectively, some 36.5% of appeals related to garbage disposal, 28.8% – to healthcare services, 28.3% – to educational services, and 2.3% – 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 2015

(percent)

Type of paid service	Observed deterioration of provided service quality		Did not complain to management because of deterioration of provided service quality		After complaints, management took certain steps for remedying the situation	
	2008	2015	2008	2015	2008	2015
Water supply	10.9	2.6	93.7	95.9	19.6	52.7
Sewerage	3.6	1.5	97.2	98.8	52.8	74.7
Garbage disposal	8.6	1.6	96.6	97.3	30.8	36.5
Telephone	4.1	0.8	93.3	97.4	75.8	94.7
Electricity supply	0.8	0.8	94.8	95.8	91.1	93.6
Postal service	0.6	1.1	99.5	99.4	84.7	87.7
Bank services	0.9	2.0	99.3	99.7	84.6	30.0
Irrigation	2.2	3.2	97.2	97.8	30.2	34.5
Healthcare	7.7	10.8	98.3	98.9	30.3	28.8
Education	6.3	6.4	99.3	99.7	34.2	28.3
Public transportation	4.5	3.1	99.2	99.3	51.9	2.3

Source: ILCS 2008 and 2015