

PART 4. ARMENIA.
SUBJECTIVE ASSESSMENT OF
POVERTY IN 2016

Chapter 11. Subjective Assessment of Poverty and Living Conditions

Poverty is multi-dimensional and can be measured by both objective and subjective approaches. In 2016 welfare estimates in Armenia, based on subjective perceptions (i.e. personal judgment of individuals regarding their own living standards) were 1.8 times lower than objective assessments (poverty rates were estimated at 16.6% and 29.4%, respectively).

1.4% of households assessed themselves to be extremely poor, which is close to the level of extreme poverty measured by consumption indicator (1.8%).

Subjective assessment of poverty rate in 2016 was 0.4 percentage points lower than in 2008 (17.0 %).

11.1. Perception of Living Conditions

The ILCS 2016 analyzed perceptions of household members aged 16 years and above regarding the primary concerns related to their living conditions.

Table 11.1. Armenia. Primary Concerns of Household Members, 2016

(percent)

Primary concerns	2016
Basic food needs	11.6
Basic non-food needs	34.3
Housing needs	23.7
Appropriate education for children	3.1
Health care	8.4
Other	18.9

Source. *ILCS 2016*

In 2016, the share of household members who considered provision of basic food as a primary concern reduced compared to 2015 by 2.5%, amounting to 11.6% (in 2015 it was 14.1%). 34.3% of household members aged 16 years and above considered satisfaction of basic non-food needs as a primary concern. In 2016, just as in previous years, 23.7% of respondents considered housing as one of primary problems. In 2016, just like in 2015, 8.4% percent of household members indicated that their inability to afford usage of healthcare services was the highest priority concern. 3.1% of respondents indicated inability to ensure adequate education for their children as a primary concern. 18.9% of respondents specified other primary concerns.

Over 2008-2016 the subjective assessment of living conditions changed in the following way:

Table 11.2. Armenia. Subjective Assessment of Living Conditions, 2008-2016

(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
2015	1.9	13.7	45.1	36.1	3.2	0.0
2016	1.4	15.2	45.8	34.3	3.2	0.1

Source. *ILCS 2008-2016*

According to the subjective assessment of living conditions, in 2016 16.6 % of households considered themselves to be **poor (including extremely poor)**, as compared to 17.0% in 2008.

According to self-assessment of the respondents, in 2016:

- 34.3 % of respondents, as compared to 43.0% in 2008, had average living standards;
- 45.8 % of respondents, as compared to 35.6% in 2008, considered their living conditions to be below the average;
- 0.1% of respondents, as compared to 0.2% in 2008 considered themselves rich;
- 3.2% of respondents, as compared to 4.2% in 2008, considered their living conditions to be above the average.

In 2016, 45.8% of respondents, as compared to 35.6% in 2008 (10.2 percentage points increase), considered their living standards below average; 34.3% of respondents assessed their living standards as average and compared to 43.0% in 2008 this indicator decreased by 8.7 percentage points. The extent, to which the subjective and objective estimates of living standards coincide, 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 further breakdown by poverty rate.

The Table 11.3 shows that 32.1% of the respondents from 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 4.4% of the respondents from 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,
(% in every decile group), 2016**

(percent)

Decile groups of consumption aggregate (objective assessment)	Subjective assessment of living conditions					
	Extremely poor	Poor	Below average	Average	Above average	Rich
Total	1.4	15.2	45.8	34.3	3.2	0.1
Including						
First decile	4.7	27.4	47.1	19.3	1.5	-
II	1.1	14.6	52.8	29.3	2.2	-
III	2.2	17.2	44.3	33.2	3.1	-
IV	1.3	12.4	40.7	39.4	6.2	-
V	1.6	14.9	47.9	31.8	3.8	-
VI	0.8	10.5	52.1	33.2	3.4	-
VII	1.2	15.9	42.0	37.9	2.8	.2
VIII	1.2	14.2	44.2	36.9	3.5	-
IX	0.1	13.0	46.7	38.1	2.0	0.1
Tenth decile	0.1	12.8	39.5	43.2	3.8	0.6

Source. *ILCS 2016*

Note: Consumption is measured per adult equivalent.

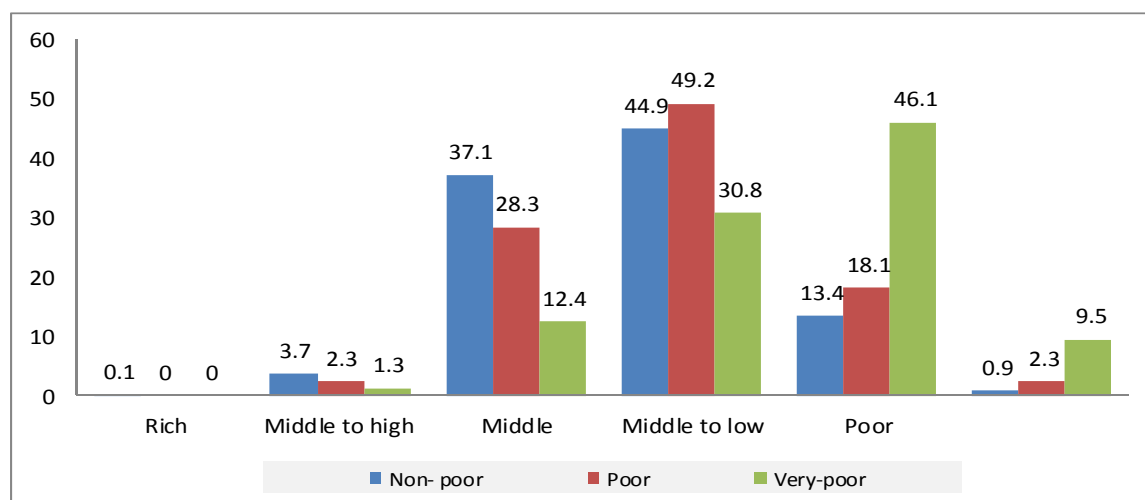
Although the results are generally consistent, the subjective assessment of total poverty is lower than the objective one. Around 15.2% of the population (excluding the extremely poor) considered themselves to be poor, whereas the poverty rate estimate based on consumption per adult equivalent was 27.6%: At the same time, 1.4% of the population considered themselves to be extremely poor, which is close to the extreme poverty rate estimated on the basis of consumption per adult equivalent (1.8%). It's interesting, that 3.2% of the population assessed their living conditions to be above average and only 0.1% considered themselves to be rich.

In Graph 11.1 the surveyed households are grouped by the subjective assessment of their living conditions and by poverty rate estimated on the basis of consumption per adult equivalent. 0.9% of non-poor households members by consumption per adult equivalent assessed themselves to be extremely poor, whereas 2.3% of those who were assessed on the basis of the consumption aggregate as poor thought they were actually extremely poor.

The extremely poor as per the consumption aggregate assessed their social and economic status as follows: extremely poor – 9.5%, poor – 46.1%, below average – 30.8%, average – 12.4%, and above average – 1.3%, and no extremely poor considered its living conditions as rich.

. Armenia. Subjective and Objective Assessment of Living Conditions, 2016

(Percent)



Source. ILCS 2016

Respondents were also asked their opinions as to how much per month per capita a household would need to live well and very well, or to survive. The results of ILCS 2016 are presented below.

Table 11.4. Armenia. Households' Perception on the Nominal Monthly Amount Required to Live Very Well, Well, and Make Both Ends Meet (survive) (per capita), 2016

	AMD	USD
To live very well	655 060	1 363
To live well	347 234	723
To survive	120 523	251

Source. ILCS 2016

During ILCS 2016 household members aged 16 years and above stated the following about their expectations on improving their living conditions: "Nothing depends on me, the Government should provide for employment and good conditions" (39.6%), or "I have no plans" (19.3%). 12.3% of the respondents said that they were seeking for a profitable job in Armenia, and only 1.1% wanted to start own business in Armenia. 23.2% of the respondents thought that the new generation would have a better life, 31.5% thought the new generation would have a worse life, 19.8% believed that nothing would change, and 25.6% felt difficult to answer that question.

11.2. Satisfaction with Quality of Paid Services

The Survey identified opinions of respondent households regarding paid services of different providers. Table 11.5 presents how satisfied the respondents are with provided paid services. According to the table, in 2016 most households (98%) were satisfied with electricity supply. The level of satisfaction is high also in relation to water supply services – 85.8%, public transportation – 82.2%, garbage disposal – 79.8%, postal services – 76.5%, bank services and sewerage services – 70.8%. At the same time, a part of population expressed dissatisfaction in relation to health care (23.8%), garbage disposal (15.9%), water supply (13.2%), education (13.0%), and public transportation services (12.4%): In 2016 as compared to 2008, households were more satisfied with paid services, except for education and telephony services.

Table 11.5. Armenia. Satisfaction with Paid Services, 2008 and 2016

(Percent)

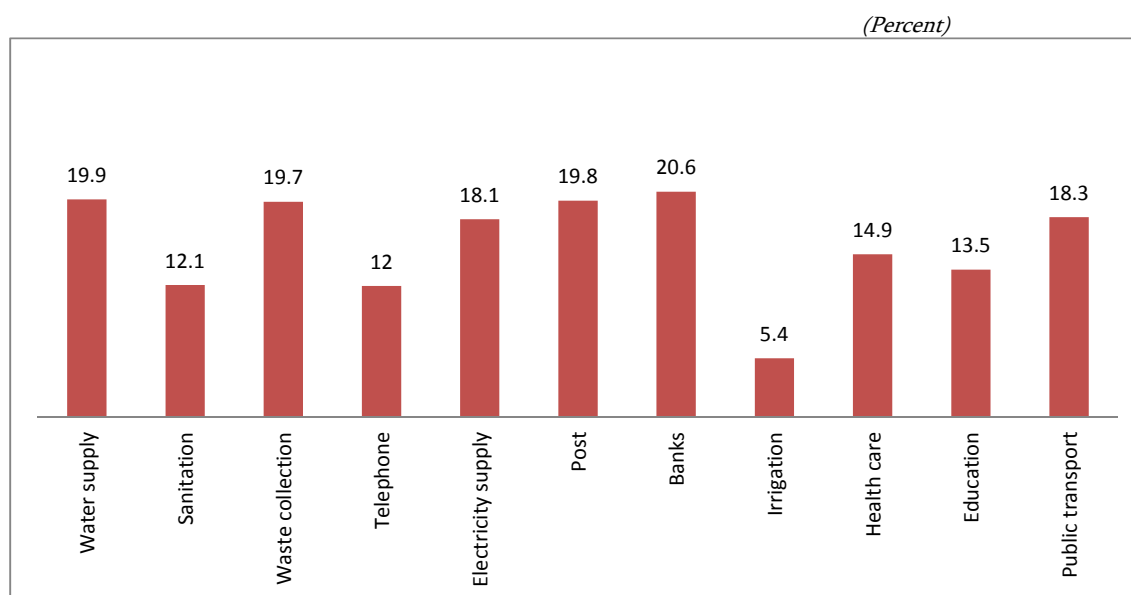
Type of paid service	Satisfied		Not satisfied		Felt hard to answer	
	2008	2016	2008	2016	2008	2016
Water supply	57.1	85.8	42.5	13.2	0.4	1.0
Sewerage	65.0	70.8	23.1	11.9	11.9	17.3
Garbage disposal	54.1	79.8	42.4	15.9	3.5	4.3
Telephone, landline	74.2	57.1	13.5	5.1	12.3	37.7
Electricity supply	97.4	98.0	2.4	1.5	0.2	.5
Postal services	73.7	76.5	2.6	2.0	23.7	21.5
Bank services	61.4	70.8	2.4	4.7	36.2	24.4
Irrigation	18.2	23.7	20.9	9.2	60.9	67.2
Health care	56.1	61.4	29.0	23.8	14.9	14.7
Education	62.2	53.8	15.5	13.0	22.3	33.2
Public transport	80.2	82.2	15.6	12.4	4.2	5.5

Source. 2008 and 2016 ILCS

Regarding the question on changes in services delivery over the last 12 months, some respondents mentioned positive changes, varying from the smallest positive change of 5.4% (in relation to irrigation) to the maximum 20.6% (bank services).

Graphs 11.2 and 11.3 illustrate more details about the positive and negative changes in service delivery in 2016.

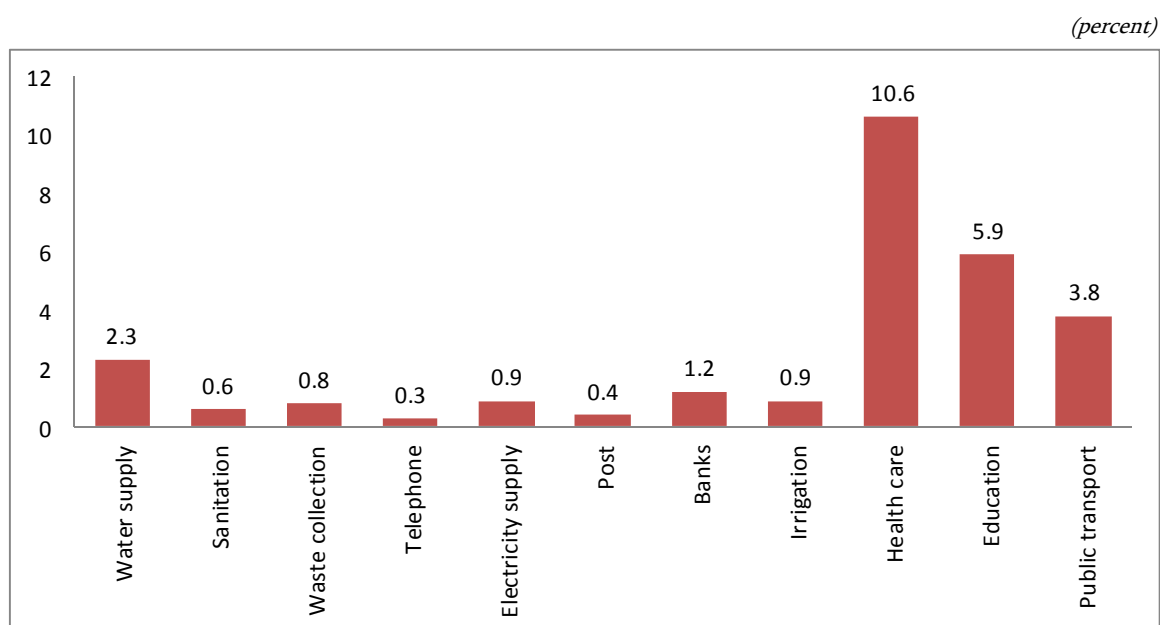
Graph 11.2. Armenia. Surveyed Households' Perceptions of Positive Changes in Service Quality, 2016



Source 2016 ILCS

In 2016 the most positive changes in quality of provided services were recorded in relation to bank services, postal services, water supply, garbage disposal, public transportation, and electricity supply.

Graph 11.3. Armenia. Surveyed Households' Perceptions of Negative Changes in Service Quality, 2016



Source 2016 ILCS

According to ILCS 2016 data, the most negative changes in service delivery were recorded in relation to health care (10.6%) and education (5.9%) (Graph 11.3).

In case of deteriorated service quality only a small part of the respondents applied to the management of the respective services. 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 from the table, the population applies quite rarely with 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, the management initiated actions to remedy the situation only in 43.0% of cases. 30.6 % of complaints related to bad performance of garbage disposal services, 26.7% – to educational services, 24.1% - to health care, and 8.3% – 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 2016

(Percent)

Type of paid service	Recorded deterioration of provided service quality		Did not complain to management because of deterioration of provided service quality		After complaints, management took some steps to remedy the situation	
	2008	2016	2008	2016	2008	2016
Water supply	10.9	2.3	93.7	96.4	19.6	43.0
Sewerage	3.6	0.6	97.2	98.9	52.8	75.0
Garbage disposal	8.6	0.8	96.6	96.9	30.8	30.6
Telephone, landline	4.1	0.3	93.3	97.9	75.8	89.6
Electricity supply	0.8	0.9	94.8	96.1	91.1	88.6
Postal services	0.6	0.4	99.5	99.4	84.7	93.9
Bank services	0.9	1.2	99.3	99.7	84.6	29.4
Irrigation	2.2	0.9	97.2	98.6	30.2	48.0
Health care	7.7	10.6	98.3	99.6	30.3	24.1
Education	6.3	5.9	99.3	99.8	34.2	26.7
Public transport	4.5	3.8	99.2	99.4	51.9	8.3

Source. 2008 and 2016 ILCS