



**PART IV**

**ARMENIA: SUBJECTIVE ASSESSMENT  
OF POVERTY IN 2018**

## 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 of 2018 based on subjective perceptions (i.e. personal judgment of individuals regarding their own living standards) were 2.5 times lower than those obtained through objective measurement (poverty rate estimates 9.4% and 23.5%, respectively).

Only 0.9% of surveyed households assessed themselves to be extremely poor, which is close to the level of extreme poverty measured through using consumption per adult equivalent (1.0%).

Subjective assessment of poverty rate in 2018 was 7.6 percentage points lower than in 2008 (17.0%).

### 11.1. Perception of Living Conditions

ILCS 2018 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, 2018**

*(Percent)*

Primary concerns	2018
Basic food needs	9.1
Basic non-food needs	29.7
Housing needs	27.6
Appropriate education for children	2.9
Healthcare needs	7.7
Other	23.0

**Source:** *ILCS 2018*

In 2018, primary concerns included basic non-food needs (29.7%) and housing needs (27.6%). Compared to 2017, concerns over housing needs have decreased by 2 percentage points, and those over basic non-food needs have increased by 3.6 percentage points. The share of household members in 2018 who considered provision of basic food as a primary concern decreased by 1.2 percentage points down to 9.1% (from 10.3% in 2017). 29.7% of all household members aged 16 years and above considered basic non-food needs to be their primary concern. As in previous years, housing needs was reported by the respondents in 2018 as a primary concern (29.6% in 2017 and 27.6% in 2018). 7.7% percent of the respondents mentioned inability to afford healthcare services, 2.9% referred to inability to secure appropriate education for their children, and 23.0% specified other primary concerns.

Over the period 2008-2018, the subjective assessment of living conditions had the following dynamics:

**Table 11.2 – Armenia: Subjective Assessment of Living Conditions, 2008-2018**

(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
2017	1.1	12.0	41.8	41.8	3.2	0.1
2018	0.9	8.5	45.9	40.6	4.0	0.1

Source: *ILCS 2008-2018*

According to the subjective assessment of the living conditions, in 2018 as much as **9.4% of households considered themselves to be poor (including the extremely poor)**, against 17.0% in 2008. Self-assessment of the respondents in 2018 produced the following results regarding their living conditions:

- 45.9 % (43.0% in 2008) – below average;
- 40.6% (43.0% in 2008) – average;
- 4.0% (4.2% in 2008) – above average;
- 0.1% (0.2% in 2008) – rich.

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.

Table 11.3 shows that 19.9% 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 8.5% 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, 2018**

*(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
<b>Total, including:</b>	<b>0.9</b>	<b>8.5</b>	<b>45.9</b>	<b>40.6</b>	<b>4.0</b>	<b>0.1</b>
First decile	3.4	16.5	54.5	22.9	2.7	
II	2.2	11.8	52.3	29.0	4.7	
III	0.9	8.8	52.4	35.2	2.7	
IV	1.2	8.9	53.4	34.8	1.7	
V	0.4	6.5	49.3	40.4	3.0	0.4
VI	0.2	7.8	41.3	47.7	3.0	
VII	0.6	6.9	45.6	44.1	2.8	0.0
VIII	0.5	9.9	43.4	42.2	4.0	
IX	0.2	5.8	37.8	50.2	6.0	
Tenth decile	0.4	4.1	32.5	54.5	8.3	0.2

**Source:** *ILCS 2018*

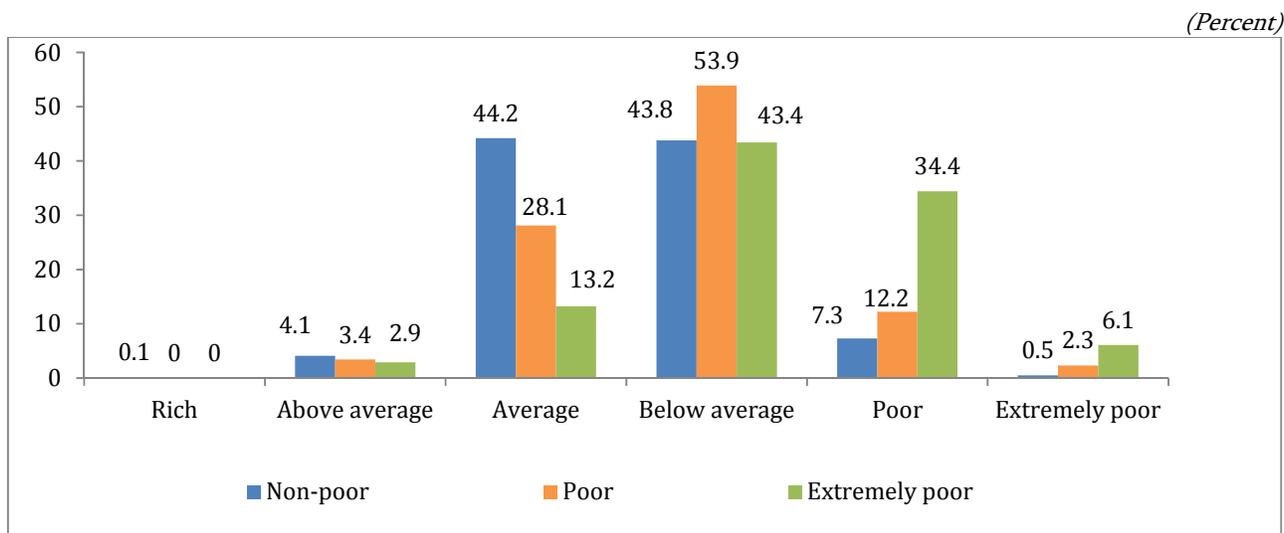
**Note:** *Consumption is measured per adult equivalent*

Although the findings are generally consistent, the subjective assessment of total poverty appears to be lower than the objective one. 8.5% of the population (excluding the extremely poor) considered themselves to be poor, whereas the poverty rate estimate based on consumption per adult equivalent was 22.5%. At the same time, 0.9% of the population considered themselves to be extremely poor, which is close to the extreme poverty rate estimate of 1.0% based on consumption per adult equivalent. Interestingly, 4.0% of the households assessed their living conditions to be above average, and only 0.1% of respondents 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. 0.5% of non-poor households by consumption per adult equivalent assessed themselves to be extremely poor, whereas 2.3% 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 – 6.1%, poor – 34.4%, below average – 43.4%, average – 13.2%, and above average – 2.9%. No households in the category of the extremely poor considered their living conditions to be rich.

**Graph 11.1 – Armenia: Subjective and Objective Assessment of Living Conditions, 2018**



Source: *ILCS 2018*

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 2018 are presented in table below.

**Table 11.4 – Armenia: Household Perception of per Capita Average Monthly Income Needed for Living, 2018**

	AMD	USD
For living very well	588 965	1 220
For living well	245 515	509
For survival	99 039	205

Source: *ILCS 2018*

The ILCS 2018 also asked household members aged 16 years and above about their expectations on improving their living conditions, articulated as follows: “Nothing depends on me, the Government should provide for employment and good conditions” (36.2%), “I have no plans” (21.7%), “I am searching for an income-generating employment in Armenia” (15.1%), “My living standards are acceptable to me” (9.7%), “I do not know how to cope with this situation” (8.8%), “I am searching for in income-generating employment outside Armenia” (3.0%) and “I have no expectations at all, have to leave Armenia” (2.8%). 2.2% of the respondents sought to start an own business in Armenia, and only 0.5% sought to do that outside Armenia.

55.6% of the respondents thought that the new generation would have a better life (compared to 31.9% in 2017), 11.6% thought that the new generation would have even a worse life (compared to 27.2% in 2017), while 10.3% thought that nothing would change, and 22.5% felt hard to answer that question.

## 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 2018 most households (98.9%) were satisfied with electricity supply. There was also a high level of satisfaction with water supply – 87.3%, garbage disposal – 78.7%, sewerage – 76.5%, bank services – 73.7%, postal services – 73.5%, and public transportation – 72.1%. At the same time, a part of the population expressed dissatisfaction in relation to health care (21.4%), garbage disposal (19.6%), public transportation (19.5%), irrigation (13.6%) and water supply (12.3%). Compared to 2008, in 2018 households were more satisfied with paid services except for landline telephone, education and public transportation. Satisfaction with the postal services remained the same.

**Table 11.5 – Armenia: Satisfaction with Paid Services, 2008 and 2018**

(Percent)

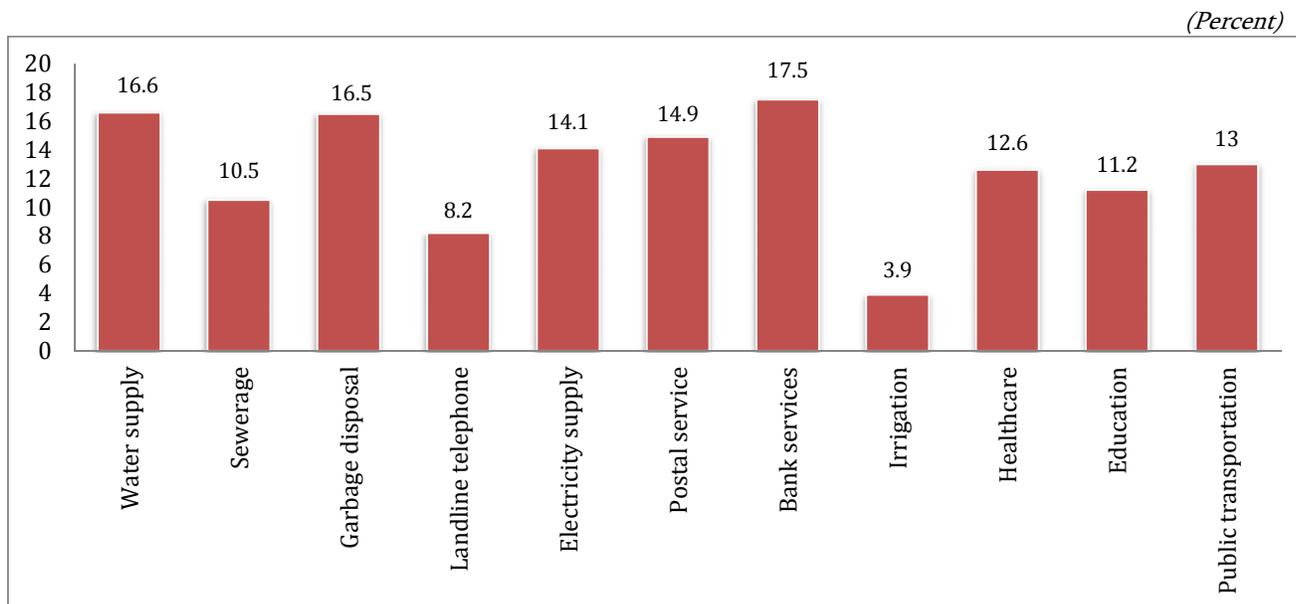
Type of paid service	Satisfied		Not satisfied		Felt hard to answer	
	2008	2018	2008	2018	2008	2018
Water supply	57.1	87.3	42.5	12.3	0.4	0.4
Sewerage	65.0	76.5	23.1	11.7	11.9	11.8
Garbage disposal	54.1	78.7	42.4	19.6	3.5	1.7
Landline telephone	74.2	49.2	13.5	4.9	12.3	45.9
Electricity supply	97.4	98.9	2.4	0.9	0.2	0.2
Postal service	73.7	73.5	2.6	2.5	23.7	24.0
Bank services	61.4	73.7	2.4	6.6	36.2	19.7
Irrigation	18.2	21.5	20.9	13.6	60.9	64.9
Healthcare	56.1	62.3	29.0	21.4	14.9	16.3
Education	62.2	54.9	15.5	11.1	22.3	34.0
Public transportation	80.2	72.1	15.6	19.5	4.2	8.4

Source: *ILCS 2008 and 2018*

To the question on the changes in provided services over the last 12 months, a part of the respondents reported some positive dynamics, within a range from the least significant 3.9% (in relation to irrigation) to the most significant 17.5% (in relation to bank services) improvements.

Graphs 11.2 and 11.3 illustrate the positive and negative perceptions of the service quality dynamics for 2018.

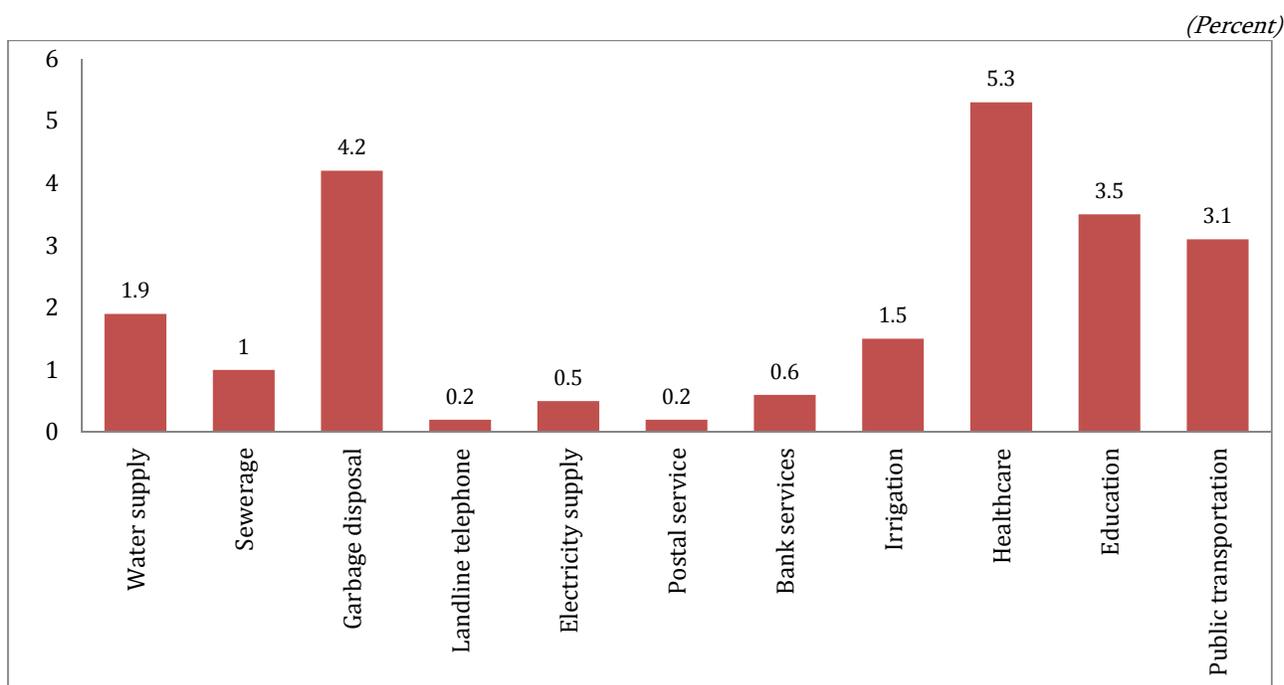
**Graph 11.2 – Armenia: Household Perceptions of Positive Dynamics in Service Quality, 2018**



Source: *ILCS 2018*

With regard to the perceived quality of provided services, the most positive dynamics in 2018 were reported in relation to bank services, water supply, garbage disposal, postal services, electricity supply and public transportation.

**Graph 11.3 – Armenia: Household Perceptions of Negative Dynamics in Service Quality, 2018**



Source: *ILCS 2018*

According to ILCS 2018, the most negative dynamics in respect of provided services were reported in relation to health care (5.3%), garbage disposal (4.2%), education (3.5%) and public transportation (3.1%) (Graph 11.3).

A small fraction of the respondents applied to the management of the service operators 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 people to apply in request of improving service quality.

In addition to quantitative data, qualitative information is also important. Thus, in relation to the complaints for poor performance in healthcare services, the management took steps to remedy the situation only with regard to 31.7% of cases. Respectively, 27.7% of appeals related to irrigation services, 22.0% – to water supply, 13.8% – to bank services, 9.1% - to garbage disposal, and 5.9% – to public transportation were processed in due manner.

**Table 11.6 – Armenia: Appeals to Management of Service Operators in Case of Service Quality Deterioration, 2008 and 2018**

*(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	2018	2008	2018	2008	2018
Water supply	10.9	1.9	93.7	97.0	19.6	22.0
Sewerage	3.6	1.0	97.2	98.9	52.8	64.7
Garbage disposal	8.6	4.2	96.6	97.3	30.8	9.1
Landline telephone	4.1	0.2	93.3	99.4	75.8	97.3
Electricity supply	0.8	0.5	94.8	97.3	91.1	94.6
Postal service	0.6	0.2	99.5	99.5	84.7	97.2
Bank services	0.9	0.6	99.3	99.8	84.6	13.8
Irrigation	2.2	1.5	97.2	98.4	30.2	27.7
Healthcare	7.7	5.3	98.3	99.7	30.3	31.7
Education	6.3	3.5	99.3	99.9	34.2	73.7
Public transportation	4.5	3.1	99.2	98.6	51.9	5.9

**Source:** *ILCS 2008 and 2018*