

PART IV:

**SUBJECTIVE ASSESSMENT OF
POVERTY IN 2017**

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 in 2017, welfare estimates based on subjective perceptions (i.e. personal judgment of individuals regarding their own living standards) were 2.0 times lower than those obtained through objective measurement (poverty rate estimates 13.1% and 25.7%, respectively).

Only 1.1% 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 (1.4%).

Subjective assessment of poverty rate in 2017 was 3.9 percentage points lower than in 2008.

11.1. Perception of Living Conditions

ILCS 2017 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, 2017

Primary concerns	(percent)
	2017
Basic food needs	10.3
Basic non-food needs	26.1
Housing needs	29.6
Appropriate education for children	3.3
Healthcare needs	10.1
Other	20.6

Source: *ILCS 2017*

In 2017, the share of household members who considered provision of basic food as a primary concern decreased by 1.3 percentage points down to 10.3% (from 11.6% in 2016). 29.6% of all household members aged 16 years and above considered housing needs to be their primary concern. Basic non-food needs was reported by the respondents in 2017, as in previous years, as a primary concern (26.1%). 10.1% percent of the respondents mentioned inability to afford healthcare services, 3.3% referred to inability to secure appropriate education for their children, and 20.6% specified other primary concerns.

Over the period 2008-2017, the subjective assessment of living conditions had the following dynamics:

Table 11.2 – Armenia: Subjective Assessment of Living Conditions, 2008-2017

(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

Source: *ILCS 2008-2017*

According to the subjective assessment of the living conditions, in 2017 as much as **13.1% of households considered themselves to be poor (including extremely poor)**, against 17.0% in 2008. Self-assessment of the respondents in 2017 produced the following results regarding their living conditions:

- 41.8 % (43.0% in 2008) – average;
- 41.8% (35.6% in 2008) – below average;
- 0.1% (0.2% in 2008) – rich; and
- 3.2% (4.2% in 2008) – above average.

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 24.4% 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 8.1% 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, 2017**

(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:	1.1	12.0	41.8	41.8	3.2	0.1
First decile	4.9	19.5	50.2	24.1	1.3	-
II	1.1	13.8	49.4	33.7	2.0	-
III	1.1	16.0	38.7	41.3	2.9	-
IV	1.6	12.2	44.2	39.2	2.8	-
V	1.2	12.3	43.6	40.0	2.9	-
VI	1.1	12.9	43.1	41.2	1.7	-
VII	0.5	12.5	39.3	45.7	2.0	-
VIII	0.1	8.8	41.6	45.6	3.9	0,0
IX	0.0	7.9	38.9	48.4	4.8	-
Tenth decile	0.1	5.7	31.4	54.8	7.3	0.8

Source: *ILCS 2017*

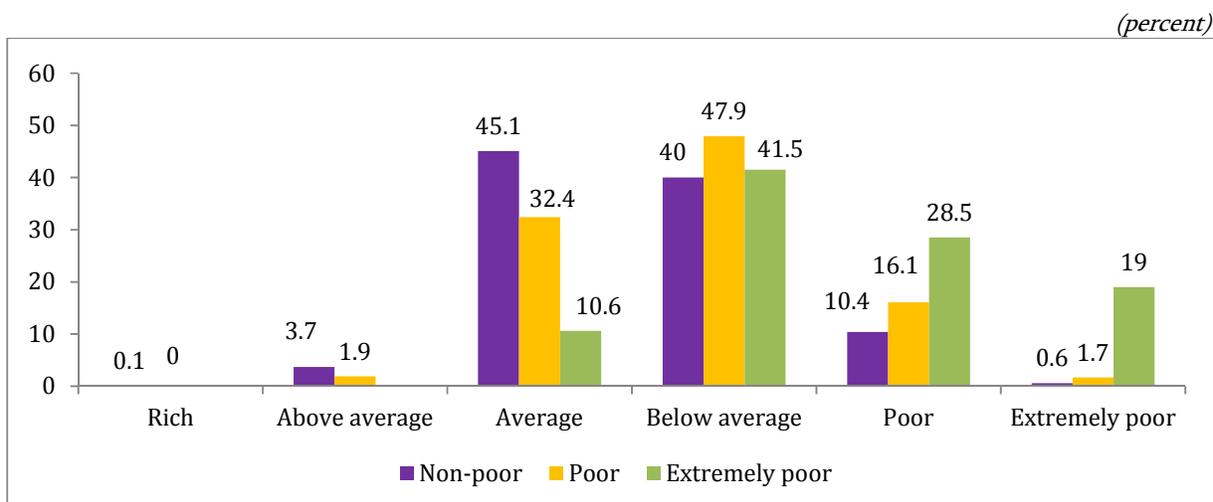
Note: *Consumption is measured per adult equivalent*

Although the findings are generally consistent, the subjective assessment of total poverty appears to be lower than the objective one. 12.0% of the population (excluding the extremely poor) considered themselves to be poor, whereas the poverty rate estimate based on consumption per adult equivalent was 24.3%. At the same time, 1.1% of the population considered themselves to be extremely poor, which is close to the extreme poverty rate estimate of 1.4% based on consumption per adult equivalent. Interestingly, 3.2% 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. 0.6% of non-poor households by consumption per adult equivalent assessed themselves to be extremely poor, whereas 1.7% 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 – 19.4%, poor – 28.5%, below average – 41.5%, and average – 10.6%. No households in the category of the extremely poor considered their living conditions to be above average or rich.

Graph 11.1 – Armenia: Subjective and Objective Assessment of Living Conditions, 2017



Source: *ILCS 2017*

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 2017 are presented in table below.

Table 11.4 – Armenia: Household Perception of per Capita Average Monthly Income Needed for Living, 2017

	AMD	USD
For living very well	873 133	1 809
For living well	341 104	707
For survival	93 516	194

Source: *ILCS 2017*

The ILCS 2017 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” (31.7%), “I have no plans” (23.7%), “I am searching for an income-generating employment in Armenia” (16.1%), “I do not know how to cope with this situation” (9.3%), “My living standards are acceptable to me” (8.0%), “I have no expectations at all, have to leave Armenia” (4.4%), and “I am searching for in income-generating employment outside Armenia” (4.3). Then, 1.9% of the respondents sought to start an own business in Armenia, and only 0.6% sought to do that outside Armenia. 31.9% of the respondents thought that the new generation would have a better life, 27.2% thought that the new generation would have even a worse life, 14.2% thought that nothing would change, and 2.7% 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 2017 most households (98.4%) were satisfied with electricity supply. There was also a high level of satisfaction with water supply – 85.8%, public transportation – 76.6%, garbage disposal – 76.4%, postal services – 75.8%, sewerage services – 74.2%, and bank services – 71.9%. At the same time, a part of the population expressed dissatisfaction in relation to health care (23.7%), garbage disposal (20.2%), public transportation services (17.3%), irrigation (14.2%) and water supply (12.9%). Compared to 2008, in 2017 households were more satisfied with paid services except for education, public transportation and landline telephone services.

Table 11.5 – Armenia: Satisfaction with Paid Services, 2008 and 2017

(percent)

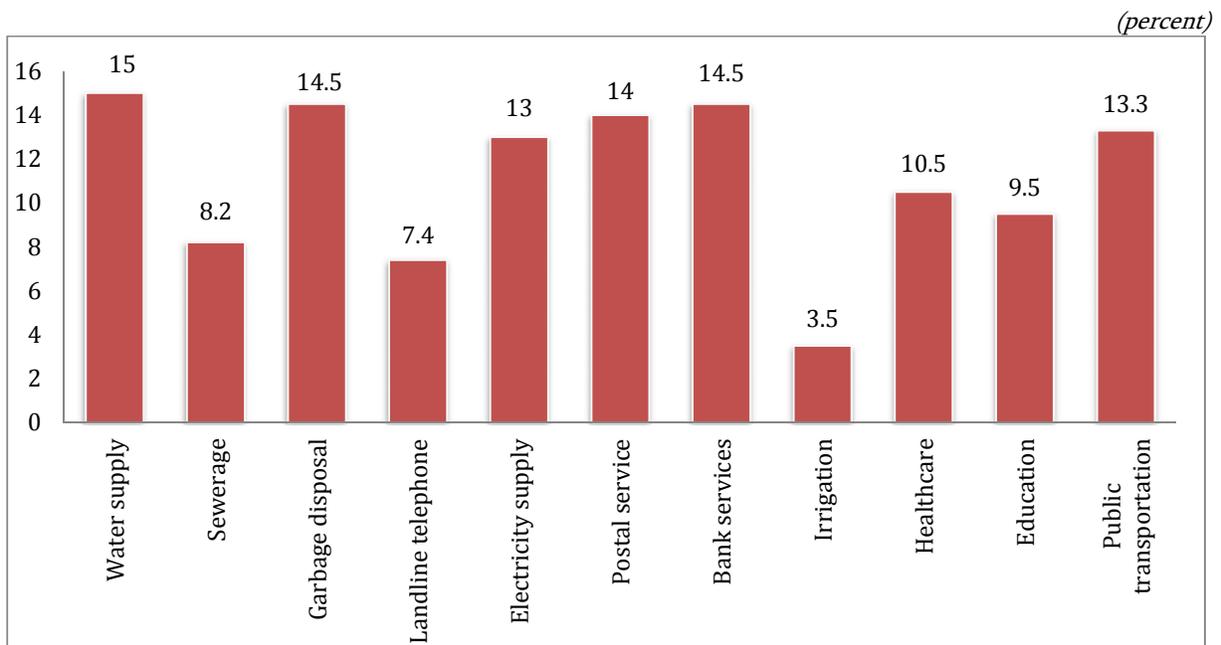
Type of paid service	Satisfied		Not satisfied		Felt hard to answer	
	2008	2017	2008	2017	2008	2017
Water supply	57.1	85.8	42.5	12.9	0.4	1.3
Sewerage	65.0	74.2	23.1	12.8	11.9	13.0
Garbage disposal	54.1	76.4	42.4	20.2	3.5	3.4
Landline telephone	74.2	53.1	13.5	5.1	12.3	41.8
Electricity supply	97.4	98.4	2.4	1.0	0.2	0.6
Postal service	73.7	75.8	2.6	2.5	23.7	21.7
Bank services	61.4	71.9	2.4	7.4	36.2	20.7
Irrigation	18.2	22.8	20.9	14.2	60.9	63.0
Healthcare	56.1	63.6	29.0	23.7	14.9	12.7
Education	62.2	56.3	15.5	11.4	22.3	32.3
Public transportation	80.2	76.6	15.6	17.3	4.2	6.1

Source: *ILCS 2008 and 2017*

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 3.5% (in relation to irrigation) to the most significant 15.0% (in relation to water supply) improvements.

Graphs 11.2 and 11.3 illustrate the positive and negative perceptions of the service quality dynamics for 2017.

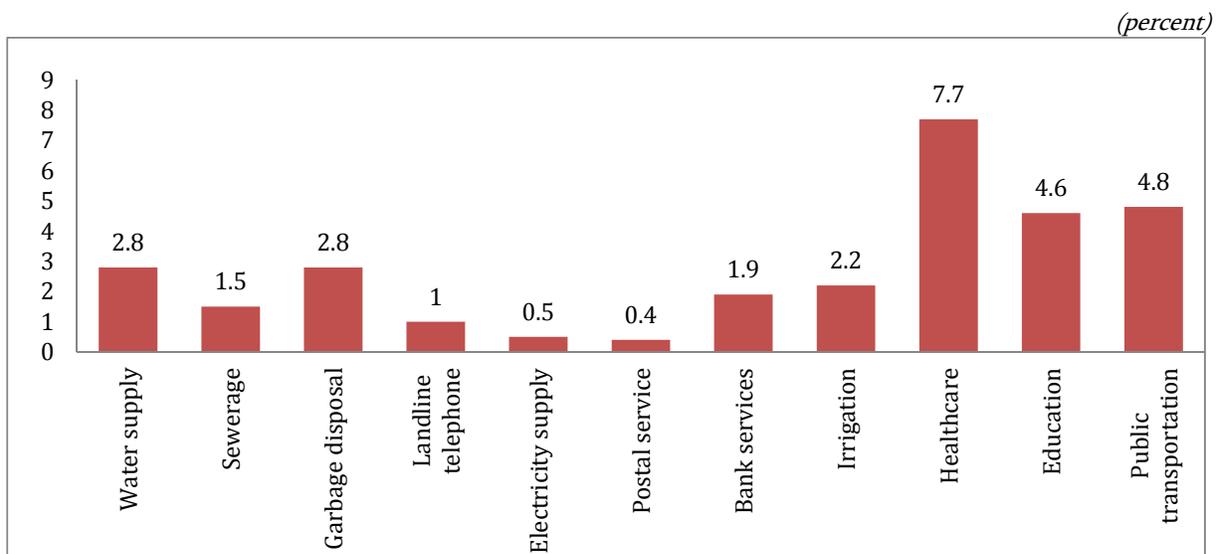
Graph 11.2 – Armenia: Household Perceptions of Positive Dynamics in Service Quality, 2017



Source: *ILCS 2017*

With regard to the perceived quality of provided services, the most positive dynamics in 2017 were reported in relation to water supply, garbage disposal, bank services, postal services, public transportation and electricity supply.

Graph 11.3 – Armenia: Household Perceptions of Negative Dynamics in Service Quality, 2017



Source: *ILCS 2017*

According to ILCS 2017, the most negative dynamics in respect of provided services were reported in relation to health care (7.7%), public transportation (4.8%) and education (4.6%) (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, despite the complaints related to poor garbage disposal services, only in 40.6% of cases the management took steps to remedy the situation. Respectively, 29.8% of appeals related to water supply, 26.2% – to educational services, 14.8% – to healthcare services, and 3.2% – 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 2017**

(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	2017	2008	2017	2008	2017
Water supply	10.9	2.8	93.7	95.5	19.6	29.8
Sewerage	3.6	1.5	97.2	98.6	52.8	67.2
Garbage disposal	8.6	2.8	96.6	96.7	30.8	40.6
Landline telephone	4.1	1.0	93.3	98.4	75.8	91.6
Electricity supply	0.8	0.5	94.8	96.8	91.1	94.1
Postal service	0.6	0.4	99.5	99.2	84.7	86.7
Bank services	0.9	1.9	99.3	99.6	84.6	11.6
Irrigation	2.2	2.2	97.2	98.1	30.2	11.3
Healthcare	7.7	7.7	98.3	99.2	30.3	14.8
Education	6.3	4.6	99.3	99.8	34.2	26.2
Public transportation	4.5	4.8	99.2	99.2	51.9	3.2

Source: *ILCS 2008 and 2017*