



PART II

ARMENIA – HOUSEHOLD INCOME, EXPENDITURES, AND BASIC FOOD CONSUMPTION

Chapter 3: Household Income, Expenditures, and Basic Food Consumption

This chapter presents the dynamics of household income, expenditures, and basic food consumption over the period of 2004-2019. The analysis is based on the Integrated Living Conditions Survey data. All indicators of household living conditions, as presented in this chapter, are estimated on per capita basis.

3.1. Household Disposable Income

Household income is one of the key indicators to assess the living conditions of population.

Gross household income comprises all articles of monetary income, as well as certain articles of non-monetary income such as own production food consumed (used) by the household, and non-food products and services received free of charge from relatives or third persons, all expressed in monetary terms.

Monetary household income includes the funds received by household members as remuneration for work (excluded income tax and other wage-deductible mandatory social contributions), funds received from self-employment or entrepreneurial activities, social transfers (pensions, monetary social assistance, including unemployment, family, childbirth, childcare and other benefits), private transfers, property rental income, interests, dividends, equity gains, revenues from the sale of shares and other securities, real estate and household property, livestock, and own production food, as well as funds received as assistance from relatives and third persons, or other monetary income.

The amounts and structure of monetary per capita nominal income of households over the periods 2008-2009 and 2018-2019 are presented in Table 3.1.

Table 3.1 – Armenia: Types of Household Nominal Income, 2008-2009 and 2018-2019

Types of income	Average monthly per capita household income							
	AMD				Percent			
	2008	2009	2018	2019	2008	2009	2018	2019
1. Monetary income, including:	26866	28038	61047	61076	90.8	91.8	95.1	96.1
Hired employment	14491	15328	32314	29316	49.0	50.2	50.3	46.1
Self-employment	2385	1534	6851	8417	8.1	5.0	10.7	13.2
Sales of agricultural products and livestock	1771	1667	4509	5125	6.0	5.5	7.0	8.1
Income on property (rental income, interest, equity gain)	35	25	110	107	0.1	0.1	0.2	0.2
Public pensions and benefits	4870	5615	9945	10046	16.5	18.4	15.5	15.8
Transfers, of which:	2692	2669	5716	6982	9.1	8.7	8.9	11.0
From relatives residing in Armenia	449	354	665	1455	1.5	1.2	1.0	2.3
From relatives residing outside of Armenia	2243	2315	5051	5527	7.6	7.5	7.9	8.7
Other income	622	1200	1602	1083	2.0	3.9	2.5	1.7
2. Non-monetary income, including:	2710	2503	3133	2459	9.2	8.2	4.9	3.9

Consumption of own production food	2426	2230	2786	2178	8.2	7.3	4.4	3.4
Non-food products and services received free of charge	284	273	347	281	1.0	0.9	0.5	0.5
Total gross income	29576	30541	64180	63535	100	100	100	100

Source: ILCS 2008-2009, 2018-2019

As shown in Table 3.1, over the period of 2008-2019 the share of monetary income increased and the share of non-monetary income decreased within the gross income.

The study of household income by urban and rural communities highlighted the importance of income from hired employment particularly for urban population, comprising 53.9% of their gross income in 2019, compared to that for rural population at 31.8% (Table 3.2).

Table 3.2 – Armenia: Sources of Household Nominal Income by Urban and Rural Communities, 2018 and 2019 (Average Monthly per Capita Income)

	Urban communities				Rural communities			
	AMD		Percent		AMD		Percent	
	2018	2019	2018	2019	2018	2019	2018	2019
1. Monetary income, including:	68405	65527	98.3	98.2	48907	53874	88.6	92.2
Hired employment	41165	35958	59.1	53.9	17711	18569	32.1	31.8
Self-employment	8810	8333	12.7	12.5	3620	8553	6.6	14.6
Sales of agricultural products and livestock	628	308	0.9	0.5	10911	12921	19.8	22.1
Income on property (rental income, interest, equity gain)	165	164	0.2	0.2	19	15	0.0	0.0
Public pensions and benefits	10366	11176	14.9	16.8	9250	8217	16.7	14.1
Transfers, of which:	5942	7974	8.5	11.9	5343	5376	9.7	9.2
From relatives residing in Armenia	943	1808	1.4	2.7	207	883	0.4	1.5
From relatives residing outside of Armenia	4999	6167	7.1	9.2	5136	4493	9.3	7.7
Other income	1329	1614	1.9	2.4	2053	223	3.7	0.4
2. Non-monetary income, including:	1208	1171	1.7	1.8	6309	4742	11.4	7.8
Consumption of own production food	776	842	1.1	1.3	6102	4339	11.1	7.4
Non-food products and services received free of charge	432	329	0.6	0.5	207	203	0.3	0.4
Total gross income	69613	66698	100	100	55216	58616	100	100

Source: ILCS 2018 and 2019

Table 3.3 below presents the structure of monetary income by decile groups. The study of household monetary income depicts the distribution of income sources and its dynamics over time.

Over 2018-2019, the difference between the poorest and the richest decile groups in terms of income from employment decreased (from 56 times in 2018 to 36 times in 2019). Nevertheless, the difference in terms of income from transfers increased from 22 times in 2018 to 70.8 times in 2019. The difference between the tenth and the first decile groups in

terms of income from the sales of agricultural products increased from 6.8 times in 2018 to 12.5 times in 2019 (Table 3.3).

Table 3.3 – Armenia: Dynamics of Household Nominal Monetary Income, by Decile Groups, 2019* (Average Monthly per Capita Income, AMD)

2019	Decile groups of monetary income									
	I	II	III	IV	V	VI	VII	VIII	IX	X
Household monetary income; including	10021	22989	32865	40582	47673	55199	65187	78588	97603	173781
Employment income	2638	9726	19285	25462	28938	34737	46871	54233	68784	94861
Pensions, benefits, scholarships	5043	8286	8476	10496	12280	12226	10320	11285	9941	14509
Income from sales of agricultural products	1746	3162	3121	2382	3194	3475	2680	4441	6396	21884
Transfers, of which:	464	1630	1971	2106	3186	4415	4970	7847	12006	32836
From relatives residing in Armenia	243	411	466	534	627	1122	1377	2264	1536	6291
From relatives residing outside of Armenia	221	1219	1505	1572	2559	3293	3593	5583	10470	26545
Other income	130	185	12	136	75	346	346	782	476	9692

Source: *ILCS 2019*

Note: *Excluding households, which did not report their income

State transfers are a key source of monetary income for households in the first decile group (50.3% in 2019), while the share of this source of income for households in the tenth decile group (8.3%) is small (Table 3.4 and Graph 3.1).

Table 3.4 – Armenia: Structure of Monetary Income, by Decile Groups, 2019 (Average Monthly per Capita Income)

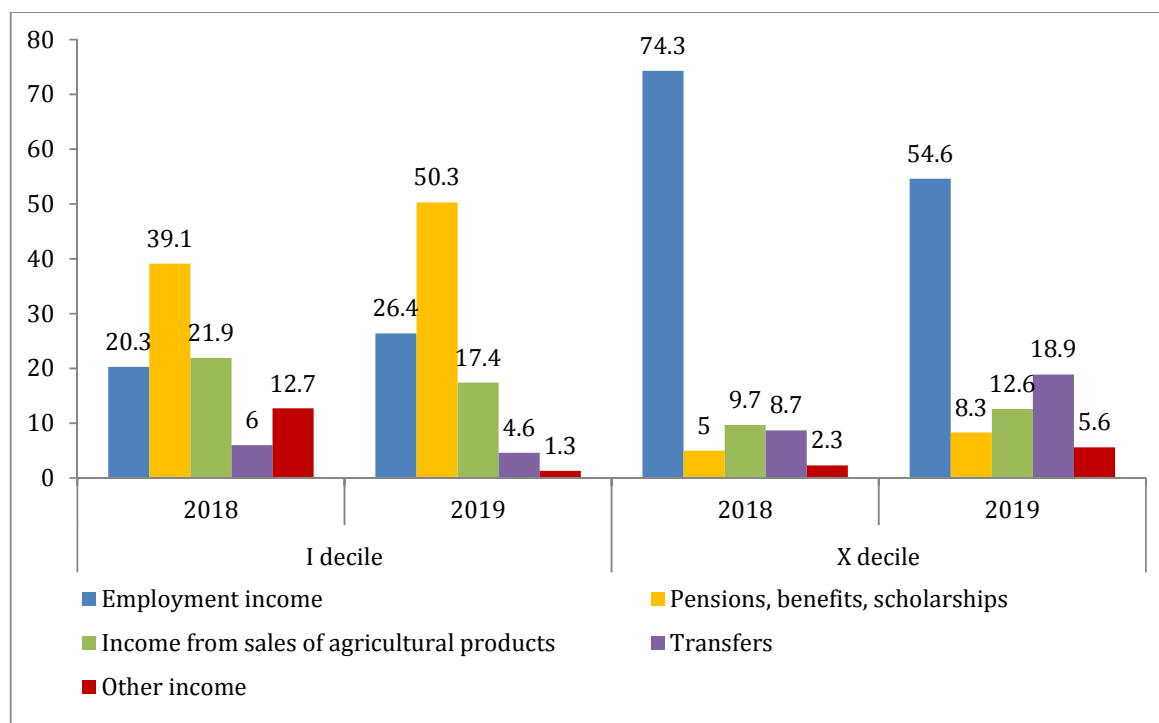
(percent)

2019	Decile groups of monetary income									
	I	II	III	IV	V	VI	VII	VIII	IX	X
Household monetary income; including	100	100	100	100	100	100	100	100	100	100
Employment income	26.4	42.3	58.7	62.7	60.7	62.9	72.0	69.0	70.4	54.6
Pensions, benefits, scholarships	50.3	36.0	25.8	25.9	25.8	22.2	15.8	14.4	10.2	8.3
Income from sales of agricultural products	17.4	13.8	9.5	5.9	6.7	6.3	4.1	5.6	6.6	12.6
Transfers, of which:	4.6	7.1	6.0	5.2	6.7	8.0	7.6	10.0	12.3	18.9
From relatives residing in Armenia	2.4	1.8	1.4	1.3	1.3	2.0	2.1	2.9	1.6	3.6
From relatives residing outside of Armenia	2.2	5.3	4.6	3.9	5.4	6.0	5.5	7.1	10.7	15.3
Other income	1.3	0.8	0.0	0.3	0.1	0.6	0.5	1.0	0.5	5.6

Source: *ILCS 2019*

Graph 3.1 – Armenia: Structure of Monetary Income for Households of the First and the Tenth Decile Groups, 2018 and 2019 (Average Monthly per Capita Income)

(percent)



Source: ILCS 2018 and 2019

3.2. Household Consumption Expenditures

Gross household consumption expenditures are another indicator of household material and monetary welfare. Gross household consumption expenditures comprise monetary and non-monetary consumption expenditures.

Gross household consumption expenditures include the payments made by households within the reporting period to acquire food products (including the expenses on food consumed away from home, own production food consumed (used) by the household and food received free of charge from relatives or third persons, all expressed in monetary terms) and non-food products (including expenses on durable goods) and services, as well as non-food products and services received free of charge from relatives or third persons, all expressed in monetary terms.

Household consumption expenditures do not include taxes, collections, debt repayments, alimony payments, assistance to relatives, penalties, loan repayments and other non-consumption expenditures, accumulations, as well as expenses related to production activities of households (acquisition of seeds, livestock, raw materials).

The ARMSTAT has used the “*Classification of Individual Consumption by Purpose*” (as approved by the Order of the Minister of Economy No. 161-N of February 21, 2012) since 2012, the “*Classification of Individual Consumption by Purpose*” (as approved by the Order

of the Minister of Economy No. 876-N of September 19, 2013) since 2013, and the revised version of the “*Classification of Individual Consumption by Purpose*” (as approved by the Order of the Minister of Economy No. 513-N of June 2, 2014) since 2014 (see http://www.arlis.am/Annexes/4/GT15_14page69-209.doc).

This chapter presents data on household consumption expenditures by COICOP applied before 2012 under sub-section 3.2.1 (to provide for the consistency of time series), and by COICOP revised in 2014 under sub-section 3.2.2.

3.2.1. Household Consumption Expenditures by COICOP Applied Before 2012

Household consumption expenditures by COICOP applied before 2012 include:

Food products

- Meat and meat products
- Milk and milk products
- Eggs
- Fish and fish products
- Sugar and confectionary
- Butter and vegetable oils
- Potato
- Vegetable crops
- Fruits, berries, nuts, and grape
- Bread and bakery goods
- Other food
- Food consumed away from home

Alcoholic beverages

Tobacco

Non-food products

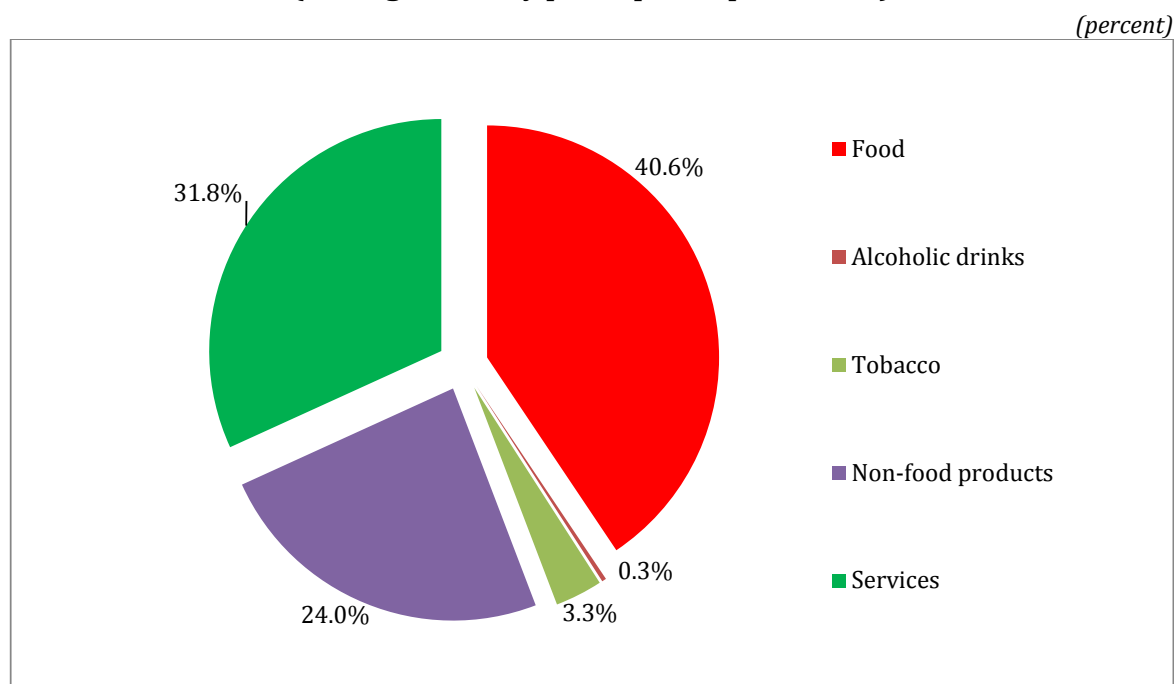
- Clothing, textile, footwear
- Furniture, carpets, home appliances
- Hygiene items and medicaments
- Means of transportation, spare parts and fuel
- Other non-food products

Services

- Housing and utilities (excluded phone)
- Culture, recreation, and sports
- Education, training, and preschool education
- Medicine and resort
- Transport and communications
- Other services

The structure of household consumption expenditures in 2019 is presented in Graph 3.2. According to available data, the share of expenses on food (40.6%) and services (31.8%) within consumption expenditures of the population are significant.

**Graph 3.2 – Armenia: Structure of Household Consumption Expenditures, 2019
(Average Monthly per Capita Expenditures)**



Source: ILCS 2019

Changes in the structure of household nominal consumption expenditures as per 2004, 2008 and 2017-2019 survey results are presented in the table below.

Table 3.5 – Armenia: Structure of Household Nominal Consumption Expenditures, 2004, 2008 and 2017-2019

Expenditure items	Average monthly per capita expenditures									
	AMD					AMD				
	2004	2008	2017	2018	2019	2004	2008	2017	2018	2019
Consumption expenditure, including	19251	28878	44413	45788	47324	100	100	100	100	100
Food; of which	10797	14984	18446	18496	19225	56.1	51.9	41.5	40.4	40.6
Food consumed away from home	227	449	481	424	970	1.2	1.6	1.1	0.9	2.0
Alcoholic beverages	163	227	321	322	153	0.8	0.8	0.7	0.7	0.3
Tobacco	808	1019	1649	1653	1577	4.2	3.5	3.7	3.6	3.3
Non-food products	2787	4730	8497	8644	11327	14.5	16.4	19.2	18.9	24.0
Services; including	4696	7918	15500	16673	15042	24.4	27.4	34.9	36.4	31.8
Health care	1500	1035	2490	2770	3104	7.8	3.6	5.6	6.0	6.6
Education	708	1221	1047	1255	1141	3.7	4.2	2.4	2.7	2.4
Utilities	1146	2635	6495	6962	6911	6.0	9.1	14.6	15.2	14.6
Transport	694	967	1461	1521	1094	3.6	3.3	3.3	3.3	2.3
Communications	291	1404	1921	1994	1968	1.5	4.9	4.3	4.4	4.2
Culture	3	3	98	121	15	0.0	0.0	0.2	0.3	0.0
Legal services	3	16	518	548	99	0.0	0.1	1.2	1.2	0.2
Other services	351	637	1470	1502	710	1.8	2.2	3.3	3.3	1.5

Source: ILCS 2004, 2008 and 2017-2019

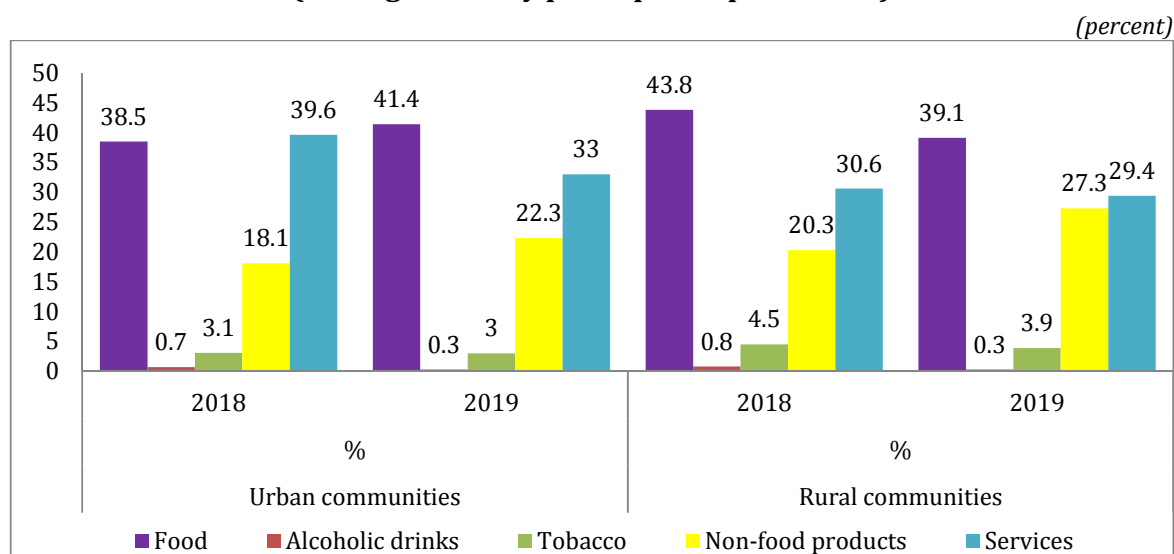
The trends in the structure of household nominal consumption expenditures by urban and rural communities in 2018 and 2019 is presented below.

Table 3.6 – Armenia: Structure of Household Nominal Consumption Expenditures, by Urban and Rural Communities, 2018 and 2019 (Average Monthly per Capita Expenditures)

Expenditure items	Urban communities				Rural communities			
	AMD		Percent		AMD		Percent	
	2018	2019	2018	2019	2018	2019	2018	2019
Consumption expenditure; including	47535	51118	100	100	42905	41184	100	100
Food; of which	18314	21161	38.5	41.4	18793	16092	43.8	39.1
Food consumed away from home	565	1428	1.2	2.8	193	228	0.5	0.6
Alcoholic beverages	306	164	0.7	0.3	350	134	0.8	0.3
Tobacco	1494	1548	3.1	3.0	1916	1625	4.5	3.9
Non-food products	8615	11391	18.1	22.3	8692	11223	20.3	27.3
Services; including	18806	16854	39.6	33.0	13154	12110	30.6	29.4
Health care	2966	2696	6.2	5.3	2448	3766	5.7	9.2
Education	1477	1391	3.1	2.7	889	736	2.1	1.8
Utilities	8288	8171	17.5	16.0	4774	4871	11.1	11.8
Transport	1625	1433	3.4	2.8	1348	546	3.1	1.3
Communication	2265	2298	4.8	4.5	1546	1432	3.6	3.5
Culture	119	24	0.3	0.0	125	1	0.3	0.0
Legal services	438	108	0.9	0.2	730	83	1.7	0.2
Other services	1628	733	3.4	1.4	1294	675	3.0	1.6

Source: ILCS 2018 and 2019

Graph 3.3 – Armenia: Structure of Household Nominal Consumption Expenditures, by Urban and Rural Communities, 2018 and 2019 (Average Monthly per Capita Expenditures)



Source: ILCS 2018 and 2019

3.2.2. Household Consumption Expenditures by COICOP Revised in 2014

Consumption expenditures of households by COICOP revised in 2014 include:

1. Food and non-alcoholic beverages;
2. Alcoholic beverages and tobacco;

3. Clothing and footwear;
4. Housing services, water, electricity, gas and other types of fuel;
5. Furnishings, household equipment and routine household maintenance;
6. Health;
7. Transport;
8. Communications;
9. Recreation and culture;
10. Education
11. Hotels, café and restaurants;
12. Miscellaneous goods and services.

Table 3.7 – Armenia: Structure of Household Nominal Consumption Expenditures, 2018-2019 (Average Monthly per Capita Expenditures, Grouped by Purpose¹⁾)

(AMD)

Expenditure items	Country total		Including			
			Urban communities		Rural communities	
	2018	2019	2018	2019	2018	2019
Consumption expenditure; including	45788	47324	47535	51118	42905	41184
Food and non-alcoholic beverages	18071	18254	17750	19732	18600	15863
Alcoholic beverages and tobacco	1975	1730	1800	1712	2265	1759
Clothing and footwear	1661	1761	1339	1825	2191	1657
Housing services, water, electricity, gas and other types of fuel	7220	9219	8421	9963	5238	8023
Furnishings, household equipment and routine household maintenance	1459	1913	1436	2055	1496	1685
Health	4770	5547	5269	5361	3946	5841
Transport	3630	2300	3704	2482	3508	2004
Communications	1955	1950	2208	2269	1539	1433
Recreation and culture	1038	232	1217	286	743	145
Education	1254	1141	1475	1391	888	736
Hotels, café and restaurants	575	970	677	1429	407	228
Other services	2180	2306	2239	2613	2084	1810

Source: ILCS 2018 and 2019

¹⁾ Grouped under the National Classifier of Individual Consumption by Purpose, harmonized with the European Union's "Classification of Individual Consumption by Purpose" (COICOP HBS).

Table 3.8 – Armenia: Structure of Household Nominal Consumption Expenditures, 2018-2019 (Average Monthly per Capita Expenditures, Grouped by Purpose¹⁾)

(percent)

Expenditure items	Country total		Including			
			Urban communities		Rural communities	
	2018	2019	2018	2019	2018	2019
Consumption expenditure; including	100	100	100	100	100	100
Food and non-alcoholic beverages	39.5	38.5	37.3	38.6	43.4	38.5
Alcoholic beverages and tobacco	4.3	3.7	3.8	3.3	5.3	4.3
Clothing and footwear	3.6	3.7	2.8	3.6	5.1	4.0
Housing services, water, electricity, gas and other types of fuel	15.8	19.5	17.7	19.5	12.2	19.5

Furnishings, household equipment and routine household maintenance	3.2	4.0	3.0	4.0	3.5	4.1
Health	10.4	11.7	11.1	10.5	9.2	14.2
Transport	7.9	4.9	7.8	4.9	8.2	4.8
Communications	4.3	4.1	4.7	4.4	3.6	3.5
Recreation and culture	2.3	0.5	2.6	0.6	1.7	0.4
Education	2.7	2.4	3.1	2.7	2.1	1.8
Hotels, café and restaurants	1.3	2.0	1.4	2.8	0.9	0.6
Other services	4.7	5.0	4.7	5.1	4.8	4.3

Source: *ILCS 2018 and 2019*

¹⁾ Grouped under the National Classifier of Individual Consumption by Purpose, harmonized with the European Union's "Classification of Individual Consumption by Purpose" (COICOP HBS).

3.3. Assessment of Distribution Inequality in Income and Expenditure

Household expenditure indicators are more reliable as compared with income data, since respondents often do not report or underreport their income (due to the propensity to non-disclosure of income).

The ratio of "polar" quintiles is calculated to distinguish the population by income and expenditures; this is the ratio of income or expenditures of the best-off 20% population to that of the most vulnerable 20% population. According to that assessment, the ratio of monetary income of the best-off 20% and the most vulnerable 20% decreased in 2019 as compared to 2004, from 10.6 to 8.2 times, while the reduction in terms of consumption expenditures was from 5.8 to 5.7 times (Table 3.9).

Table 3.9 – Armenia: Ratio of Income and Expenditures of 20 Percent Wealthiest and 20 Percent Poorest Population, 2004-2009 and 2017-2019

	2004	2008	2009	2017	2018	2019
By monetary income	10.6	7.8	8.0	8.5	8.3	8.2
By consumption expenditures	5.8	5.2	5.1	5.9	5.6	5.7

(times)

Source: *ILCS 2004-2009, 2017-2019*

Table 3.10 – Armenia: Ratio of Income and Expenditures of 10 Percent Wealthiest and 10 Percent Poorest Population, 2004-2009 and 2017-2019

	2004	2008	2009	2017	2018	2019
By monetary income	20.8	14.1	14.5	16.8	15.4	17.4
By consumption expenditures	9.5	8.0	7.9	9.8	9.4	9.3

(times)

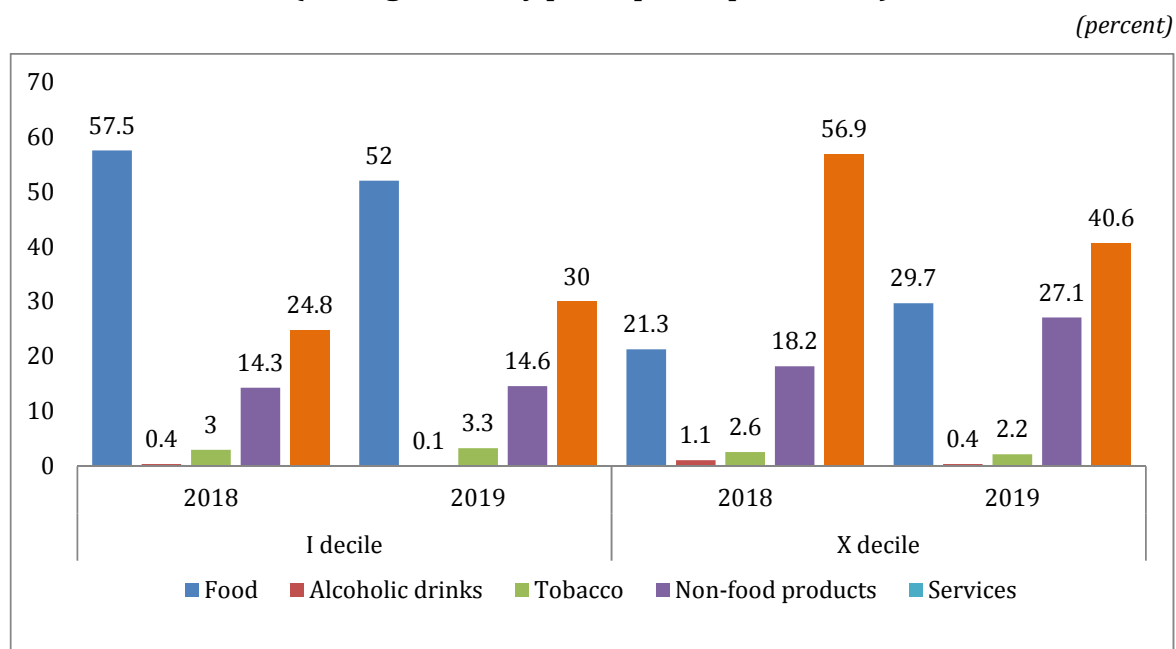
Source: *ILCS 2004-2009, 2017-2019*

The ratio of the "polar" deciles of population by income or expenditure (i.e. the ratio of income or expenditures of the best-off 10% population to that of the most vulnerable 10% population) is more distinct, than the quintile ratio. In 2019, this ratio constituted 9.3 times for consumption expenditures and 17.4 times for monetary income of population.

As expected, for poor households the share of expenses on food in total consumption expenditures was larger than the country average. Over the reporting period (2019), expenses on services incurred by households within the first decile group were 1.8 times

more compared to the same indicator within the tenth decile group (Graph 3.4 and Table 3.11). Households in the tenth decile were significantly ahead of the households in the first decile in terms of using services and acquiring non-food products.

Graph 3.4 – Armenia: Structure of Nominal Consumption Expenditures for Households of the First and the Tenth Decile Groups, 2018 and 2019 (Average Monthly per Capita Expenditures)



Source: *ILCS 2018 and 2019*

Note: **Including consumption cost of own production food*

3.4. Household Consumption

Food consumption is one of the indicators describing the living conditions of population. The term “consumed food” refers to food products purchased, produced in the own household, or received as donation during the reporting period.

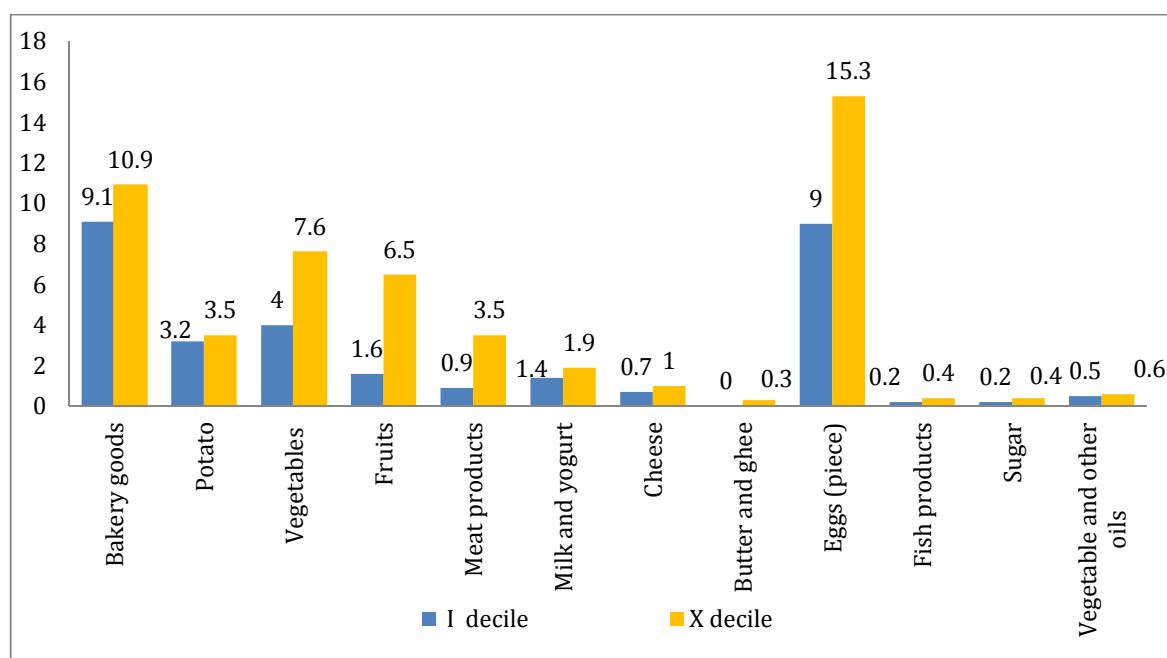
The consumption of food is grouped as follows:

- Bakery goods;
- Potato;
- Vegetables and vegetable crops;
- Fruits and berries (including dried fruits);
- Sugar;
- Meat and meat products;
- Fish products;
- Milk and yogurt;
- Eggs;
- Cheese;
- Butter and ghee;

- Vegetable and other oils.

The differences in consumption are clearly demonstrated when food consumption is examined as to the distribution of **consumption expenditures** by decile groups. Thus, in 2019 monthly per capita consumption of the tenth decile, as compared to that of the first decile, was higher 4.1 times for fruits and berries (including dried fruits), 3.9 times for meat and meat products, 2 times for fish products and sugar, 1.9 times for vegetables and vegetable crops (Graph 3.5).

Graph 3.5 – Armenia: Consumption of Basic Food Products, by Consumption Expenditures of the First and the Tenth Decile Groups, 2019 (Average Monthly per Capita, Kilogram)



Source: ILCS 2019

The average monthly consumption of basic food products in 2019 by decile groups of consumption expenditures (on household per capita basis) is presented below.

Table 3.11 – Armenia: Consumption of Basic Food Products, by Decile Groups of Consumption Expenditures, 2019 (Average Monthly per Capita, Kilogram)

2019	Total	Decile groups of consumption expenditures									
		I	II	III	IV	V	VI	VII	VII	IX	X
Bakery goods	10.1	9.1	9.8	9.9	10.1	9.9	10.3	10.2	10.4	10.7	10.9
Potato	3.2	3.2	3.2	3.0	3.1	3.1	3.1	3.1	3.2	3.3	3.5
Vegetables and vegetable crops	5.9	4.0	4.7	5.2	5.6	6.1	5.8	6.1	6.6	7.1	7.6
Fruits and berries, including dried fruits	3.6	1.6	2.0	2.6	2.7	3.5	3.7	3.9	4.6	5.0	6.5
Meat and meat products	2.1	0.9	1.2	1.6	1.7	2.1	2.1	2.3	2.5	2.8	3.5
Milk and yoghurt (liter)	1.5	1.4	1.5	1.3	1.4	1.4	1.5	1.5	1.7	1.8	1.9
Cheese	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.9	1.0

2019	Total	Decile groups of consumption expenditures									
		I	II	III	IV	V	VI	VII	VII	IX	X
Butter and ghee	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3
Eggs (piece)	12.0	9.0	9.5	10.5	12.2	11.3	12.0	12.7	13.6	14.3	15.3
Fish products	0.3	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.4
Sugar	0.3	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Vegetable and other oils (liter)	0.5	0.5	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.6

Source: *ILCS 2019*