

Poverty & Equity Brief

Europe & Central Asia

Armenia

April 2019

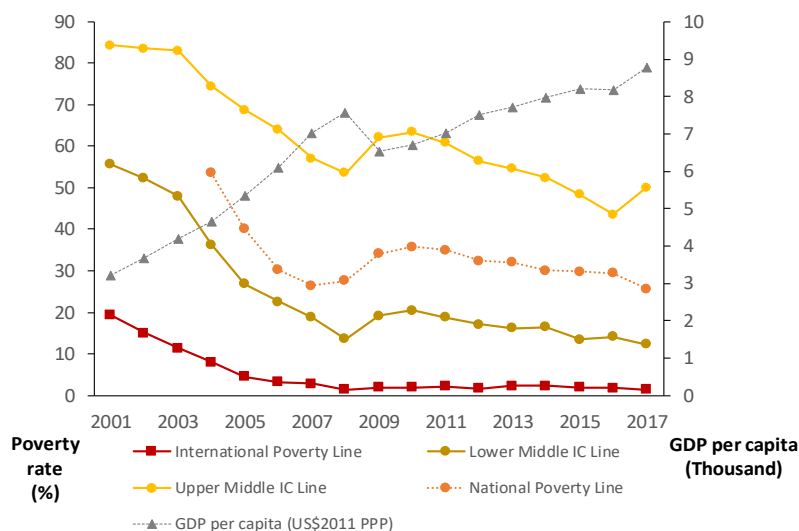
Armenia has accumulated continuous reductions in poverty since 2010, recovering the levels observed before the 2008 global economic crisis. Poverty at US\$3.2 (2011 PPP) a day fell from the peak observed in 2010 (20.5 percent) to 12.3 percent in 2017, below the lowest value observed in 2008 (13.6 percent). The reduction of poverty since 2010 reflects the growth of the manufacturing and service sector in urban areas and modest growth in agricultural output in rural areas. Social expenditure, mainly contributory old-age pensions and the family benefit program, have supported the elderly and helped poor and vulnerable households increase their incomes. In contrast, the decline of remittances from Russia contributed to a small bump in the poverty series in 2015. Pockets of poverty remain, and further poverty reduction and improvements of living conditions among those at the bottom should consider three critical factors: first, regional disparities persist, with higher poverty rates in secondary cities and rural areas than in Yerevan. Second, vulnerability to poverty persists. Many households that escaped poverty are still at risk of falling behind if shocks such as unemployment, natural hazards, or severe illness hit. And third, non-monetary measures of welfare show that many households experience multiple and overlapping deprivations related to deficits in human capital, inadequate housing conditions, and access to public services.

The period between 2012 and 2017 showed slower consumption growth among the bottom 40 percent of the distribution compared to the total population (1.8 percent versus 3.2 percent), which has led to an increase of inequality in the country. Households in the bottom of the distribution are more likely to report skill deficits, and if they manage to escape unemployment, they work in lower productivity jobs.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	753.1	25.7	2017
International Poverty Line 402.9 in Armenian dram (2017) or US\$1.90 (2011 PPP) per day per capita	39.6	1.4	2017
Lower Middle Income Class Poverty Line 678.5 in Armenian dram (2017) or US\$3.20 (2011 PPP) per day per capita	361.2	12.3	2017
Upper Middle Income Class Poverty Line 1166.3 in Armenian dram (2017) or US\$5.50 (2011 PPP) per day per capita	1,465.5	50.0	2017
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.76	2012-2017
INEQUALITY			
Gini Index		33.6	2017
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.46	2012-2017
GROWTH			
Annualized GDP per capita growth		3.2	2012-2017
Annualized Consumption Growth per capita from Household Survey		3.22	2012-2017

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of March 2019, and Global Monitoring Database for the rest.

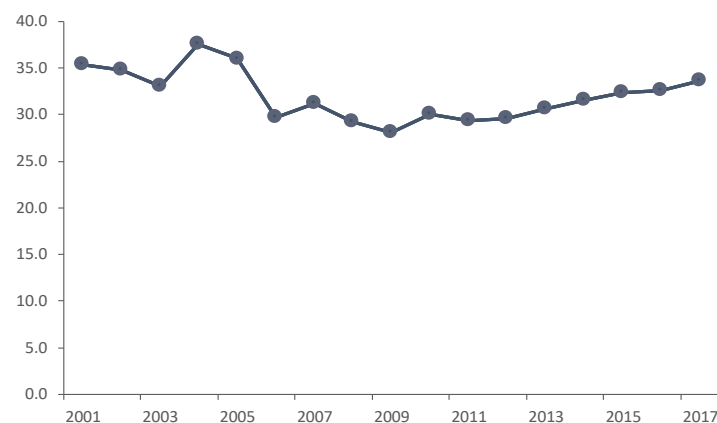
POVERTY HEADCOUNT RATE, 2001-2017



Source: World Bank using ILCS/ECAPOV/GMD

INEQUALITY TRENDS, 2001-2017

Gini Index



Source: World Bank using ILCS/ECAPOV/GMD

KEY INDICATORS (distribution among groups)

	International Poverty Line (%)		Relative Group (%)		Year
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	99	1	39	61	2017
Rural population	98	2	42	58	2017
Males	99	1	40	60	2017
Females	99	1	40	60	2017
0 to 14 years old	98	2	50	50	2017
15 to 64 years old	99	1	38	62	2017
65 and older	99	1	36	64	2017
Without education (age 16 and older)	99	1	50	50	2017
Primary education (age 16 and older)	99	1	40	60	2017
Secondary education (age 16 and older)	99	1	42	58	2017
Tertiary/post-secondary education (age 16 and older)	99	1	24	76	2017

Source: World Bank using Global Monitoring Database

POVERTY DATA AND METHODOLOGY

Poverty and inequality statistics in Armenia are produced by the National Statistical Service of the Republic of Armenia (NSS RA), based on the annual Integrated Living Conditions Survey (ILCS). Official poverty estimates are based on the cost of basic needs approach, which determines three different poverty lines: (1) the food poverty line, which uses the minimum required level of calories; (2) the lower poverty line; and (3) the upper poverty line, which is often referred to as the national poverty line. In 2017, the most recent year of published figures, the three different poverty headcount rates were 1.4, 10.6, and 25.7 percent. Access to microdata is granted through the webpage of the NSS RA and the World Bank Data Catalog. The World Bank's international poverty rates are calculated for international comparison and follow the same methodology across countries, that is, same consumption aggregate and poverty line. International poverty lines are used to count the number of poor people in the world in terms of some absolute standard and to measure progress on global goals set by the World Bank, the United Nations, and other development partners. For this purpose, the World Bank publishes poverty rates calculated three poverty lines: US\$1.90 a day, in 2011 PPP terms; US\$3.2 a day, in 2011 PPP terms; and US\$5.5 a day, in 2011 PPP terms. The levels and trends of the national and international poverty rates differ because (1) the poverty threshold is set at different amounts; and (2) the welfare aggregate uses a different scaling factor for the household size (adult equivalence versus per capita).

HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.