

Poverty & Equity Brief

Europe & Central Asia

Armenia

October 2019

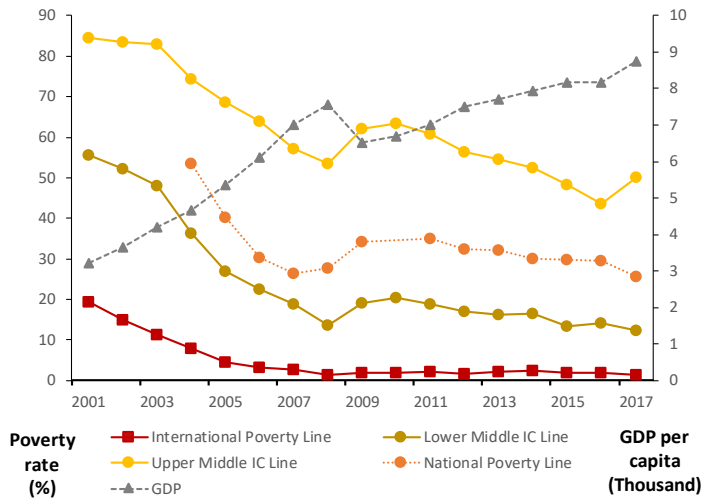
After a sharp increase in poverty in 2008 and 2009 following the global financial crisis, poverty in Armenia has dropped continuously since 2010, reaching the pre-crisis levels. Poverty at US\$3.2 (2011 PPP) a day fell to 12.3 percent in 2017 from the peak of 20.5 percent in 2010. The reduction of poverty was due to 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, and 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, by the standards of Armenia's official multidimensional poverty measure, many Armenians are poor in non-monetary dimensions, experiencing 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	39.8	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	363.0	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	1,472.7	50.0	2017
Multidimensional Poverty Measure		1.4	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		3.1	2012-2017
Annualized Consumption Growth per capita from Household Survey		3.22	2012-2017
MEDIAN INCOME			
Growth of the annual median income		1.77	2012-2017

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

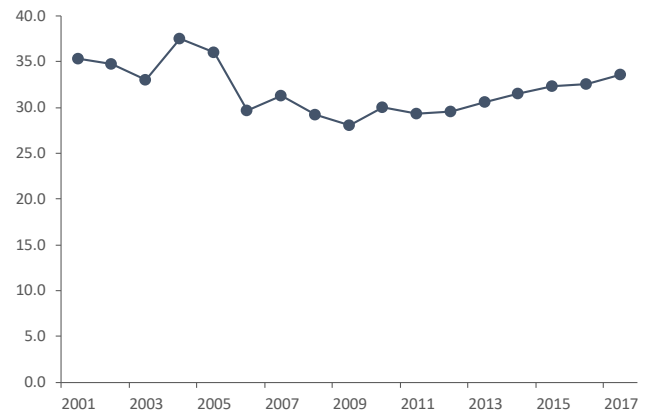
POVERTY HEADCOUNT RATE, 2001-2017



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: 2017	International Poverty Line (%)		Relative group (%)		Multidimensional Poverty Measures (% of people): 2017
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	89	11	39	61	Monetary poverty (Consumption)
Rural population	86	14	42	58	Daily consumption less than US\$1.90 per person
Males	88	12	40	60	Education
Females	87	13	40	60	At least one school-aged child is not enrolled in school
0 to 14 years old	83	17	50	50	No adult has completed primary education
15 to 64 years old	88	12	38	62	Access to basic infrastructure
65 and older	91	9	36	64	No access to limited-standard drinking water
Without education (16+)	84	N/A*	50	50	No access to limited-standard sanitation
Primary education (16+)	87	13	40	60	No access to electricity
Secondary education (16+)	87	13	42	58	
Tertiary/post-secondary education (16+)	95	5	24	76	

Source: World Bank using ILCS/ECAPOV/GMD

Source: World Bank using ILCS/ECAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Poverty and inequality statistics in Armenia are produced by the Statistical Committee of the Republic of Armenia (SC), 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 SC RA and the World Bank Data Catalog. The World Bank's international poverty rates are calculated for international comparison at three poverty lines: US\$1.90 a day, US\$3.20 a day, and US\$5.5 a day, all in 2011 PPP terms. The levels and trends of the national and international poverty rates may 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). Global multidimensional poverty measure (MPM) is constructed by combining household deprivation in six indicators under three dimensions: monetary poverty, education, and access to basic infrastructure services. Households whose weighted sum of total deprivation is 1/3 or more are deemed to be in multidimensional poverty. Just as with the monetary measure, Armenia's official multidimensional poverty measure is different from the global measure, comprising 25 indicators across four domains.

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.