ARMENIA – POVERTY SNAPSHOT OVER 2020-2023

Chapter 1: Demographics and Migration

1.1. Population Number Dynamics

Starting from 1, January 2023, the current count of the permanent population[1] of the Republic of Armenia is being carried out taking as a base the results of the 2022 Population Census of the Republic of Armenia which have been updated with the indicators of natural movement and net migration of population, recorded within the reporting period.

According to this source, as of January 1, 2024, the permanent population of the Republic of Armenia was 2,989.5 thousand people, compared to 2,937.5 thousand people recorded at the beginning of 2023.

Within permanent population as of the beginning of 2024, the share of urban and rural residents was 64.0% and 36.0%, respectively. 47.2% of the permanent population of the Republic of Armenia comprised of male, and 52.8% - female. As of the beginning of 2024, the average age of the population was 37.4 years, and for male and female, respectively, it was 35.2 and 39.3 years. Permanent population in Armenia was 47.2% males and 52.8% females. The average age of the population was 37.4 years, with the average age of males 35.2 years and that of females 39.3 years.

Table 1.1 – Armenia: Permanent Population, by Gender and Age, as of 1 January 2024

(person)

Age	Urban population			Rural population			Total population		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0-4	51 706	48 472	100 178	41 219	37 407	78 626	92 925	85 879	178 804
5-9	60 559	55 295	115 854	41 363	35 550	76 913	101 922	90 845	192 767
10-14	62 615	57 991	120 606	41 768	34 648	76 416	104 383	92 639	197 022
15-19	56 386	52 565	108 951	34 071	30 302	64 373	90 457	82 867	173 324
20-24	48 459	52 316	100 775	29 543	26 224	55 767	78 002	78 540	156 542
25-29	51 718	56 972	108 690	36 313	31 508	67 821	88 031	88 480	176 511
30-34	67 054	77 572	144 626	46 321	40 164	86 485	113 375	117 736	231 111
35-39	67 573	81 490	149 063	42 276	37 939	80 215	109 849	119 429	229 278
40-44	65 890	76 356	142 246	33 884	34 275	68 159	99 774	110 631	210 405
45-49	55 091	64 126	119 217	27 069	31 118	58 187	82 160	95 244	177 404
50-54	46 977	57 552	104 529	27 681	30 839	58 520	74 658	88 391	163 049
55-59	44 246	59 527	103 773	35 307	39 234	74 541	79 553	98 761	178 314
60-64	56 820	82 516	139 336	42 353	44 119	86 472	99 173	126 635	225 808
65-69	55 515	82 461	137 976	29 166	33 465	62 631	84 681	115 926	200 607
70-74	41 581	63 550	105 131	15 336	20 343	35 679	56 917	83 893	140 810
75-79	20 853	32 469	53 322	6 375	10 313	16 688	27 228	42 782	70 010
80-84	13 060	23 458	36 518	5 247	9 950	15 197	18 307	33 408	51 715
85+	7 943	16 589	24 532	4 188	9 000	13 188	12 131	25 589	37 720
Total	**874 046**	**1 041 277**	**1 915 323**	**539 480**	**536 398**	**1 075 878**	**1 413 526**	**1 577 675**	**2 991 201**

Source: *Armstat*

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[1] According to the 2022 Census of the Republic of Armenia (October 13-22, 2022), the permanent population of Armenia was 2,932,731 people, and the current population was 2,689,438 people.

As of the beginning of 2024 working age population (16-62 years) constituted 59.8%, those below the working age (0-15 years) – 20.2%, and those above the working age (63 years and more) – 20.0% of the population. In the RA population structure, the number of non-working age population, calculated per 1000 working age residents, constituted 673people, including 335 elderly persons at 63+ and 338 children in the age group 0-15 years.

Graph 1.1 – Armenia: Age Structure of Population, by Main Age Groups, 2023-2024

(As at the beginning of year, percent)
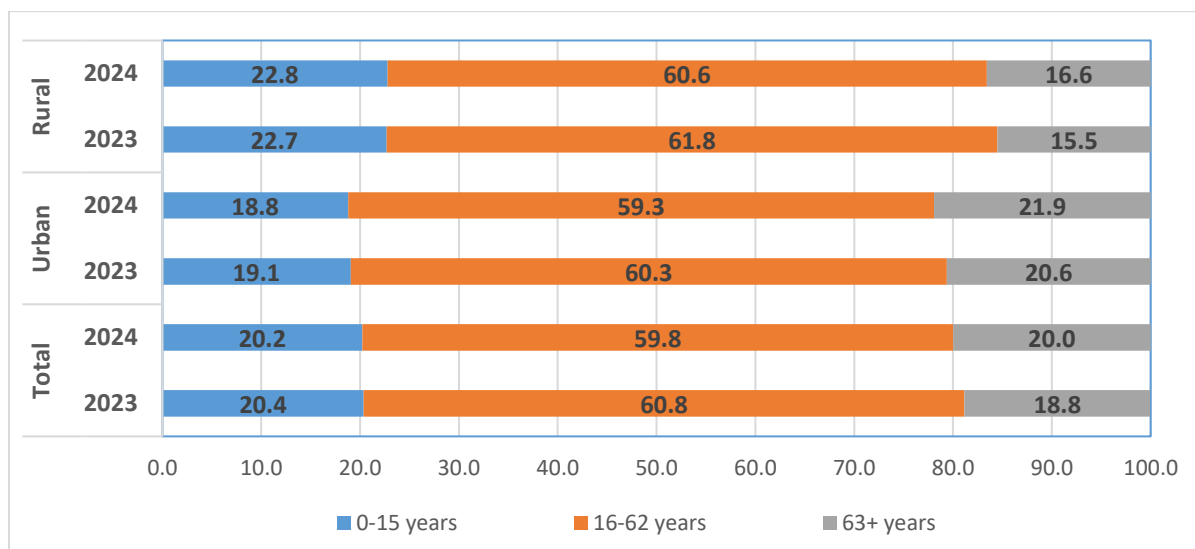
Source: *Armstat*

Table 1.2 – Armenia: Population Dependency Rates, 2022-2023

Year	Dependency rate, %		
	Total	**Youth (0-15)**	**Elderly (63+)**
2022	64.3	33.5	30.8
2023	67.2	33.8	33.4

Source: *Armstat*

Fertility rate (aggregate birthrate) in 2022 was 1.738 children per 1.000 females of fertile age (15-49 years) against 1.885 in 2023, the **gross** reproduction rate[2] of population was 0.895 and the **net** reproduction rate[3] was 0.860.

Table 1.3 – Armenia: Fertility Rates by Age Groups, 2023

Years	Average number of births, per 1.000 women of relevant age							
	15-19	**20-24**	**25-29**	**30-34**	**35-59**	**40-44**	**45-49**	**15-49**
Total 2023	10.6	99.3	125.3	86.0	44.7	10.2	0.8	53.1
Urban	5.8	67.6	103.8	77.3	42.1	10.4	1.1	43.9
Rural	18.8	162.2	164.1	102.9	50.2	9.9	0.6	71.3

Source: *Armstat*

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[2] *The average number of daughters that would be born to a female in fertile age, provided that the birthrate for the given year would remain unchanged.*
[3] *The average number of daughters that would be born to a female and live until the age of their mother at the moment of giving birth to them, provided that the birthrate and the mortality rate for the given periods would remain unchanged.*

In 2023, the average age of mother at childbirth was 29.0 years and that at the first childbirth was 26.1 years.

By the sequence of birth, in 2023 the third and subsequent births comprised 34.0% of the total number of live births in the country, which comprised a 1.1 percentage point increase on the previous year.

Natural movement of population: In 2023, 36 590 births were recorded, and the crude birth rate was 12.4 per 1,000 inhabitants.

28.8% of live births in 2023 were to non-registered marriages; these births were registered pursuant to declarations made jointly by the parents, or by the mother.

In 2023, 24 313 death cases were recorded, which had been decreased by 2 379 or 9.9 %, compared to the previous year. The crude mortality rate in 2023 comprised 8.2 per mille, while in the urban and rural areas 8.5‰ and 7.7‰, respectively.

Table 1.4 – Armenia: Births and Deaths, 2014-2023

1000 persons

	Births			Deaths			Natural increase/decrease		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
2014	43.0	27.8	15.2	27.7	17.6	10.1	15.3	10.2	5.1
2015	41.8	27.1	14.7	27.9	17.7	10.2	13.9	9.4	4.5
2016	40.6	26.5	14.1	28.2	18.3	9.9	12.4	8.2	4.2
2017	37.7	24.6	13.1	27.1	17.4	9.7	10.6	7.2	3.4
2018	36.6	24.3	12.3	25.8	16.7	9.1	10.8	7.6	3.2
2019	36.0	23.7	12.3	26.2	16.9	9.3	9.8	6.8	3.0
2020	36.4	25.4	11.0	36.2	24.7	11.5	0.2	0.7	-0.5
2021	36.6	22.8	13.8	34.4	23.5	10.9	2.2	-0.7	2.9
2022	36.4	19.7	16.7	26.7	17.6	9.1	9.7	2.1	7.6
2023	36.6	20.1	16.5	24.3	16.1	8.2	12.3	4.0	8.3

Source: *Armstat*

The natural increase of the population formed by the difference in registered births and deaths was 12.3 thousand person in 2023, against 9.7 thousand recorded in 2022. The crude rate of natural increase of population in 2023 comprised 4.1 per mille (per 1,000 inhabitants), compared to 3.3 per mille recorded in previous year.

Main causes of mortality: Diseases related to blood circulatory system and malignant neoplasm accounted for around three forth of the death records. Compared to the previous

year, death incidence due to respiratory system diseases, exogenous reasons (accident, intoxication, injury etc.) and digestive system diseases had decreased.

Table 1.5 – Armenia: Mortality Rates, by Main Causes of Death and Sex, 2023

Cause of death	Number of deaths (person)		Mortality rate, per 100 000 population	
	Male	**Female**	**Male**	**Female**
Total number of deaths	**12 572**	**11 741**	**897.7**	**750.8**
of which, by main causes:				
Blood circulatory system diseases	6 372	6 591	455.0	421.5
Malignant neoplasm	2 762	2 292	197.2	146.6
Endocrine system diseases	140	261	10.0	16.7
Exogenous reasons (accident, intoxication, injury etc.)	846	232	60.4	14.8
Respiratory system diseases	1 040	1 043	74.3	66.7
Digestive system diseases	596	589	42.6	37.7
Urogenital system diseases	107	112	7.6	7.2
Infectious and parasitic diseases	87	59	6.2	3.8
Other diseases	622	562	44.4	35.8

Source: *Armstat*

In 2023, the life expectancy at birth for men was 74.1 years, compared to 71.4 years in the previous year, and for women - 81.0, compared to 78.3 of the previous year. This indicator for urban population in 2023 was 73.9 years for men, 81.1 years for women, and 74.2 and 80.8 years for the rural population, respectively.

Migration: In 2023, around 38.5% (100.8 thousand people) of household members involved in 2021-2023 migration processes. were still missing and were found in another region of the RA, in Yerevan, in another settlement of the given region or in another country, 24.7% (about 64.6 thousand people) returned from their departures, and 36.8% (about 96.4 thousand people) arrived for the first time in the given settlement.

Table 1.6 – Armenia: Household members involved in migration processes in 2021-2023 according to migration directions, 2023

Involvement	Percent of total
Migrated and not returned	38.5
Migrated and returned after absence of 3 months and more	24.7
Arrived at the given community for the first time	36.8
Total	**100.0**

Source: *ILCS 2023*

Table 1.7 – Armenia: Household Members Involved in Migration processes in 2021-2023 according to migration directions, city Yerevan and RA marzes, 2023

%

	Involvement in migration processes			Total
	Migrated and not returned	Migrated and returned	Arrived for the first time	
Yerevan	11.9	20.9	38.2	**23.8**
Aragatsotn	5.4	2.4	0.9	**3.0**
Ararat	6.6	4.4	15.9	**9.5**
Armavir	6.2	7.4	5.6	**6.3**
Gegharkunik	14.9	22.1	4.1	**12.7**
Lori	18.2	11.5	5.2	**11.8**
Kotayk	6.5	4.8	20.1	**11.1**
Shirak	17.8	12.7	4.1	**11.5**
Syunik	2.6	2.7	1.6	**2.2**
Vayotz Dzor	2.2	2.3	1.1	**1.8**
Tavush	7.7	8.8	3.1	**6.3**
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: *ILCS 2023*

Table 1.8 – Armenia. 2021-2023 distribution of h/h members involved in migration processes according to the reason for departure/return, 2023

%

| *Main reason for migrating/ returning*	Migration flows by migration directions			Total
	Departed and not migrants	Returned migrants	Newly arrived migrants	
1. Need to/ search for work	64.4	10.5	7.1	**29.9**
2. Family circumstances	5.0	23.9	18.3	**14.6**
3. Residence	1.7	9.8	12.3	**7.6**
4. Private visit to friends/ relatives	3.3	4.5	2.5	**3.3**
5. Study/ training	5.5	1.0	2.6	**3.3**
6. End of employment at destination	-	26.5	2.0	**7.3**
7. Treatment	1.3	2.9	0.6	**1.5**
8. Military hostilities	0.3	3.9	46.5	**18.2**
9. Other	18.5	17.0	8.1	**14.3**
Total	**100**	**100**	**100**	**100**

Source: *ILCS 2023*

Table 1.9 – Armenia: Household Members Involved in Migration processes in 2021-2023 by Sex, Urban/ Rural Population and migration directions, 2023

%

	Male	Female	**Total**	Urban	Rural
Returned	78.6	21.4	**100**	45.7	54.3
Not returned	86.4	13.6	**100**	46.1	53.9
Newly arrived	45.3	54.7	**100**	71.2	28.8
Total	72.6	27.4	**100**	52.3	47.7

Source: *ILCS 2023*

Graph 1.2 – Armenia: Age composition of household members involved in the migration processes within 2021-2023, according to migration directions, 2023

(Percent)
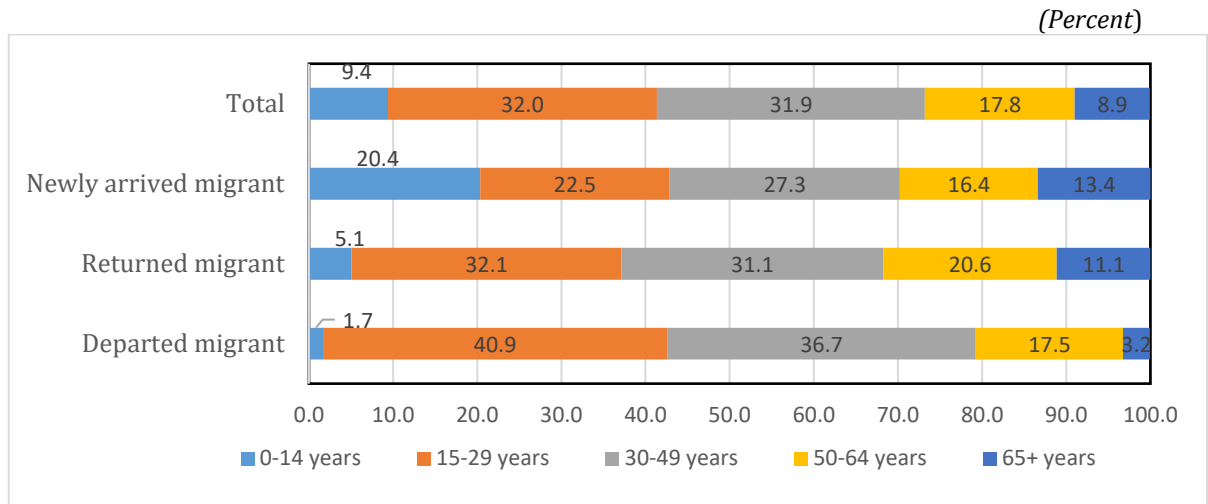
Source: *ILCS 2023*

The nature of the movements of 24.0% of the household members involved in external and internal migratory movements in the specified period, as of 2023, was internal - between the city of Yerevan/RA marzes, 20.7% was with Nagorno-Karabakh[4], and the remaining 55.3% was interstate, the vast majority of which, 88.2%, was with the Russian Federation (RF).

Table 1.10 – Armenia: Household Members involved in migration processes within 2021-2023 and not returned in 2023, by the duration of absence and by the place of their destination

(Percent)

Place of destination	Duration of absence			Total
	<3 months	3-12 months	>12 months	
Yerevan	25.2	53.1	21.7	100
Regions in Armenia	19.0	45.2	35.8	100
Nagorno Karabakh	4.6	95.4	-	100
Russian Federation	24.6	56.5	19.0	100
Other CIS country	16.2	83.8	-	100
Ukraine	-	72.0	28.0	100
European country	10.6	37.3	52.1	100
US/ Canada	-	66.2	33.8	100
Other	33.9	66.1	-	100
Total	**21.8**	**53.4**	**24.8**	**100**

Source: *ILCS 2023*

Among the household members migrated over the period 2021-2023 and **not returned**, as of 2023, 34.8% were involved in the internal migration of the country, 0.9% were absent from Nagorno-Karabakh[4], 58.8% from the Russian Federation, 0.3% from Ukraine, 1.0% from other CIS countries, 2.1% - European countries, 1.4% - USA/ Canada, and 0.7% - other countries.

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[4] Refers to the data recorded during the survey, which was conducted throughout the year.
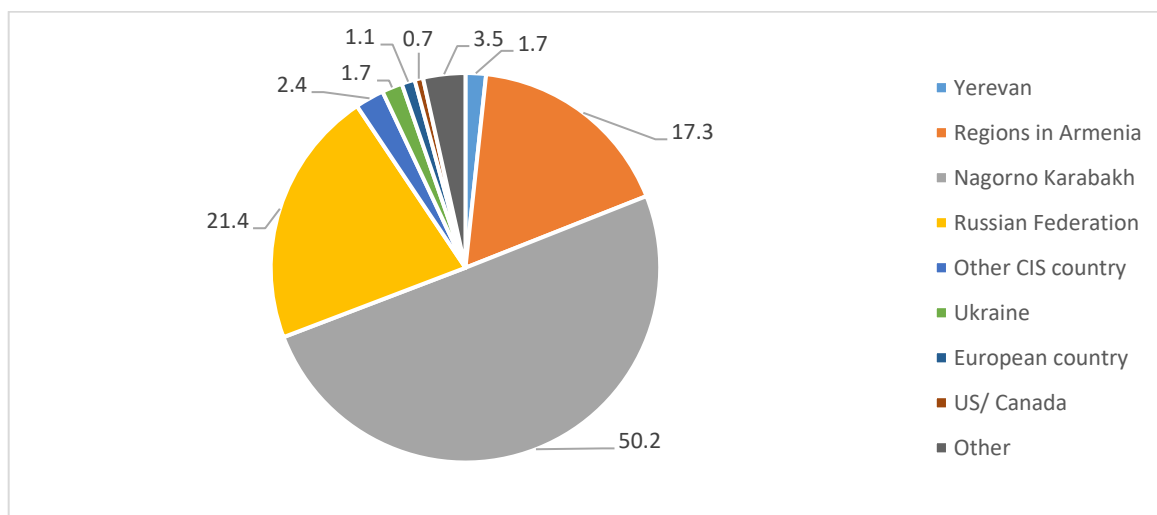
Graph 1.3 – Armenia: Household Members involved in migration processes within 2021-2023 and not returned in 2023, by the place of their destination, %
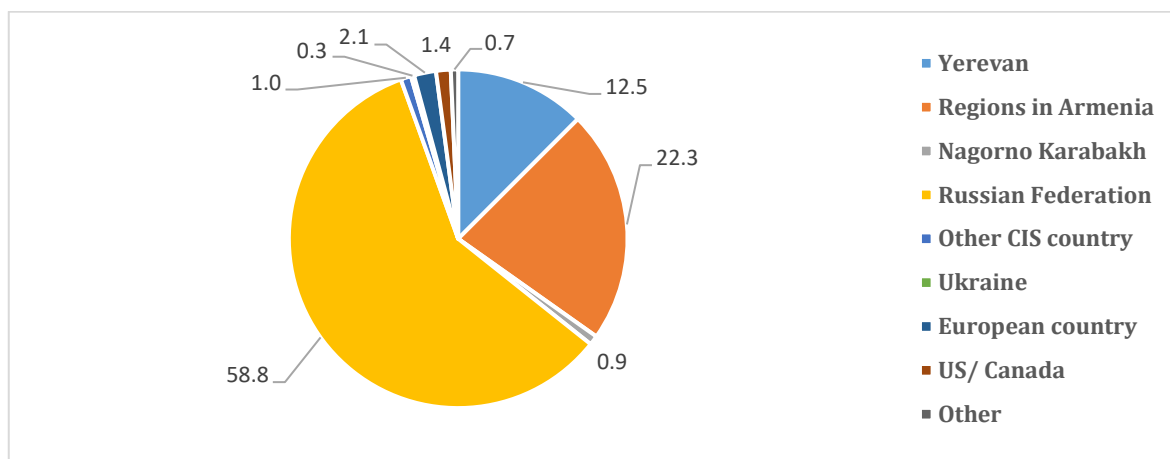
Source: *ILCS 2023*

Among household members, who had **returned as of 2023**, 14.6% returned from intra-country migration, 7.8% – from Nagorno Karabakh, 66.9% – from the Russian Federation, 2.6% – from Ukraine, 0.8% – from other CIS countries, 4.4% - from European countries, 2.8% – from the US/ Canada, and 0.1% - from other countries.

Graph1.4 –Armenia: Household Members involved in migration processes within 2021-2023 and returned in 2023, by the place of their destination, %
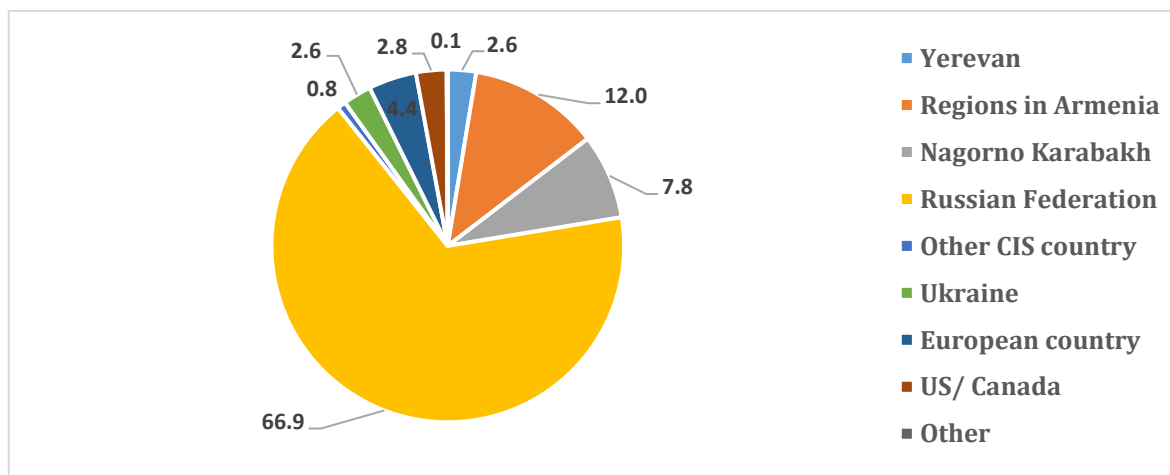
Source: *ILCS 2023*

Among newly arrived migrants involved in migration processes within 2021-2023, more than half (50.2%)   had moved from Nagorno-Karabakh, the movement of 19% was within the country, i.e. between RA settlements, and around 30.8% arrived from the foreign countries, including: 21.4% from the Russian Federation.

Graph 1.5 – Armenia: Distribution of newly arrived household members in a given settlement by place of arrival, as of 2023, %

Legend:
- Yerevan
- Regions in Armenia
- Nagorno Karabakh
- Russian Federation
- Other CIS country
- Ukraine
- European country
- US/ Canada
- Other

Values: 1.1, 0.7, 3.5, 1.7, 2.4, 1.7, 17.3, 21.4, 50.2

Source: *ILCS 2023*

Within the considered period (2021-2023) international migrants[5] constituted around 65% (around 65 thousand persons) of the household members who, by the record date, were absent from (had not returned to) the country for 3 months and more. Among them, short-term migrants with a duration of absence 3-12 months (except for those having left for recreation, visits to friends/relatives, holidays, business trips or medical treatment) comprised 68%, and long-term migrants with a duration of absence one year and more comprised 32%. Returned international migrants made up 85% (around 55 thousand persons) of the total number of those, who had returned, and first-time migrants from abroad accounted for 81% (around 78 thousand persons)[6] of the total number of those, who arrived at the given community for the first time.

According to survey findings, the average annual estimated number of household members, who were involved in migration flows over the period of 2021-2023 by the duration of 3 months or more and had not yet returned as of 2023 was around 23.0 thousand persons.

1.2. Household Composition

According to survey findings, in 2023 the average number of household members was 3.5 per permanent population, with 3.2 in urban communities and 4.1 in rural communities; and the corresponding indicators per present population were 3.4, 3.1, and 3.9, respectively.

In 2023, the share of households with four or less members comprised 72.8% of the total number of households, (Table 1.11). At that, the share of households with one member increased to 17.6% in 2022-2023 from 12.5 % in 2013.

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[5] According to the UN methodology.
[6] Including` those arrived from Nagorno-Karabagh.
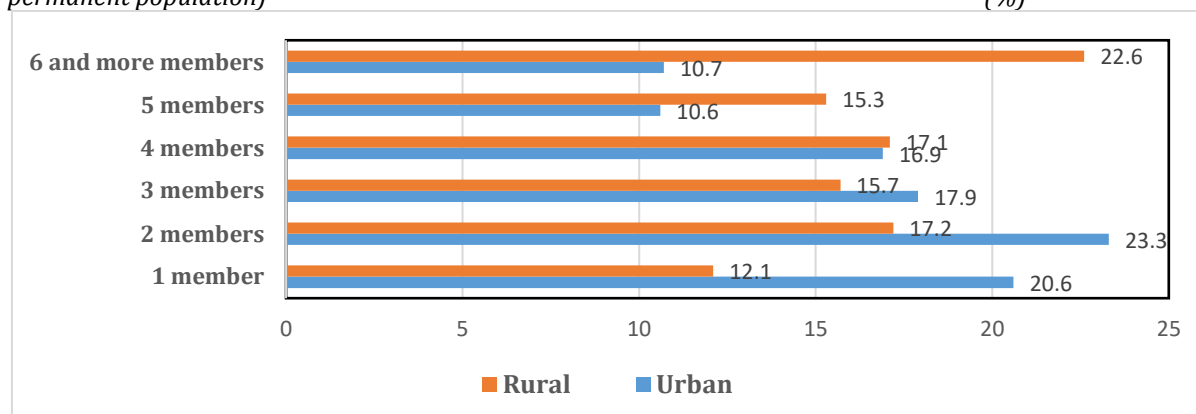
Table 1.11 – Armenia: Households by Composition, 2013-2023

(per permanent population)

Household composition	Percent of total						
	2013	2014	2017	2018	2019	2022	2023
Households, by number of members:	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1 member	12.5	12.9	14.8	14.3	15.7	17.6	17.6
2 members	16.7	17.1	19.1	19.5	18.9	22.5	21.2
3 members	15.2	14.1	15.1	16.7	15.6	16.4	17.1
4 members	19.0	19.8	18.9	18.9	18.6	16.1	16.9
5 members	16.1	15.7	14.8	15.2	14.3	12.2	12.2
6 and more members	20.5	20.4	17.3	15.4	16.9	15.2	14.9

Source: *ILCS 2013-2023*

In 2023, large households (with 6 and more members) mainly lived in rural settlements – comprising a share of 22.6%, against those living in urban settlements – comprising a share of 10.7%. The majority of urban households had 4 or less members; the share of such households was 78.7% in urban settlements and 62.1% in rural communities.

Graph 1.6 – Armenia: Urban and Rural Households by Composition, 2023

(per permanent population)   *(%)*

Source: *ILCS 2023*

Compared to the previous year, in 2023 there was an increase in the share of households with 2 children (by 0.3 percentage points) and 4 children (by 0.6 percentage points), while the share of households with 3 and 5 and more children was decreased. (Table 1.12).

Table 1.12 – Armenia: Composition of Households with Children below 16,
by Number of Children, 2013-2023

(per permanent population)   *(%)*

Household composition	Percent of total						
	2013	2014	2017	2018	2019	2022	2023
Households, by number of children:	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1 child	18.3	18.1	16.3	15.8	15.7	14.7	14.4
2 children	19.0	18.5	17.1	17.8	16.4	16.2	16.4
3 children	4.4	5.2	5.0	5.1	5.3	6.2	5.7
4 children	0.8	0.8	0.8	0.6	0.8	0.9	1.4
5 and more children	0.3	0.2	0.2	0.3	0.3	0.3	0.1
No children	57.2	57.2	60.6	60.4	61.5	61.7	62.0

Source: *ILCS 2013-2023*

As in previous years, according to the results of the 2023 household survey, six out of ten households did not have children under the age of 16. The share of such households in urban areas was 67.5%, compared to 56.4% in rural areas.

Table 1.13 – Armenia: Urban and Rural Households with Children below 16,
by Number of Children, 2021-2023, %

Household composition	Urban			Rural		
	2021	2022	2023	2021	2022	2023
Households, by number of children	100.0	100.0	100.0	100.0	100.0	100.0
1 child	15.4	14.8	13.4	15.9	14.1	15.6
2 children	13.4	14.4	14.6	18.3	17.6	18.1
3 children	3.0	4.1	3.7	6.9	8.4	7.6
4 children	0.2	0.7	0.7	1.6	1.0	1.9
5 and more children	0.0	0.2	0.1	0.3	0.6	0.4
No children	68.0	65.8	67.5	57.0	58.3	56.4

Source: *ILCS 2021-2023*

In 2023, the number of registered marriages was 16 330 and the number of registered divorces was 4 525, with the crude marriage and crude divorce rates amounting to, respectively, 5.5‰ and 1.5‰ per 1.000 population.

Chapter 2: Poverty Profile in Armenia in 2023

2.1. Introduction

Poverty rate calculated with respect to the average poverty line in 2023 was 23.7%, which was 1.1 percentage points lower than the respective indicator of the previous year. Extreme poverty rate was 1.1%, thus comprising a decrease by 0.1 percentage points compared to the respective indicator of 1.2% in 2022.

Diagram 2.1 – Armenia: Poverty Rate in Armenia in 2023

(%)

- Non- poor
- Poor (of which extremely poor)
- Extremely poor
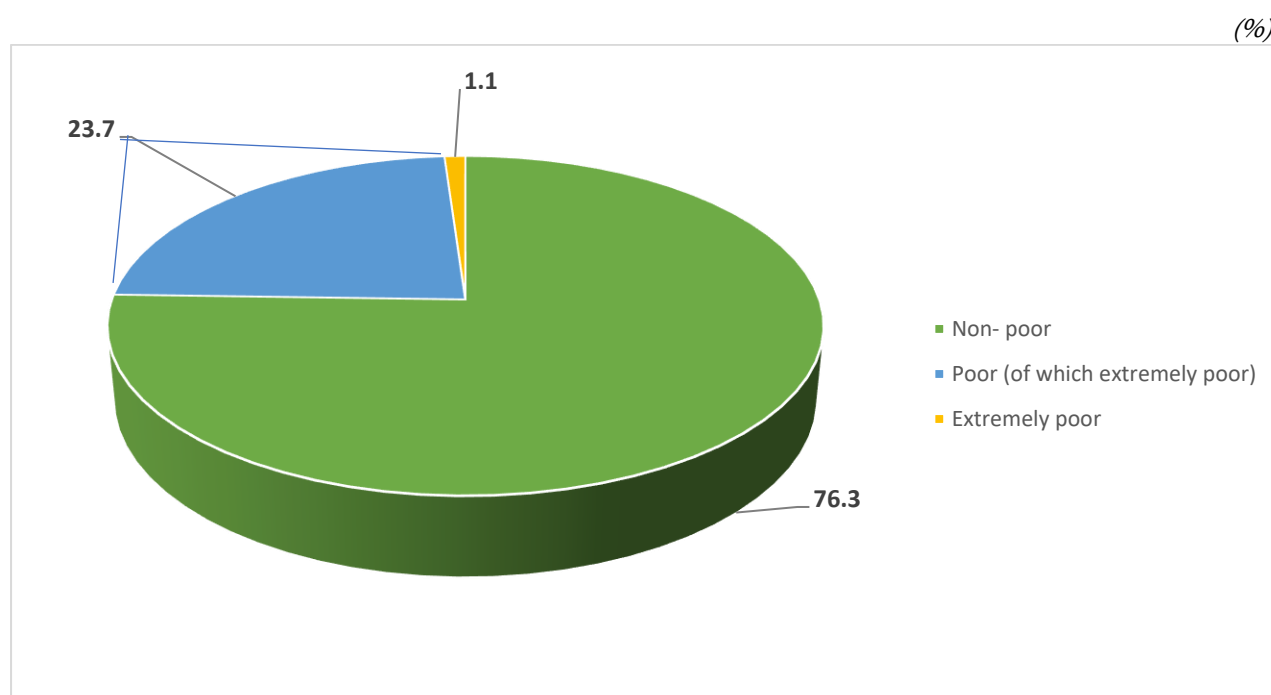
Source: *ILCS 2023*

2.1.1. Main Concepts

A key indicator used to estimate the welfare and living standards of the population in a country is poverty rate. Poverty is manifested in different ways and touches upon various aspects of life: consumption, food safety, health, education, rights, including the right to vote, security, life and work of dignity.

Similar to previous reports, population welfare dynamics are described both in terms of material and non-material poverty.

Indicators of non-material poverty are poor health, low level of education or illiteracy, social disregard or banishment, vulnerability, inability to exercise rights and freedoms, i.e. practical impossibility to signal about one's problems. The main way to overcome non-material

poverty is to upgrade access to educational, health care and social services through better targeting of free assistance and higher ability to benefit from paid services.

The main approach to poverty measurement in Armenia is the **absolute** poverty by consumption based on the Central Bank (CB) of ILCS 2019 methodology. In that context, according to the World Bank definition, "***absolute poverty*** *is the inability to ensure an acceptable minimum of certain living conditions.*" The chapter also reflects on relative poverty, international poverty rate in the countries of the region, multi-dimensional poverty, social exclusions, poverty in rural communities, and child poverty.

Consumption aggregate is used as a welfare measure for assessing poverty in Armenia. International practice shows that consumption – in comparison with income –provides more accurate information and is less sensitive to short-term fluctuations, particularly in low and middle income economies. Income is less reliable, since interviewees often tend to hide or underreport income, and it is characterized by significant seasonality implications.

Consumption aggregate includes the following components: (a) cost of consumed food and non-food goods, including own production, aid from charitable organizations and other sources, and (b) estimated cost of durable goods.

The concept of ***absolute poverty*** is used for assessing monetary poverty in Armenia. The population is classified into the poor and the non-poor, based on their poverty status. The poor, in turn, comprise the **moderate poor**[1] and, among them, the **extremely poor.**

Poverty in Armenia has been assessed since 1996. Starting from 2019, the country uses a fourth revised methodology developed with the assistance of the World Bank.
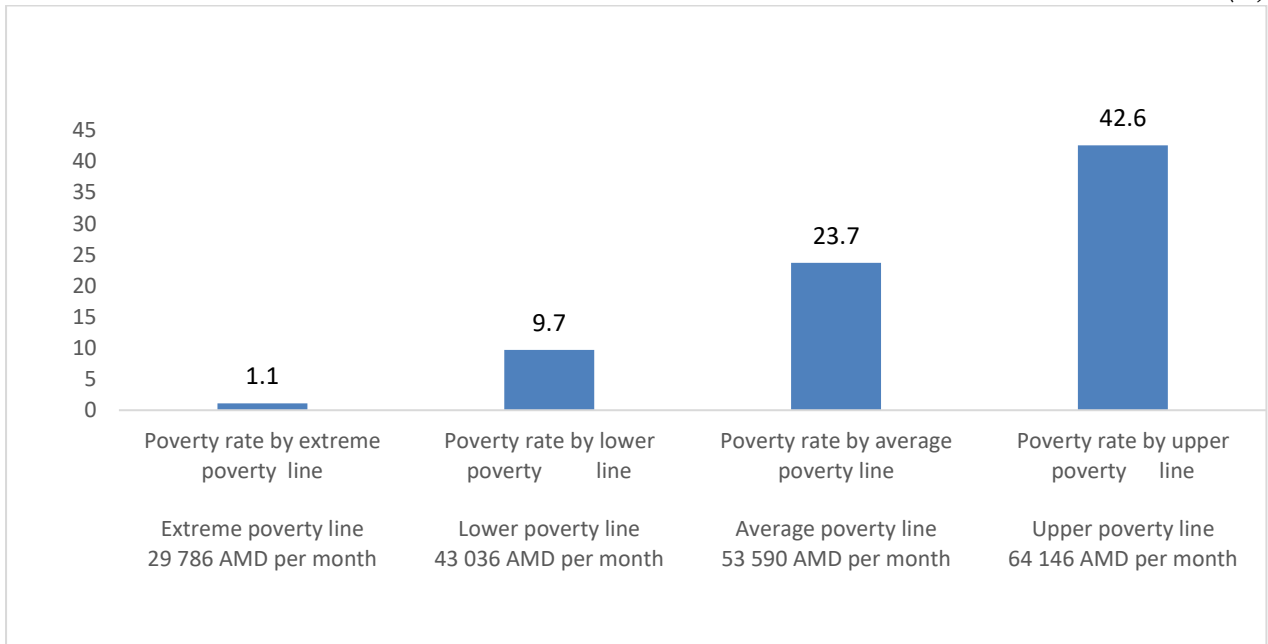
The **poor** with respect to the upper poverty line are defined as those with consumption per adult equivalent below the upper poverty line; the **moderate poor** are defined as those with consumption per adult equivalent below the lower poverty line, the **extremely poor** or the undernourished are defined as those with consumption per adult equivalent below the food poverty line, whereas the *poor* are identified as those with consumption per adult equivalent below the average poverty line, which is the average of the lower and upper poverty lines. The diagram below depicts the four poverty lines using the 2019 methodology in 2023 prices.

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[1] The term "very poor" has been substituted with the term "moderate poor".

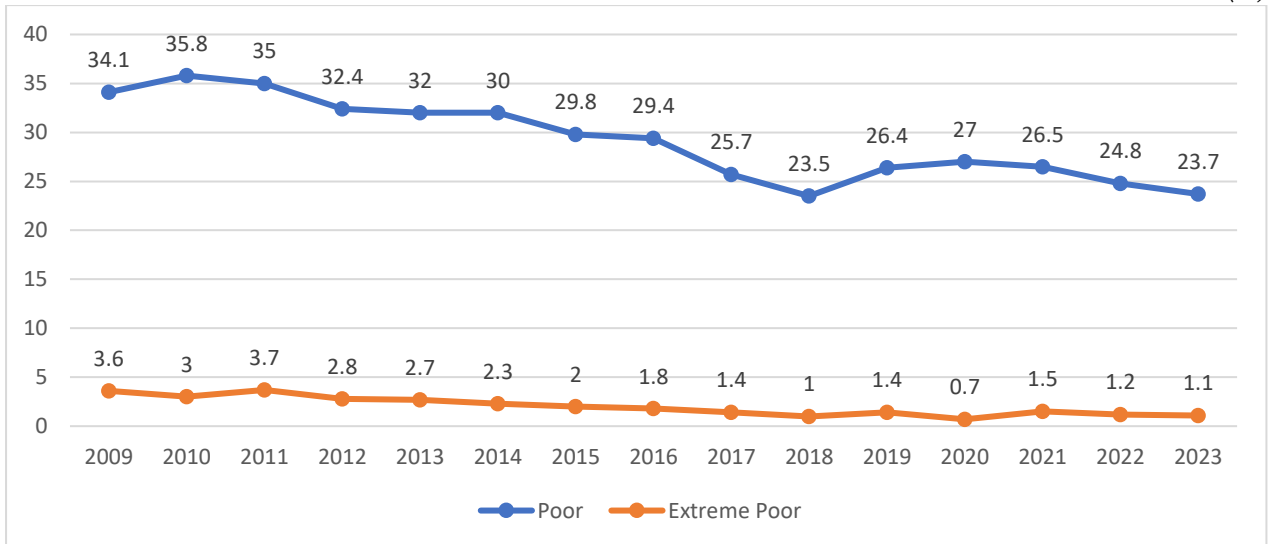## Diagram 2.2 – Armenia: Poverty Rate and Poverty Lines, 2023

(%)

Poverty rate by extreme poverty line	Poverty rate by lower poverty line	Poverty rate by average poverty line	Poverty rate by upper poverty line
1.1	9.7	23.7	42.6
Extreme poverty line 29 786 AMD per month	Lower poverty line 43 036 AMD per month	Average poverty line 53 590 AMD per month	Upper poverty line 64 146 AMD per month

Source: *ILCS 2023*

Diagram 2.3. Armenia: Poverty and Extreme Poverty Rate Dynamics, 2009-2023

(%)

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Poor	34.1	35.8	35	32.4	32	30	29.8	29.4	25.7	23.5	26.4	27	26.5	24.8	23.7
Extreme Poor	3.6	3	3.7	2.8	2.7	2.3	2	1.8	1.4	1	1.4	0.7	1.5	1.2	1.1

*2009-2018 Poverty rate was calculated by upper poverty line
**2019-2023 Poverty rate was calculated by average poverty line

Table 2.1 – Armenia: Poverty Rate Dynamics, 2009-2023
(according to WB 2009 and 2019* Methodology)

(%)

Year	Non-poor	Poor, by upper poverty line	moderately poor	extremely poor
2009	65.9	34.1	20.1	3.6
2010	64.2	35.8	21.3	3.0
2011	65.0	35.0	19.9	3.7
2012	67.6	32.4	13.5	2.8
2013	68.0	32.0	13.3	2.7
2014	70.0	30.0	10.9	2.3
2015	70.2	29.8	10.4	2.0
2016	70.6	29.4	9.8	1.8
2017	74.3	25.7	10.6	1.4
2018	76.5	23.5	10.6	1.0
2019*	56.2	43.8	10.2	1.4
2020*	52.4	47.6	9.7	0.7
2021*	54.3	45.7	10.5	1.5
2022*	58.7	41.3	11.6	1.2
2023*	57.4	42.6	9.7	1.1

Source: *ILCS 2009-2023*

* The indicators for 2019-2023 were calculated using the updated poverty measurement methodology based on the ILCS 2019

Diagram 2.4 Armenia: Poverty Rate Dynamics, 2019-2023

(%)
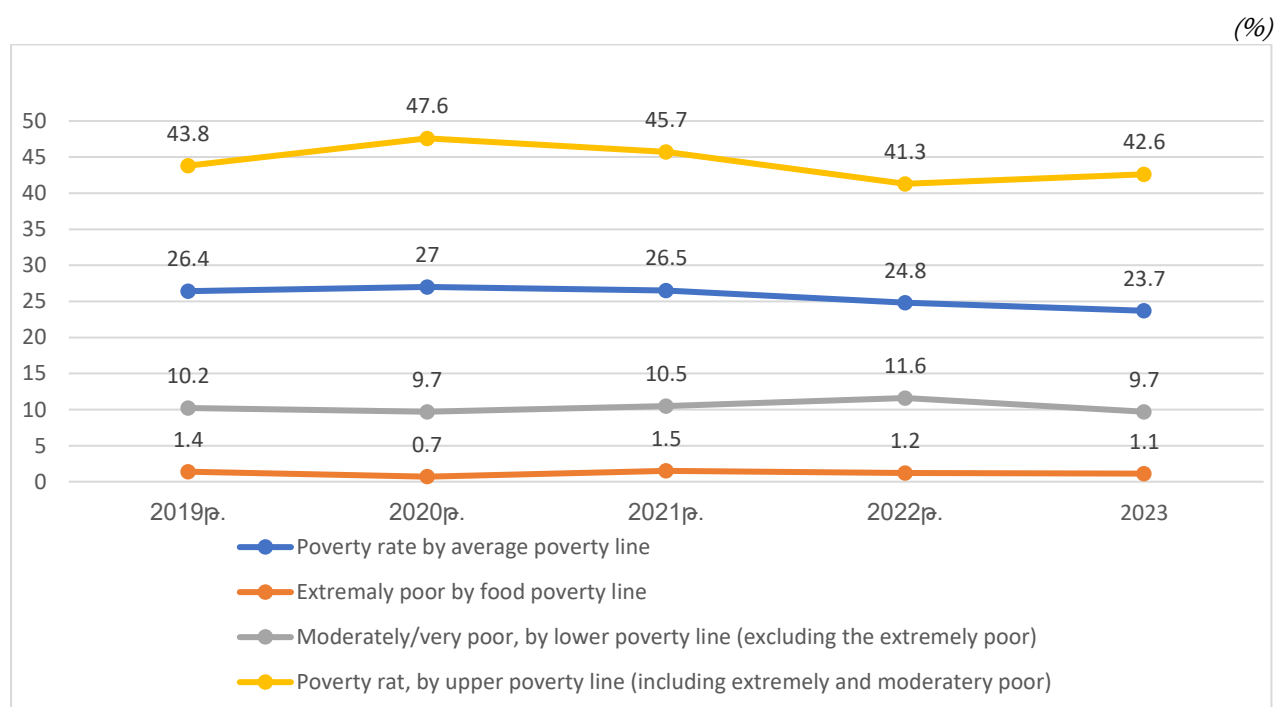
Source: *ILCS 2019-2023*

Diagram 2.5 – Armenia: Nominal Poverty Line Dynamics, 2009-2018

(per adult equivalent, per month)

AMD/per month
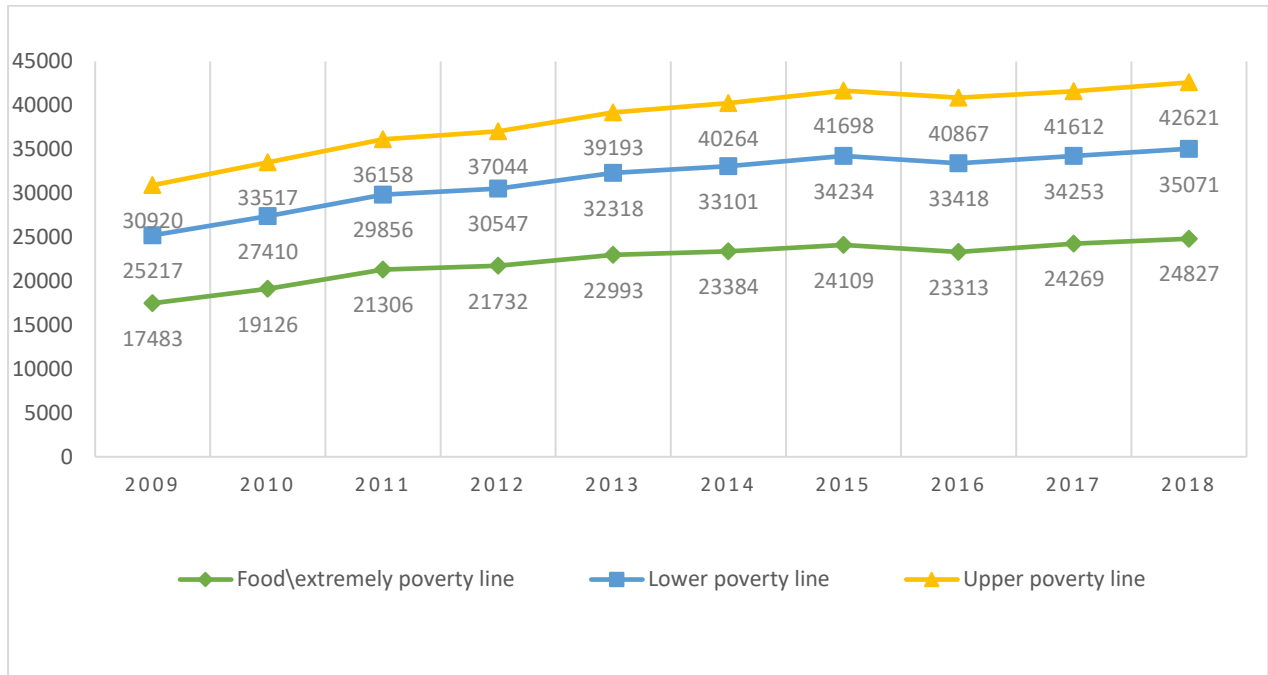
Source: *ILCS 2009-2018*

2.2. Poverty Line Dynamics, 2019-2023

For 2019-2023, the new poverty lines had calculated using the updated methodology and data from the CB ILCS 2019. The values of the poverty lines had calculated using the factual (or empirically determined) minimum food basket and the estimated share of non-food products for 2023 (see: Poverty Measurement Methodology in Armenia).

Diagram 2.6 – Armenia: Nominal Poverty Line Dynamics, 2019-2023[2]

AMD/per month
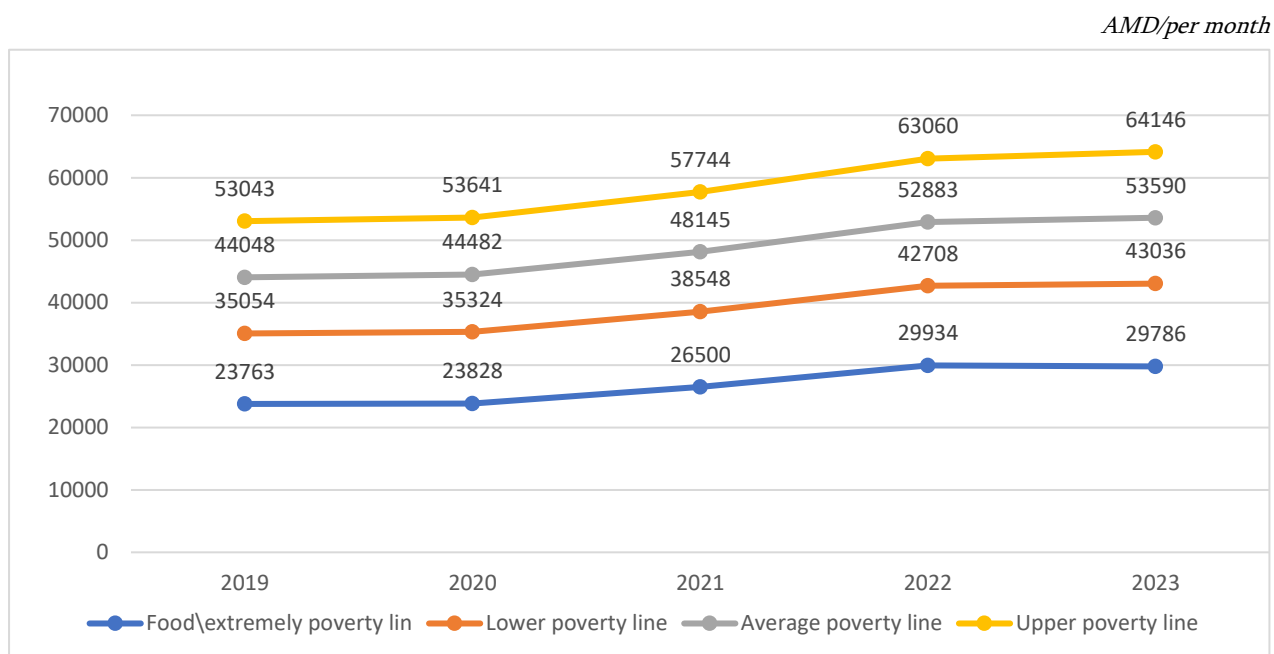
Source: *ILCS 2019-2023*

Diagram 2.7 Armenia: Basic Poverty Indicators, by urban and rural areas, 2023

(%)
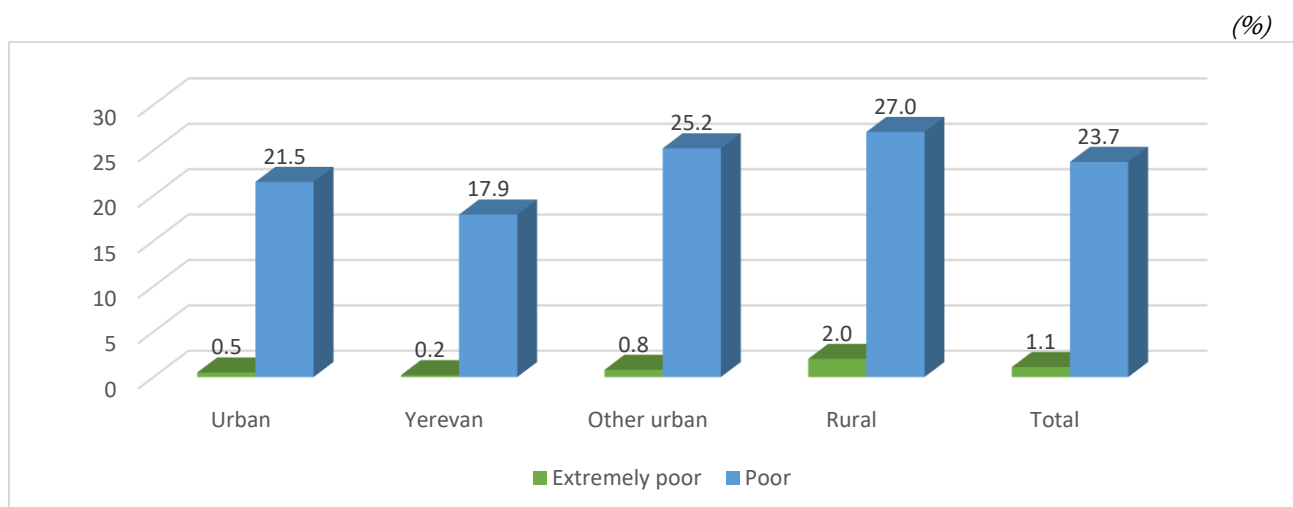
Source: *ILCS 2023*

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[2] The indicators are presented per adult equivalent

**Diagram 2.8 Distribution of the Poor Population by Urban and Rural Areas, 2023**

(%)

Rural 45.9

Urban 54.1

Other Urban 31.3

Yerevan 22.8
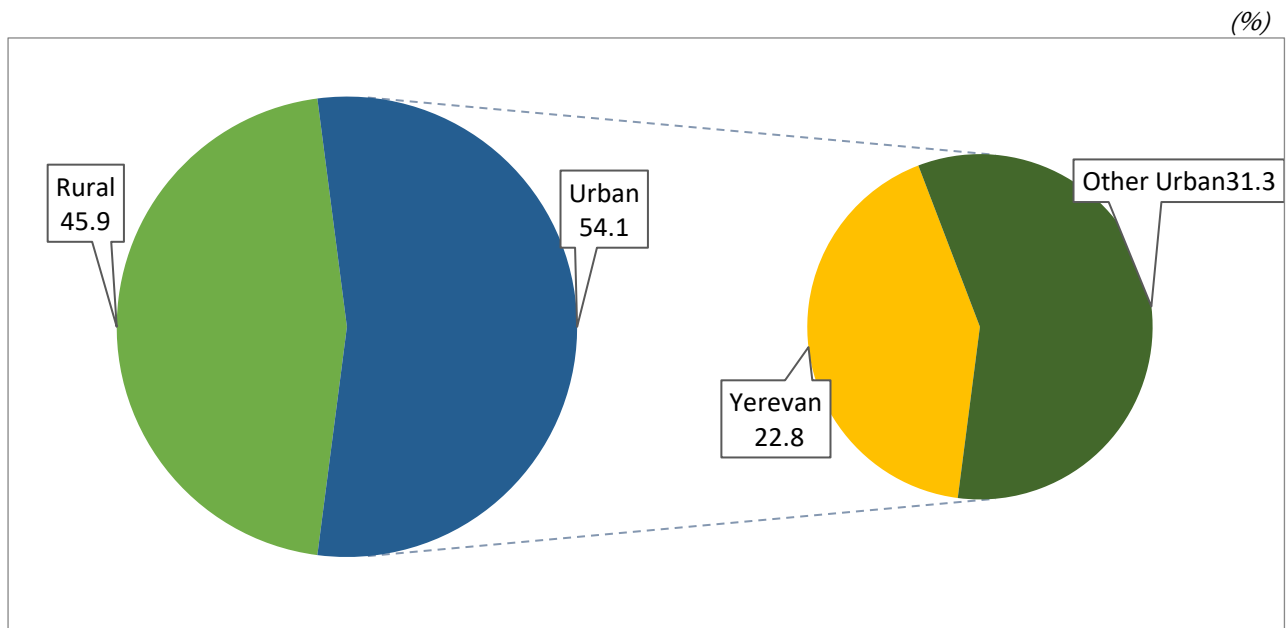
2.3. Poverty Gap and Poverty severity, 2023

The **poverty gap** is counted with regard to the poor population and indicates the **poverty shortfall**, i.e. it shows the extent to which the average income[3] (or consumption) of the poor falls below the poverty line.

The **severity of poverty** is used to measure the inequality of consumption among the poor. It reflects the fact that in terms of consumption some poor people are further away from the poverty line, while some others are much closer to it.

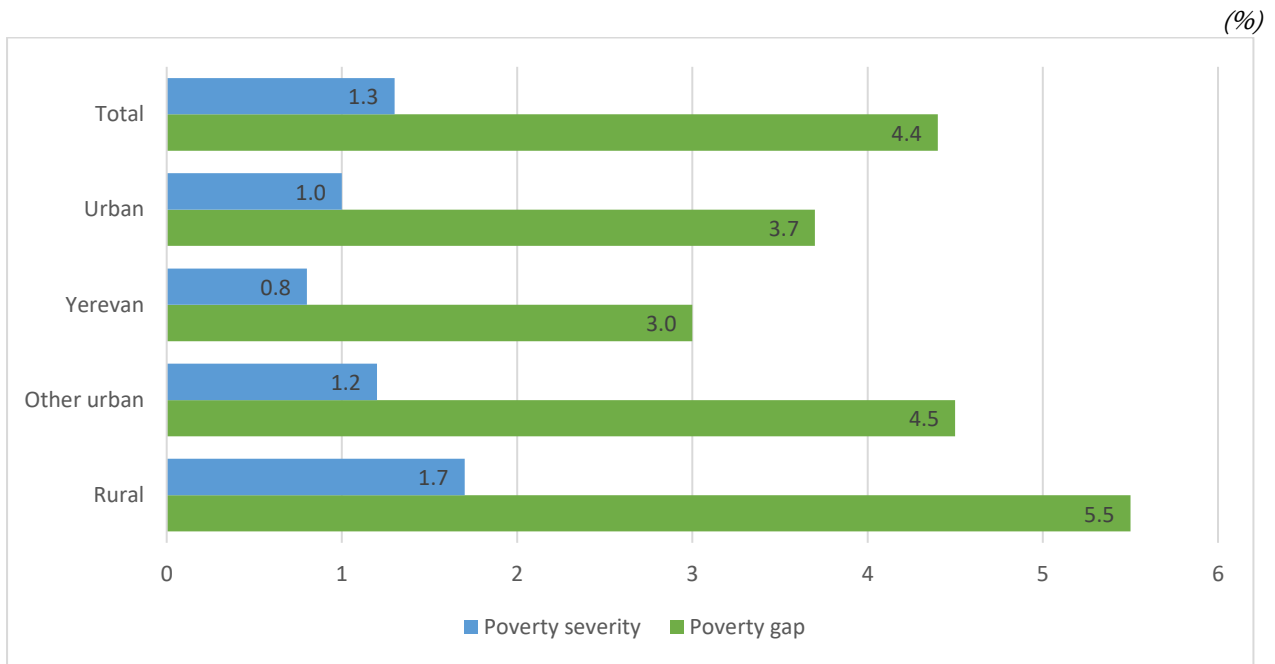**Diagram 2.9 Poverty Gap and Poverty severity, in 2023**
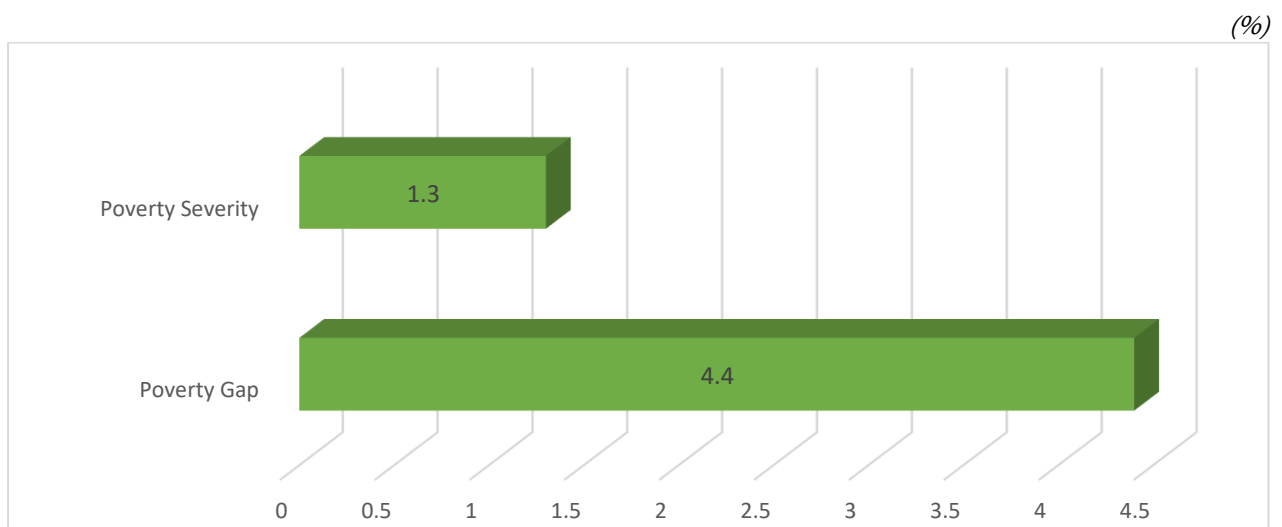
(%)

Poverty Severity 1.3

Poverty Gap 4.4

| 0 | 0.5 | 1 | 1.5 | 2 | 2.5 | 3 | 3.5 | 4 | 4.5 |

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[3] In case of Armenia, consumption.

Diagram 2.10 Poverty Gap and Severity in Urban and Rural Areas, in 2023

(%)

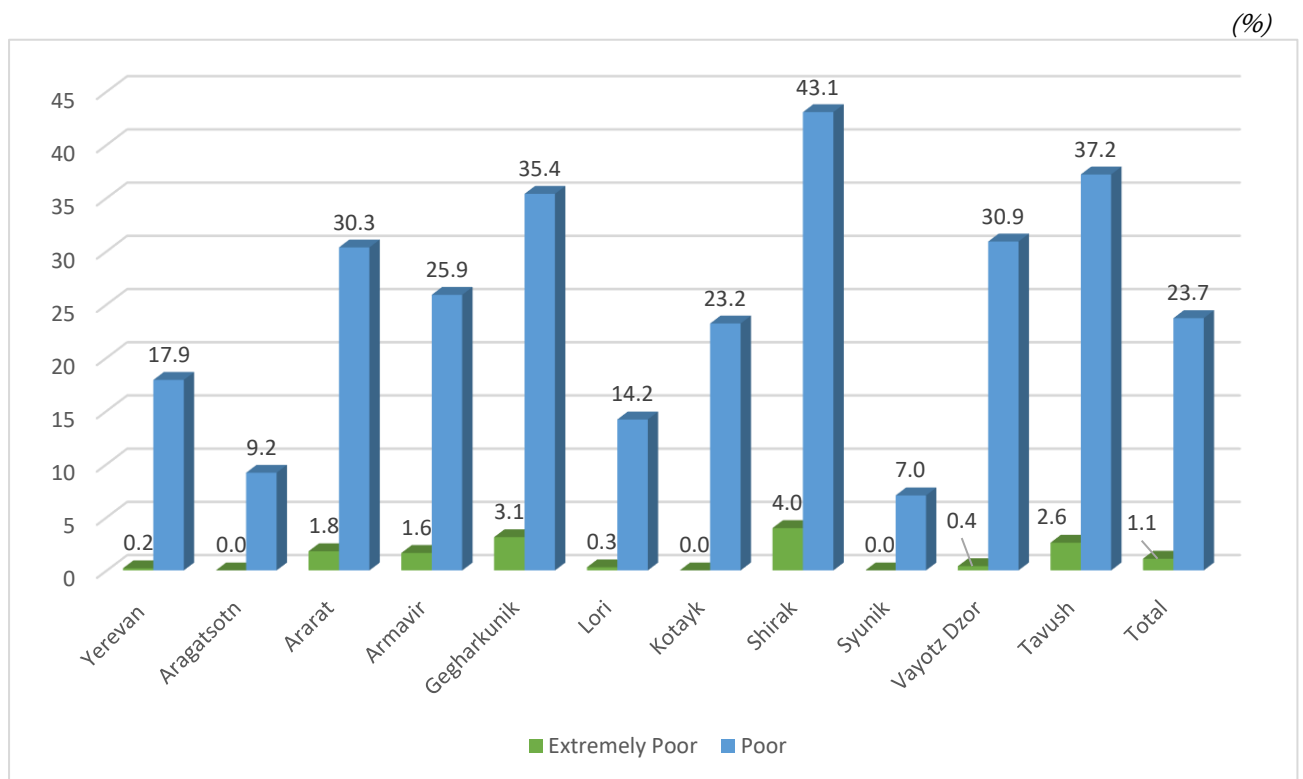|	Poverty severity	Poverty gap
Total	1.3	4.4
Urban	1.0	3.7
Yerevan	0.8	3.0
Other urban	1.2	4.5
Rural	1.7	5.5

Source: *ILCS 2023*
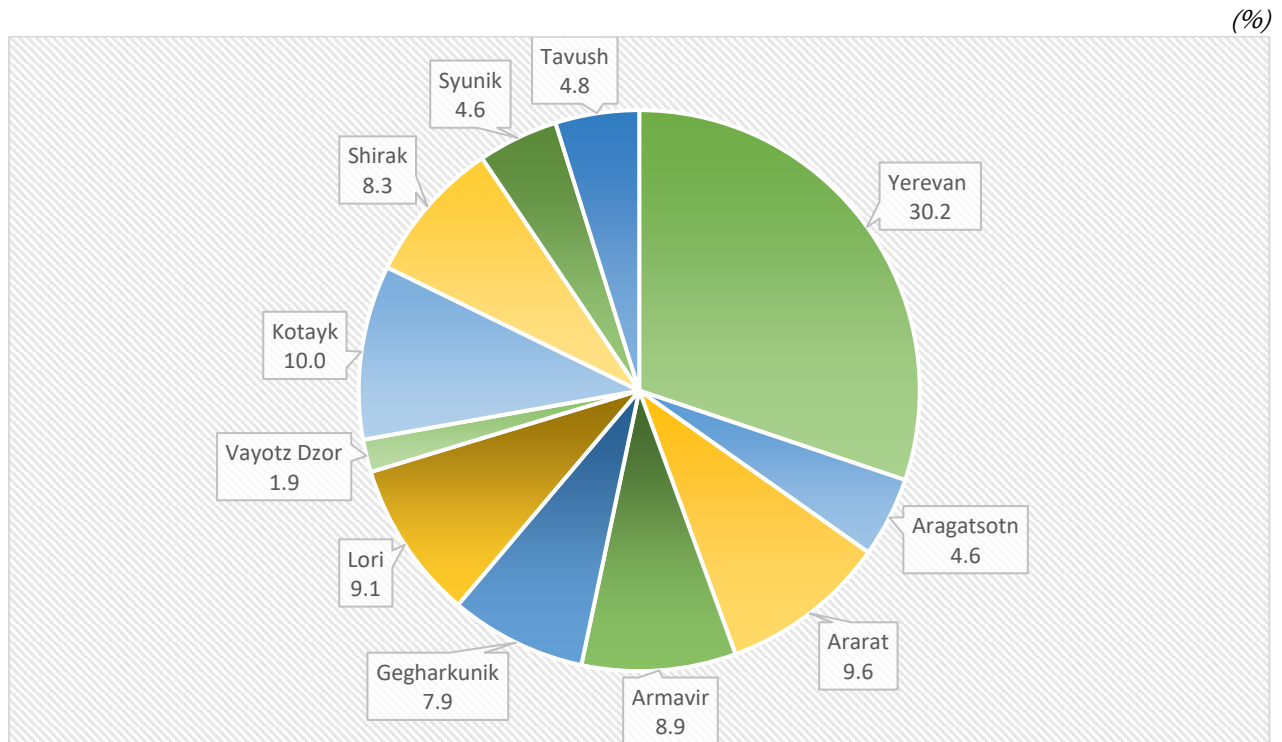
2.4. Poverty by regions and in Yerevan:

The results of the Integrated Living Condition Survey conducted by the Armstat in 2009-2023 provide for <u>minimum</u> representativeness by regions and in Yerevan distribution.

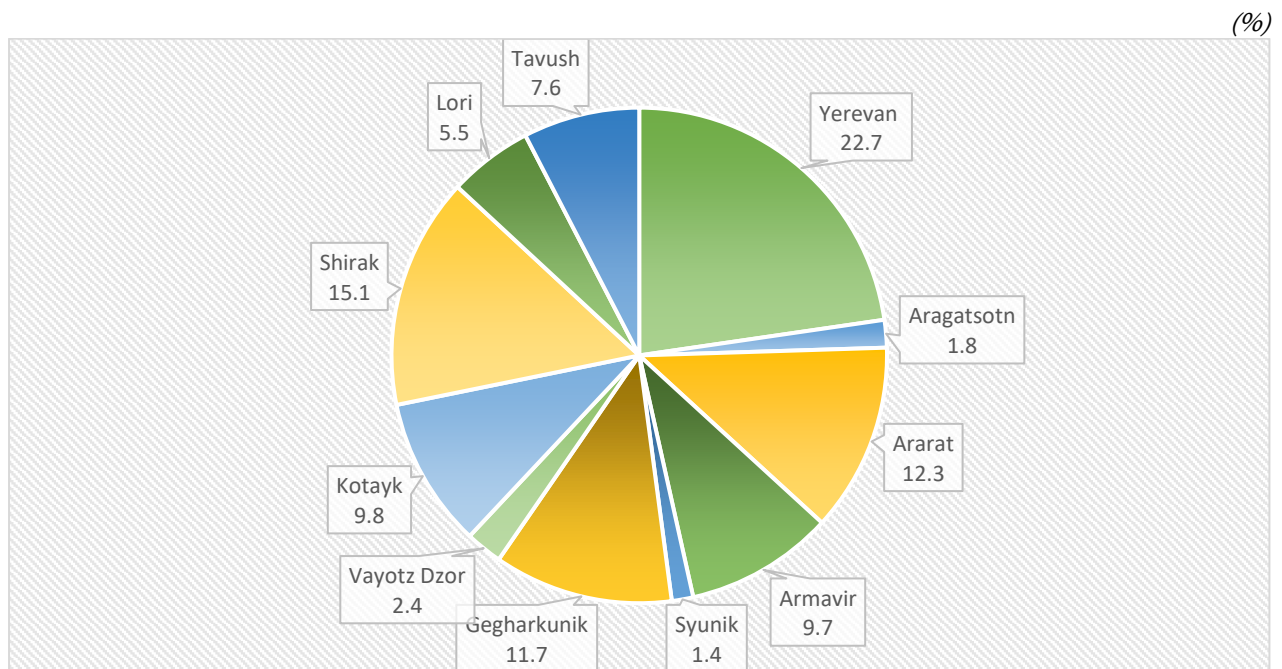### Diagram 2.11 – Armenia: Key Poverty Indicators, by RA Regions and in Yerevan, 2023

(%)

	Extremely Poor	Poor
Yerevan	0.2	17.9
Aragatsotn	0.0	9.2
Ararat	1.8	30.3
Armavir	1.6	25.9
Gegharkunik	3.1	35.4
Lori	0.3	14.2
Kotayk	0.0	23.2
Shirak	4.0	43.1
Syunik	0.0	7.0
Vayotz Dzor	0.4	30.9
Tavush	2.6	37.2
Total	1.1	23.7

Source: *ILCS 2023*

Diagram 2.12 The Distribution of HH Members by RA Regions and in Yerevan, 2023

(%)

Tavush 4.8
Syunik 4.6
Shirak 8.3
Kotayk 10.0
Vayotz Dzor 1.9
Lori 9.1
Gegharkunik 7.9
Armavir 8.9
Ararat 9.6
Aragatsotn 4.6
Yerevan 30.2

Source: *ILCS 2023*

Diagram 2.13 The Distribution of the Poor Population by RA Regions and in Yerevan, 2023

(%)

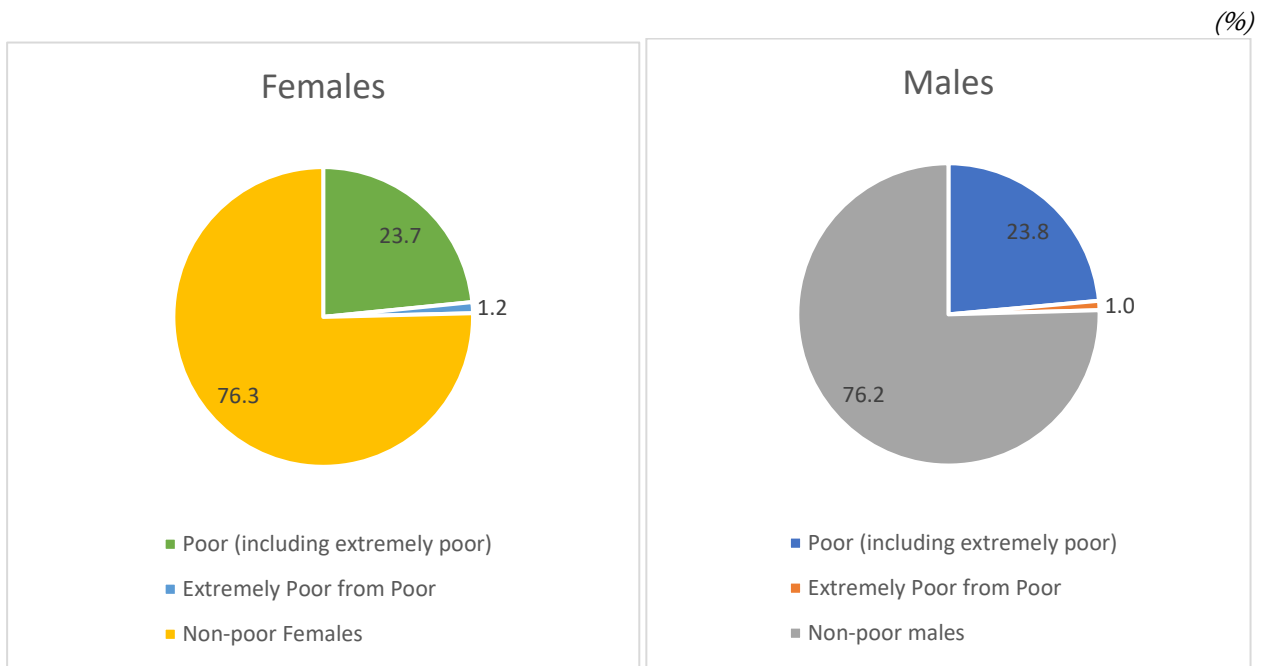Tavush 7.6
Lori 5.5
Shirak 15.1
Kotayk 9.8
Vayotz Dzor 2.4
Gegharkunik 11.7
Syunik 1.4
Armavir 9.7
Ararat 12.3
Aragatsotn 1.8
Yerevan 22.7

Source: *ILCS 2023*

MAP: Key Poverty Indicators, by RA Regions and in Yerevan, 2023

Shirak 43.1 %
Lori 14.2 %
Tavush 37.2 %
Aragatsotn 9.2 %
Kotayk 23.2 %
Gegharkunik 35.4 %
Yerevan 17.9 %
Armavir 25.9%
Ararat 30.3 %
Vayotz Dzor 30.9 %
Syunik 7.0 %
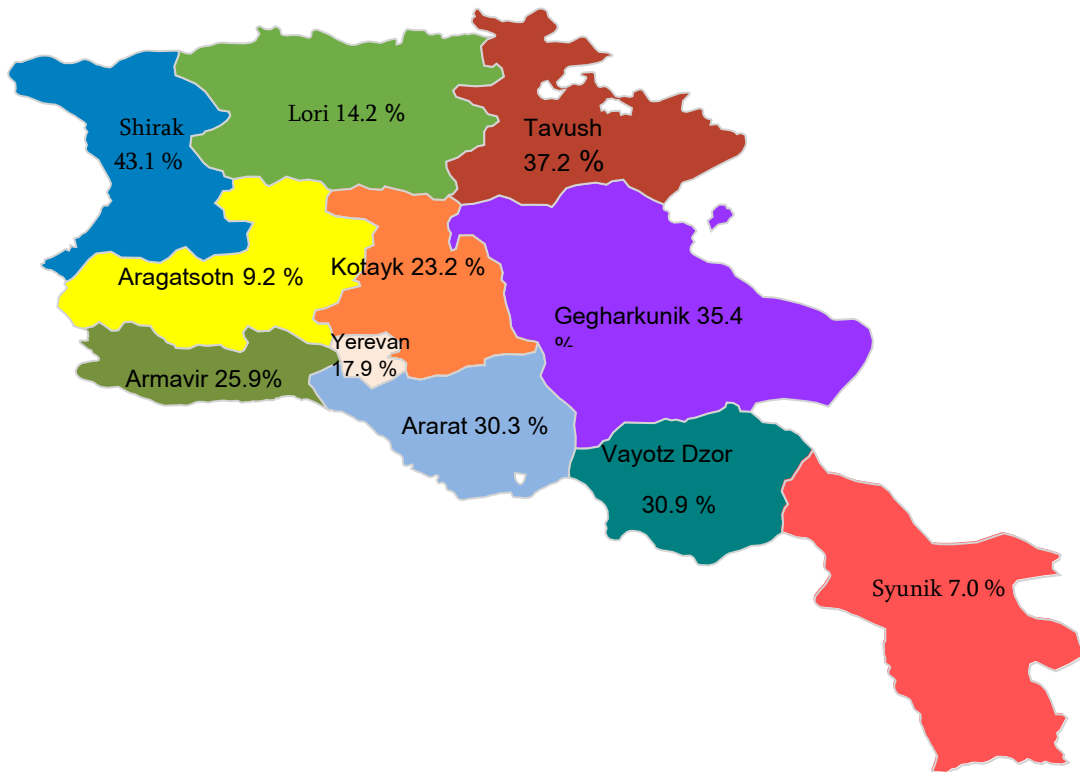
Source: *ILCS 2023*

Diagram 2.14 – Armenia: Poverty Rate, by Gender, 2023

(%)

Females

- 23.7
- 1.2
- 76.3

■ Poor (including extremely poor)
■ Extremely Poor from Poor
■ Non-poor Females

Males

- 23.8
- 1.0
- 76.2

■ Poor (including extremely poor)
■ Extremely Poor from Poor
■ Non-poor males

Source: *ILCS 2023*

Diagram 2.15 The Ratio of Males and Females in the Structure of Poor and Total Population, 2023

(%)

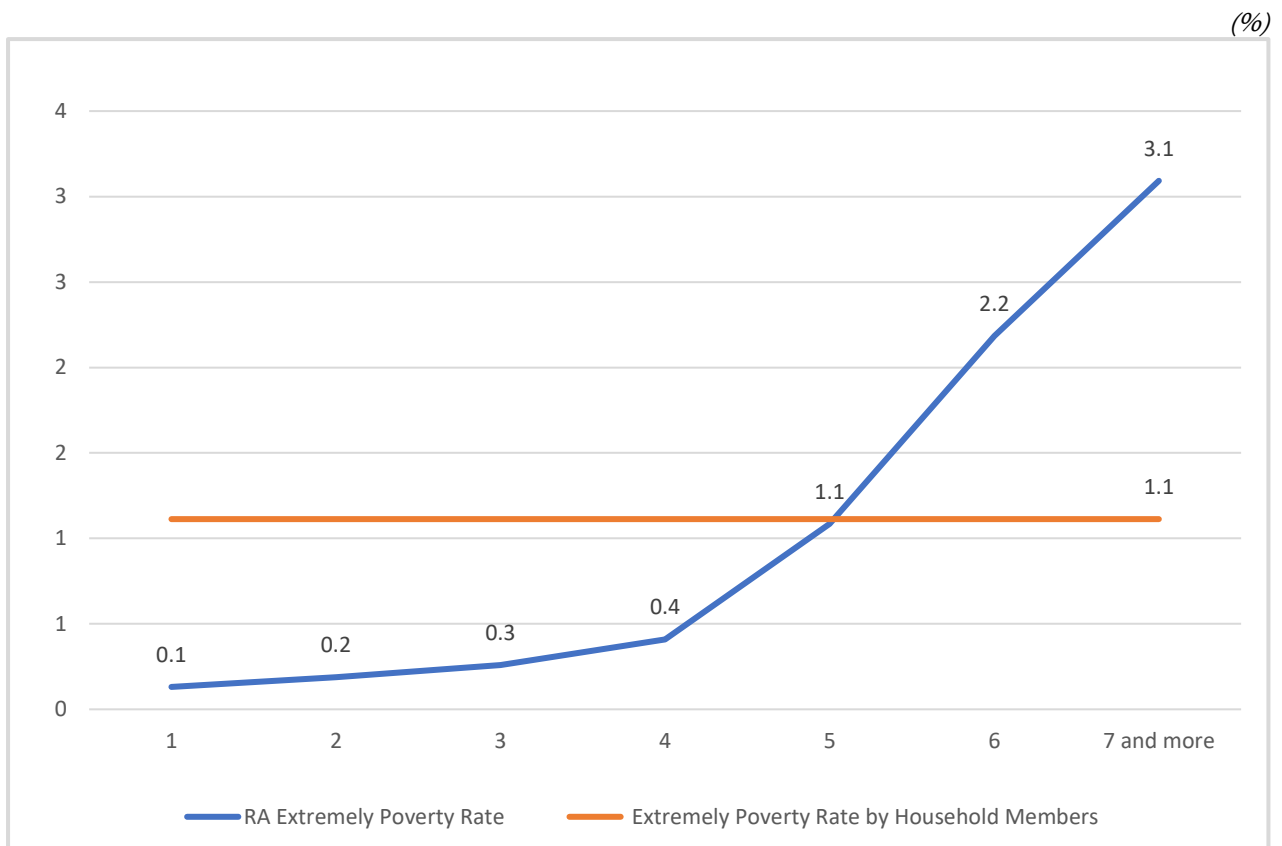|	Females	Males
Total population	54.7	45.3
Poor poulation	54.6	45.4

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

■ Females ■ Males
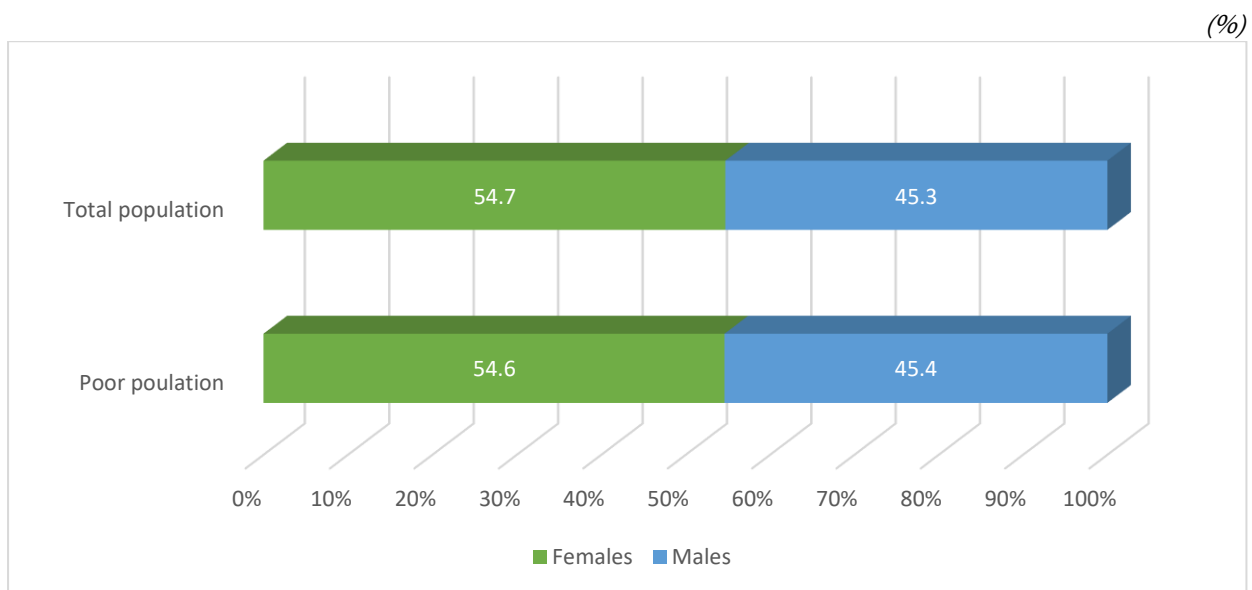
Source: *ILCS 2023*

Diagram 2.16 – Armenia: Poverty Rate by Household Members, 2023

(%)

RA Poverty rate — Poverty Rate by Household Members

Values: 1.8, 7.9, 16.2, 19.9, 29.0, 34.6, 41.0; RA Poverty rate: 23.7
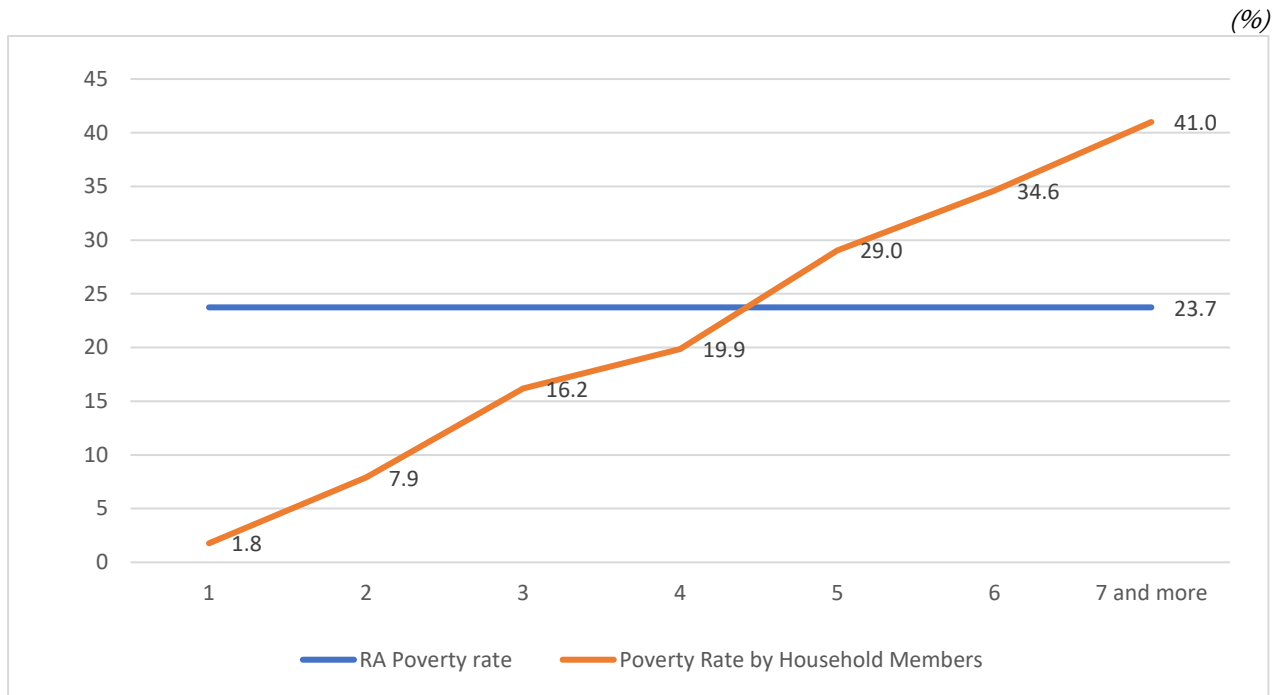
Diagram 2.17 – Armenia: Extremely Poverty Rate by Household Members, 2023

(%)

RA Extremely Poverty Rate — Extremely Poverty Rate by Household Members

Values: 0.1, 0.2, 0.3, 0.4, 1.1, 2.2, 3.1; Extremely Poverty Rate by Household Members: 1.1

Diagram 2.18 The Structure of the Total and the Poor Population by Number of HH Members, 2023 Diagram 2.18 The Structure of the Total and the Poor Population by Number of HH Members, 2023

(%)

In the Structure of the Total population, %

5.2 — 1
12.5 — 2
15.1 — 3
20.0 — 4
18.0 — 5
15.1 — 6
14.1 — 7 and more

In the Structure of the Poor population, %

0.4 — 1
4.2 — 2
10.3 — 3
16.7 — 4
22.0 — 5
22.0 — 6
24.4 — 7 and more
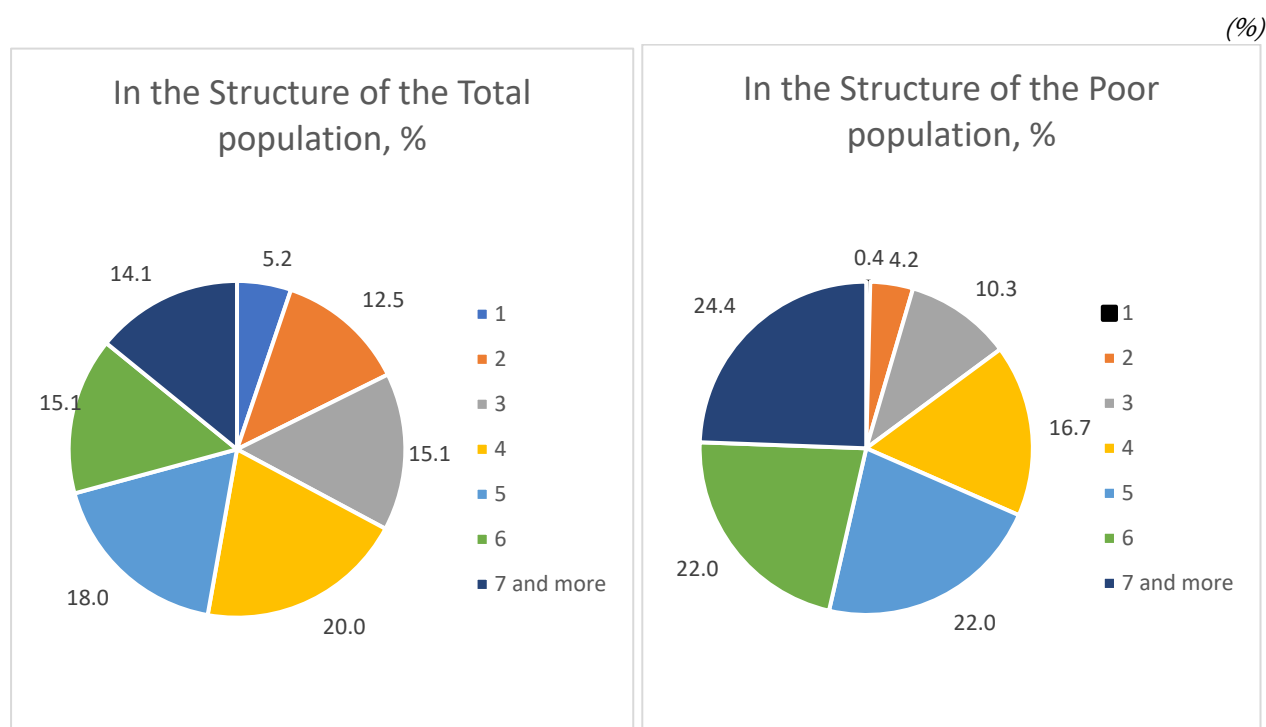
Source: *ILCS 2023*

Table 2.2 – Armenia: Poverty Indicators by Age Groups of HH members, 2023

(%)

Age group	Extremely poor	Poor	Share of the poor in the total number of poor population	Share of group in the total household members
Age groups (year)				
0-5 (children)	2.1	32.2	9.9	7.3
6-9	2.0	33.5	7.7	5.5
10-14	1.4	30.1	8.5	6.7
15-17	1.8	31.3	4.5	3.4
18-19	1.2	27.1	1.9	1.7
20-24	1.5	20.9	4.4	5.0
25-29	1.0	21.3	5.1	5.7
30-34	0.5	24.6	7.5	7.3
35-39	1.7	28.2	8.9	7.5
40-44	0.8	24.3	6.3	6.2
45-49	1.0	21.8	5.1	5.6
50-54	0.5	20.5	4.7	5.4
55-59	0.8	17.1	4.5	6.2
60-64	0.8	20.2	6.6	7.8
65+	0.7	18.0	14.4	18.7
Total	1.1	23.7	100.0	100.0

Source: *ILCS 2023*

Table 2.3 – Armenia: Poverty Rate, by Number of Children (under 6 Years of Age) and of Elderly (over 60 Years of Age), 2023

(%)

Number of children and elderly	Extremely poor	Poor	Share of the poor in the total number of poor population	Share of group in the total household members
Number of children				
No child	0.7	19.7	58.2	70.1
1 child	1.7	32.1	27.4	20.3
2 children	2.5	33.4	10.8	7.7
3 and more children	5.5	43.2	3.6	1.9
Total	**1.1**	**23.7**	**100.0**	**100.0**
Number of elderly				
No elderly	0.8	20.5	33.7	39.0
1 elderly	1.4	24.9	38.3	36.5
2 and more elderlies	1.1	27.2	28.0	24.5
Total	**1.1**	**23.7**	**100.0**	**100.0**

Source: *ILCS 2023*

Table 2.4 – Armenia: Poverty Rate by HH Members, 2023

(%)

Household composition*	Extremely poor	Poor	Share of the poor in the total number of poor population	Share of group in the total household members
1 adult, no children	1.1	11.4	1.2	2.5
1 adult, children	5.3	45.5	0.7	0.4
2 adults, no children	0.1	16.6	6.6	9.4
2 adults, 2 children	0.0	17.5	1.2	1.7
2 adults, 2 children and one old	3.3	30.6	1.1	0.9
2 adults, 2 children and two elderly people	0.0	28.5	0.7	0.6
Elderly people, no children, no adults	0.2	6.0	2.4	9.5
3 adults	1.1	24.6	22.4	21.6
4 adults	1.8	23.9	13.2	13.1
Other	1.3	29.7	50.5	40.3
Total	**1.1**	**23.7**	**100.0**	**100.0**

Source: *ILCS 2023*

* *Adults are persons having reached the age of 18 and above, children are those below 6 years of age, and elderly are those above 60 years of age.*

Table 2.5 – Armenia: Poverty Rate, by Gender of Household Head, 2023

(%)

Gender of household head	Extremely poor	Poor		Share of the poor in the total number of poor population	Share of group in the total household members
Male-headed	0.9	23.5		71.5	72.1
Female-headed, *including*	1.6	24.2		28.5	27.9
Female-headed, no children under 6 years of age	1.1	19.8		62.2	76.3
Female-headed, with children under 6 years of age	3.1	38.6		37.8	23.7
Total	1.1	23.7		100	100

Source: *ILCS 2023*

* *Adults are persons having reached the age of 18 and above, children are those below 6 years of age, and elderly are those above 60 years of age.*

2.5. Poverty in Rural Communities

Availability of land: Land use plays an important role in the reduction of rural poverty. In 2023, there were 8.3% landless households living in rural communities with a poverty rate 34.0%. Among owners of land, poverty rate varied between 18.2% and 21.5% (Table 2.6).

Table 2.6 – Armenia: Poverty Rate in Rural Communities, by Availability and Size of Land, 2022 and 2023

(%)

| Size of land (hectare)	2022				2023			
	Extremely poor	Poor (excl. extremely poor)	Share of the poor in the total number of poor population	Share of groups in the total rural household members	Extremely poor	Poor (excl. extremely poor)	Share of the poor in the total number of poor population	Share of group in the total rural household members
0	2.6	24.3	7.9	7.3	5.1	34.0	10.4	8.3
Up to 0.2	1.0	21.2	39.5	42.1	0.8	18.2	33.1	36.5
0.2 – 0.5	0.7	18.7	12.3	12.1	1.5	19.4	11.0	11.7
0.5 – 1	1.2	23.7	12.0	11.3	1.2	21.5	13.5	11.5
More than 1	0.8	23.0	28.3	27.2	0.9	20.8	32.0	32.0
Total, rural communities	1.0	21.9	100	100	1.3	20.9	100	100

Source: *ILCS 2022 and 2023*

Diagram 2.19 – Armenia: Poverty of the Total HH Members Aged 16 and over by Educational Level

(%)
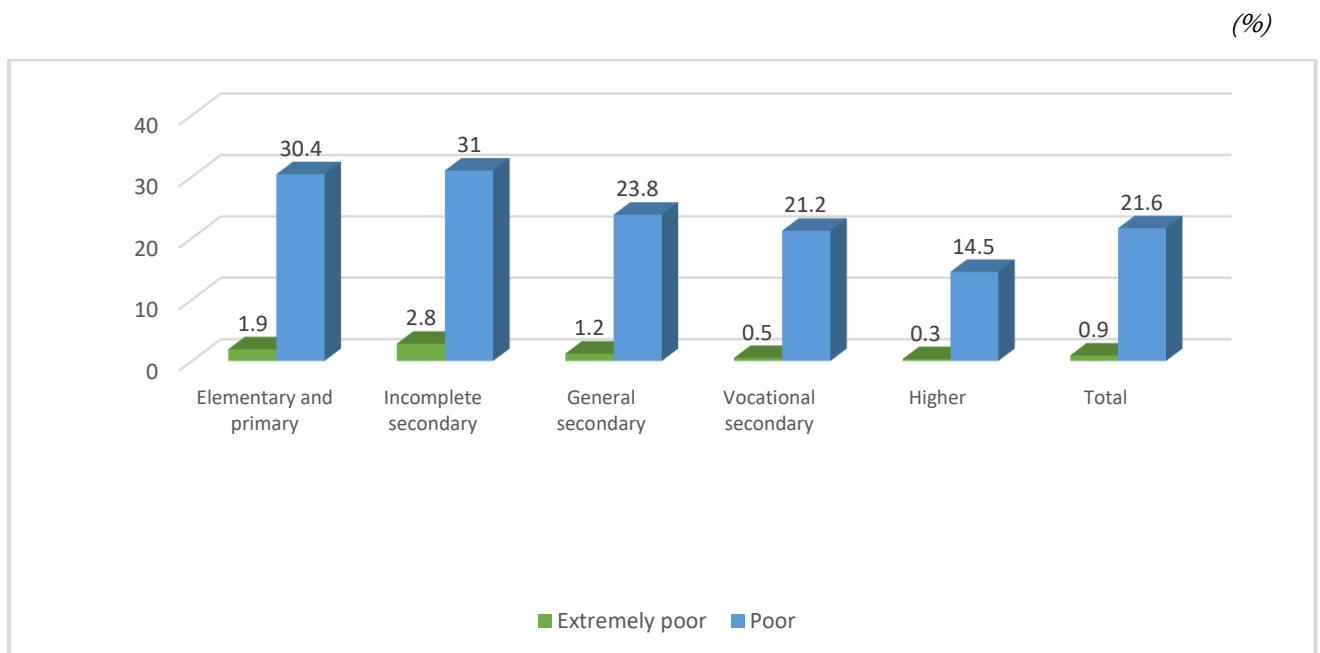
Source: *ILCS 2023*

Diagram 2.20 Poverty of the Poor and Total HH Members Aged 16 and over by Educational Level

(%)
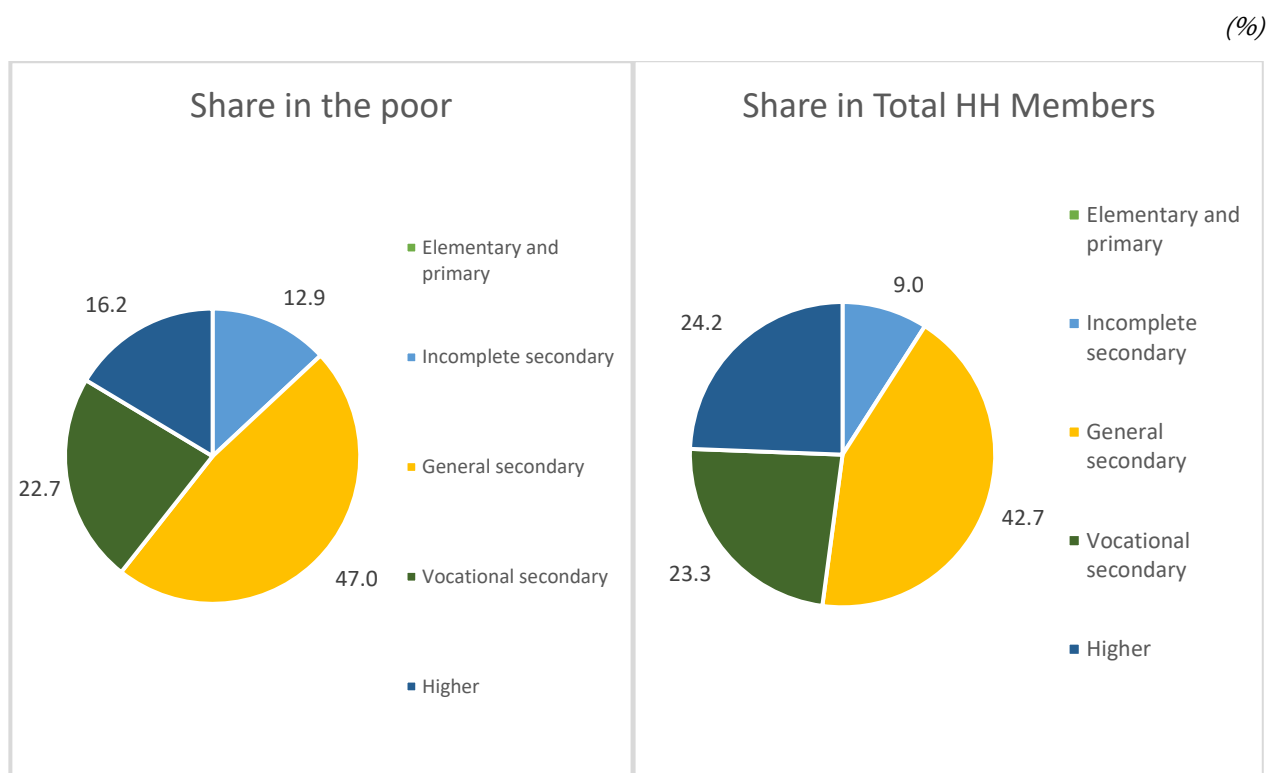
Source: *ILCS 2023*

Table 2.7– Armenia: Poverty by Labor Market Participation, by Urban and Rural Areas of the Republic of Armenia, 2023

(for Population of 15-75 Years of Age)

(%)

Labor market participation	Extremely poor	Poor	Distribution in the share of poor population aged 15-75 years	Group's Distribution in the share of total HH members aged 15-75 years
Total population				
Labour force	0.7	21.6	66.0	67.8
Employed	0.7	20.7	58.3	62.4
Wage employed	0.5	19.4	34.8	39.7
Self-employed	1.1	21.7	19.3	19.7
Other employed	0.6	31.7	4.2	3.0
Unemployed	1.5	31.2	7.7	5.4
Population outside the labour force	1.4	23.4	34.0	32.2
Pensioners	1.0	19.0	8.3	9.6
Students	1.1	25.4	7.5	6.5
Other economically inactive	1.7	25.3	18.2	16.1
Yerevan				
Labour force	0.1	15.5	61.0	62.0
Employed	0.1	16.8	50.7	56.0
Wage employed	0.1	16.2	45.2	47.9
Self-employed	0.0	12.0	5.5	7.9
Other employed	0.0	0.0	0.0	0.2
Unemployed	0.0	28.7	10.3	6.0
Population outside the labour force	0.3	17.6	39.0	38.0
Pensioners	0.4	15.6	11.5	12.6
Students	0.0	17.5	6.4	6.3
Other economically inactive	0.3	18.9	21.1	19.1
RA other urban				
Labour force	0.7	23.5	63.5	63.8
Employed	0.7	22.4	52.6	55.6
Wage employed	0.4	21.1	39.1	43.7
Self-employed	1.7	25.9	12.0	11.0
Other employed	0.0	40.6	1.5	0.9
Unemployed	1.2	31.1	10.9	8.2
Population outside the labour force	1.0	23.8	36.6	36.2
Pensioners	0.8	18.8	10.8	13.5
Students	1.0	28.6	7.6	6.2
Other economically inactive	1.1	26.0	18.2	16.5
Rural				
Labour force	1.2	23.4	70.3	75.2
Employed	1.0	22.9	66.3	72.3
Wage employed	1.1	21.6	26.3	30.5
Self-employed	1.1	22.5	31.6	35.2
Other employed	0.7	31.4	8.4	6.6
Unemployed	4.6	35.6	4.0	2.9
Population outside the labour force	3.2	30.0	29.7	24.8
Pensioners	2.5	26.6	4.8	4.6
Students	2.0	28.8	8.0	6.9

Labor market participation	Extremely poor	Poor	Distribution in the share of poor population aged 15-75 years	Group's Distribution in the share of total HH members aged 15-75 years
Other economically inactive	4.0	31.8	16.9	13.3
Total	1.0	22.1	100.0	100.0

Source: *ILCS 2023*

Note: *The asterisk denotes that the indicator is based on less than 25 non-weighted cases.*

Table 2.8– Armenia: Poverty Rate, by Number of Employed Household Members, 2023 (for Population of 15-75 Years of Age)*

(%)

Employment Status by HH Members	Extremely poor	Poor	Distribution in the share of poor population aged 15-75 years	Group's Distribution in the share of total HH members aged 15-75 years
No employed HH members	1.3	18.2	8.0	9.7
1 employed HH member	1.4	20.1	20.6	22.7
2 employed HH members	0.8	22.4	34.9	34.4
3 and more employed HH members	0.8	24.4	36.5	33.2
Total	1.0	22.1	100	100

Source: *ILCS 2023*

* Based on the subjective responses of HH members

2.6. HH Consumption, Income, and Inequality in Their Distribution

Inequality indicators measured by the Gini coefficient indicate that polarization of the population in Armenia is deeper in terms of income distribution than that in terms of consumption distribution.

Diagram 2.21 – Armenia: Consumption and Income Inequality, 2022-2023
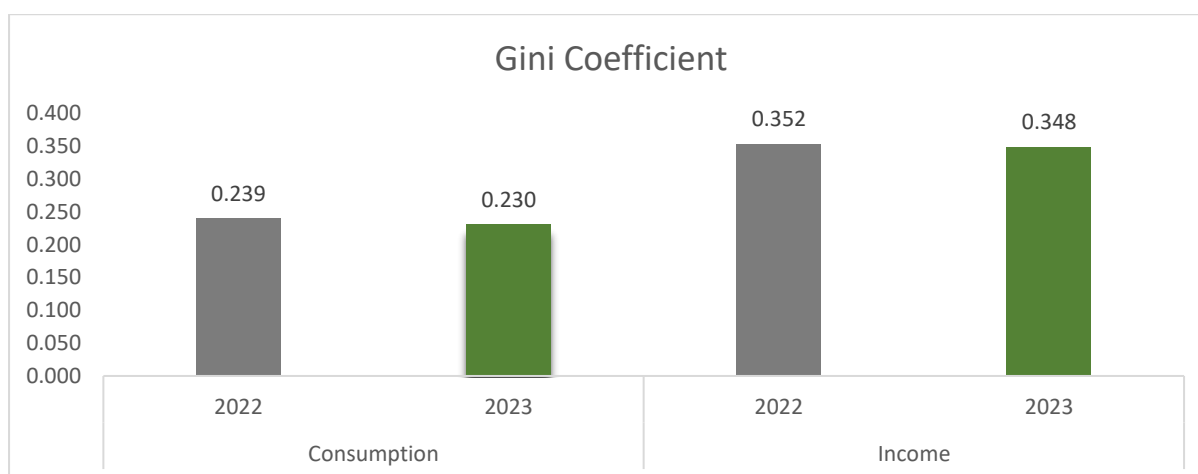
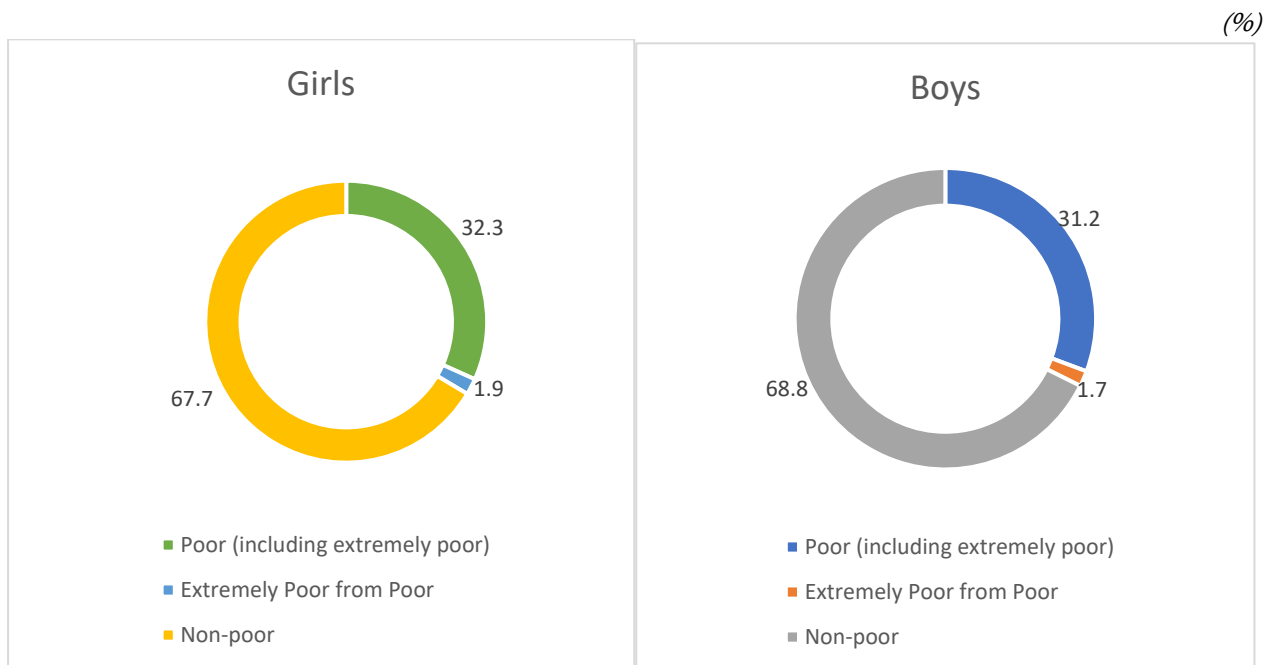Source: *ILCS 2022-2023*

2.7. Child Poverty Rates, 2023

According to the data for 2023 32.3% of girls and 31.2% of boys are poor. In particular, extreme poverty rates are 1.9% for girls and 1.7 for boys.

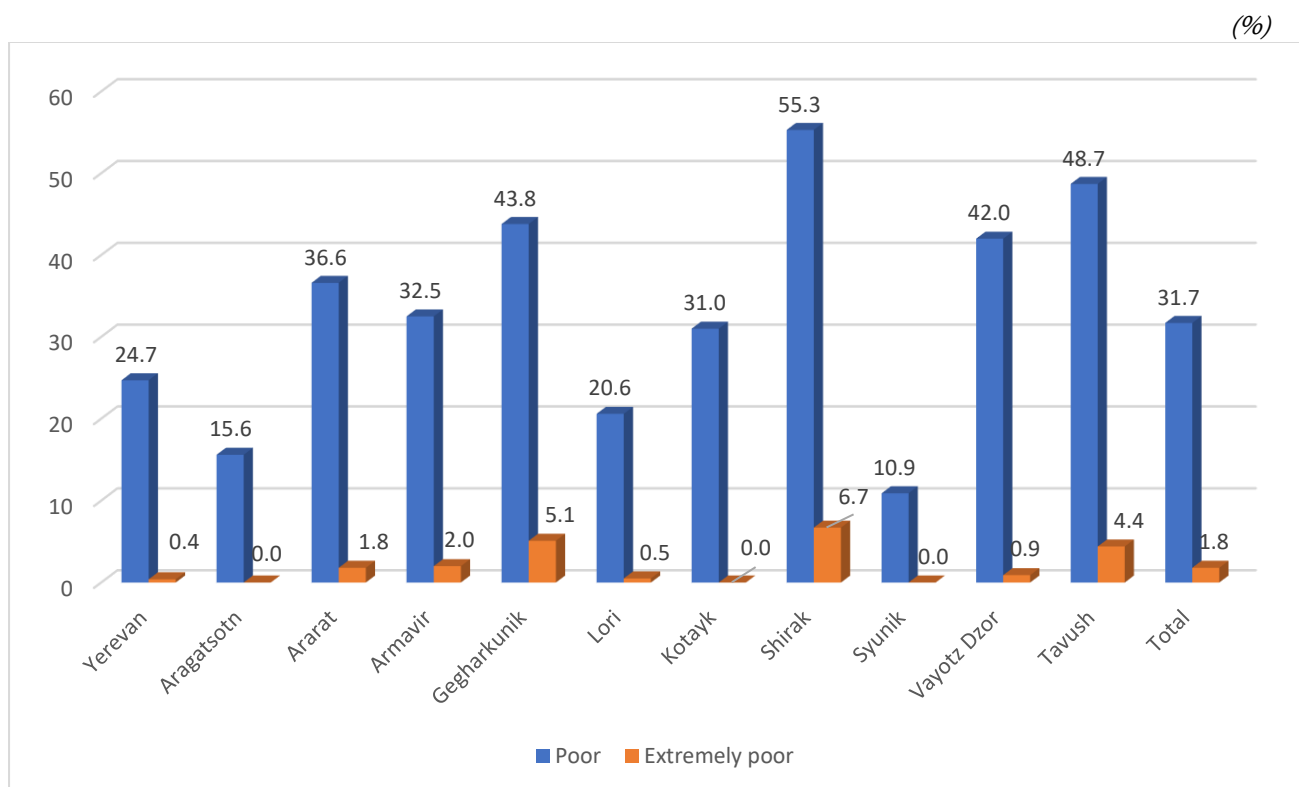**Diagram 2.22 Armenia: Child Poverty Rates (0-18 children), 2023**

(%)
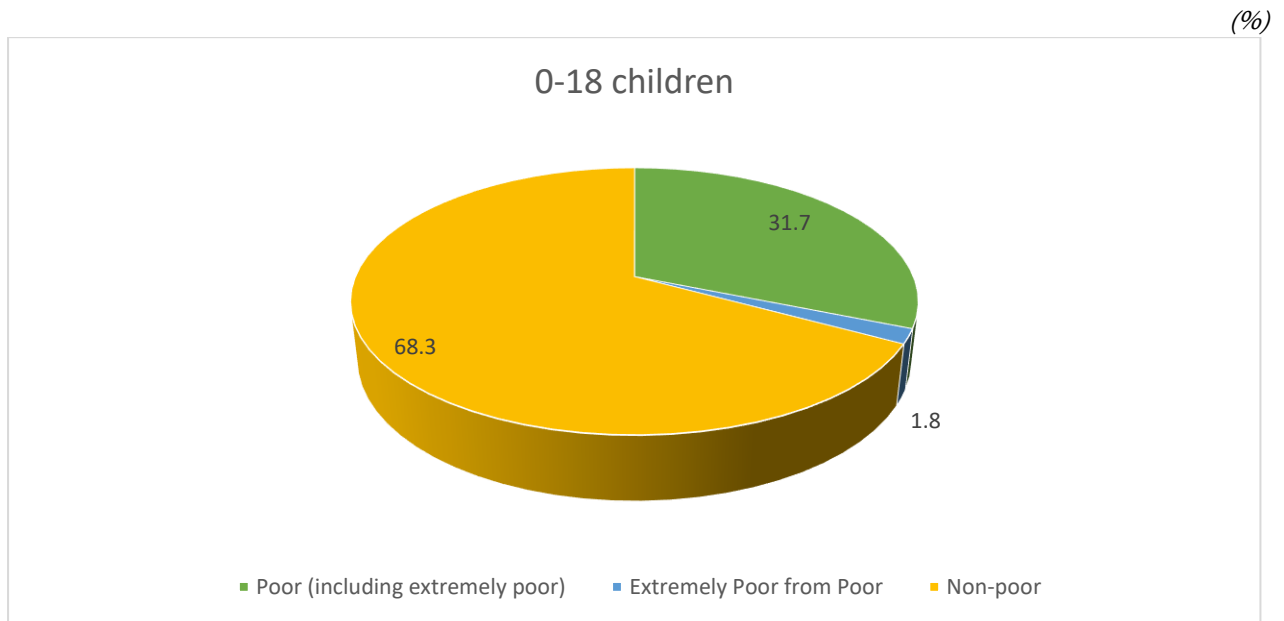
Source: ILCS 2023

Diagram 2.23. Armenia: Poverty Rates of Girls and Boys Aged 0-18, 2023

(%)

Source: ILCS 2023

Diagram 2.24 Armenia: Child Poverty Rates in Yerevan and RA Regions (Aged 0-18), 2023

(%)

Source: *ILCS 2023*

2.8. Relative Poverty

As described in Section 2.1, poverty in Armenia is estimated by comparing the consumption aggregate with the average poverty line. This methodology uses the cost of basic consumption needs to calculate the poverty line and considers households below a certain absolute threshold to be poor.

In contrast, the concept of relative poverty uses the notion of social exclusion and considers households living on less than 60 percent of median income as poor. This methodology is widely used in the European Union countries and builds around the idea that poverty is no longer described as the inability to afford basic things in life but rather as the possibility for some groups to fall below the general living standards of the population. The relative poverty line is calculated as a percentage fraction of household median income for each year. Countries in the European Union typically use 60 percent of median income as the relative poverty line and refer to it as the "at-risk-of-poverty threshold".

The relative poverty rate captures inequalities in the society with a focus on the poor and the vulnerable. Generally speaking, an increase in the relative poverty normally describes a situation where income growth rate for the households at the bottom of the welfare distribution is slower than that for the households in the middle of the distribution. The concept of relative poverty is often heavily criticized because relative poverty rates also decrease when all

households become poorer in absolute terms, and the income of the middle groups falls faster than that of the bottom groups (something that happened in many countries of the European Union due to the global economic crisis).

Diagram 2.25 presents relative poverty trends in Armenia (green bars) and the level of equalized household median income used for the poverty calculations (red bars).

Diagram2.25 – Armenia: Relative Poverty Measured at 60 Percent of Median Monthly Nominal Income and Equalized Median Income
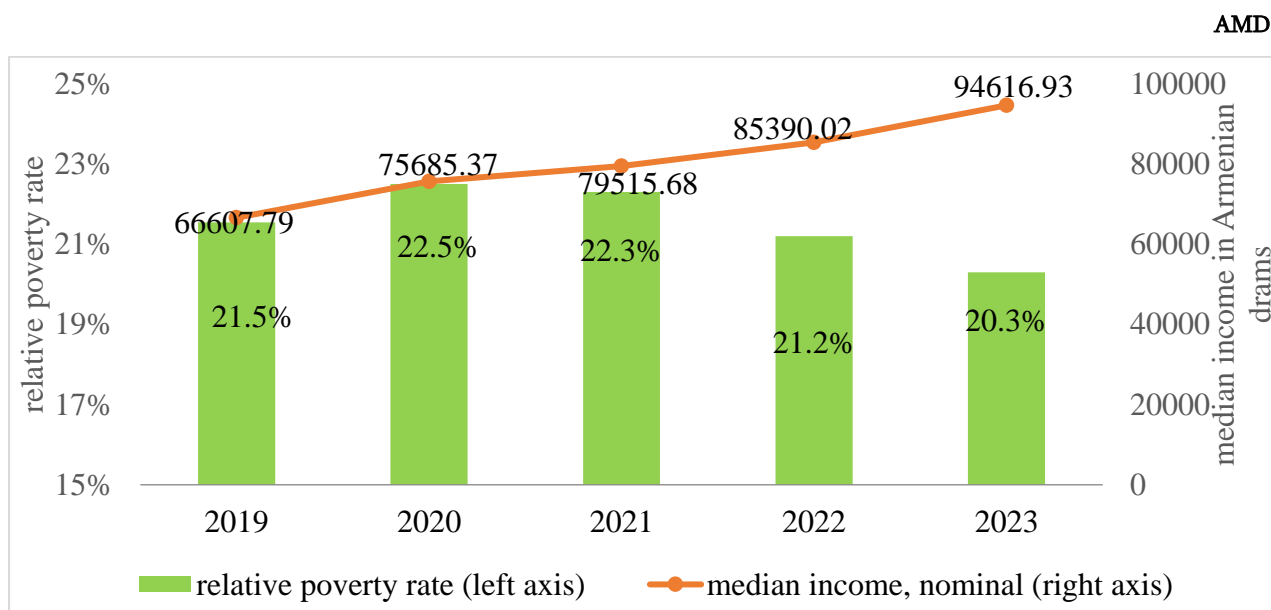
Source: *ILCS 2019-2023*

2.9. International Poverty Rate in Armenia and Comparator Countries

Global update of the international poverty line

Under its mandate to calculate key indicators of poverty and shared prosperity, the WB produces international poverty estimates comparable across countries and years. The guiding principle of international poverty estimates is to count the number of poor people in the world in terms of some absolute standard to measure progress on global goals set by the WB, the United Nations, and other development partners. While at the national-level poverty estimations that consider local patterns of consumption are more appropriate for country-specific analysis, underpinning policy dialogue or targeting programs to reach the poorest, the international poverty estimates allow for comparisons across countries with very different national poverty measurement methodologies.

International poverty estimates are based on the international poverty lines and are useful for international comparisons and cross-country benchmarking. Differences in purchasing power across countries, as well as in terms of the methodological approaches used to calculate national poverty lines and welfare aggregate make the use of national poverty rates for international comparisons difficult, thus providing a rationale for an international poverty line. This line complements national poverty lines and can help benchmark the situation in a particular country or its relative performance when it comes to

poverty reduction efforts. However, national poverty lines should still be the preferred tool for in-country dialogues as they best capture each country's context.

The WB monitors poverty under alternative thresholds expressed by the international poverty lines (IPLs). The IPLs reflect the median national poverty line of countries in their respective income groups (lower, lower-middle, and upper-middle income countries). Moreover, the Purchasing Power Parities (PPPs) are used to convert the value of the IPLs to local currencies, hence, affecting the calculation of comparable poverty rates across countries. In other words, PPPs are used in the measurement of global poverty to convert household income or consumption into a common currency while accounting for price differences across countries. As differences in price levels across the world evolve, the IPLs are updated periodically to reflect these changes. Recently, the International Comparison Program (ICP) published PPPs for the 2017 reference year. For Armenia, the factor increased from 165.629 (2011 PPP) to 167.312 (2017 PPP).

The WB adopted new international poverty thresholds in Fall 2022, following the release and analysis of the 2017 PPPs. With the new PPPs, the international poverty line—used to measure extreme poverty—changed from $1.90 (2011 PPP) to $2.15 (2017 PPP). This means that all individuals living on less than $2.15 a day are considered as living in extreme poverty. The higher poverty lines typically used to measure poverty in lower-middle- and upper-middle-income countries (including Armenia) were updated to $3.65 and $6.85 (2017 PPP), respectively. Table 3.1 summarizes the changes in the IPLs and Appendix 1 presents a more detailed methodological explanation of these changes.[4]

Table 2.9. Updated International Poverty Lines

|	A	B
	Previous IPLs Based on 2011 PPP	New IPLs based on 2017 PPP
International Poverty Lines for:		
Low-Income Countries (LIC)	1.9	2.15
Lower-Middle Income Countries (LMIC)	3.2	3.65
Upper-Middle Income Countries (UMIC)	5.5	6.85

Source: WB.

Second, for constructing internationally comparable welfare aggregates, the WB harmonizes information collected in local household surveys, maximizing comparability across countries for constructing a common welfare aggregate. Welfare aggregates are adjusted by applying the new 2017 PPP factor obtained for each country so that they all are expressed in terms of the same purchasing power. Based on those welfare aggregates, the WB produces internationally comparable poverty rates for countries by applying the IPLs. It is worth noting that the changes to PPPs and the international poverty thresholds do not affect the national consumption aggregate or national poverty calculations.

The poverty trends for Armenia and other countries were recalculated, retroactively, after the adoption of the new international poverty thresholds expressed in 2017 PPPs. Results for Armenia and other countries of the region are presented in Figure 2.26.

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[4] Details are available in Jolliffe, Dean Mitchell; Mahler, Daniel Gerszon; Lakner, Christoph; Atamanov, Aziz; Tetteh Baah, Samuel Kofi. 2022. Assessing the Impact of the 2017 PPPs on the International Poverty Line and Global Poverty. Washington, DC: World Bank. World Bank. https://openknowledge.worldbank.org/handle/10986/37061.

Figure 2.26: Internationally comparable poverty rates, selected years 2002-2023
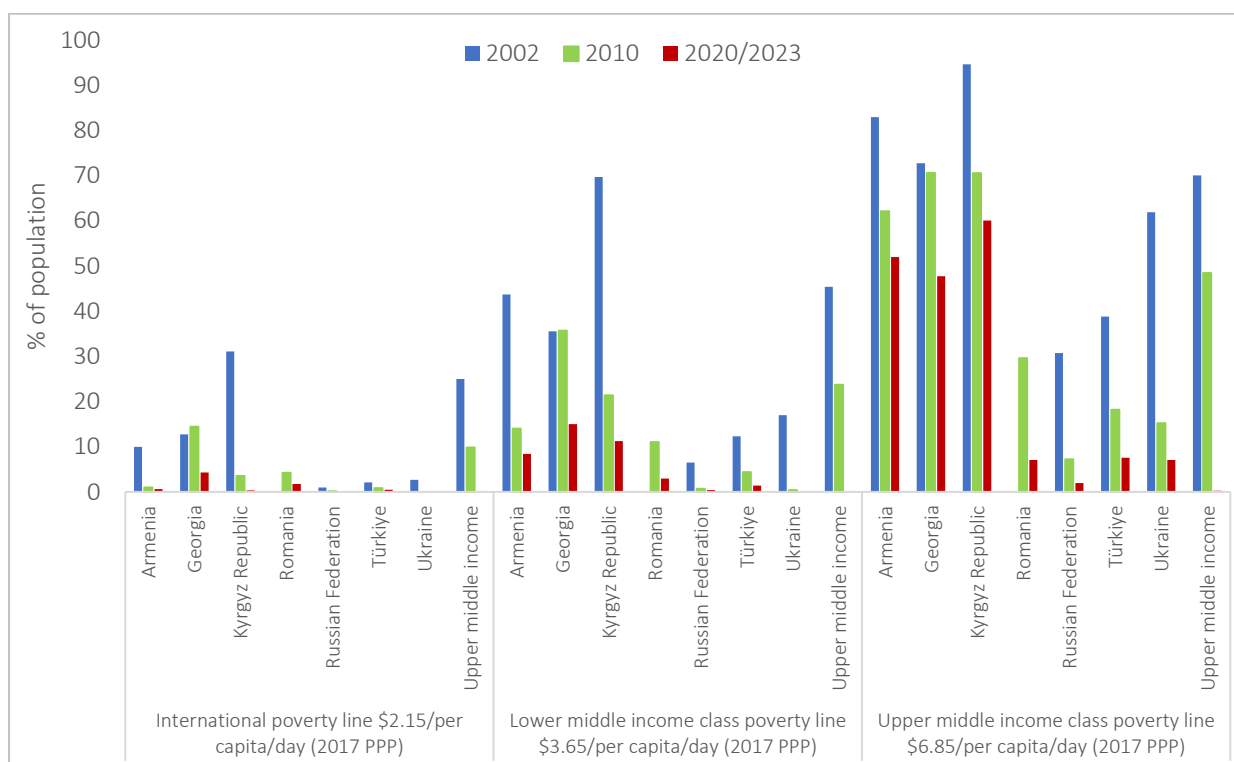
Figures 2.27. and 2.28. show the poverty trends at the international poverty line, lower middle-income class, and upper middle-income class poverty lines applying the IPLs expressed in the 2017 PPP. Poverty at the international poverty line ($2.15, 2017 PPP) has fallen drastically since 2001 and remains very low with rates below 1.0% since 2020, reaching 0.8 in 2022 and 0.6 in 2023. The incidence of poverty measured under the lower middle-income class poverty line ($3.65, 2017 PPP) was 8.4 percent in 2023, a decrease of almost 2 percentage points from 10.1 percent in 2022. The poverty rate at the upper middle-income class poverty line ($6.85, 2017 PPP) showed little change in 2023. The poverty rate in 2023 stood at 52.0 percent, compared to 51.3 percent in 2022. It has held this stability since 2019.

The observed changes in poverty in 2023 suggest that a slight recovery is ongoing for lower-income households. Seemingly, the welfare of the better-off households has remained unchanged, yet this may only reflect the transition of the poorest to higher poverty thresholds, supported by the country's recent growth. Macroeconomic estimates suggest that economic recovery was strong in Armenia in 2022 - 2023, with an impressive 10.5 % average annual growth rate[5]. This, coupled with an average inflation of 2.0 percent in 2023, compared to 8.6 percent in 2022, may have contributed to a positive distributional impact perceived by the most vulnerable households that are typically more affected by increases in food and fuel prices.

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[5] World Bank, Macro Poverty Outlook. Fall 2024.
https://thedocs.worldbank.org/en/doc/d5f32ef28464d01f195827b7e020a3e8-0500022021/related/mpo-arm.pdf

Figure 2.27: Armenia poverty trend using the international poverty line

Source: ILCS 2001-2023. Estimates from WB Poverty and Inequality Platform (November 2023) and ECAPOV. *Notes:* Poverty calculations applying the 2017 PPP factor.

Figure 2.28: Armenia Poverty trend using the international lower middle-income and upper middle-income class poverty lines
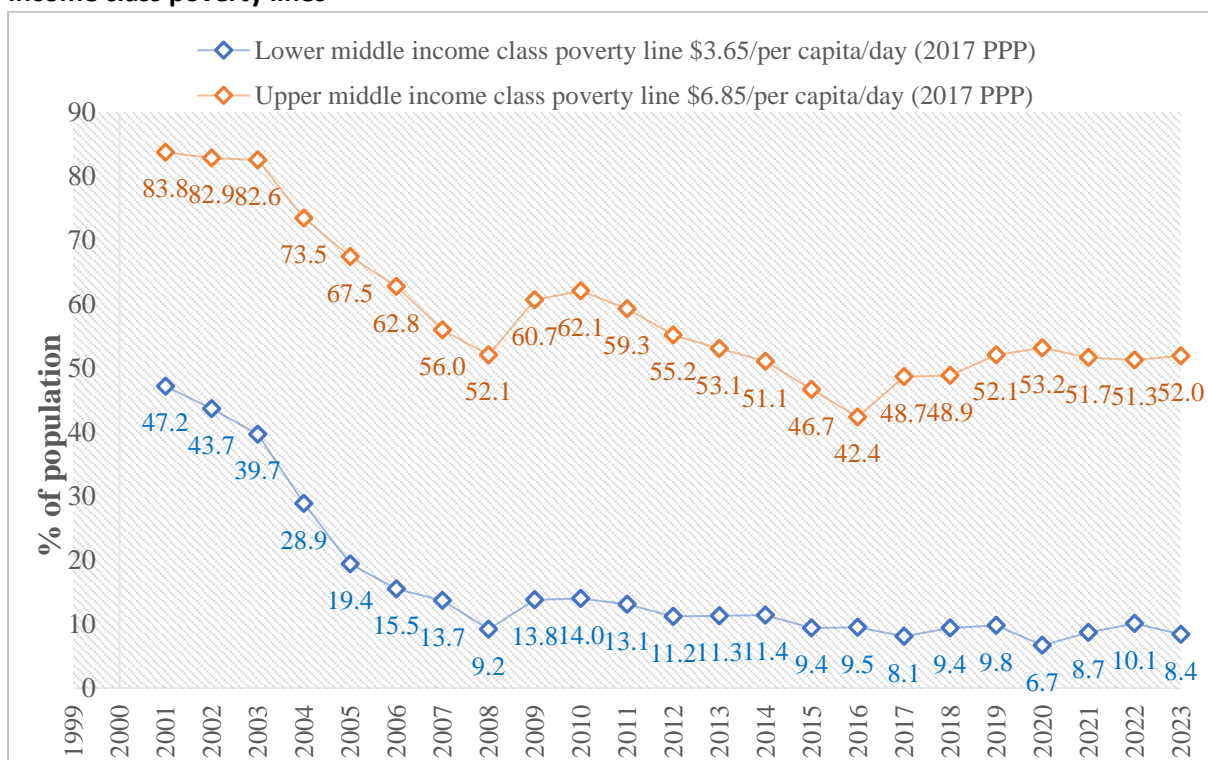
Source: ILCS 2001-2023 and WB Poverty and Inequality Platform (retrieved November 2023). *Notes:* Poverty calculations applying the 2017 PPP factor.

2.10. Multi-dimensional Poverty in Armenia[6]

Poverty has been described as a deprivation in wellbeing, a lack of key capabilities, and a type of "economic scarcity" of basic needs. A measure of multi-dimensional poverty captures the complexity, depth and persistence of poverty and offers important information to complement the analysis of monetary (consumption) poverty. The Armenian national measure for multi-dimensional poverty was launched in 2016 by the National Statistical Service of the Republic of Armenia and accompanied by a working paper and online interactive dashboard in 2017 (Martirosova et al. 2017).[7]

Monetary poverty in itself is multi-dimensional but does not describe all the aspects of wellbeing. By construction, good health and adequate education are dimensions not necessarily fully captured by monetary poverty. These two dimensions can be partly accounted for in household expenses but pricing the value of public services is challenging. In addition, both health and education have additional values that might not be reflected by the cost of the goods consumed. In the same way, having a job has an intrinsic significance beyond the salary earned; it gives a sense of accomplishment and of belonging to the community and society. Having adequate and affordable housing and heating is essential for the standard of living today, as well as the possibility of accumulating and maintaining human capital for the future. From a policy perspective, deprivations are areas of human development where gaps in endowments are often persistent over time; hence, deprivations can negatively influence the future capacity of a household to escape poverty and vulnerability. Deprivations selected for examining multi-dimensional poverty are thus meant to complement the analysis on monetary poverty with information that has a non-pecuniary value.

The national measure of multi-dimensional poverty is tailored towards the country context and reflects a series of consultations with stakeholders on how to describe the experience of poverty in the country. While this approach limits international comparability, the value-added of the national measure comes from the close alignment with deprivations as identified by Armenians themselves. For instance, increases in prices for gas and electricity may require many households to allocate larger amounts to finance higher cost for heating; at the same time, the share of households that uses wood or coal to heat their homes may also increase. In an environment where these circumstances shape the experience of poverty, the measure of multi-dimensional poverty includes deprivation of "healthy heating". This deprivation not only emphasizes the importance of decent housing conditions, but it also accounts for the negative implications of the abovementioned mitigation strategies with regards to health and the environment.

The selection of deprivations reflects the experience of poverty in Armenia and facilitates a discussion on policies for improving well-being. The five dimensions in the measure are *basic needs, housing, education, labor and health*. The measure builds on data from the ILCS, allowing for nationally representative temporal analysis that can be linked to monetary poverty. Table 2.10. summarizes the dimensions and indicators which allow for a subjective evaluation of deprivations.

Table 2.10.: Selected dimensions and indicators for a measure of multi-dimensional poverty[8]

Deprivation	A household is deprived, if …
Dimension: Basic needs	
Extreme poverty	Not having access to minimum requirement of food (according to national poverty measurement methodology and FAO recommendations)
Life in dignity	Not having funds to buy, when necessary, food and/or cloths
Humanitarian aid	Being dependent on humanitarian assistance to ensure basic functioning of living

Remittance dependent	Being dependent on remittances to ensure basic functioning of living or being in extreme (food) poverty

Dimension: Housing

Satisfaction of housing conditions	Not having access to adequate housing: housing conditions are evaluated as bad or very bad
Adequate housing	Not having access to adequate housing: available housing requires major repairs, is dump, slum, or old; adequate flooring and adequate walls
Overcrowding	Available housing floor space does not exceed 20 sq. meters per person adult equivalent
Healthy heating	Household uses wood, carbon or other heating means as primary source for heating
Centralized water system	No access (use) to centralized water system
Centralized sanitation and garbage disposal	No access (use) to centralized sanitation or garbage disposal system
Hot running water	No access (use) of hot running water
Quality of paid public services	Not satisfied in one third or more paid services (relative to all answered): water supply, sanitation, garbage collection, telephone, electric supply, post, banking, irrigation, public transportation
Access to transportation	Not having access to opportunities: no or poor transportation and road networks (all-year road)

Dimension: Education

No secondary education	Present: all household member between the age of 15 years and 75 years have less than secondary education (vocational or professional)
Schooling enrollment rate	Future: at least one child of compulsory schooling age between 6 and 17 years is not attending school
Access to education services	Not having access to kindergarten, complete secondary school, primary (general) school in the neighborhood
Quality of education services	Not satisfied with education services

Dimension: Labor

Labor market participation	More than half of household members in the working age population do not participate in the labor market
Long term unemployment	At least one household member is not working due to long term unemployment (structural)
Decent jobs	Not having access to decent jobs - employment status is own account worker
Underemployment	Not having access to a full position in the labor market (underemployment, and seasonal/occasional employment for all members)

Dimension: Health

Termination of usual activity[9]	At least one household member did terminate usual activities because of illness, injury, or bad health.
Affordability of health services	Not having funds to pay for required health services (excluding dentist) in a health care facility (in case of no or difficult access to free services), tests, examinations and procedures prescribed by a doctor
Access to health facilities	Not having access to health care facility, emergency ambulance services, pharmacies in the neighborhood
Quality of health services	Not satisfied with health services

Source: Martirosova et al. 2017.

The measure of multi-dimensional poverty summarizes information on multiple deprivations and describes the complexity, depth, and persistence of poverty. It captures the share of individuals living in households that experience a specific deprivation, but it also looks into the count and overlap of deprivations that are experienced simultaneously by the same individual. By definition, all household members are deprived in a particular dimension (whether it be basic needs, housing, education, labor or health) if they report deprivations in more than one-quarter of all weighted indicators within that dimension. For instance,

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[9] The 2020 version of the MPI included self-reported termination of usual activities among people who did not report illness over the past 30 days, as well as those people reporting illness over the past 30 days. This modification was implemented to attempt the best possible comparability, due to changes in the ILCS questionnaire by CB after 2019.

all household members are deprived in terms of basic needs if the household "does not have sufficient funds to buy, when necessary, food and/or cloth" and if the household simultaneously "is dependent on humanitarian assistance to ensure the basic functioning of living" (see Table 2.10.). Finally, all household members are multidimensionally poor if the household is deprived in more than one-quarter of all weighted indicators.

Table 2.11: Share of individuals living in households which are considered multidimensionally poor, by location *(% of population)*

	National level	Yerevan	RA other urban areas	Rural areas
2010	41.2	32.6	37.2	52.8
2011	33.9	27.3	30.4	43.3
2012	31.3	25.1	30.1	38.3
2013	30.5	25.8	27.6	37.2
2014	31.9	28.5	31.6	35.2
2015	29.1	28.0	25.9	32.7
2016	27.8	28.0	24.7	30.3
2017	26.0	21.9	22.0	32.5
2018	23.6	18.4	22.1	29.2
2020*	19.1	16.4	16.0	23.2
2021*	18.7	14.4	16.1	23.5
2022*	20.7	19.4	19.2	22.8
2023*	17.3	13.3	17.8	19.9

Source: ILCS 2010-2018, 2020-2023. *Notes*: MPI was not constructed for 2019, due to data limitations. * The MPI in 2020 and afterwards is not comparable to previous estimates, due to changes introduced in the ILCS questionnaire in 2019.

Findings in Table 2.11. show a decrease in multi-dimensional poverty between 2010-2018, and 2020-2021, an increase in 2022, and a decrease again in 2023. Due to data limitations, the overall MPI in Armenia was not calculated for the ILCS 2019.[10] Moreover, due to changes in the questionnaire design, MPI results in 2020 onwards are not comparable with the MPI series from 2018 and previous years.[11]

In 2023, 17.3 percent of Armenians faced multi-dimensional poverty, with spatial disparities across urban and rural areas. At the national level, the share of the population living in multi-dimensional poverty fell significantly from 41.2 percent in 2010 to 23.6 percent in 2018. Based on the updated MPI methodology, the multi-dimensional poverty rate fell between 2020 (19.1 percent) and 2023 (17.3 percent). Breaking down multi-dimensional poverty by location offers additional insights into spatial disparities within Armenia. Since 2010, rural areas consistently faced the highest incidence of multi-dimensional poverty. Between 2020 and 2021, households in Yerevan improved their living conditions, whereas rural areas and non-Yerevan secondary cities observed slight increases in the MPI. The trend is reversed in 2022. In 2023, all locations witness a decrease in multi-dimensional poverty rate. The living conditions improved the most in Yerevan, with 6.1 percent decrease between 2022 and 2023. In comparison, the MPI poverty rate only dropped 1.4 percent in other urban areas and 2.9 percent in rural areas.

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[10] In 2019, the SCRA introduced several changes to the ILCS data collection methodology. The changes included the transition to Computer Assisted Personal Interviewing (CAPI), as well as comprehensive changes to the structure and content of the survey questionnaire, relative to the baseline questionnaire stablished since 2009. Additionally, in 2019, some variables that were necessary for the construction of the MPI under the methodology outlined by Martirosova et al. (2017) and calculated as far as 2010, were omitted from the survey. Hence, given these data limitations, it was deemed impossible to calculate the overall MPI for 2019. The 2020 ILCS questionnaire re-incorporated key necessary variables, allowing for the calculation of the overall MPI. Nonetheless, the 2020 version of the questionnaire introduced some modifications to the original variables collected before 2019. Those modifications included rephrasing of some questions, and changes in the structure of the questionnaire. Therefore, comparing the MPIs in 2020, 2021 and 2022 with estimates from 2018 and previous years is not adequate nor recommended.

[11] The time series between 2010 to 2018 is not directly comparable to the 2020 onwards MPI.

Table 2.12 presents the percentage of the population deprived in each indicator, calculated with data from the ILCS 2022 and 2023. Most indicators show a decrease in the percentage of deprived households in Armenia. Nonetheless, there are some exceptions with increased deprivations—including "Satisfaction of housing conditions"; "Quality of education services"; "Termination of usual activity" and "Access to health services". A potentially concerning trend is the simultaneous increase in deprivations related to quality—including housing satisfaction and quality of education service. In addition, the health dimension needs more attention, half of the indicators have witnessed more deprivations. Finally, labor-related indicators improved between 2022 and 2023 for all indicators.
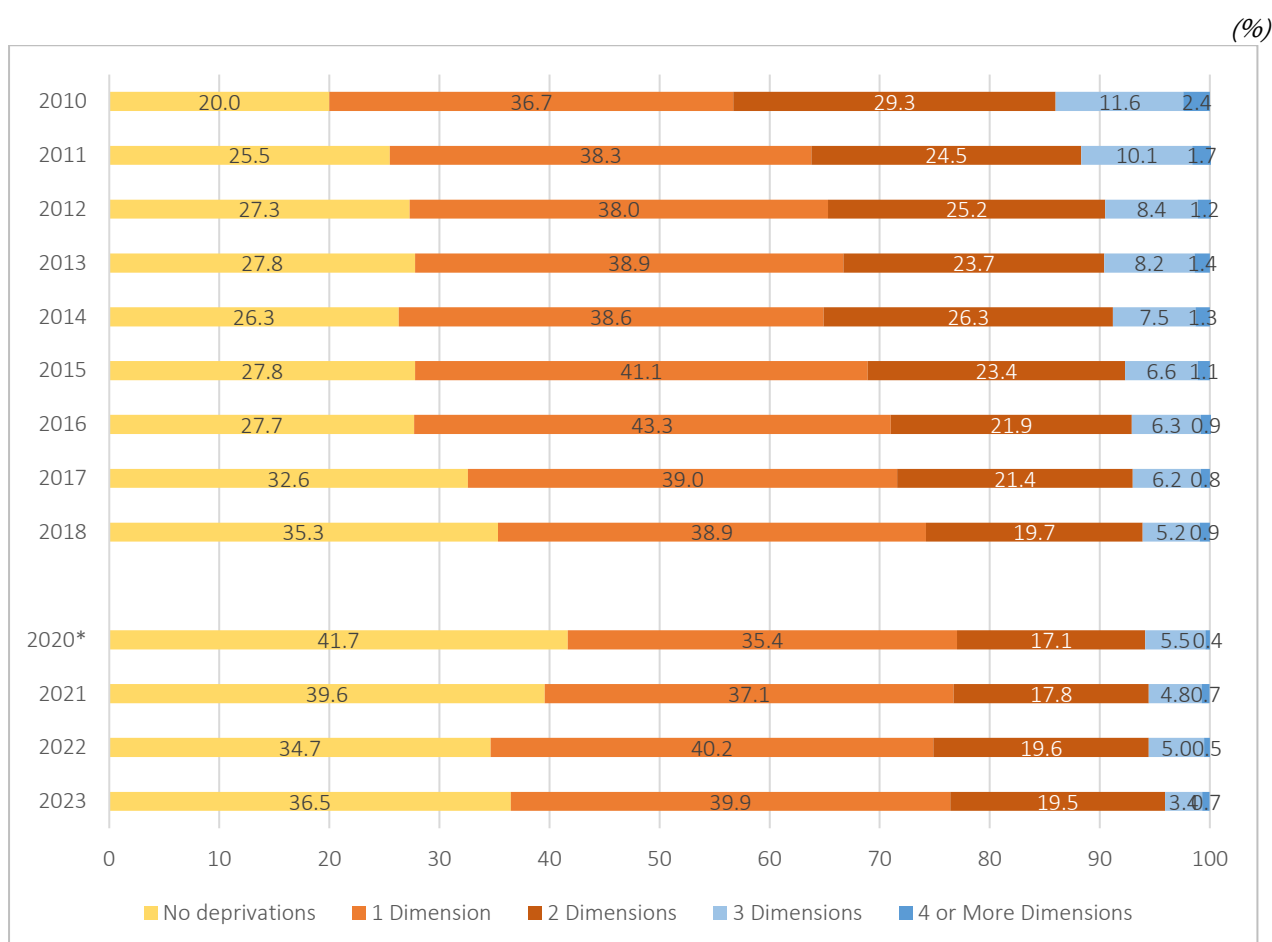
Table 2.12: Share of the population deprived by indicators in 2022 and 2023

Deprivation	2022	2023
Dimension: Basic needs		
Extreme poverty	1.2%	1.1%
Life in dignity	24.5%	19.5%
Humanitarian aid	2.6%	2.3%
Remittance dependent	6.3%	5.4%
Dimension: Housing		
Satisfaction of housing conditions	10.8%	11.0%
Adequate housing	9.3%	6.9%
Overcrowding	30.6%	29.7%
Healthy heating	29.6%	27.4%
Centralized water system	25.1%	24.9%
Centralized sanitation and garbage disposal	29.5%	23.5%
Hot running water	5.7%	5.5%
Quality of paid public services	3.8%	2.8%
Access to transportation	14.2%	13.0%
Dimension: Education		
No secondary education	4.6%	3.6%
Schooling enrollment rate	3.1%	2.9%
Access to education services	2.8%	1.4%
Quality of education services	2.5%	3.8%
Dimension: Labor		
Labor market participation	26.0%	22.8%
Long term unemployment	3.7%	3.4%
Decent jobs	43.2%	39.1%
Underemployment	39.2%	34.0%
Dimension: Health		
Termination of usual activity	37.5%	41.3%
Affordability of health services	7.2%	5.2%
Access to health services	8.7%	11.2%
Quality of health services	7.8%	7.0%

Source: ILCS 2022 and 2023.

Diagram 2.29 breaks down the entire population of Armenia into groups that experience deprivation across the five dimensions included in the MPI. These statistics focus on the intensity or depth of poverty. Between 2010 and 2018 the share of the population living in households which were not deprived in any of the five dimensions increased from 20.0 percent to 35.3 percent. In 2020, calculations based on the updated ILCS questionnaire indicated that nearly 58 percent of the population experienced deprivation in at least one dimension. This figure has been rising over the years, reaching 60 percent in 2021 and 65 percent in 2022, which is concerning. However, in 2023, the proportion of the population deprived in at least one dimension decreased slightly to 63.5 percent, marking the first instance of a halt in the upward trend.

Diagram 2.29: Share of individuals living in households experiencing deprivations

(%)

Year	No deprivations	1 Dimension	2 Dimensions	3 Dimensions	4 or More Dimensions
2010	20.0	36.7	29.3	11.6	2.4
2011	25.5	38.3	24.5	10.1	1.7
2012	27.3	38.0	25.2	8.4	1.2
2013	27.8	38.9	23.7	8.2	1.4
2014	26.3	38.6	26.3	7.5	1.3
2015	27.8	41.1	23.4	6.6	1.1
2016	27.7	43.3	21.9	6.3	0.9
2017	32.6	39.0	21.4	6.2	0.8
2018	35.3	38.9	19.7	5.2	0.9
2020*	41.7	35.4	17.1	5.5	0.4
2021	39.6	37.1	17.8	4.8	0.7
2022	34.7	40.2	19.6	5.0	0.5
2023	36.5	39.9	19.5	3.4	0.7

Source: ILCS 2010-2018, 2020-2023. *Notes*: MPI was not constructed for 2019 due to data limitations. * The MPI in 2020 and afterwards is not comparable to previous estimates, due to changes in the ILCS questionnaire in 2019.

The incidence of multi-dimensional poverty is similar among children and adults. A little below one fifth of Armenian children live in multi-dimensional poverty (Table 2.13). In 2023, the multi-dimensional poverty incidence among females is higher than males (18.3 compared to 16.2) and children is slightly higher compared to adults (17.5 compared to 17.2). Moreover, the difference in MPI incidence by gender is statistically significant but not by children/adult.[12] Finally, children account for 27.6 percent of all cases of multi-dimensional poverty.

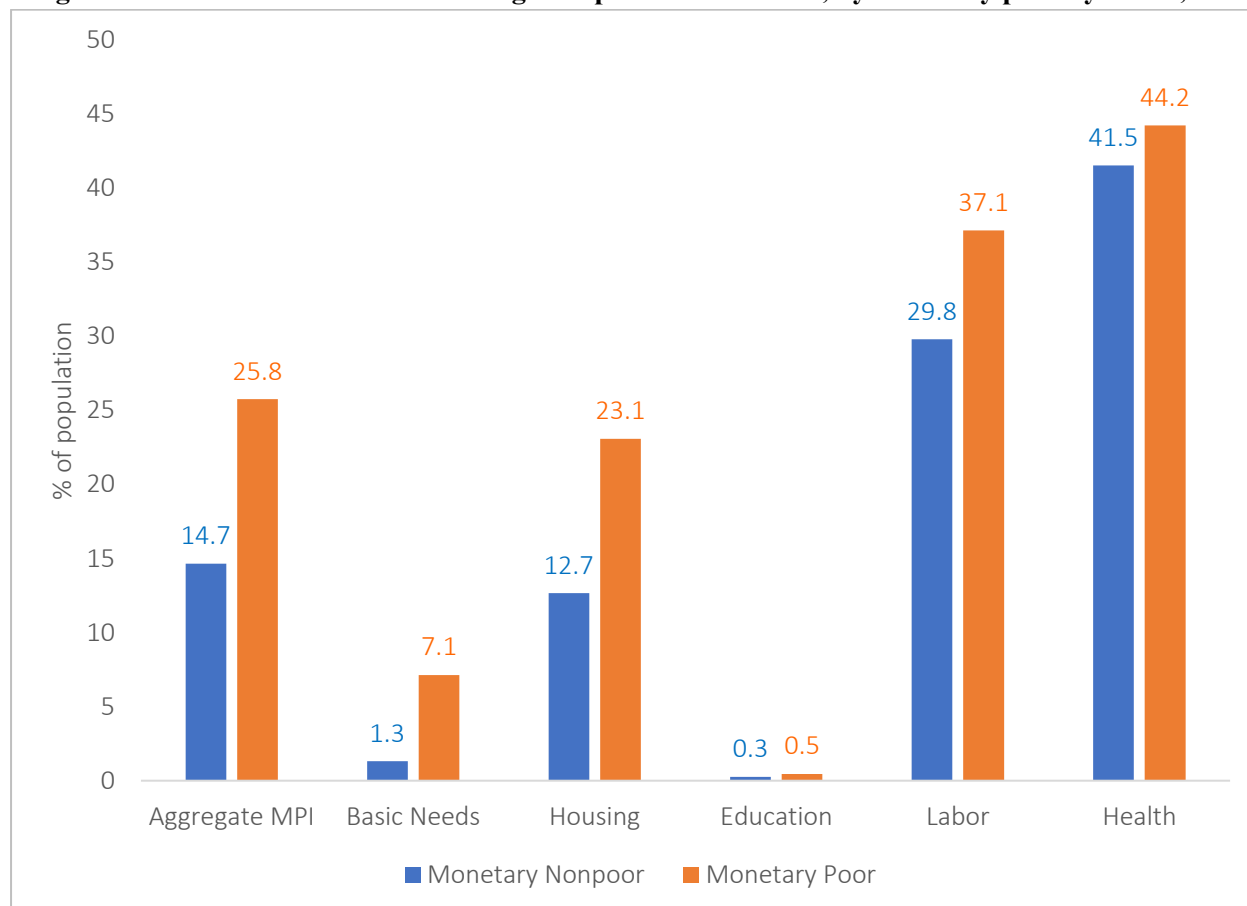**Table 2.13: Disaggregation of multi-dimensional poverty, across gender and age group 2023**

	Multidimensional poverty rate	Share in national population	Share of multidimensional poor population	Share of poor in national population
Males	16.2%	48.0%	44.9%	7.8%
Females	18.3%	52.0%	55.0%	9.5%
Children (0-17 years old)	17.5%	27.2%	27.6%	4.8%
Adults (18+ years old)	17.2%	72.8%	72.5%	72.5%

Source: ILCS 2023.

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[12] The F-test on the differences across gender and age groups in the incidence of multidimensional poverty yields p-values of 0.001 and 0.6912, respectively.

Strong linkages between monetary and multi-dimensional poverty suggest that the different dimensions and drivers of poverty reinforce each other and perpetuate inequalities of opportunity. Diagram 2.30 shows that for all dimensions, the share of households being deprived—either in basic needs, housing, education, labor or health—is consistently higher among monetary poor households than monetary nonpoor households. However, findings also highlight that even among households that are not monetary poor (above the national average poverty line), there is a large share of households reporting deprivations.

Diagram 2.30: Share of individuals living in deprived households, by monetary poverty status, 2023

2.11. Human Opportunity Index for Armenia

Economic inequality has received renewed attention in recent years due to the increasing share of income going to the top earners. The debate usually frames rising inequality to be unequivocally undesirable. A recent strand of research, however, differentiates between "good" and "bad" types of inequality. Inequality in outcomes is considered "good" if it arises out of differences in effort, choice, or talents. Differences due to predetermined circumstances such as gender, ethnicity, and race are considered "bad" (Barros et al. 2009; Ferreira and Gignoux 2011; World Bank 2005). Inequality of opportunity denotes the extent to which inequality in outcomes can be attributed to circumstances over which individuals have no control.

A focus on inequality of opportunities over inequality of outcomes is appealing for several reasons. The debate on the inequality of outcomes is fraught with ideological, moral, and philosophical overtones which makes it hard to reach a consensus. Inequality of opportunity holds universal appeal as most people agree that everyone should have equal access to opportunities and that the accident of birth should not dictate one's life outcomes. Beyond the fairness argument, equalizing opportunities is just as important for economic

growth. Empirical studies show that societies with unequal access to opportunities have lower per capita income (Dabalen, et al., 2015; Grimm, 2011; Molina, Narayan, and Saavedra-Chanduví, 2013).

Measuring Inequality of Opportunity

There are two main approaches to the study of inequality of opportunity. The first is the inequality of economic opportunity (IEO) method that extracts from an outcome variable (e.g., income or expenditure) the part of inequality that is due to circumstances outside the control of an individual. The method starts by defining a set of external circumstances. The population is divided into several "types" such that every one of the same "types" shares the same set of circumstances. Inequality between types is considered unfair because it is attributable to circumstances alone.

The second method for analyzing inequality–Human Opportunity Index (HOI)–combines both the average level of coverage and inequality in access to basic goods and services that is agreed to be critical inputs to an individual's income-generating capacity. Differential access to the services as a function of external circumstances leads individuals on divergent paths without any fault of their own. If in a society, access to adequate nutrition, quality education, and clean drinking water and sanitation differ based on one's gender, place of birth, ethnicity, race, or parent's socioeconomic status, then opportunity is said to be distributed unequally in the society.

The HOI is a product of two inputs: the coverage rate (C) and the dissimilarity index (D). The HOI is computed by "penalizing" the coverage rate with the difference in coverage rate across population types. Intuitively, the greater the dissimilarity index D, the more unequal the distribution of opportunities, and the lower the HOI.

HOI has been used primarily to measure the distribution of opportunities for children because circumstances are 'truly' beyond their control, whereas identification of circumstances for adults might be confounded with personal efforts. The methodology has nevertheless been adapted for access to good jobs, which depends on factors within one's locus of control like education, experience, and skills, as well as on factors outside one's control like gender, parent's socioeconomic status, race, and ethnicity. HOI for good jobs would therefore partition total inequality into "good" inequality which is traced back to differences in human capital and effort, and "bad" inequality with its roots in disadvantage and discrimination.

The Human Opportunity Index (HOI) Methodology

The HOI of a given opportunity provides a scalar measure of the level of coverage in society and how equitable the coverage is among groups with different circumstances. It is an inequality-sensitive coverage rate, where the index decreases or is "penalized" based on the extent to which groups in the population with different circumstances have different coverage rates. That is,

<div align="center">

HOI = Coverage – Penalty

</div>

In countries where all circumstance groups have the same coverage, the penalty is zero. The HOI of a society may increase through three channels: change in the underlying external circumstances (composition effect), change in the overall coverage rate (scale effect), and change in the distribution of opportunities across circumstance groups (equalization effect). The maximum value the HOI can take is the average coverage rate for that service, and the HOI can be 1 only when access is universal.

The HOI can also be expressed as the coverage rate multiplied by a factor of equality as follows:

$$H = \bar{p} * (1 - D)$$

Where $\bar{p}$ is the average coverage of an opportunity and D is the dissimilarity index (D-index) calculated as follows:

$$D = \frac{1}{2\bar{p}} \sum_{k=1}^{m} \alpha_k \, |p_k - \bar{p}|$$

where p_k is the coverage rate for group k (where each group is defined by a set of circumstances unique to that group), m is the number of mutually exclusive groups, and α_k is the share of the total population in group *k*. The D-index is a measure of the weighted average of the distance between group access and average access. D equals to 0 when coverage is the same across all circumstance groups. The D-index can be interpreted as the fraction of all opportunities that must be reallocated from groups with coverage rates higher than $\bar{p}$ to groups with coverage rates lower than $\bar{p}$ to achieve full equality of opportunity across all groups.

Defining the set of opportunities

It is widely agreed that early-life access to basic goods and services in education, health, and basic infrastructure services is necessary for an individual to realize her full potential. Unequal access to such services due to circumstances beyond one's control is considered unfair. There is also a large body of empirical research to show that investments in early-life opportunities yield some of the highest economic returns, which makes the case for focusing on such inequality more compelling.

A comprehensive list of opportunities that should be available to a child to achieve her full potential would be exceedingly long, and the data requirements to support the analysis would be prohibitive. It is nevertheless possible to analyze inequality of opportunity for key indicators, and a process to select the indicators was recently completed in Armenia with the articulation of the national multi-dimensional poverty index. Twenty-three deprivations across five dimensions–basic needs, housing, education, labor market, and housing–were identified to supplement the consumption poverty indicator. The selection of indicators followed a broad and inclusive consultation process with many stakeholders in the country. Thus, the indicator for multi-dimensional deprivation provides a natural starting point for the measurement of inequality of opportunity. Specifically, inequality of opportunity arises when children lack access to opportunity in human capital inputs along the following dimensions:[13]

- **Adequate housing**: Complaint about housing and environmental conditions.
- **Healthy heating**: Not heating with central heating, electricity, natural gas, or liquefied gas.
- **Centralized water system**: No access to centralized water for every day of the month and every hour of the day.
- **Centralized garbage and sanitation**: No centralized sanitation compound, or disposal of household garbage using either rubbish evacuation system or dust-cart collection.
- **Quality of paid public services**: Not satisfied with public services.
- **Access to transportation**: Access to roads with poor quality.
- **School enrollment**: At least one child of compulsory school age (6–17 years) not attending school.
- **Access to school**: No easy access to kindergarten, primary, or secondary schools.
- **Educational quality**: Not satisfied with education services.
- **Access to health facilities**: No easy access to health care facilities, emergency ambulance services, or pharmacies.
- **Quality of health services**: Not satisfied with health services.

Access to opportunity is defined in opposition to deprivation, i.e., a household has access to an opportunity if it is not deprived in an indicator. The relevant population group for access to basic opportunities is children under the age of 15, with two exceptions. School enrollment and educational quality are defined for children of compulsory school age (6-17 years). As discussed earlier, circumstances are factors external to one's control, and for a society to have no inequality of opportunities, they should have no bearing on outcomes. However, empirical studies from Africa, Latin America, and the South Caucasus

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[13] The source questions in the ILCS for each indicator is provided in the Annex.

region have shown that exogenous factors explain access to opportunities (Barros et al., 2009, Dabalen et al., 2015, Fuchs et al., 2018).[14]

Measuring inequality of opportunity in the labor market raises additional methodological issues. Since individuals have different levels of human capital acquired through education and experience, not all inequality in access to good jobs is undesirable. Inequality due to differences in education experience is considered fair, while that due to circumstances is considered unfair. Therefore, in addition to circumstances, inequality of opportunity to access decent jobs also considers age and education, and the role of circumstances is interpreted *net of skills and experience.[15]* Consistent with the multi-dimensional poverty framework, a worker is said not to have access to a decent job if she is an own-account worker.

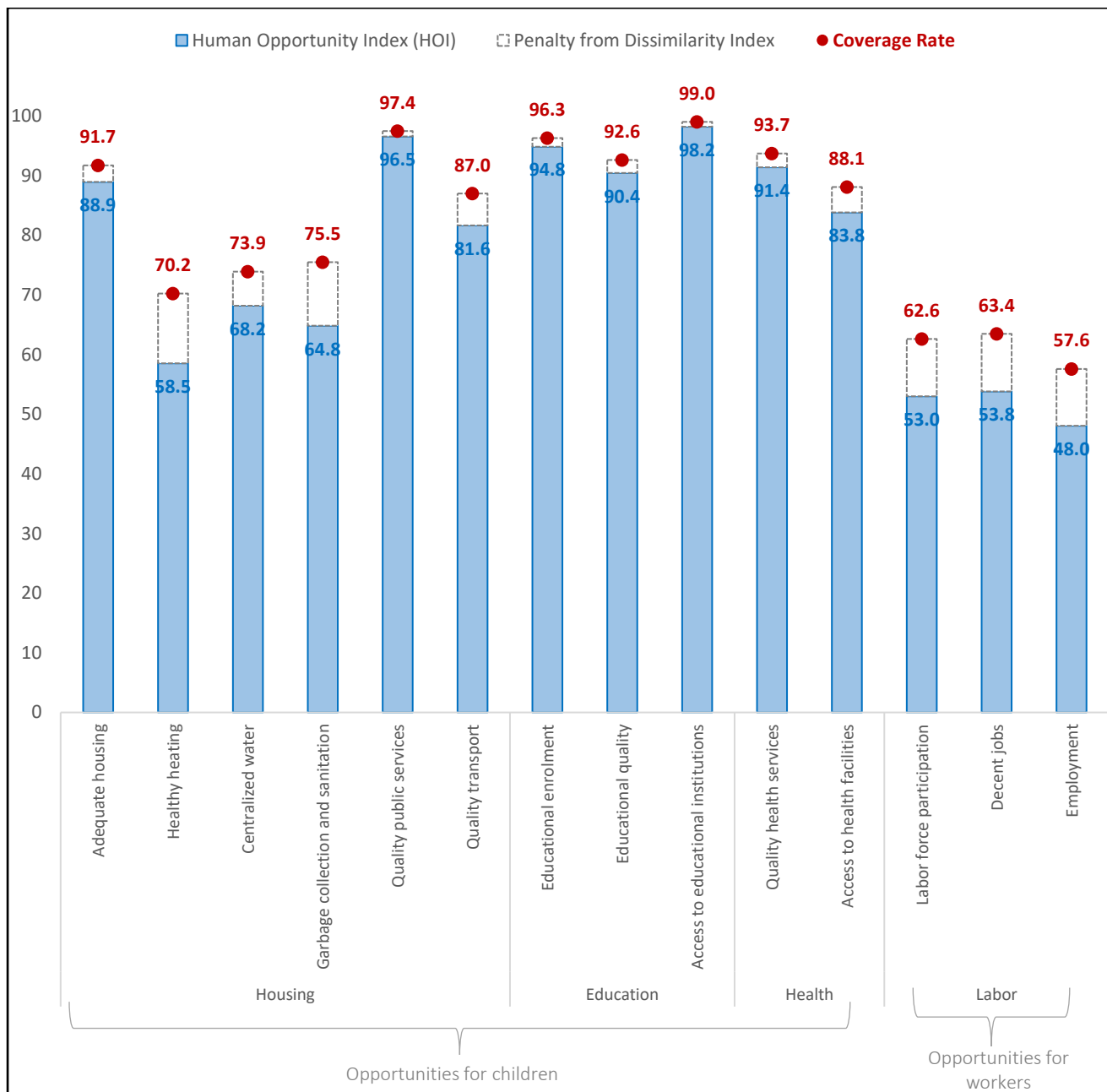### Inequality of Opportunity in Armenia

Focusing on the housing dimension, HOI is particularly low for healthy heating, garbage collection, and centralized water. These indicators have large penalty factor due to their unequal distribution across circumstance groups. The HOI varies significantly for two types of education opportunity–those related to access and enrollment and those related to quality. Children in Armenia fare much better in school access and enrollment than in quality. The HOI for school enrollment is 98.2 and 94.8 respectively, while the HOI for education quality is 90.4. In contrast, the HOI for access to health facilities is lower than the HOI for quality of health services.

The labor market outcomes have the lowest HOI. Labor force participation, decent jobs and employment have lower HOI and higher penalty factors. This finding likely reflects the limited coverage of decent jobs that can only be accessed by a fraction of workers and the high penalty driven by the unequal distribution of available jobs across circumstance groups.

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[14] The proposed set of circumstance for children are gender, age, location, sociodemographic characteristics of the household head (gender, age, level of educational attainment, and marital status), household demographics (household size, share of young children, children, and elderly among household members), consumption group (quintile), and other household socioeconomic characteristics (receiving family benefits or pensions, and having a household member employed in the public sector).

[15] The circumstances considered for access to decent jobs are gender, age, location, educational attainment, marital status, household demographics (household size, whether the household members include young children, children, or elderly), consumption group (quintile), and other household socioeconomic characteristics (receiving family benefits or pensions and having a household member employed in the public sector).

Diagram 2.31: Coverage, Dissimilarity, and Human Opportunity Index for children and workers, 2023


Legend: ▢ Human Opportunity Index (HOI)   ▢ Penalty from Dissimilarity Index   ● **Coverage Rate**

Category	HOI	Coverage Rate
Adequate housing	88.9	91.7
Healthy heating	58.5	70.2
Centralized water	68.2	73.9
Garbage collection and sanitation	64.8	75.5
Quality public services	96.5	97.4
Quality transport	81.6	87.0
Educational enrolment	94.8	96.3
Educational quality	90.4	92.6
Access to educational institutions	98.2	99.0
Quality health services	91.4	93.7
Access to health facilities	83.8	88.1
Labor force participation	53.0	62.6
Decent jobs	53.8	63.4
Employment	48.0	57.6

Groupings: Housing (Adequate housing, Healthy heating, Centralized water, Garbage collection and sanitation, Quality public services, Quality transport); Education (Educational enrolment, Educational quality, Access to educational institutions); Health (Quality health services, Access to health facilities); Labor (Labor force participation, Decent jobs, Employment).

Opportunities for children — Opportunities for workers

Source: ILCS 2023. *Note:* Housing and Health opportunities are calculated for children 0-14 years old. Education opportunities consider children between 6 and 17 years old. Opportunities in labor consider only the working age population (15-75 years old).

To better understand the source of inequality, a decomposition method is applied to the Dissimilarity Index. The method estimates the relative contribution of each circumstance to the total estimated dissimilarity. A striking finding is that where one lives plays a prominent role in access to opportunities (Diagram 2.32). For some opportunities, geography plays an overwhelmingly large role; location of residence explains approximately 55-75 percent or more of unequal access to healthy heating, centralized water, and garbage, quality transport, access to educational institutions, quality health service and access to health facilities. For the most part, inequality of opportunities is not a function of a child's gender or age. Surprisingly, households' living standard does not explain a significant share of unequal access for several indicators. If basic services are not available in a locality, having the financial means to pay for such services had they been available does not significantly increase access.

The HOI for labor market outcomes comprises both "fair" and "unfair" sources of inequality. Diagram 2.33. shows that a large share of inequality in access to labor market participation, access to employment, and access to decent jobs can be attributed to "unfair" sources. In particular, gender, marital status, household receiving pension, household has elderly members, location and household member employed in public sector account for a significant fraction of inequality in access to labor force participation and employment; while household member employed in public sector, household received pension, household has elderly members, and household received family benefits are important factors in explaining inequality in access to decent jobs.

Diagram 2.32: Decomposition of Dissimilarity Index in opportunities for children
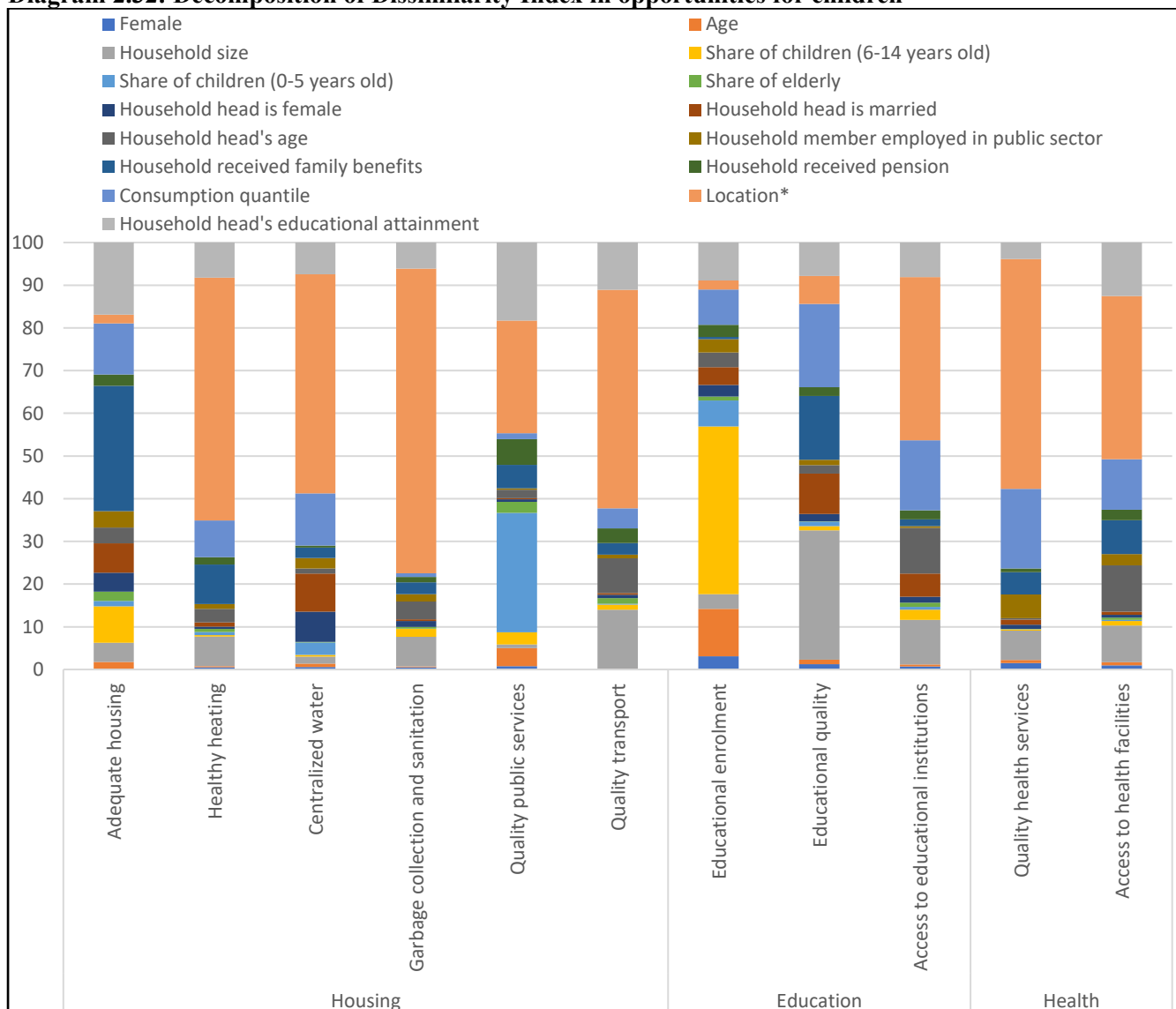
Source: ILCS 2023. *Note:* Location variable refers to marz for access to education and health institutions. It refers to urban and rural for the rest of the indicators.

Diagram 2.33: Decomposition of Dissimilarity Index in opportunities for labor market outcomes
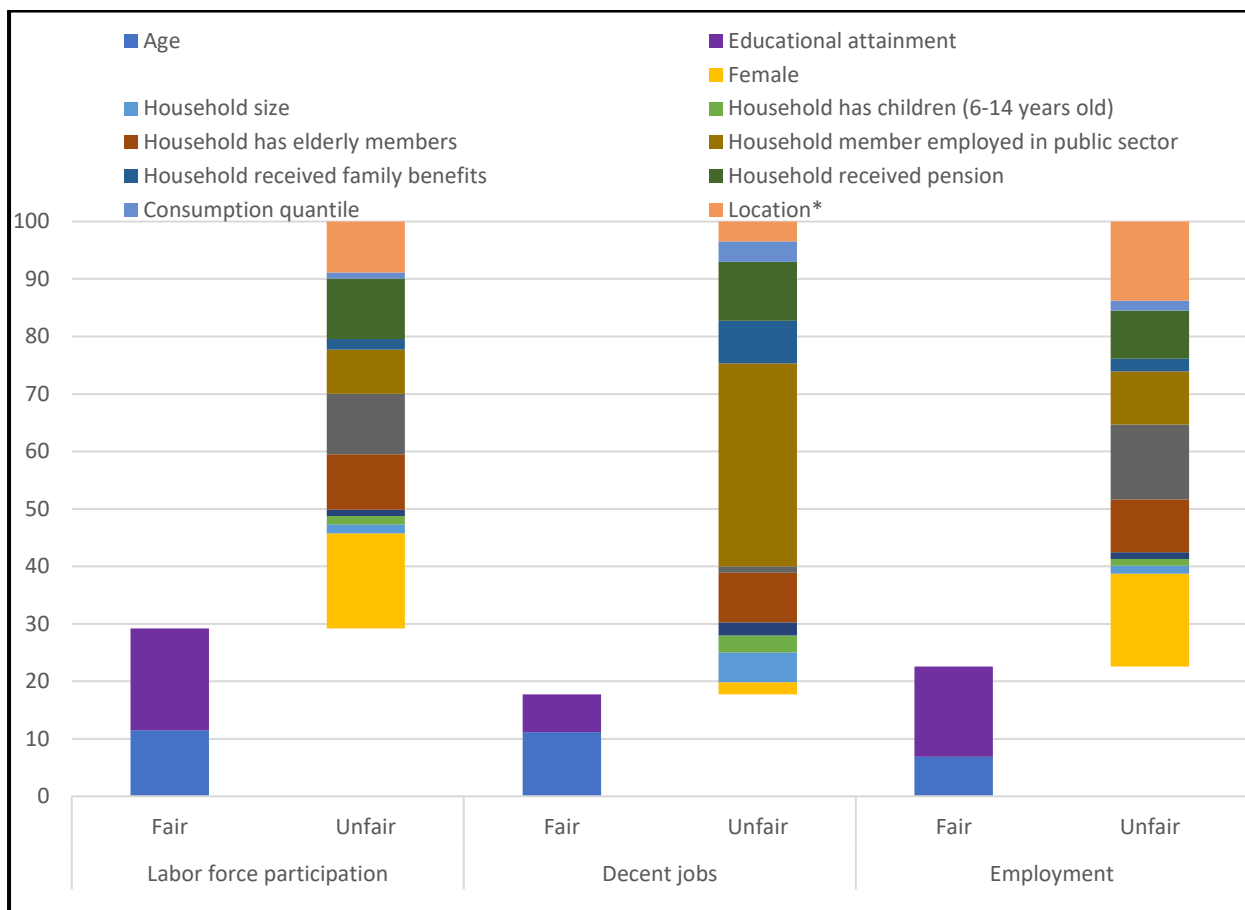
Source: ILCS 2023. *Note:* Location refers to urban and rural.

2.12. Social Exclusions in Armenia

According to the EU approach, material exclusion is the indicator, which reflects inability of the majority of people to obtain some desirable or even necessary goods to live an acceptable level of life. This indicator distinguishes between the people who cannot afford certain goods or services, and those who do not have such goods or services due to other reasons, for instance because they do not want or do not need them.

Within the scope of the twinning project "Strengthening of Armenia National Statistical System – II Phase", since 2016 all households included in the ILCS fill in the social exclusions module questionnaire in order to develop statistics on social exclusions, and starting from 2018 all questions of that module are included in the ILCS questionnaire. In general, the study of social exclusions supplements the analysis of both monetary and multi-dimensional poverty, as well as demonstrates the explicit connections between these three different concepts.

Starting from 2019, a new set of 13 indicators is used. The deprivation prevalence (consisting of 13 indicators) is counted as follows: the **threshold of material deprivation is the presence of**

at least 5 out of 13 items, and the threshold of severe deprivation is the presence of at least 7 out of 13 items.

Since 2019 the EU collects data on the revised indicators of deprivation, and the Armstat will update its approaches according to the Eurostat methodology in order to maintain comparability.

Accordingly, the Armstat has computed the rate of material deprivation using different thresholds, which are used for international comparisons of severe material deprivation.

Revised deprivation indicators

The table below illustrates deprivation indicators revised by the EU, which are used for data collection since 2019.

Table 2.14 – Armenia: 13 New Indicators of Social Exclusions, 2023

(%)

Indicators	Percent of deprived population, by indicator
Cannot afford	
To have at least a one-week annual vacation away from home (the whole household)	81.2
To replace worn-out furniture, including individual furniture items	71.4
To face unexpected expenses of AMD 45.000 paid from own resources (without borrowing or asking for financial assistance)	64.7
To have an evening out for leisure (sports, cinema, concert etc.) on regular basis (several times a year)	80.6
To have a meal with meat, chicken, fish (or vegetarian equivalent) every second day	48.7
A car	58.8
To spend a small amount of money each week on oneself (without having to consult anyone)	32.3
To get together with friends/ family/relatives for a dinner/ party at least once a month	51.7
To have adequate heating at home	34.0
To timely repay rent or mortgage fees for dwelling	4.2
To replace worn-out (including old fashioned) clothes by some new, not second-hand ones	26.8
To own a mobile phone	1.1
To have Internet connection	8.3

Source: *ILCS 2023*

The data presented in the table below reflect the deprivation rate of the population by the specified number of indicators.

Table 2.15 – Armenia: Share of Households Deprived by at Least the Specified Number of Indicators, 2023

<div align="right">(%)</div>

	Percent in the population
Deprived by 1 or more indicators	95.7
Deprived by 2 or more indicators	89.2
Deprived by 3 or more indicators	81.9
Deprived by 4 or more indicators	73.6
Deprived by 5 or more indicators	64.5
Deprived by 6 or more indicators	53.6
Deprived by 7 or more indicators	42.0
Deprived by 8 or more indicators	29.8
Deprived by 9 or more indicators	19.5
Deprived by 10 or more indicators	10.4
Deprived by 11 or more indicators	3.3
Deprived by 12 or more indicators	0.4
Deprived by 13 indicators	0.0

Source: *ILCS 2023*

Appendix 1. Updating the international poverty lines

Two reasons explain changes in the values of international poverty lines: (a) Adopting 2017 PPPs replacing 2011 PPPs, and (b) Changing the set of countries to calculate the poverty lines and the respective national poverty lines. The difference is more significant for the UMIC lines, partly due to the relatively large upward revision of national poverty lines of some countries in this group.

Adopting 2017 PPPs replacing 2011 PPPs

- Purchasing Power Parity (PPPs) estimated by the International Comparison Program (ICP) are used to estimate the international poverty line and consumption aggregates that allow comparison across countries. The PPP-based conversions of expenditures and income eliminate the effect of price level differences over time and between economies.

- PPPs are periodically updated. Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of $2.15, $3.65, and $6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs.

Changing the set of countries to calculate the poverty lines

- The international poverty lines are the medians of the national poverty lines, by income group.
- The international poverty lines are periodically updated to reflect an increase in the costs of basic food, clothing, and shelter needs in different countries.
- The set of countries and national poverty lines used to calculate the latest international poverty lines have been updated to reflect the latest country classification (table 1).

Table A1: Comparison of countries considered to calculate international poverty lines

Income classification	Median ($) (2011PPP)	Number of countries used to calculate poverty lines (2011 PPP)	Median ($) (2017 PPP)	Number of countries used to calculate poverty lines (2017 PPP)
Low-income ILIC)	1.90	33	2.15	28
Lower-middle income (LMIC)	3.20	32	3.65	54
Upper-middle income (UMIC)	5.50	32	6.85	37

Source: Jolliffe, Dean, et al., 2022, "Assessing the Impact of the 2017 PPPs on the International Poverty Line and Global Poverty", Policy Research Working Paper 9941, February 2022. Jolliffe et al. 2022.

International poverty lines in local currency units (2020 prices) for Armenia are shown in Table 2.

Table A2: International Poverty Lines in Local Currency Units in 2020 Prices for Armenia

	PPP year	LIC	LMIC	UMIC
Armenia	2011	382.20	643.70	1,106.36
	2017	378.64	642.81	1,206.37

Source: Jolliffe, Dean, et al., 2022, "Assessing the Impact of the 2017 PPPs on the International Poverty Line and Global Poverty", Policy Research Working Paper 9941, February 2022. **Jolliffe et al. 2022**.

Appendix 2. ILCS variables used for constructing the HOI,

Opportunities	Population of interest	Original variable names in database
Dimension: Housing		
Access to healthy heating	Children	hous_29__1, hous_29__2, hous_29__3, hous_29__4, hous_29__5, hous_29__6, hous_29__7, hous_28
Access to decent housing conditions	Children	hous_47, hous_servce__id
Access to centralized water system	Children	hous_13, hous_14, hous_15, hous_16
Access to centralized garbage disposal and sanitation	Children	hous_service__2, hous_39
Access to decent-quality public services	Children	hous_47
Access to decent transportation opportunities	Children	hous_47
Dimension: Education		
Access to educational enrolment	Children	ed_05, age
Access to educational quality	Children	hous_47
Access to educational institutions	Children	hous_rservice__id, hous_dutation, hous_rtransport
Dimension: Health		
Access to quality health services	Children	hous_47
Access to health facilities	Children	hous_rservice__id, hous_dutation, urb_rur
Dimension: Labor		
Access to labor force participation	Working age population	age, emp_03, emp_04, est_14, est_10
Access to employment	Working age population	age, emp_04, est_14
Access to decent jobs.	Working age population	age, emp_04, est_14, emp_05, d1_5