PART 1 - ARMENIA: ECONOMIC GROWTH, POVERTY, AND LABOR MARKET DEVELOPMENT IN 2004-2008

Chapter 1. Demographics and Migration

Armenia experienced a continuous decline in population since 1991. The negative demographic developments in the 90s are related to a decrease in birth rate, increase in mortality rate and population migration, which led to not only to a decrease in the population, but also to a significant change in its age structure. A slight reversal of this trend was observed in 2004 and onwards owing to positive developments in demographic situation, including increase in birth rate, considerable decline in migration and emergence of a new trend – re-emigration (return of migrants from foreign countries). While the birth rate remained stable during 2004-2006, there has been a significant increase in birth rate during 2007-2008 (by 0.7 and 0.3 pro mille respectively).

1.1. Population Trends

According to the current population estimates, the number of the permanent population[1] of RA, which is based on the 2001 population census and updated on a quarterly basis, is 3238.0 thousand[2] as of January 1, 2009. Compared to the size of population at the beginning of 2008, the population of the RA has increased by about 7.9 thousands (see Table 1.1). The observed change was due to natural increase in population (the difference between registered births and deaths) and net migration (the difference between registered and de-registered migrants).

The distribution of the population by geographic location has remained remarkably stable. At the beginning of 2009, the population shares of urban and rural areas were 64 and 36 percent, respectively. The average shares for 2005-2008 were 64.1 and 35.9 percent, highlighting a high degree of stability of the population distribution between urban and rura areas.[3]

While the current statistics of the RA permanent population is based on the 2001 population census, the annual household surveys provide a more current estimate of the de facto population of the Republic. The surveys of the living conditions of households carried out under the project funded by the Millennium Challenge Corporation allows estimation of the number of de facto population in the country for 2004-2008 (see Chapter 3, Annex 3.1). The results based on the Integrated Living Conditions Survey (ILCS) are similar to those obtained by the current statistics of the permanent population. For instance, according to the results of the 2007 and 2008 ILCS[4], the permanent urban population comprised 64.2%, while the percentage of rural population was 35.8%.

At the start of 2009, the RA permanent population comprised 48.4% men and 51.6% women. As of the start of 2009, the average age of population was 34.6: 32.9 for men and 36.2 for women.

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[1] *According to the data from the first RA Population Census (October 10-19, 2001), the number of existing population in Armenia (de facto population) was 3002.6 thousand, while the permanent population (de jure population) was 3213.0 thousand.*

[2] *The estimation is based on the results of the most recent population census carried out in the RA in 2001, which is updated on a quarterly basis.*

[3] *The number of rural population for the period of 1990-2004 has increased by 52.4 thousand, while the percentage has increased from 31.2% to 35.8%, as a result of a flow of urban residents to rural settlements in the 90s due to inaction of industrial enterprises in the cities, internal migration trends conditioned by concerns for a missed opportunity for widespread land privatization, as well as relatively higher birth rates among rural population compared with urban population.*

[4] *The survey results were extrapolated on general population.*

Table 1.1: Armenia: Permanent Population of the RA, 1990-2009
(at the start of the year)

Years	Total Population (in thousands)	Percentage of Total Population	
		Urban	Rural
1990	3514.9	68.8	31.2
1993	3463.7	68.1	31.9
1996	3248.8	66.2	33.8
1999	3232.1	65.3	34.7
2001*	3213.0	64.3	35.7
2002	3212.9	64.3	35,7
2003	3210.3	64.2	35.8
2004	3212.2	64.2	35.8
2005	3215.8	64.1	35.9
2006	3219.2	64.1	35.9
2007	3222.9	64.1	35.9
2008	3230.1	64.1	35.9
2009	3238.0	64.0	36.0

**Source:** *RA NSS, Population Statistics*
Note *) 2001 RA Population Census*

Natural Movement of Population: The economic, social and political instability during the transition in the early 1990s affected the reproductive behavior of the population. In 2008, the crude birth rate in Armenia was 12.7 per 1,000 population , indicating an increase of 0.3 pro mille compared with the previous year and 1.0 pro mille compared with 2004-2006. The crude birth rate during 1991-2001 was less than half of the 2008 rate..

In 2008, the total fertility rate was 1,444 children per 1,000 women of reproductive age (15-49), compared with 1,417 in the previous year. This is signigcantly lower than 2,150 required for simple reproduction of population. The gross reproduction rate of population (the average number of girl child a woman can bear in a fertile age, in case the birth rate for the given year is preserved) comprised 0.670 in 2008 and 0.659 in 2007, while the net reproduction rate (the average number of girl child a woman can bear during her lifetime, who will reach their mother's age, in case the birth and mortality rates for the given period are preserved) comprised 0.644 in 2008 and 0.633 in 2007.

 There has been a considerable increase in the age-specific fertility indicators for age groups 25-29, 30-34 and 35-39 compared with the previous year, which is conditioned by increased birth rate in 2008. However, there has been a decline in age-specific fertility rate by 1.6 pro mille for the 20-24 age group, despite the fact that the fertility rate for this age group has been and continues to remain the highest, which accounted for 46% of the total number of live births.

Figure 1.1: Armenia: Age Percentage in Birth Rate, in ‰
(Average number of births per 1,000 women of respective age group)
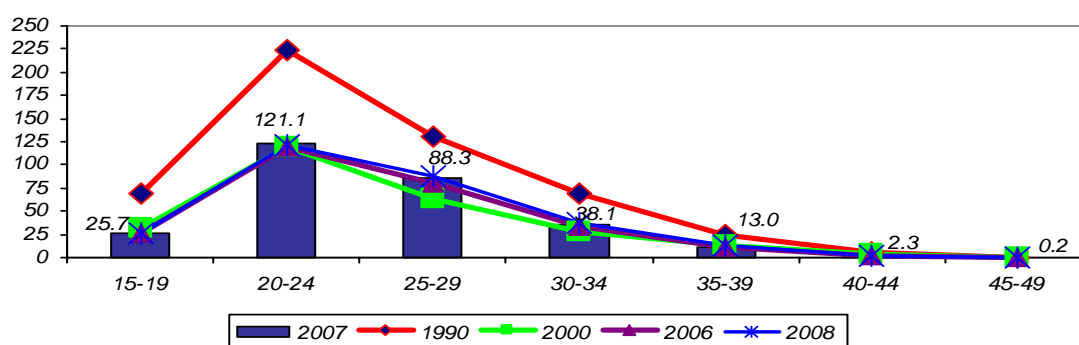
Source: *RA NSS*

In addition, the 90s were marked by a change in the average age of a mother at the time of delivery. The average age of a mother at the time of delivery in 2008 was 24.7 years, while it was 23.1 years for the first-time delivery compared with 24.6 and 23.0 years respectively, in 2007 whereas these indicators were 25.3 and 22.8 years in 1990.

By birth sequence, births of third order and above accounted for 13.7% of the total number of live births in the country, and the rate increased by 0.5 percentage points in 2008 compared with the previous year (30.3% in 1990). In 2008, about 35.8% of the registered live births were from non-registered marriages (including extra-marital) compared with 9.3% in 1990)(Table 1.2).

Table 1.2: Armenia. Birth Distribution by Birth Sequence

(person)

Year	Total Number of Births	Including by Birth Order				
		First	Second	Third	Fourth	Fifth and above
1990	79882	29996	25660	18005	4681	1540
1995	48960	19408	18058	8058	2465	971
2000	34276	15637	11155	5085	1637	762
2005	37499	19286	12953	4014	858	388
2006	37639	19601	13271	3758	705	304
2007	40105	20525	14277	4263	708	332
2008	41185	21292	14270	4520	761	342

Source: *RA NSS*

In 2008, the national mortality rates increased by 2.4 percent or by 0.2 pro mile points compared with the previous year, while the crude mortaility rate for rural population increased by 3.6% or by 0.3 pro mile points.

Table 1.3: Armenia: Birth and Mortality Indices, 1990-2008

	Birth						Death					
	per 1,000 persons			per 1,000 population			per 1,000 persons			per 1,000 population		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
1990	79.9	50.2	29.7	22.5	20.5	27.0	22.0	14.7	7.3	6.2	6.0	6.7
1995	49.0	29.2	19.8	15.0	13.5	18.1	24.8	16.7	8.1	7.6	7.8	7.4
2000	34.3	21.4	12.9	10.6	10.3	11.4	24.0	15.7	8.3	7.5	7.5	7.3
2001	32.1	20.3	11.8	10.0	9.8	10.3	24.0	15.6	8.4	7.5	7.6	7.3
2002	32.2	20.8	11.4	10.1	10.1	10.0	25.5	16.7	8.8	8.0	8.1	7.7
2003	35.8	22.6	13.2	11.2	11.0	11.5	26.0	16.9	9.1	8.1	8.2	8.0
2004	37.5	23.6	13.9	11.7	11.5	12.1	25.7	16.5	9.2	8.0	8.0	7.9
2005	37.5	23.8	13.7	11.7	11.5	11.9	26.4	17.1	9.3	8.2	8.3	8.0
2006	37.6	23.8	13.8	11.7	11.5	12.0	27.2	17.7	9.5	8.5	8.6	8.2
2007	40.1	25.5	14.6	12.4	12.3	12.6	26.8	17.2	9.6	8.3	8.3	8.3
2008	41.2	26.2	15.0	12.7	12.6	12.9	27.4	17.9	9.9	8.5	8.4	8.6

Source: *RA NSS*

Note: *The birth rates for 1990-2001 were calculated based on the total number of population, which was re-calculated based on the results of the 2001 RA Population Census. The indices for natural movement of population by marzes are presented in Table A1.1 of the Statistical Annex.*

Among the total number of deaths registered in 2008, 52.2% was men and 47.8% women, compared to 54.2% men and 45.8% women in 1990. Given the difference in mortality rates between men and women, the average life expectancy rate also differs between men and women. In 2008, the average life expectancy rate was 70.4 years for men and 76.9 for women. The corresponding number for urban population was 70.2 for men and 76.7 for women, while it was 70.8 and 77.3 years respectively for rural men and women population.

Main Reasons of Mortality: As shown by statistical data, deaths from diseases related to blood circulatory system and malignant neoplasms are paramaount in the mortality structure. Deaths from these two causes are estimated at 423 and 170 cases in 2008 per 100,000 persons, compared to 418 and 161 cases in 2007, respectively. The number of deaths from infectious and parasitic diseases(1), digestive system diseases(2) and accidents, injuries and poisonings(3) have increased compared to 2007, and the cause-specific mortality rates of which (per 100,000 population) comprised 9(1), 47(2) and 41(3) cases against 8, 43 and 39 cases, respectively in 2007. The mortality rate per 100,000 persons for all the causes of deaths comprised 848 cases in 2008 against 832 in 2007.

The difference between the number of births and deaths reflects the natural increase in population, which declined by about 8.5 times in the period of 1990-2002 (from 57.9 thousand up to 6.7 thousand). However, there has been an increase in this index since 2003, which amounted to about 11.7 thousand on average in the period of 2003-2008. During 1990-2008 the natural increase in population was equal to 406.2 thousand persons.

Migration: The recent years were marked by a slackening trends in external migration. The number of emigrants comprised 12.0 thousand in 2000 (based on the data from "Migrant's Statistical Registration Coupon" presented upon deregistration by the Regional Passport Offices of the RA Police), which declined to 6.7 thousand in 2008, a more than 44.2% compared to 2000 and 10.7% (7.5 thousand) compared to 2007. There has been a decline in the number of immigrants from abroad to Armenia (those who are registered): 0.9 thousand 2008 compared to 1.6 thousand in 2000 and 1.1 thousand in 2007. As a result, the rate of net migration declined by 44.2% (-10.4 thousand) compared to 2000 and 18.2% (-6.4 thousand) compared to 2007.

According to the data on inter-state migration routes derived from the 2008 annual rates of migration movements, 59.8% of 0.9 thousand of migrants, who met the qualification criteria and were registered as migrants, arrived from CIS countries, including 83.8% from the Russian Federation, 7.4% from Georgia, 4.1% from Ukraine, 4.7% from other CIS countries.

68.7% out of 6.7 thousand deregistered migrants moved to CIS countries in 2008, 89.8% of which moved to the Russian Federation, 5.9% to the Ukraine, 1.9% to Belarus, 2.4% to other CIS countries. 15.6% of registered and 9.3% of deregistered migrants failed to note their country of origin and destination.

9,535 persons were involved in internal migration movements within the RA, including 47.7% from urban settlements. In urban settlements, 2,680 persons or 59.0% of internal migrants moved from one urban settlement to another, while 1,866 persons or 41.0% of migrants moved from urban to rural settlements, whereas 3,621 persons or 72.6% of internal migrants in rural settlements moved from rural to urban settlements, and 1,368 persons or 27.4% of migrants moved from one rural settlement to another.

According to the results of the ILCS, there have been no major changes in the percentage of respondent households withmigrant household members ages 15 and above (20% in 2004 and 21.4% in 2008). Similar to the previous year, by migration route Russian Federation is the destination country for migrants of age 15 and above (Table 1.4), and the share has increased by 3.7% compared with 2007 (54%). There has been a minor decline in the percentage of migrants leaving for other CIS countries, Europe, USA and Canada. By reason for migration, the number of labour migrants has increased in this group composition, except for those migrating to CIS countries.

The results of the ILCS also reveal some changes in the trends for internal migration. The comparison between the 2004 and 2008 ILCS results indicate that the percentage of households without members of age 15 and above has declined. Conversely, the number of migrants who moved to Yerevan and other cities in Armenia has increased. Incidentally, migrants moved to Yerevan primarily for studies.

Table 1.4: Armenia: Migrant Household Members of Age 15 and Above by Location and Reason of Leaving, 2004 and 2008

(%)

Location	Total number of migrant household members of age 15 and above		By Reasons							
			Job Search		Work		Study		Other Circumstances	
	2004	2008	2004	2008	2004	2008	2004	2008	2004	2008
Yerevan	9.5	10.3	5.5	0.7	9.6	26.5	45.9	51.7	39.0	21.1
Other town in Armenia	14.6	15.2	1.9	1.0	4.2	6.8	7.0	5.6	86.9	86.6
Village in Armenia	9.3	5.4	0.0	1.1	9.0	8.5	0.0	0.0	91.0	90.4
Russian Federation	53.3	57.0	32.4	14.4	50.4	73.9	2.2	1.3	15.0	10.4
Other CIS country	3.0	2.3	16.9	13.7	29.1	27.9	6.3	0.0	47.7	58.4
Europe	3.3	2.5	47.5	3.9	29.1	78.3	10.1	5.1	13.4	12.7
US and Canada	1.7	0.8	29.1	5.3	26.2	57.4	10.0	0.0	34.7	37.3
Other	5.3	6.5	4.2	0.0	8.6	14.1	3.1	0.8	84.1	85.1
Total	**100**	**100**	**20.9**	**8.9**	**32.0**	**50.3**	**7.4**	**7.1**	**39.7**	**33.7**

Source: *2004 and 2008 ILCS*

Re-emigration[1] is one of the positive migration trends, however according to the 2008 household survey results, only 3.8% of households reported a return of their family members. While this is an increase of 0.3% compared to 2007, it is still lower than the 2004 index of 10%.

1.2. Age Structure and Household Composition

The age structure of the population of Armenia has undergone changes in the period of 1990-2008, conditioned by relatively high life expectancy anticipated , as well as the highly male-dominated migration activity (Figure 1.2). The percentage of children under 16 declined from 32.3% in 1990 to 20.2% in 2009. The percentage of working age population increased from 59.7% to 67.9% respectively, while the percentage of population older than working age population increased from 8.1% in 1990 to 11.9% as of the start of 2009.

At the start of 2009, 473 persons at the age of 0-15 years and pensioners accounted per 1,000 working age persons, which represents a decline of 3.3% (489) against the index registered at the beginning of 2008. The decline is mainly attributable to the 0-15 year olds, the number of which decreased by 0.6 percenatge points (the number of people, who advanced to the group of working age people from this group, is greater than it was completed by newborns), as a result, the working age population increased by 0.7 percentage points, while the percentage of those older than working age population decreased by only 0.1% points.

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[1] ***Re-emigrant - Migrant that Returned from a Foreign Country -****a person who was in a foreign country as an international migrant for more than three incessant months (long-term or short-term) and returned to Armenia.*

Figure 1.2: Armenia: Age Structure of Population, 1990, 2000, 2007-2009
(as of the start of the year)*
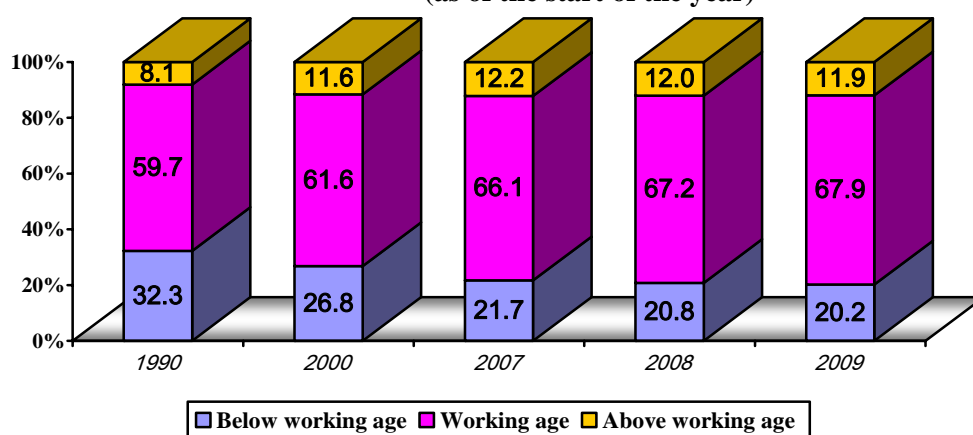
Source: *RA NSS*
Note: *Population of age above 16 up to pensioner's age were included in the working age population. According to the 1990 legislation, the pensionar's age for men was fixed at 60 and at 55 for women, 62 for men and 57 for women in 2000. Under a relevant law that entered into force on April 10, 2003, 63 was fixed for men, while it increases gradually for women. In 2007, it was 61, while it was 61.5 in 2008.*
*) from the point of view of compatability, the indices were calculated based on the pensionary age groups established for 2007 and 2008.

In 2008, according to the 2008 survey results, the average number of household members was 4.1 persons with calculation of the permanent population, with 3.9 in urban settlements and 4.3 in rural settlements. The corresponding numbers for the de facto population were respectively 3.8, 3.7, and 3.9 persons for total, urban and rural populations.. The percentage of households with three and less members was 37.4% in 2008, as compared to 42% in 2004 (Table 1.5). Extended households (with six and more members) are mainly a rural phenomemon. In 2008, the percentage of such households in rural settlements is 1.4 times higher than in urban settlements. Households with four members dominate the urban settlements with 25% of households having four members. About 20% of households in rural settlements have four members (20%), while households with six and more members account for 27% of all rural households.

Table 1.5: Armenia. Comparative Distribution of Households by Composition
(based on permanent population) in 2004 and 2008

Composition of Households	Percentage of Total	
	2004	**2008**
Households comprise:		
One member	10.9	9.3
Two members	16.5	13.5
Three members	14.6	14.6
Four members	21.6	23.3
Five members	17.2	17.5
Six and more members	19.2	21.8

Source: *2004 and 2008 ILCS*

In 2008,   households without children under 16 increased by 1.4 percentage points, as compared to the previous year and accounted for 53.1% of all households (compared to 45.3% in 2004). One out of five households has one child (20.5%). The percentage is nearly the same for those with two children (20.1%). The share of households with three and more children was 6.3% in 2008, where those with with three children declined from 7.2% in 2004 to 4.9% in 2008 (Table 1.6).

Table 1.6: Armenia: Households with Children under 16, 2004 and 2008
(by permanent population)

Composition of Households	Percentage of Total	
	2004	2008
Total Households	**100.0**	**100.0**
Including by number of children:		
One child	22.2	20.5
Two children	22.9	20.1
Three children	7.2	4.9
Four children	1.8	1.1
Five and more children	0.6	0.3
Without children	45.3	53.1

Source: *2004 and 2008 ILCS*

An overwhelming number of households in the country is male-headed (68,3%), although the increase in the number of female-headed households is noticeable. The number of female-headed households is greater in urban settlements than in rural settlements (34.7% in urban settlements in 2008, 26.0 % in rural settlements, while it comprised 32.8% and 29.0% respectively in 2004). An average of 0.37 children is identified for each female-headed household and 0.52 children for male-headed households.

There is a tendency of increase in the number of marriages and divorces in the country since 2001. The 2008 crude marriage rate per 1,000 persons was equal to 5.7$, while the crude divorce rate was equal to 0.9%, as compared with 5.6$ and 0.9$ in 2007, and 3.8$ and 0.6$ in 2001 respectively.

In 2008, the average age for marriage was 29.2 years for men and 24.2years for women, and 28.9 and 24.9 respectively in 2007, while the average age for a first marriage was 28.2 years for men and 24.5 years for women in 2008, and 28.3 and 24.4 respectively in 2007.

Chapter 2: Armenia's Economic Developments from 2004-2008

2.1 Improvements in Microeconomic Environment

Throughout 2001-2008 strong economic growth remained in Armenia. Despite the registered growth of annual indicators, quarterly indicators illustrate that the growth was witnessed prior to the third quarter of 2008 inclusive, whereas the decrease was observed in the fourth quarter of 2008, which is due to the world economic crises.

As a result of good economic performance, Armenia joined the group of middle income economies. The growth brought about an increase in real wages, stabilized employment, and increased consolidated budget spending on social services and benefits. All of this, combined with a growing stream of private transfers contributed to a poverty reduction in Armenia.

The growth of real GDP was 6.8% in 2008. Almost all branches of the economy contributed to increasing overall growth in 2004-2008, which brought about significant structural changes in GDP (Table 2.1). Particularly growth rates were significant in construction which secured 26.1% of GDP growth and the share of construction in GDP has increased to 26.9% (Table 2.1).

Table 2.1 - Armenia: Structure and growth of GDP according to ESA[1] A6 Group Production Method, 2004-2008

Indicators	Share in GDP (in %)					Contribution to growth of GDP, percentage point			
	2004	2005	2006	2007	2008 [2]	2005	2006	2007	2008
Agriculture, hunting and forestry, fishing	22.7	19.1	18.7	18.3	15.9	2.6	0.1	1.9	0.2
Industry, including energy	22.1	21.7	17.2	15.0	13.1	1.2	-0.6	0.5	0.3
Construction	15.5	19.6	23.7	24.5	26.9	4.3	7.4	4.3	1.8
Wholesale and retail trade, repair of motor vehicles and household goods, hotels, restaurants, transport and communication	18.0	17.8	18.0	18.2	18.1	2.7	2.4	2.6	1.6
Financial, real estate,business activities	5.1	5.0	5.8	6.3	7.2	0.6	1.6	1.5	1.1
Other service activities	9.5	9.4	9.2	9.1	9.4	1.5	1.0	0.5	0.4
FISIM[3]	-1.3	-1.2	-1.1	-1.4	-1.7	-0.1	-0.0	-0.6	-0.3
Taxes on products (less subsidies)	8.4	8.6	8.5	10.0	11.1	1.1	1.3	3.0	1.7
Gross domestic product (at market prices)	100	100	100	100	100	13.9	13.2	13.7	6.8

Source*: NSS RA*

During the reporting period, the Armenian national currency continued to appreciate relative to the US dollar and other foreign currencies. This is a result of a continuous increase in foreign currency inflows in the form of remittances, state grants and direct foreign investments. A reduced share of foreign official transfers in GDP up to 0.7% (although the absolute indicator increased by US $19.3 million amounting to US $78.19 million in 2008) and a decreasing level of final consumption in GDP (which was 82.3% in 2008[4]) are among the positive structural changes alongside with economic developments.The inflation rate in 2008 was the highest during 2004-2008 and increased to 9% (at average annual terms).

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[1] *European System of Accounts.*
[2] *Preliminary data.*
[3] *Financial Intermediation Services Indirectly Measured.*
[4] *Final consumption level below 100% was first recorded in 2002.*

Table 2.2 - Armenia: Macroeconomic indicators, 2004-2008

	2004	2005	2006	2007	2008
Nominal GDP (billions of AMD)	1907.9	2242.9	2656.2	3149.3	3646.1
Nominal GDP (millions of USD)	3577	4900	6384	9206	11917
Real GDP (2005 prices, billions of AMD)	1969.2	2242.9	2538.9	2888	3083.8
Real GDP growth (annual % change)	10.5	13.9	13.2	13.7	6.8
USD exchange rate (period average)	533.45	457.69	416.04	342.08	309.97
Officially registered unemployment rate, %	9.6	8.2	7.5	7	6.3
Average monthly nominal wage (AMD)	43445	52060	62332	74227	92759
Inflation (average annual)	7	0.6	2.9	4.4	9
Consolidated budget expenditures (% of GDP)	20.6	21.8	21.4	23.7	22.7
Consolidated budget deficit (% of GDP)	-1.5	-1.7	-1.3	-1.5	-0.7

Source: *NSS RA*

State budget revenues increased from 2005 to 2008 alongside with stable economic growth.

Table 2.3 - Armenia: Consolidated budget indicators, 2004-2008, % of GDP

	2004	2005	2006	2007	2008
Total revenues and official transfers	19.1	20.1	20.1	22.2	22.0
Of which, taxes and duties	14.4	14.7	14.9	14.5	17.4
Total expenditures	20.6	21.8	21.4	23.7	22.7
Deficit	-1.5	-1.7	-1.3	-1.5	-0.7

Source: *NSS RA*

Fiscal restructuring and improved fiscal performance fostered by steady economic growth have made more resources available to the government, enabling it to focus more on social sectors, and thus better align the composition of state budget expenditures with poverty reduction strategy priorities. As a result, the social sectors have increased their share of total consolidated budget expenditures to 47.9% in 2008 (Table 2.4), as access to primary health care, basic education and social programs is particularly important for improving the well-being of the poor.

Table 2.4 - Armenia: Consolidated budget spending on social sectors* 2004-2008
(% of total consolidated budget expenditures)

	2004	2005	2006	2007	2008
Education and science	13.2	13.5	13.8	13.8	13.7***
Health	6.3	6.4	7	6.3	6
Culture, information, sport, religion	2.6	2.6	2.8	2.7	2.4
Pensions**	11.2	11.6	11.7	10.5	18.8
Pensions as % of GDP	2.3	2.5	2.5	2.5	4.3
Other social programs	10	9.5	10	9.3	7
Total spending on social sectors from consolidated budget	43.3	43.6	45.3	42.6	47.9

Source: *NSS RA*
Includes expenditure on social sectors from the State budget and 926 local community budgets.
**Refers to age, disability and survivors' pensions financed and administered by the State Social Insurance Fund.
*** 2008 does not include science sector.

2.2 Economic Growth and Poverty

Stable and high economic growth creates the grounds for improving living conditions and reducing poverty. The level of poverty reduction depends on whether or not growth is followed by changes in income distribution. It also depends on the initial level of inequality of incomes, available resources and opportunities, which provides an opportunity for those who are less well-off to benefit from the growth.

The economic growth over the last few years brought about an increase in real wages, stabilized employment, and increased public spending on social services and benefits, all of which, combined with a growing stream of private transfers from abroad, contributed to a significant reduction in poverty in Armenia. Between 2004 and 2008, the overall incidence of poverty decreased from 34.6% to 23.5%, while the incidence of extreme poverty decreased from 6.4% to 3.1%. Poverty also became more shallow and less severe.

The poverty incidence to GDP growth elasticity coefficients were applied to get the numeric expression of economic growth on poverty reduction. The poverty to GDP elasticity coefficients show that for each percentage point of economic growth recorded from 2004 to 2008, the overall poverty incidence declined by 0.57 percentage points (Table 2.5). The elasticity was the strongest in other urban areas.

Table 2.5 - Armenia: Poverty-to-value-added elasticity estimates, 2004-2008

	2004-2008
Overall poverty reduction-to-GDP elasticity	-0.57
a) Urban poverty reduction-to-GDP elasticity	-0.61
1) Yerevan poverty reduction-to-GDP elasticity	-0.57
2) Non-Yerevan urban poverty reduction to GDP elasticity	-0.63
b) Rural poverty reduction-to-GDP elasticity	-0.49
c) Rural poverty reduction-to-agriculture value-added elasticity	-1.12

Source: *NSS RA and ILCS2004-2008*

Box 2.1

Simulation of the potential poverty impact of the global economic crisis

The global economic crisis seriously threatens the economic growth and poverty reduction that Armenia achieved in recent years. The most recent data indicate that the economy is now shrinking, with prospects worsening in 2009 and 2010 when the full impact of the crisis is expected to unfold. A recent report by World Bank simulated the potential poverty impact of the crisis. The report highlighted that the crisis will have potentially serious implications for poverty and that the government is taking a number of steps to provide protection to the poor, including the protection of public spending on social protection and other pro-poor programs and to improve the targeting efficiency of the programs. The main findings of the analysis are summarized here.

Main transmission channels. There are multiple channels through which the economic crisis could affect household welfare and poverty in Armenia. The most important are through: (a) labor markets (via decreased employment and wages); (b) price changes (exchange rate adjustments; utility tariff increases; and consumer price inflation); (c) remittances (stemming from economic slowdown in source countries); and (d) reduced government (and non-governmental) spending on social services such as education, health, and social protection. The impact through financial markets (e.g., reduced access to credit, erosion of savings and asset values) and product markets (via lower growth, relative price changes) can also be substantial but are not directly considered in this note.

Poverty Simulations. The poverty simulations are based on the assumptions that: (1) real GDP declines by 8 percent in 2009 and 2 percent in 2010; (2) remittances from immediate family sources decline by 25 percent and by 50 percent from non immediate family sources; and (3) the exchange rate depreciation and planned utility tariffs lead to 3 percentage points increase CPI inflation. These assumptions are then applied to the household level data from the 2007 ILCS. The simulations of the impact of the crisis suggest that Armenia could see an increase in poverty rates in 2009 and 2010. The overall poverty incidence could increase by about 5.0 percentage points between 2008 and 2010. That means 147,000 people could fall below the poverty line in 2009 and another 25,000 in 2010. The increase in the poverty gap would be more pronounced as the already poor become poorer. More important, extreme poverty incidence and poverty gap would increase by a substantially larger margin. Extreme poverty in Armenia is highly responsive to shocks due to concentration of the poor just above the extreme poverty line. The levels of extreme poverty indices in 2009 and 2010 could easily surpass their corresponding levels in 2004. As a result, an estimated 149,000 people could fall below the extreme poverty threshold in 2009 and another 31,000 would be added in 2010.

Source: World Bank, 2009, "Armenia: Implications of the Global Economic Crisis for Poverty"

Chapter 3: Poverty Profile in Armenia in 2004-2008

3.1 Introduction

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

This report evaluates poverty through material (monetary) indicators. According to the World Bank definition, "Poverty is the inability to ensure a certain minimum of living standards."

Steady and accelerating economic performance, stability in the labor market and growing wages, increased pensions and other social transfers, and robust growth in remittances from Armenians working abroad have become the main engines behind poverty reduction. In 2008 poverty has become more shallow and less severe. However, poverty still remains an issue in Armenia as 23.5% of the population (about 760,000 people of permanent population) are poor, and among them, roughly 100,000 people are extremely poor. Poverty continues to be higher in urban areas, excluding Yerevan, in Yerevan is the poverty rate is the lowest. Compared to 2004, poverty reduction among residents of the rural areas was lower as compared to both the national average and urban areas.

This report presents the results of the level of poverty and its profile in Armenia in 2008 as well as changes that have occurred between 2004 and 2008. The methodology for defining the poverty line and welfare aggregate was introduced first in 2004 with the technical assistance of the World Bank and it was used from 2004 to 2008.

3.2 Poverty Indicators and Their Trends

Poverty trends*:* Armenia notably reduced poverty from 2004 through 2008. More than 350,000 people were able to move out of poverty and the share of poor people fell by 32.1%, from 34.6% in 2004 to 23.5% in 2008 (Table 3.1). Extreme poverty declined even faster, from 6.4% in 2004 to 3.1% in 2008, a fall of 51%. Thus, more than 100,000 people (out of 350,000) escaped extreme poverty. Poverty has become more shallow and less severe as the poverty gap and the severity of poverty have also declined significantly. In 2008, the poverty gap was estimated at 3.1% (down from 7.4% in 2004), while the severity of poverty was estimated at 0.8% (down from 2.4% in 2004). The deficit between the consumption of the poor and the poverty line (in percent of the poverty line) fell from 21% recorded in 2004 to 13% in 2008. Despite these remarkable results, poverty still remains an important issue in Armenia as 23.5% of the population (about 760,000 people) are poor, and among them, about 100,000 are extremely poor. Changes in the poverty incidence over 2004-2008 are presented in Table 3.2, while poverty lines used in the calculation of poverty are given in Table 3.3. Poverty line in 2004 was computed using the 2004 minimum food basket and the non-food share estimated in that year. Poverty lines for 2005-2008 are adjusted for inflation and assuming the unchanged[1] structure of food and non-food allowances over 2005-2008 as compared to 2004.

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[1] *For details see the chapter "Methodological explanations".*

Table 3.1 - Armenia: Poverty indicators in 2004-2008 (in %)

| | 2004 | | 2008 | | | | | 2008/ 2004 | |
	Extremely poor	Poor	Extremely poor	Poor	Share in total population	Poverty gap	Severity of poverty	Extremely poor	Poor
Urban areas	7.5	36.4	3.9	23.8	64.9	3.3	0.9	-48.2	-34.5
Yerevan	6.1	29.2	3.2	19.7	33.9	2.6	0.7	-47.6	-32.5
Other urban	9.2	43.9	4.6	28.3	31.0	4.1	1.1	-49.6	-35.5
Rural	4.4	31.7	1.7	22.9	35.1	2.6	0.6	-61.0	-27.8
Total	**6.4**	**34.6**	**3.1**	**23.5**	**100**	**3.1**	**0.8**	**-51.2**	**-32.1**

Source: *Integrated Living Conditions Survey (ILCS) 2004 and 2008*
Note: *The consumption is estimated per adult equivalent.*

Table 3.2 - Armenia: Dynamics of poverty indicators in 2004-2008 (in %)

| | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | |
	Extremely poor	Poor	Extremely poor	Poor	Extremely poor	Poor	Extremely poor	Poor	Extremely poor	Poor
Urban areas	7.5	36.4	5.3	30.7	5.0	28.2	4.6	24.7	3.9	23.8
Yerevan	6.1	29.2	3.6	23.9	3.5	21.0	3.2	20.0	3.2	19.7
Other urban	9.2	43.9	7.2	37.8	6.6	35.8	6.1	29.8	4.6	28.3
Rural	4.4	31.7	3.2	28.3	2.4	23.4	2.3	25.5	1.7	22.9
Total	**6.4**	**34.6**	**4.6**	**29.8**	**4.1**	**26.5**	**3.8**	**25.0**	**3.1**	**23.5**

Source: *ILCS 2004-2008*

Table 3.3 - Armenia: Poverty lines, 2004-2008, per adult equivalent, per month in AMD

	2004	2005	2006	2007	2008	2008 / 2004, %
Extreme (food) poverty line, dram	12467	13266	14300	15753	17232	138.2
Complete poverty line, dram	19373	20289	21555	23168	25188	130.0

Source: *ILCS 2004 - 2008*

The *poor* are defined as those with a consumption per adult equivalent below the poverty line, while the ***extremely poor (extremely poor)*** are defined as those with a consumption per adult equivalent below the food *(extreme)* poverty line.

In 2008, the overall poverty line was estimated at 25,188 drams per adult equivalent per month (or 82.3 USD) and the food line was estimated at 17,232 drams per adult equivalent per month (or 56.3 USD).

The ***poverty gap*** of 3.1% indicates that if the country could mobilize resources equivalent to 3.1% of the poverty line for each individual (both poor and non-poor), and if these resources were allocated to the poor, then poverty would, theoretically, be eliminated. If calculated over the poor population only, the poverty gap indicates the poverty shortfall or deficit, i.e. it shows how much the average income/consumption of the poor falls short of the poverty line.

The *severity of poverty* measures inequality among the poor; it takes into account that some poor are further away from the poverty line, while some have consumption closer to it.

Factors behind poverty reduction: The most important factor behind poverty reduction in Armenia is steady and accelerating economic growth (56.6% over 2004-2008). Good economic performance, combined with decreasing inequality of income and a robust stream of remittances from Armenians working abroad, has enabled an increase in real consumption. As reported by the 2008 ILCS, real average monthly consumption for the entire population increased by 35.8% in comparison with 2004; more importantly, this increase affected all consumption quintiles.

Poverty by economic regions: Poverty in Armenia in 2008 was slightly higher in urban areas than in rural areas.

Figure 3.1 - Armenia: Composition of poor and extremely poor by regions, 2004 and 2008
(in %)
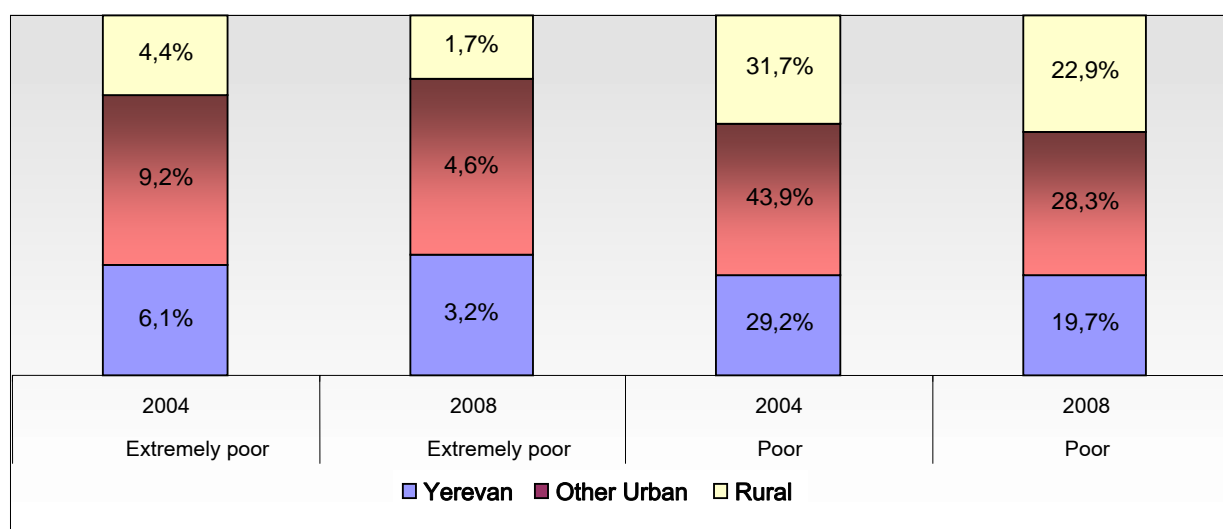
Source: *ILCS 2004 and 2008*

Between 2004 and 2008, the reduction in poverty in the urban areas was higher than in the rural areas. Urban areas outside Yerevan (secondary cities) have benefited more than Yerevan from the economic growth, as poverty reduction was higher in secondary cities than in Yerevan (35,5% since 2004 as compared to 32,5%). Majority (65%) of the poor are urban residents, reflecting the urban/rural composition of total population (Table 3.1).

In 2008, rural areas had the smallest incidence of extremely poor population and non-Yerevan urban areas had the highest (1.7% and 4.6%, respectively). This situation indicates that subsistence agriculture played an important role in protecting people from falling into extreme poverty. Yet, it should be noted that the rural poor were mostly employed in agriculture, with a negligible share working in the non-farm sector. Employment in the non-farm sector, as shown by empirical evidence from Europe and Central Asia country case studies (Alam et al., 2005), has become, on average, far more rewarding than any type of farm employment, and a major correlate of income growth for the rural poor, and, consequently, of rural poverty reduction.

Poverty by marzes and in Yerevan: Armenia is administratively divided into 10 regions (marzes) and Yerevan. Table 3.4 presents poverty measures by marzes and in Yerevan in 2008 . Table 3.5 presents poverty measurement results between 2004 and 2008 by marzes and in

Yerevan. The latest rounds of the ILCS (2004-2008) provide a representative sample at the marz level and in Yerevan.

In 2008, poverty incidence by marzes and in Yerevan (except for Shirak and Vayots Dzor) was not significantly different from the national average. Poverty incidence was higher in Shirak, Kotayk, Armavir, Lori, Ararat and Gegharkunik marzes as compared to the national average. With almost 31% of the population below the poverty line, Shirak, a high altitude marz devastated by an earthquake in 1988, was still the poorest in Armenia.

Over 2004-2008, poverty incidence declined in all marzes and in Yerevan, but declined the most in Syunik marz (by 46%),in Vayots Dzor marz (by 43%), in Aragatsotn marz (by 42%), in Gegharkunik marz (41%), in Shirak marz (37%) and in Tavush (by 35%).

At the same period extreme poverty declined also in all marzes and in Yerevan, but declined the most in Vayots Dzor and Gegharkunik marzes (by around 74%), Aragatsotn marz (by 73%), Syunik marz (by 72%) and Kotayk marz (65%).

Table 3.4 - Armenia: Poverty measures by marzes and in Yerevan, 2008 (in %)

	Extreme poverty incidence	Poverty Incidence	Share of the poor	Share in total population	Poverty gap	Severity of poverty
Yerevan	3.2	19.7	28.4	33.9	2.6	0.7
Aragatsotn	1.5	20.7	3.6	4.1	1.5	0.3
Ararat	2.8	24.9	8.6	8.2	3.6	0.9
Armavir	2.6	26.7	9.7	8.6	3.2	0.8
Gegharkunik	1.2	24.8	7.2	6.8	1.4	0.2
Lori	4.1	25.1	10.1	9.5	4.6	1.4
Kotayk	3.2	29.5	12.3	9.7	4.5	1.1
Shirak	6.0	30.6	11.7	9.0	4.2	1.1
Syunik	1.7	19.6	3.6	4.4	1.8	0.4
Vayots Dzor	1.1	16.6	1.4	1.9	2.0	0.5
Tavush	2.6	19.8	3.4	4.1	1.9	0.4
Total	**3.1**	**23.5**	**100**	**100**	**3.1**	**0.8**

Source: *ILCS 2008*

Table 3.5 - Armenia: Dynamics of poverty measures by marz and in Yerevan, 2004 -2008 (in %)

	2004		2005		2006		2007		2008		2008/2004 *	
	Extreme poverty incidence	Poverty Inci dence	Extreme poverty incidence	Poverty Inci dence	Extreme poverty incidence	Poverty Inci dence	Extreme poverty incidence	Poverty Inci dence	Extreme poverty incidence	Poverty Inci dence	Extreme poverty incidence	Poverty Inci dence
Yerevan	6.1	29.2	3.6	23.9	3.5	21.0	3.2	20.0	3.2	19.7	-47.6	-32.5
Aragatsotn	5.6	35.4	3.1	32.3	2.6	27.5	3.0	22.2	1.5	20.7	-72.8	-41.6
Ararat	6.4	32.7	7.4	30.9	5.5	27.0	3.5	25.5	2.8	24.9	-55.6	-23.9
Armavir	6.6	36.0	3.8	31.6	3.4	30.8	3.8	30.7	2.6	26.7	-60.7	-25.8
Geghar-kunik	4.5	41.9	2.9	36.8	2.6	29.8	2.5	29.6	1.2	24.8	-73.7	-40.8
Lori	4.5	31.3	5.8	28.8	5.5	27.0	3.6	26.8	4.1	25.1	-8.2	-19.7
Kotayk	9.2	39.3	8.7	34.5	8.1	32.0	6.1	30.0	3.2	29.5	-65.3	-24.8
Shirak	10.4	48.8	4.3	42.5	3.7	37.3	6.0	32.1	6.0	30.6	-41.9	-37.3
Syunik	5.9	36.5	2.3	28.9	2.1	25.3	3.7	24.0	1.7	19.6	-71.6	-46.4
Vayots Dzor	4.1	28.9	1.8	19.2	1.3	11.4	2.3	13.7	1.1	16.6	-74.1	-42.6
Tavush	3.3	30.5	3.8	25.8	3.3	23.5	3.3	21.6	2.6	19.8	-21.5	-35.0
Total	**6.4**	**34.6**	**4.6**	**29.8**	**4.1**	**26.5**	**3.8**	**25.0**	**3.1**	**23.5**	**-51.2**	**-32.1**

Source: *ILCS 2004-2008.*

*)100% minus growth rate .

Poverty incidence sensitivity to changes in poverty line: The number of extremely poor people appears more sensitive to changes in the poverty line than in overall poverty, which indicates a higher concentration of individuals around the food line than around the overall poverty line. Table 3.6 presents the changes in poverty incidence for a given change in the poverty line. If the poverty line increases by 5%, extreme poverty will increase by 10%, while overall poverty will increase by 2%. The changes in poverty are statistically significant (at the 1% significance level) when the poverty line decreases or increases by 5%, 10%, or 20%.

Table 3.6 - Armenia: Changes in poverty incidence with respect to changes in poverty line, 2008

Changes in poverty line	Extremely poor (%)	Poor (%)
Unchanged, 0%	**3.1**	**23.5**
+5%	3.4	23.9
-5%	1.9	14.1
+10%	4.0	26.0
-10%	1.4	10.5
+20%	6.9	33.0
-20%	0.7	5.9

Source: *ILCS 2008*

Consumption vs. income poverty: Table 3.7 illustrates comparisons between consumption and income poverty in Armenia between 2004 and 2008. As expected, income-based poverty estimates were higher than those based on consumption as a welfare measure. The difference is mostly explained by higher inequality in income than consumption distribution.

Table 3.7 - Armenia: Consumption and income poverty incidence, 2004-2008

	2004	2005	2006	2007	2008
Monthly consumption per adult equivalent, drams, autumn 2004 prices	26202	28302	32934	34997	35584
Monthly income per adult equivalent, drams, autumn 2004 prices	21656	23984	24314	29442	36630
Income/consumption ratio	0.827	0.847	0.738	0.841	1.029
Consumption poor					
Extremely poor ,%	6.4	4.6	4.1	3.8	3.1
Poor,%	34.6	29.8	26.5	25.0	23.5
Income poor					
Extremely poor,%	33.2	28.4	28.1	21.6	17.2
Poor,%	58.5	53.4	52.1	40.5	33.1

Source: *ILCS 2004- 2008*
Note: *Income is defined as total disposable income, and includes cash income, monetary value of consumption in kind, and recourses taken from wages.*

Looking at the overlap of consumption and income poverty incidence in 2008, it appears that a large fraction of individuals whose income was below the poverty line had consumption above it. Only 6 and 34 percent of individuals who were income extremely poor and poor respectively belonged to the category of consumption poor as well. The opposite holds for those who were consumption extremely poor and poor. About half (48%) of them were income poor as well. More than third of consumption extremely poor (35%) are also income extremely poor. At the same time the number of both consumption and income poor and extremely poor has decreased over 2004-2008. During the 2004-2008 period, only in 2008 average monthly income per adult equivalent was higher than monthly consumption (by 2.9 %).

Figure 3.2 - Armenia: Consumption and income poverty incidence, 2004 and 2008
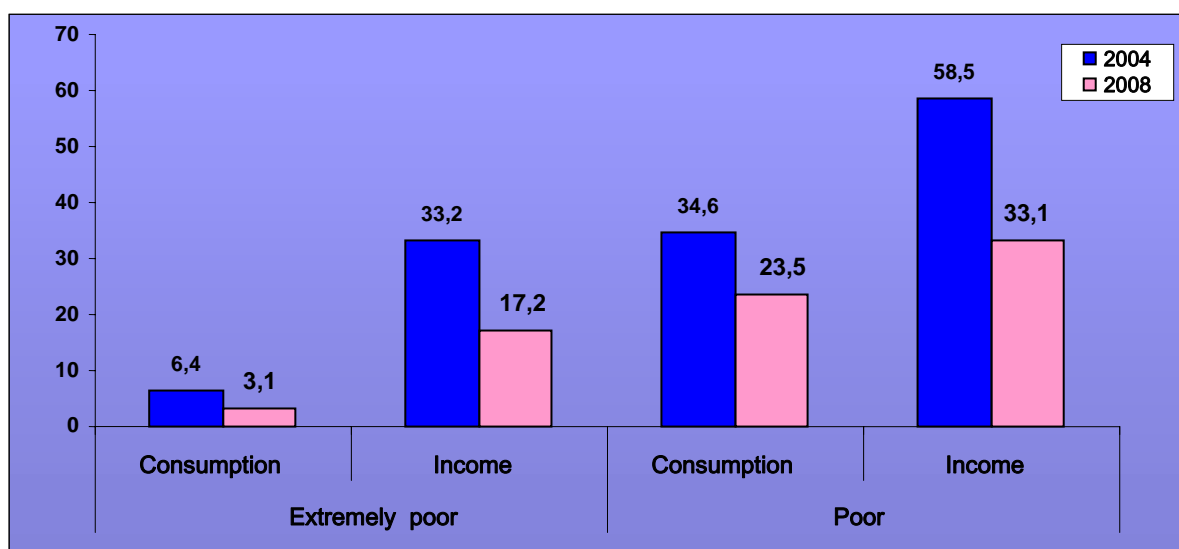
How much would it cost to eliminate poverty? Armenia would need 29.8 billion drams, or 0.8% of GDP, in addition to resources already spent on social assistance, to eliminate poverty, assuming perfect targeting of assistance to the poor (Table 3.8).

Eradication of extreme poverty would require about 2.5 billion drams, or 0.07% of GDP, in addition to social assistance already received by the extremely poor (and assuming perfect targeting)[1]

Since perfect targeting is unlikely, as evidenced by other countries, the actual resources needed to eliminate poverty would be significantly higher. In market economies, the costs are found to be at least double the minimum costs necessary for eliminating poverty under conditions of perfect targeting.

Table 3.8 - Armenia: A monetary magnitude of poverty reduction, 2008

	Extremely poor	**Poor**
Average consumption of the poor (drams per adult equivalent per month)	15136	21918
Poverty line (drams per adult equivalent per month)	17232	25188
Additional consumption needed (drams per month)	2096	3270
Shortfall: % of poverty line needed for the poor	12.2	13.0
GDP (billion dram)	3646.1	3646.1
Budget required (billion dram)	2.5	29.8
Budget required in % of GDP	0.07	0.8

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[1] *Amount requested are smaller compared to 2004, which is explained by reduced number of poor.*

3.3 Poverty and Economic Growth Linkages

In principle, changes in poverty are driven by changes in the consumption aggregate and in the inequality of its distribution. Following a methodology developed by Datt and Ravallion (1992), the change in poverty in Armenia was decomposed into growth and distribution components. The first component (growth) shows what the impact of consumption growth would be on poverty if inequality remained unchanged, while the second component (distribution) shows what the impact of distribution on poverty would be if consumption remained unchanged. The results suggest that the observed decrease in poverty in Armenia between 2004 and 2008 can be attributed to a growth in welfare, as measured by the consumption per adult equivalent (Table A3.7 in the Statistical Annex,).

The reduction in poverty incidence in Armenia of 11.13 percentage points between 2004 and 2008 is a result of both components (growth and inequality). An increase in the first component (mean consumption), causes a reduction in poverty by 32.91 percentage points; however, an increase in the second component (inequality in distribution) causes an increase in poverty by 21.78 percentage points. Thus, the distribution component is having the reverse impact as compared to growth component.

Table 3.9. - Armenia: Annual growth rates of consumption by regions, 2004 -2008

Annual growth rates	Total	Yerevan	Other urban	Rural
Growth rate in the mean (ordinary growth rate)	8.5	8.8	8.5	7.9
Mean percentile growth rate	7.9	9.2	8.4	7.1
Mean growth rate of the lowest quintile	8.2	9.0	8.2	7.4
Mean growth rate for P(0), extreme poverty line	9.3	9.3	9.5	9.5
Mean growth rate for P(0), overall poverty line	7.8	8.5	8.7	6.5

Source: *ILCS 2004-2008*
Notes: *Growth rates refer to consumption. P(0) denotes poverty incidence (Foster, Greer and Thorbecke,1984).*

Economic growth in Armenia can be measured by mean consumption growth at various segments of distribution (Ravallion and Chen 2003). Table 3.9 shows that the consumption of the poor grew slower than overall consumption (7.8% and 8.5% per year, respectively), However, the consumption of the extremely poor has been growing at an even faster pace, at 9.3% per year, indicating the most vulnerable Armenians gain relatively more from economic growth. As already noted, it leads to a larger reduction in extreme than overall poverty incidence (51.6% versus 32.1% between 2004 and 2008).

Looking across regions, the consumption of the poor in 2004-2008 in Yerevan and other urban areas (Table 3.9) grew faster than overall consumption (8.5% and 8.7% compared to 7.8%). At the same time the consumption of the extremely poor in other urban areas and in rural areas has been growing at faster pace than average consumption of the extremely poor (by 9.5% in other urban areas and in rural areas as compared to 9.3%) indicating that the extremely poor population of other urban and rural areas fully benefited from the economic growth.

As illustrated by the growth incidence curves presented below, at the national level the poorest first and richest tenth decile group benefited the most from economic growth, while the 2nd and 3-rd deciles group benefited the least (Figures 3.3-3.6). To better understand growth incidence curves, consumption growth in 2004-2008 by deciles are presented in Table 3.10.

Table 3.10 - Armenia: Consumption growth rates by decile groups in 2004 comparable prices, 2004-2008, %

Deciles	Total	Yerevan	Other urban	Rural
1	138.1	135.4	137.9	139.6
2	131.7	132.2	131.9	130.7
3	128.5	127.2	128.9	129.0
4	132.8	132.6	132.6	133.1
5	133.4	134.6	133.0	132.7
6	133.4	133.7	133.3	133.1
7	134.4	134.2	134.4	134.6
8	135.9	137.0	135.2	135.4
9	137.7	138.0	137.4	137.4
10	141.0	133.9	153.8	144.2
Total	**135.8**	**137.4**	**135.9**	**132.8**

Source: *ILCS 2004-2008.*

As illustrated by the growth incidence curves (with values for each percentile) across regions presented below, the following decile groups by regions benefited the most:

Yerevan - first decile and the richest three deciles

Other urban areas – 20% poorest population

Rural areas – first decile (10% poorest) and two richest deciles

Figure 3.3 - Armenia: Consumption growth curve, 2004-2008
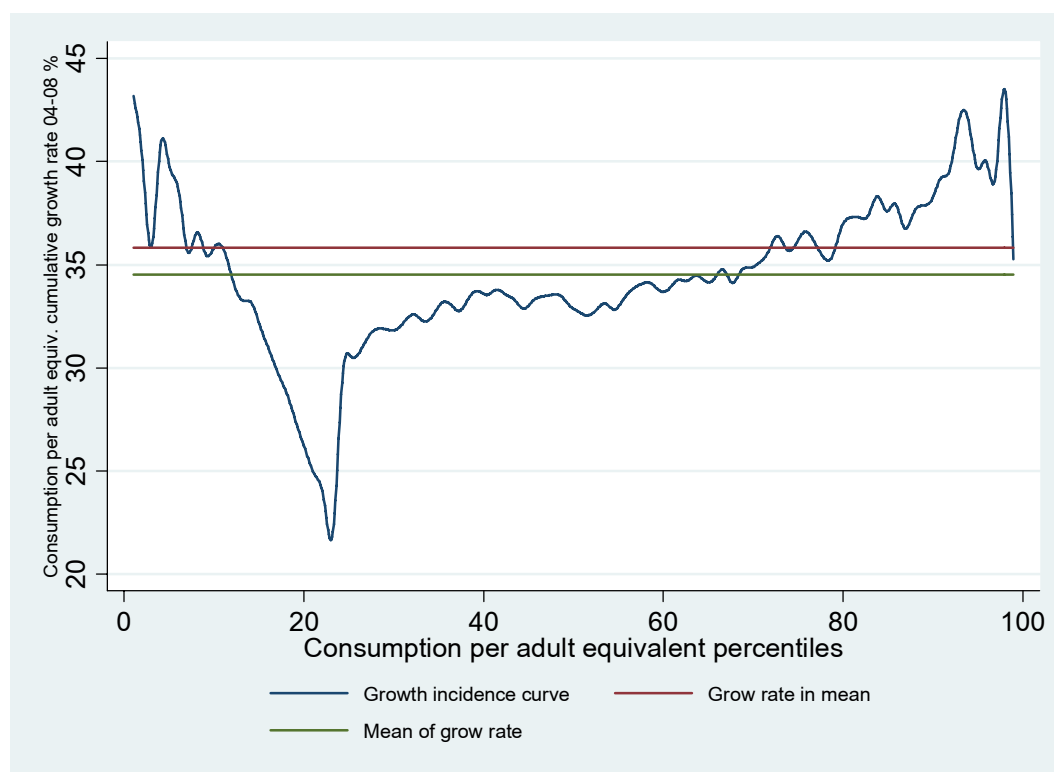
Source: *ILCS 2004-2008*

Figure 3.4 - Armenia: Consumption growth curve in Yerevan, 2004-2008

Figure 3.5 - Armenia: Consumption growth curve in other urban areas, 2004-2008

Figure 3.6 - Armenia: Consumption growth curve in rural areas, 2004-2008
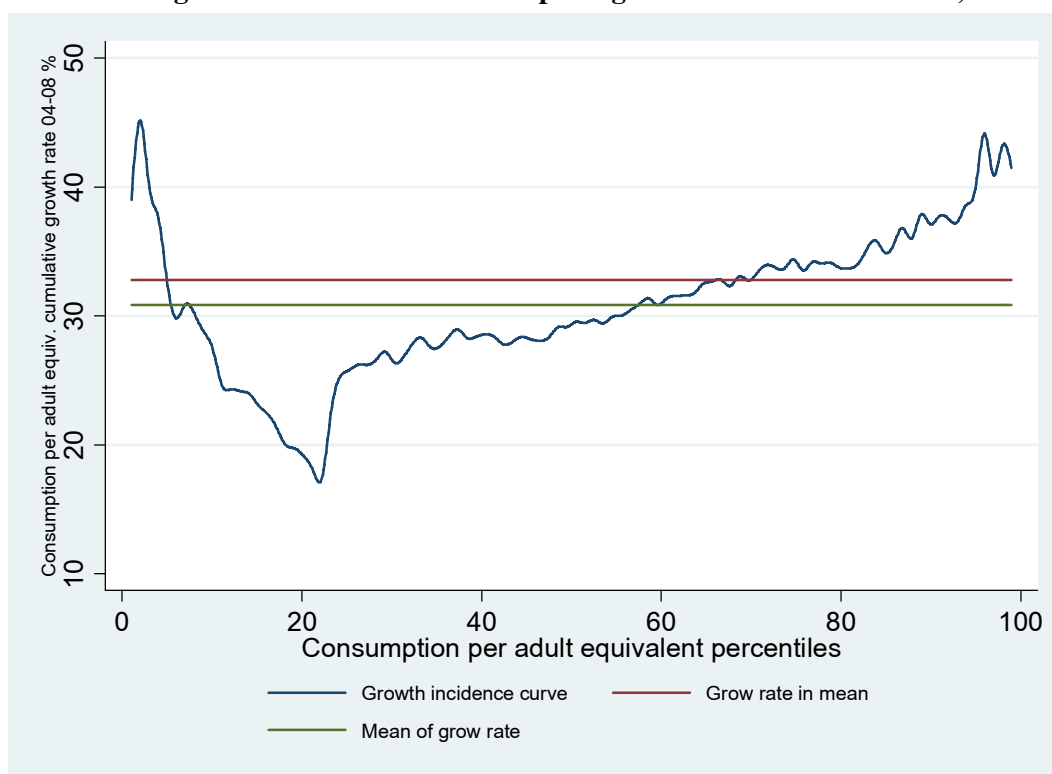
Source: *ILCS 2004-2008*

3.4. The Poverty Profile and its Changes over 2004-2008

The structure of poverty did not change significantly over the observed period:

  (a) There were no significant gender differences in poverty both in 2004 and in 2008 (Table 3.11).
  (b) Poverty incidence declined with the increased age of the population in both years considered. Children under five were more affected by poverty than other age groups. Poverty in 2008 was the lowest among 50-59 age groups and this can be explained by increased salaries, transfers and other assistance received from their children.

Table 3.11 - Armenia: Poverty measures by gender and age groups, 2004- 2008 (in %)

	2004		2008			
	Extremely poor	**Poor**	**Extremely poor**	**Poor**	**Share of the poor**	**Share of the population**
Gender						
Female	6.4	34.3	3.2	23.8	55.6	54.7
Male	6.4	35	3.1	23.1	44.4	45.3
Age groups						
Children 0-5	8	41.9	3.8	27.1	8.8	7.6
Children 6-14	7.2	36.6	2.7	26.5	13.5	11.9
Children 15-19	6.1	35	3.2	25.6	9.6	8.8
Aged 20-24	6.4	35.4	2.8	21.4	8.3	9.1
Aged 25-29	6.7	39.2	4.2	22.8	7.6	7.8
Aged 30-34	8.4	37.5	2.5	22.1	5.9	6.3

	2004		2008			
	Extremely poor	**Poor**	**Extremely poor**	**Poor**	**Share of the poor**	**Share of the population**
Aged 35-39	6.6	35.6	2.6	25.2	6.2	5.8
Aged 40-44	5.5	32.7	3.6	24.5	6.7	6.5
Aged 45-49	5.8	29.3	3.3	21.1	7.2	8.0
Aged 50-54	5.4	30.2	3.2	19.7	5.9	7.0
Aged 55-59	4.6	30.5	1.9	18.1	4.1	5.3
Aged 60-64	6.3	30.3	2.3	23.3	3.0	3.0
Aged 65+	5.3	31.5	3.4	24.4	13.3	12.9
Total	**6.4**	**34.6**	**3.1**	**23.5**	**100**	**100**

Source: *ILCS for 2004 and 2008*

(c) Larger households with children faced higher poverty risk. The relative poverty risk increased with household size (Table 3.12). An important factor in explaining poverty in extended families is the dependency ratio. Larger households have more children and, thus, a lower ratio of income earners than smaller households, which causes their consumption levels to be lower.

Table 3.12 - Armenia: Poverty measures by household size, 2004-2008 (in %)

	2004		2008			
	Extremely Poor	**Poor**	**Extremely poor**	**Poor**	**Share of the poor**	**Share of the population**
Number of household members						
1	1.6	13.2	3.2	18.6	2.4	3.0
2	3.9	20.3	2.9	16.7	6.2	8.7
3	3.8	25.3	2.1	16.1	9.7	14.2
4	5.3	28.5	1.9	20.9	20.6	23.2
5	5.2	36.3	3.6	27.2	23.6	20.4
6	7.7	39.7	4.5	26.2	17.9	16.0
7 or more	11.9	52.8	4.0	31.8	19.6	14.5
Total	**6.4**	**34.6**	**3.1**	**23.5**	**100**	**100**

Source: *ILCS for 2004 and 2008*

(d) In Armenia, the presence of children increases the incidence of poverty. Households with three or more children (0-5 years old) experience 24% higher poverty risk than the national average and than those with fewer children (for example, 10% higher poverty risk that the households with one child, and 3% higher poverty risk than the ones with two children) (Table 3.13). However, these results should be treated with caution since the outcomes largely depend on assumptions made regarding equivalence scales and economies of scale (Lanjouw and Ravallion, 1995).

Table 3.13 - Armenia: Poverty measures by number of children (under 6) and elderly (over 60) , 2004 and 2008 (in %)

Number of children	2004		2008			
	Extremely Poor	Poor	Extremely poor	Poor	Share of the poor	Share of the population
Number of children						
0 child	5.4	30	2.9	21.6	60.6	65.9
1 child	7.6	42.7	3.3	26.5	24.4	21.7
2 children	9.4	42.6	3.3	28.3	12.7	10.5
3 or more children	9.4	54.3	7.3	29.1	2.3	1.9
Number of elderly						
0 elderly	6	33.3	3.0	21.3	49.2	54.1
1 elderly	7	34.4	2.9	25.7	33.2	30.7
2 or more elderly	6.7	39.6	4.0	27.4	17.6	15.2
Total	**6.4**	**34.6**	**3.1**	**23.5**	**100**	**100**

Source: *ILCS for 2004 and 2008*

(e) The presence of elderly members (over 60) increased the poverty incidence. A typical Armenian household, which consists of two adults and two children, experiences a lower than average poverty risk (20.1% compared to 23.5%). If one elderly is included in this typical household, the poverty risk increases by 5 percentage points, while if two elderly are included in this typical household, the poverty risk increases by 14 percentage points (Table 3.14). Households consisting of only elderly people experienced a substantially lower poverty incidence than the national average (13.2% lower than the average).

Table 3.14 - Armenia: Poverty measures by household composition, 2004-2008 (in %)

	2004		2008			
	Extremely Poor	Poor	Extremely poor	Poor	Share of the poor	Share of the population
1 adult, no children	0.6	11.9	2.4	9.8	0.4	1.0
1 adult, with children	4.2	21.6	3.8	21.0	2.7	3.0
2 adults, no children	4.6	17.4	2.2	12.7	1.8	3.3
2 adults, 2 children	5.1	28.1	1.0	20.1	6.5	7.6
2 adults, 2 children, 1 elderly	5.7	36.8	2.3	24.7	3.8	3.6
2 adults, 2 children, 2 elderly	7.2	33.5	4.4	34.1	5.0	3.5
elderly, no children, no adults	2.5	19.0	2.2	20.4	4.0	4.6
Other	7.0	37.8	3.4	24.3	75.9	73.5
Total	**6.4**	**34.6**	**3.1**	**23.5**	**100**	**100**

Source: *ILCS for 2004 and 2008*

(f) Female-headed households are more likely to be poor as compared to male-headed households (26.8% versus 22.4% in 2008). Within female-headed households, those with children are more likely to be poor compared to the national average (Table 3.15), and they comprised 21% of the poor in 2008 (and 17% of the population). The high share of female-headed households could be explained by emigration and its patterns, as it is normally the father who heads abroad in search of better employment opportunities. Then, once established, the family follows. High poverty among these families may be explained by a number of factors including low wages or lack of employment opportunities, as well as that the departed spouse may not be able to or may be unwilling to support the family and others.

Table 3.15 - Armenia: Poverty measures by gender of household head, 2004-2008 (in %)

	2004		2008			
	Extremely Poor	Poor	Extremely poor	Poor	Share of the poor	Share of the population
Male headed	6.0	34.2	2.7	22.4	70.5	74.1
Female headed	7.5	35.8	4.4	26.8	29.5	25.9
Female head, no children	5.6	23.5	0.4	20.8	8.3	9.4
Female head, with children	8.3	41.3	0.8	30.2	21.3	16.6
Total	**6.4**	**34.6**	**3.1**	**23.5**	**100**	**100**

Source: *ILCS for 2004 and 2008*

Figure 3.7 - Armenia: Poverty measures by household composition, 2004 and 2008(in %)
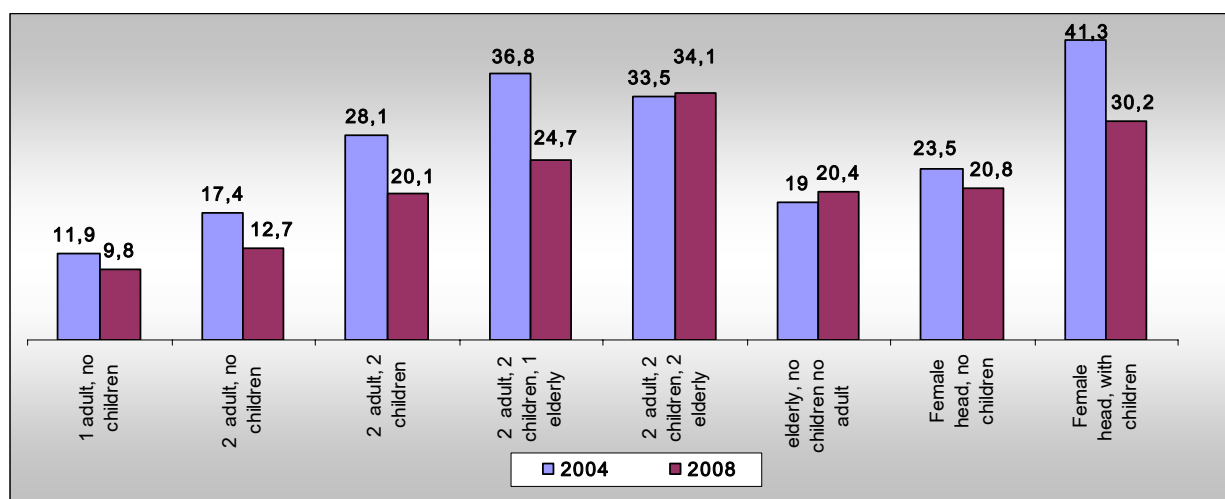
Source: *ILCS for 2004 and 2008*

(g) People who were better educated were less likely to be poor (Table 3.16). Highly educated people had the lowest poverty incidence, around 45% lower than the national average for population over 16, and 58% lower than those with only primary or lower education. Compared to 2004 extreme poverty declined the most for general secondary educated groups. Overall poverty declined the most for those with a specialized secondary education. However, those with general secondary education were the largest group among the poor (47%). While this reflects the high share of this group among the population over 16 years of age, it also indicates this group is facing difficulties finding jobs.

Table 3.16 - Armenia: Poverty by education, 2004 and 2008 (population 16+, in %)

	2004		2008			
	Extremely Poor	Poor	Extremely Poor	Poor	Share of the poor	Share of the population
Primary or less	7.2	37.4	5.6	30.1	5.4	4.0
Incomplete secondary	8.1	39.2	4.9	34.5	16.5	10.8
Complete secondary	7.4	39.2	3.3	25.4	46.8	41.7
Specialized secondary	5.6	31.9	2.6	18.8	21.7	26.1
Tertiary education	2.6	19.5	1.4	12.5	9.6	17.4
Total	**6.1**	**33.5**	**3.1**	**22.6**	**100.0**	**100**

Source: ILCS for 2004 and 2008

Figure 3.8 - Armenia: Poverty by education, 2004 and 2008 (population 16+, in %)
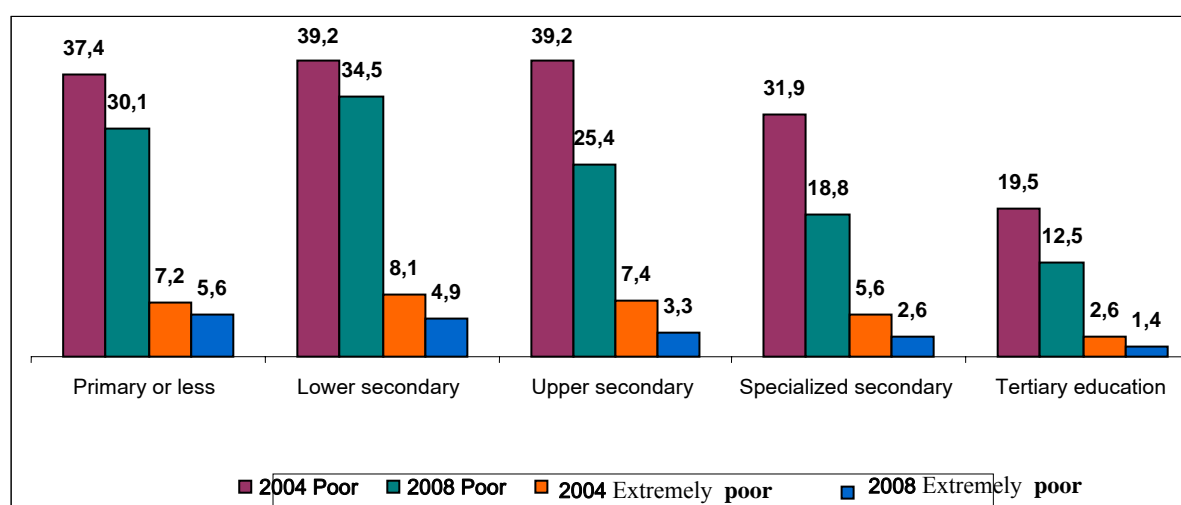
Source: ILCS for 2004 and 2008

(h) Labor market participation played an important role in determining poverty status. Lack of employment opportunities increase the risk to be poor, and in particular, to be extremely poor. This is proved by the fact that while overall poverty among the households with no employed members (which are at higher poverty risk) decreased by 13.4% in 2008 compared to 2004, the poverty incidence among this group is 47% higher than the national poverty incidence for population 16 years and older (Table 3.17). During the same period, the probability for being extremely poor among households with no employed members was 2.2 times higher than the national average, constituting 13.6 percent of population.

Table 3.17- Armenia: Poverty by the number of the employed in the household, 2004 and 2008 (in %)

	2004		2008			
	Extremely Poor	Poor	Extremely poor	Poor	Share of the poor	Share of the population
Nobody is employed	9.8	38.0	6.6	32.9	20.0	13.6
1 member is employed	6.9	35.0	2.5	23.7	40.9	38.8
2 members are employed	4.5	29.9	2.2	18.9	26.2	31.1
3 and more members are employed	4.5	33.2	2.8	17.5	12.9	16.5
Total	**6.1**	**33.5**	**3.0**	**22.4**	**100**	**100**

Source: *ILCS for 2004 and 2008.*
Note: *Population 16+.*

From 2004 to 2008, the incidence of poverty was reduced both among labor market participants (employed and unemployed, the economically active population) and non-participants (the economically inactive population).

Labor determines income and thus reduces the poverty risk. Empirical data shows that a majority of the poor have no jobs or are inactive, while a majority of the non-poor were employed. It is worthwhile to note that poverty incidence was reduced among the inactive population. It is assumed that a decrease in poverty among these households can be a result of increased social transfers (pensions, family benefits, etc) and remittances, all of which are very important sources of income for these households.

The unemployed faced the highest poverty risk among participants in the labor market (Table 3.18). Looking across the regions, it appears that in 2008 poverty among unemployed in other urban areas is 29% higher than among unemployed in Yerevan and 26% higher compared to rural unemployed.

Poverty incidence has also declined among pensioners. The pensioners in rural areas as well as in Yerevan had lower poverty risk compared to other urban areas, however, the highest incidence of extreme poverty was recorded among the pensioners in other urban areas.

Table 3.18- Armenia: Poverty and Labor force participation by regions, 2004 and 2008

(population 16+, in %)

	2004		2008			
	Extremely poor	Poor	Extremely poor	Poor	Share of the poor	Share of the population
Total population						
Participants	5.7	32.6	2.7	20.2	56.1	62.2
Wage employees	4.4	27.5	2.7	17.6	23.7	30.2
Self-employed	4.3	31.0	1.6	20.0	13.9	15.5
Other employed	4.3	38.8	0.8	21.3	6.0	6.3
Unemployed	11.4	45.9	5.3	27.6	12.5	10.2
Non participants	6.6	34.8	3.7	26.0	43.9	37.8
Pensioners	6.2	33.2	4.5	29.0	12.2	9.4
Students	3.1	22.8	1.1	15.4	5.1	7.4
Other non participants	8.2	40.6	4.2	28.5	26.6	21.0
Yerevan						
Participants	6.1	27.8	3.2	17.0	51.5	57.4
Wage employees	3.8	23.8	3.0	15.3	31.6	39.3
Self-employed	6.6	20.6	0.0	8.2	1.7	3.9
Other employed	1.0	16.7	0.0	12.8	0.4	0.6
Unemployed	11.1	38.3	5.1	24.8	17.8	13.6
Non participants	5.2	28.0	3.1	21.7	48.5	42.6
Pensioners	5.8	31.2	4.5	27.0	17.2	12.1
Students	2.5	15.5	0.7	10.3	4.7	8.7
Other non participants	5.8	30.6	3.4	23.2	26.6	21.8
Other urban						
Participants	8.0	40.8	3.5	23.9	46.8	53.2
Wage employees	6.2	34.7	2.7	20.9	24.5	31.9
Self-employed	5.9	39.4	2.0	22.0	6.6	8.1
Other employed	4.1	40.6	1.7	33.6	1.5	1.2
Unemployed	13.0	52.4	7.1	32.1	14.2	12.0
Non participants	9.4	44.9	5.4	31.0	53.2	46.8
Pensioners	8.2	39.5	5.7	33.0	14.4	11.9
Students	4.8	32.7	2.1	20.5	5.7	7.5
Other non participants	11.6	52.2	6.1	32.9	33.1	27.4

	2004		2008			
	Extremely poor	**Poor**	**Extremely poor**	**Poor**	**Share of the poor**	**Share of the population**
Rural						
Participants	4.0	30.6	1.6	20.4	71.0	75.2
Wage employees	2.7	24.6	2.1	17.5	15.7	19.3
Self-employed	3.9	29.9	1.8	21.0	33.3	34.3
Other employed	5.3	44.0	0.8	20.8	16.1	16.6
Unemployed	8.4	51.7	1.9	25.4	5.9	5.0
Non participants	4.7	31.1	1.6	25.3	29.0	24.8
Pensioners	4.3	28.7	1.4	24.8	5.1	4.5
Students	2.1	22.6	0.6	17.2	4.7	6.0
Other non participants	6.2	37.1	2.1	28.9	19.2	14.3
Total	**6.1**	**33.5**	**3.0**	**22.4**	**100**	**100**

Source: *ILCS for 2004 and 2008*

3.5 Determinants of consumption and poverty

This section examines factors that are closely associated with welfare and poverty rather than establishing causal relationships. Identifying these factors is an important step in designing economic and social policy aimed at reducing poverty and preventing households from falling into poverty. The examined factors comprise (i) characteristics of the household including age composition, size, presence of migrant members, labor market status of the household members, and location of the household; as well as (ii) characteristics of the household head such as age, gender, education, labor market status, and disability. These factors are used as explanatory variables in a simple regression model, where consumption per adult equivalent represents a dependent variable.

The following factors were estimated as significantly related to consumption per adult equivalent:

Household demographics

- *Household size* had a negative impact on household consumption both in 2004 and 2008, so that larger households had lower consumption, being similar in all other characteristics.
- *Household head gender*: female-headed households had lower welfare than male-headed households in both years considered, being similar in all other characteristics
- *Age composition*: The share of children up to five years old in a household had a significant negative effect on consumption in both years considered. The larger the share of those children in the household, the lower the consumption of the household relative to the base category (the share of those between 46 and 60 years of age), keeping the household size constant. The share of the elderly in the household did not affect consumption in 2004 but it affected in 2008.

Education
- *Consumption was higher for households whose head had higher education*. Households headed by individuals holding a university degree on average had a consumption level 30% above those headed by individuals with a primary or lower secondary education (reference category) in 2008.

Migration
- ***The presence of migrant members increased household welfare,*** indicating the importance of remittances in improving households' standard of living. In 2008, households whose members migrated out of Armenia (for work) had a 7% higher consumption on average, than those with no migrating members. In addition, households with migrant members who have returned from abroad during the last 12 months prior to the survey recorded higher (by 7 %) consumption levels than those with no migrants.

Labor market participation
- In 2008 the employment situation of household members had important impact on household consumption. A larger fraction of the unemployed, retired or self-employed had a negative impact on household consumption relative to the fraction of the wage-employed in the household. The impact of these factors has huge importance in terms of consumption distribution.

Household location
- ***Location plays an important role*** in explaining household welfare in Armenia. There are substantial location effects on consumption, after controlling for all other household characteristics included in the model. In 2008, household welfare improved in Shirak as compared to other areas. Consumption was the highest among Yerevan households in 2004, while in 2008, only households in Vayots Dzor had higher consumption than residents of Yerevan, after controlling for all other household characteristics included in the model.

3.6. Consumption, income, and inequality in their distribution

Inequality is estimated for the overall population. During the observed period (2004-2008), the income inequality has slightly decreased. Inequality measured by the Gini coefficient indicates that the population polarization in Armenia is deeper in income distribution as compared to consumption. In 2008 the consumption inequality measured by the Gini coefficient increased from 0.260 in 2004 to 0.272 in 2008), while the income inequality decreased from 0.395 in 2004 to 0.389 in 2008).

Table 3.19 - Armenia: Consumption and income inequality, 2004-2008

	Consumption					Income				
	2004	**2005**	**2006**	**2007**	**2008**	**2004**	**2005**	**2006**	**2007**	**2008**
Coefficient of variation	0.596	0.742	0.633	0.645	0.666	1.067	0,759	1.011	0.832	0.881
Gini coefficient	0.260	0.257	0.263	0.288	0.272	0.395	0.359	0.369	0.371	0.389
Theil mean log deviation E(0)	0.111	0.108	0.115	0.137	0.120	0.280	0.225	0.240	0.255	0.259
Theil entropy E(1)	0.125	0.125	0.132	0.151	0.139	0.297	0.222	0.262	0.246	0.271

Source: *ILCS 2004 - 2008*

Other measures of inequality (Theil entropy index E (1) and the Theil mean log deviation E (0)) also show a decline in income distribution and a small increase in consumption distribution in 2004-2008.

3.7 Alternative methods of poverty estimation

For a wider understanding of poverty in the country and to ease international comparisons, NSS RA also calculates the level of poverty using alternative methods. The method of minimum norms of daily per capita consumer expenditures is one of those methods.

Conditional consumer expenditures method
Using this approach, the share of population below the poverty line is estimated by the following three options:

- First option: the poverty line per capita per day is defined as 1 USD;
- Second option: the poverty line per capita per day is defined as 2.15 USD and
- Third option: the poverty line per capita per day is defined as 4.30 USD

The analyses were done using the US dollar purchasing power parity defined by the World Bank methodology. According to World Bank estimations, one US dollar equaled 178.6 AMD in 2005. The table below presents the changes in incidence of poverty according to this approach.

Table 3.20 - Armenia: Poverty incidence by purchasing power parity of the US dollar, 2004-2008(in %)

Poverty line per capita per day	2005 purchasing power parity of the US dollar 1 USD = 178.6 AMD				
	2004	**2005**	**2006**	**2007**	**2008**
1 USD	0.4	0.3	0.1	0.2	0.01
2.15 USD	17.4	10.1	6.1	6.8	3.9
4.30 USD	73.4	62.6	52.0	46.9	47.7

Source: *ILCS: 2004- 2008*
Note: *Consumption is measured per capita.*

The trends in the table above illustrate decrease in incidence of poverty using international poverty lines of US$ 1 PPP, US$ 2.15 PPP and US$ 4.30 PPP per capita per day. In 2008 only 305 people were poor using the poverty line of US$ 1 PPP, 120 thousand people were poor using the second option, and 1464 thousand people were poor using the third option. Compared to 2004, in 2008 poverty incidence for 1USD per capita per day consumption declined by 100%, for 2.15 USD by 77.6%, and for 4.30 USD by 35%.

Box 3.1
 Alignment of ILCS **Annual Population Aggregates with Official Annual Armenian Population Projections**

An innovative analytical tool to improving population estimates through aligning ILCS annual population aggregates with official annual Armenian population projections has been examined with regard to 2004 – 2008 data from both sources (elaborated and implemented by MCC Consultant Fritz Scheuren, Ali Mushtaq, and relevant RA NSS staff). This tool is referred to as *raking*.

Purpose of the raking. Aligning the survey totals for selected demographic groups to the population projections could reduce both survey bias and survey variance, leading to ILCS estimates with a smaller average error. If done over many years, it may point to possible improvements in the projection series, especially when combined with the upcoming 2011 Armenian Census.

Reasons for the raking. In Armenia, population projections are made using *de jure* residence information, while virtually all of the survey results are done on both a *de facto* and *de jure* residence basis. To address this *de facto/de jure* difference there had to be a statistical computational 'workaround' and the one used was the fact

that the ILCS collects both *de jure* and *de facto* residence information.

And finally, to conduct these analyses the ILCS had to be larger, which became possible only recently, especially with the doubling of the sample size outside Yerevan.

Approach used. Five ILCS rounds (2004 – 2008) are involved in the experiment. For each ILCS, the survey weights are aligned so they add up to a mid-year average of the independent population projections from the end of the year before and the year in question. A method called "Raking Ratio Estimation" is used where the (marginal) totals are ratio adjusted and the survey weights are changed accordingly.

Results. In three tables which follow, we display the raking results for *de jure* and *de facto* populations, and *poverty* counts.

Table 1. *De Jure* Counts Before and After Raking (persons)

Year	*Population Estimates*		
	Census Projection	**Original** *ILCS* **Totals**	**Raked** *ILCS* **Totals**
2004	*3,214,030*	*3,418,023*	*3,214,030*
2005	*3,217,534*	*3,194,612*	*3,217,534*
2006	*3,221,094*	*3,300,624*	*3,221,094*
2007	*3,226,520*	*3,336,811*	*3,226,519*
2008	*3,234,031*	*3,308,268*	*3,234,031*

The raking brings the ILCS *de jure* totals in alignment with the Census Projections.

Table 2. *De Facto* Counts Before and After Raking (persons)

Year	*Survey Estimates*	
	Original *ILCS* **Totals**	**Raked** *ILCS* **Totals**
2004	*3,175,296*	*2,986,267*
2005	*2,996,366*	*3,022,236*
2006	*3,104,449*	*3,026,123*
2007	*3,107,735*	*3,006,021*
2008	*3,067,742*	*2,996,225*

Table 3. Poverty Counts Before and After Raking

Year	**Original** *ILCS* **Poverty Rate (%)**	**Original** *ILCS* **Totals**	**Poverty Rate after Raking (%)**	**Raked** *ILCS* **Poverty Totals**
2004	34.6	1,099,571	34.3	1,025,048
2005	29.8	894,370	29.8	900,140
2006	26.5	821,549	26.1	789,461
2007	25.0	775,480	24.5	735,730
2008	23.5	721,032	23.2	693,754

Chapter 4. Poverty in Rural Areas

According to the analysis of the 2008 ILCS data, the incidence of povertyin rural areas was lower than the national average. During the survey period (2004-2008), most of the rural population were able to provide the bulk of their food needs from own production. In 2008, 74% of rural households that own land or livestock reported that they generated some revenues from their agricultural activities.

In 2008 86.4% of rural households were engaged in farming, and 64.4% was engaged in cattle breeding. In 2008 62.4% of rural households were both engaged in farming and in cattle breeding.

4.1 Trends in Poverty Level in Rural Areas

The recent robust economic growth in Armenia has had positive impactonthe welfare of the population. The poverty level in rural settlements has decreased by 27.8% in the period of 2004-2008. The urban areas experienced even larger decline with34.5% reduction in poverty incidence in 2008 from its level in 2004. In 2008, 22.9% of rural population was poor (Figure 4.1) compared with the national average of 23.5% and 23.8% of poverty level in urban settlements.

Table 4.1. Armenia: Trends in Poverty Level in Rural Areas, 2004 and 2008

(%)

	2004		2008		2008 / 2004 change	
	Extremely Poor	**Poor**	**Extremely Poor**	**Poor**	**Extremely Poor**	**Poor**
Rural Settlements	4.4	31.7	1.7	22.9	-61.0	-27.8
Urban Settlements	7.5	36.4	3.9	23.8	-48.2	-34.5
Total	**6.4**	**34.6**	**3.1**	**23.5**	**-51.2**	**-32.1**

Source: *2004 and 2008 ILCS.*

In 2008, only 1.7% of rural population was extremely poor, which is the lowest level of extreme poverty recorded in Armenia. It is noteworthy that the decline the level of extreme poverty was the fastest in rural settlements in the period of 2004-2008 (61%), while it was the slowest in Yerevan – 47.6%. The decline the level of extreme poverty in rural settlements exceeds both the national average and that of recorded in urban settlements (Table 3.1).

Figure 4.1. Armenia: Poverty Level by Type of Settlements, 2004 and 2008 (in %)
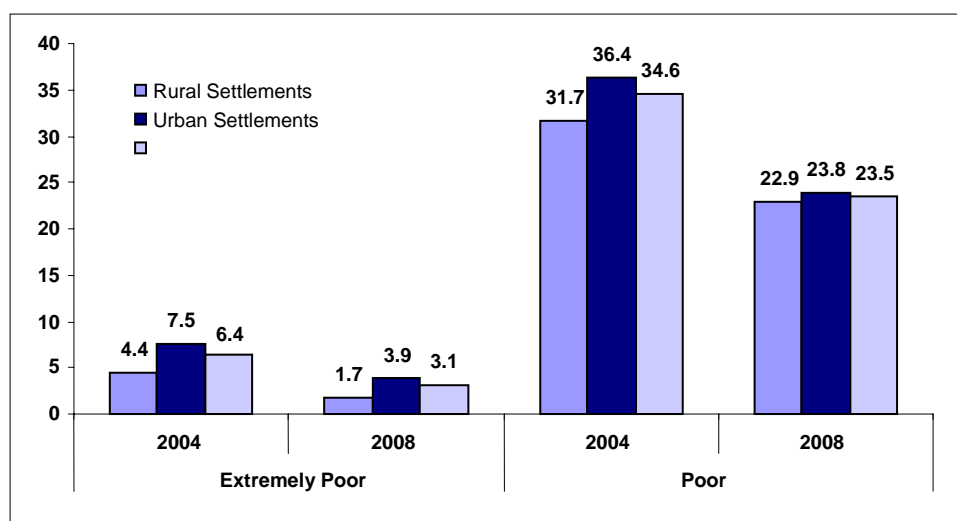
Source: *2004 and 2008 ILCS*

4.2. Income and Consumption of Rural Households in 2004-2008

The average total income in rural settlements increased by 44.8% in real terms in 2004 and 2008 (Table 4.2).

On average, only 38.8% of the total (per capita) household income in rural settlements is generated through agricultural activity in 2008 compared with 51.6% in 2004. Instead, the share of income generated through hired employment increased in 2008, amounting to 29.6% against 20.0% in 2004. The share of income generated through self-employment declined by 10.7% in the period of 2004-2008 (Chapter 6, Table 6.2).

The share of state transfers, including pensions and social assistance, in the total income increased, amounted to   17.3% in 2008, compared to 12.9% in 2004. The importance of remittances as a source of income in rural areas increased to 6.6% of total income in 2008, compared to 4.7% in 2004. The share of remittances received from relatives living in Armenia remained nearly stable (0.6% in 2004, 0.7% in 2008) (see Chapter 6, Table 6.2 for details).

Table 4.2 presents the monthly income and consumption of the rural population expressed in terms of the autumn 2004 prices.. Both real income and consumption increased in all quintiles. In general, on average, the consumption rate for rural population increased by 33% in 2008, compared to 2004.

Table 4.2. Armenia: Monthly Per Capita Income and Consumption among Rural Population in 2004 and 2008 by Quintiles* based on Stable Prices of Autumn 2004 (in dram)

	Quintiles					
	1-st	2-nd	3-rd	4-th	5-th	Average
Per Capita Consumption						
2004	14435	19131	23019	28098	42129	25346
2008	18368	24093	29778	37390	58740	33658
Per Capita Income						
2004	15412	20114	20392	22940	28499	21464
2008	25919	28306	28567	31667	40929	31073
Comparison of 2004 and 2008 (%)						
Consumption	27.2	25.9	29.4	33.1	39.4	32.8
Income	68.2	40.7	40.1	38.0	43.6	44.8

Source: *2004 and 2008 ILCS.*

*The quintiles of consumption aggregate are ranked within rural population.

While both income and consumption expenditures grew substantially between 2004 and 2008, the rate of growth of income was much faster. Rapid income growth was recorded among households in first quintile, while the lowest growth was recorded in the fourth quintile. It should be regarded as a positive trend that the rate of income growth for the first quintile is higher than that of the national average. However, the growth rate of consumption expenditures for poorest quintile was lower than that for the richest quintile.

Figure 4.2. Armenia: Comparison of Rural Household Consumption and Income, 2004 and 2008

Source: *2004 and 2008 ILCS*

4.3. Profile of Poor Rural in 2008

Data show that the underdevelopment of physical and financial infrastructures (roads, communication, irrigation system, access to finance, access to storage and preservation of agri-food, etc) are some of the main obstacles impeding rural development in Armenia. This is evident from the fact that poverty levels are higheramong households who live in high-altitude settlements, lack access to land or own small piece of land, have limited access to irrigation, lack or have very limited agricultural machinery or production capacity and who have limited financial capital of their own.

Location: Similar to the earlier years, rural population was living in areas less favorable to agriculture tend to be extremely poor. For instance, the poverty level is higher in settlements with altitude of 1,700m above sea level (Table 4.3). The rapid decline in poverty level among households living in those settlements (from 33.7% in 2004 to 25.4% in 2008) was attributable to well targeted social assistance benefits. For example, the Family Benefit program resourcesallocated to residents of high-altitude settlements, other things being equal, was higher than that allocated to residents of lower-altitude settlements in 2008 (see Chapter 9 for more on social transfers).

Table 4.3. Armenia: Poverty Level of Rural Population by Location of Settlement, 2004 and 2008

(%)

| | Total | | above sea level | | | | | |
| | | | up to 1,300m | | 1,300-1,700m | | 1,700m and above | |
	2004	2008	2004	2008	2004	2008	2004	2008
Non-Poor	68.3	77.1	76.9	79.1	72.8	77.6	69.0	74.6
Poor	31.7	21.2	23.1	19.0	27.2	20.4	31.0	24.0
Extremely poor	4.4	1.7	3.5	1.9	5.5	2.0	2.7	1.4

Source: *2004 and 2008 ILCS*

Access to Land: Landownership plays an important role in rural poverty incidence. Poverty levels among landless was 30.5%, compared to only 22.9% for all rural population and only 19.9% among those owning 1 or more hectares of land. The extreme poverty level among the landless was 1.6 times higher than the rural average. (Table 4.4).

Table 4.4. Armenia: Poverty Level in Rural Settlements by Access to and Size of Land, 2004 and 2008

(%)

| Size of Land (hectar) | 2004 | | 2008 | | | |
	Extremely Poor	Poor	Extremely Poor	Poor	% among the poor	% among rural population
0 hectar	10.1	49.5	2.6	30.5	11.48	7.36
Up to 0.2 ha	5.5	37.8	2.8	26.0	29.71	17.82
0.2 – 0.5 ha	2.6	29.2	1.8	17.4	19.05	18.26
0.5 – 1 ha	4.0	27.0	1.3	16.1	15.23	20.14
Above 1 ha	4.7	31.9	1.1	19.9	24.53	36.41
Total Rural Settlements	**4.4**	**31.7**	**1.7**	**22.9**	**100**	**100**

Source: *2004 and 2008 ILCS*

In 2008, access to and use of land among rural households was as follows: 86% of households fully or partially used their land, 6% failed to use their land, while the remaining households had no land. In 2008 24.1% of rural households who did not cultivate their land cited that the reason for not cultivating their land due to irrigation.

In 2008, 69% of households that own land used an agricultural method (list methods is in table 4.5) to cultivate it. 31% of households failed to use any agricultural method to cultivate land. The use of agricultural methods differs by poverty level. In 2008, 73% of extremely poor households failed to use any agricultural method, while it is only 30% and 32% for non-poor and poor households respectively.

The use of organic fertilizers by rural households was more frequent, i.e. 87%. Methods, such as coverage of land surface or use of secondary organic material were not used by extremely poor households.

Table 4.5. Armenia: Use of Agricultural Methods by Method and Poverty Level, 2008

(%)

	Non-Poor	Poor	Extremely Poor	Total
Coverage of Land Surface	9.0	11.0	-	9.3
Use of Secondary Organic Material (e.g. leaves)	9.5	4.3	-	8.5
Land Levelling	47.9	46.9	46.7	47.7
Use of Organic Fertilizers (e.g. manure)	87.9	83.9	78.4	87.1

Source: *2008 ILCS*

As compared to the previous year, only 7,0% of households changed crops. The key reasons for change of crops include weather/climate conditions - 23%, lack of water when needed - 22%, market conditions - 19%, improved irrigation - 16%, testing of new varieties of crops or new crops - 13%.

In a response to a question on the preference for agricultural trainings if available, households mentioned the following trainings by the descending level of importance: cultivation methods with a focus on varieties of vegetable crops, livestock production, cultivation methods with a focus on fruit trees, development of farmer enterprises, development of business plans, post-harvest maintenance, food processing methods.

Land Quality: A household study fails to provide sufficient information on the quality of land, therefore the possibility of watering is regarded as an indicator of quality of land, as it predicts the level of harvest and fertlity. Irrigation is one of the watering methods. According to the survey results, the land of 58% of households was irrigated. Meanwhile, the share of irrigated land accounts for only 25% of all cultivated lands.

Table 4.6. Armenia: Distribution of Cultivated Land by Watering Method, 2008

(%)

Ratio of cultivated land, which was	Total Cultivated Land	Including	
		By the house	Not by the house
Irrigated	24.5	47.6	20.6
Watered in other ways	75.5	52.4	79.4

Source: *2008 ILCS*

The share of cultivated land that households managed to irrigate is presented in the table below.

Table 4.7. Armenia: Distribution of Households by Poverty Level and Share of Irrigated Land, 2008

Share of Irrigated Land	Non-Poor	Poor	Extremely Poor	Total
Up to 25%	32.3	23.1	23.2	30.7
25-50%	10.7	11.5	12.3	10.9
50-75%	9.9	5.3	8.1	9.1
75%-100%	47.1	60.1	56.4	49.3

(%)

Source: *2008 ILCS.*

Figure 4.3. Armenia: Share of Irrigated Land By Poverty Level, 2008

(%)
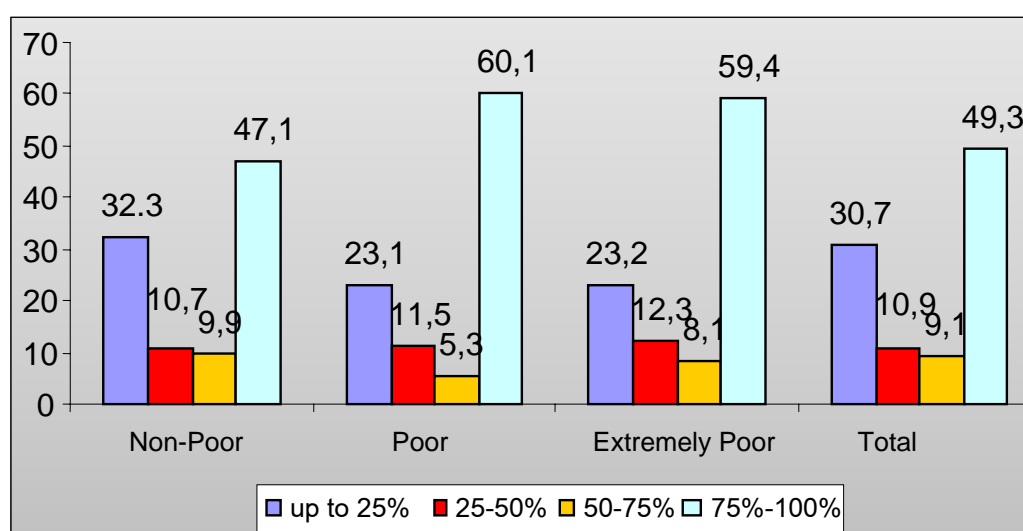
A larger proportion of fertile lands in Ararat Valley was irrigated (Table 4.8).

Table 4.8. Armenia: Proportion of Irrigated Land by Regions, 2008

(%)

	up to 25%	25-50%	50-75%	75%-100%
Aragatsotn	18.7	8.3	12.3	60.7
Ararat	13.2	7.1	3.2	76.5
Armavir	6.3	7.3	17.3	69.1
Gegharkunik	66.2	9.5	2.7	21.6
Lori	26.9	30.7	27.0	15.4
Kotayk	37.5	21.2	4.6	36.7
Shirak	74.6	2.8	1.3	21.3
Syunik	76.4	18.2	3.4	2.0
Vayots Dzor	41.2	19.1	13.8	25.9
Tavush	30.5	16.7	19.0	33.8
Total	**30.7**	**10.9**	**9.1**	**49.3**

As mentioned earlier, in 2008 58% of households that cultivate land used the irrigation system.

According to the 2008 survey results, 60% of households were affiliated with water user associations. 52% of non-member households responded that such associations existed in their village, meanwhile 42% of households did not wish to become a member of a water user association.

According to the survey data, 51% of households received irrigation water in sufficient quantities and in time, 22% - in sufficient quantities, but not in time, 9% - in time, but not in sufficient quantities, and 18% of households received irrigation water neither in sufficient quantities and in time.

The most important reasons mentioned for disruptions in irrigation water supply included technically deficient waterlines (26% of respondents), problems with the local network (19%) and accidents with water pumps (16%).

86% of households made a full or partial payment for used irrigation water, while 14% of households failed to make any payment, 46% of which failed to pay due to lack of money, 12% - for not being able to receive necessary quantity of irrigation water, 11% - due to ill-timed supply of irrigation water.

As part of the survey, the households were asked about the operation of irrigation systems during the agricultural seasons in the past two years (in 2007 compared to 2006). As mentioned by 23% of respondents, the quality of operation of the irrigation system changed during the 2007 agricultural season, as compared with 2006, and the overwhelming majority (89%) found that it had improved significantly or to a certain degree.

4% of respondents found that the sizes of land changed, while 63% of respondents thought that it had improved significantly or to a certain degree.

64% of households failed to carry out any preparation and apply any irrigation method during the latest agricultural season. The overwhelming majority (94%) of users applied clarification/modification of the sizes of gutters, as well as non-pressure pipeline irrigation, pipelines with valves (3%).

Information about the preparations and use of irrigation methods during the latest agricultural season is presented below.

Table 4.9. Armenia: Preparation and Use of Irrigation Methods during the Latest Agricultural Season, 2008

Preparation and Use of Irrigation Methods	Share of Households %
Clarification/modification of sizes of gutters (troughs)	94.2
Scientifically backed irrigation planning	0
Water Pressure Measuring Equipment	0.0
Non-pressure pipeline irrigation:	
Plastic or metal dashboard	0.7
Siphon	-
Short pipeline with a valve	0.4
Pipeline with valves	2.6
Other	0.2
Pressure Irrigation:	
Sprinking around the tree trunk	1.2
Drip irrigation	-
Overhead irrigation	0.6

Access to Agricultural Machinery: Most agricultural machinery used by rural households is rather old – six years and older (Table 4.10).

Table 4.10. Armenia: Access to Agricultural Machinery by Length of Use, 2008

(%)

	Total	up to 2 years	3-5 years	6-10 years	over 10 years
Tractor	100	1.9	9.4	24.7	64.0
Mini-tractor	100	0	43.0	49.0	8.0
Truck	100	14.3	11.4	24.7	49.6
Harvesting-machine	100	0	0	0	100
Plough	100	12.6	0.8	23.5	63.1
Cultivator	100	1.1	2.9	1.9	94.1

	Total	up to 2 years	3-5 years	6-10 years	over 10 years
Seed Drill	100	1.4	0	0	98.6
Mowing-machine	100	5.3	9.3	0.4	85.0
Grain Harvester Combine	100	0	0	63.1	36.9
Cart	100	17.1	25.0	0	57.9
Cistern (for milk, water, etc)	100	0	2.0	5.8	92.2
Total	**100**	**7.8**	**10.7**	**19.6**	**61.9**

Source: *2008 ILCS*

Non-poor households have greater possibility to acquire or rent agricultural machinery than poor households. During the 12 months preceding the 2008 survey, the non-poor households acquired some types of agricultural machinery from households that own agricultural machinery.

Access to agricultural machinery depends on the poverty level. Nearly all extremely poor households (94%) primarily owned and used trucks. Generally, it was only the non-poor households that had access to all types of agricultural machinery.

Table 4.11. Armenia: Access to Agricultural Machinery by Poverty Level, 2008

(%)

	Non-poor	Poor	Extremely Poor	Total
Tractor	28.5	41.8	6.1	31.0
Mini-tractor	1.8	4.9	0	2.4
Truck	30.5	9.8	93.9	26.7
Harvesting-machine	2.4	0	0	1.9
Plough	8.5	4.7	0	7.7
Cultivator	1.7	4.5	0	2.3
Seed Drill	1.5	4.4	0	2.1
Mowing-machine	10.2	8.9	0	9.9
Grain Harvester Combine	1.8	9.5	0	3.3
Cart	10.6	11.6	0	10.7
Cistern (for milk, water, etc)	2.5	0	0	2.0
Total	**100**	**100**	**100**	**100**

Source: *2008 ILCS*

Agricultural Lending: In 2008, 14.3% of the surveyed rural households and 3.0% of urban households took a loan or borrowed to engage in agricultural activity. 80.6% of households in the mentioned group took a loan from a bank (including loans received on the expense of funds allocated by the government and international donors through projects) and 18.5% took borrowed from friends, parents or relatives. More detailed data is presented by poverty level in Table 4.12.

Access to banking services differs greatly depending on the poverty level. 88,5% of borrowers are non-poor households, while extremely poor households comprise 0.1% only.

Table 4.12. Armenia: Agricultural Lending to Households by Poverty Level, 2005 and 2008.

(%)

	Non-Poor		Poor		Extremely Poor	
	2005	**2008**	**2005**	**2008**	**2005**	**2008**
Total Borrowing or Loan Including:	7.2	13.2	8.2	7.1	2.7	0.9
▪ Bank (including loans received on the expense of funds allocated by the government and international donors through projects)	67.0	80.4	33.6	82.6	0	71.6
▪ Parents	0.8	0.0	10.7	0	0	0
▪ Friends and Relatives	27.8	18.9	55.7	15.7	100	0
▪ Other Sources	4.4	0.7	0	1.7	0	28.4

Source: *2005 and 2008 ILCS*

On average, the key reasons for non-cultivation of land include lack of access to irrigation and lack of financial resources, as well as unprofitability of agriculture, which received 24.1%, 21.0% and 20.0% of responses respectively. Other key reasons for non-cultivation of land include poor quality of land and poor health of households, comprising 11.4% and 9.6% respectively. The reasons for non-cultivation of land by quintiles are presented in Table 4.13.

Table 4.13. Armenia: Reasons for Non-Cultivation of Land by Quintiles, 2008

(%)

Reasons for Non-Cultivation of Land	Quintiles of Consumption Aggregate					
	First	**Second**	**Third**	**Forth**	**Fifth**	**Total**
Distance	7.0	8.8	10.1	10.5	9.0	9.2
Poor quality of land	10.1	12.5	10.2	11.4	12.4	11.4
No land irrigation	21.1	27.2	22.1	22.7	27.0	24.1
Unprofitable	16.3	18.3	22.7	16.7	23.9	20.0
Lack of money for cultivation	30.0	22.7	18.8	22.6	14.8	21.0
Illness, age	10.6	8.5	11.9	12.1	5.8	9.6
Other	4.9	2.0	4.2	4.0	7.1	4.7
Total	100	100	100	100	100	100

Source: *2008 ILCS*

Three key difficulties encountered during the latest agricultural season include lack of labour (15% of household responses), lack of wholesale markets (13% of household responses), purchase of seeds or seedlings (12% of household responses).

4.4. State of Rural Road Infrastracture and Means of Transportation

The impact of infrastructure on rural settlements can be mostly predicted: rural households located on hard-surfaced roads and in the vicinity of markets are better off, similar to households living in settlements with higher altitude.

The ILCS data shows that during a typical month a rural household member usually uses transportation means to purchase fertilizers, seeds for 3.1 days, to sell agri-food – 8 days, to work outside the community – 19.9 days, for other reasons – 5.2 days.

The assessment of the quality of road infrastructure and transportation means by rural households is as follows:

Table 4.14. Armenia: Assessment of Quality of Road Infrastructure and Means of Transportation by Rural Households, 2008

(%)

	Total	Poor	Average	Good	Excellent
Intercommunity Roads	**100**	67.3	28.7	3.8	0.2
Roads linking the regional center, cities and markets	**100**	22.3	48.9	28.1	0.7
Buses, microbuses, other transportation means	**100**	17.6	47.4	33.3	1.7

Source: *2008 ILCS*

The ILCS data shows that 67% of rural households assessed the state of intercommunity roads as poor (Table 4.14).

22% of rural households assessed the state of roads linking the regional centre, cities and markets as poor.

18% of rural households assessed the quality of transportation means (buses, microbuses, other transportation means) as poor.

The degree of affordability of the below mentioned social and economic infrastructures for rural households is presented in the table below.

Table 4.15. Armenia: Distance to the Nearest Service Delivery Institution for Rural Households, 2008

(%)

Service Delivery Institutions	up to 1 km	1-3 km	4-5 km	6-10 km	10 km and more
Medical Institution	68.8	18.5	2.8	2.8	7.1
Pharmacy	42.7	20.0	8.3	8.8	20.2
Community Center	83.6	16.0	0.4	-	0.0
Kindergarten	49.8	17.1	6.4	9.8	16.9
Elementary School	60	10	10	-	20
Primary or Secondary (Complete) General School	82.8	16.6	0.6	-	0.0

Source: *2008 ILCS.*

A member of a rural household spends 18 minutes on average to reach a medical institution, 24 minutes – to a pharmacy, 13 minutes – to a community centre, 22 minutes – to a kindergarten, 26 minutes – to an elementary school, 14 minutes – to a primary or secondary (complete) general school.

Table 4.16. Armenia: Transportation Means Used in Rural Settlements to Reach Service Delivery Institutions, 2008

(%)

Service Delivery Institutions	Vehicle	Bus/Microbus	Cart	Other (on foot, by bycicle, motorcycle, horse, donkey)
Medical Institution	3.2	12.5	-	84.3
Pharmacy	8.1	36.7	-	55.2
Community Center	0.4	0.6	-	99.0
Kindergarten	4.9	33.4	-	61.7
Elementary School*)	-	5.6	-	94.4
Primary or Secondary (Complete) General School	0.3	0.5	-	99.2

Source: *2008 ILCS*

*)only for a settlement lacking a primary or secondary (complete) general school

Box 4.1. ILCS as an important source of information on agricultural activity of households

ILCS is **an important source of information on the agricultural activity of households** considering the coverage and comprehensiveness of the section on Agriculture in the questionnaire. The significance of this information becomes more pronounced in the context of design and evaluation of outcomes of country-wide comprehensive programs and projects, which aim at improving the well-being of rural population. One of such programs currently is being implemented under the Millennium Challenge Compact signed between the RA Government and Millennium Challenge Corporation in 2006, and in this context a specific role is assigned to the ILCS as a tool for evaluating the expected impact of the Compact.

During 2008-2009, "Millennium Challenge Account – Armenia" state non-commercial organization **carried out an Agricultural Data Assessment[1],** which aims at providing baseline information on the state and developments in the agricultural sector in Armenia prior to the Compact and at early stages of its implementation.

The analysis of some characteristics of agricultural activity of rural households, as suggested by the 2004 and 2007 ILCS results, is presented below.

Agricultural Activity of Rural Households: As suggested by the 2004 and 2007 ILCS results, during 2004-2007 the share of rural households involved in agricultural activity has declined to some extent. In particular, the share of households not engaged in agricultural activity (plant cultivation and cattle-breeding) has increased by 1.7 points and accounted for 10.6% in 2007 up from 8.9% in 2004. Although this change was more attributable to the increase in the share of households not engaged in cattle-breeding, one of the key factors for not being engaged in agricultural activity is the lack of own and/or rented land (as suggested by survey results, the share of landless rural households remained nearly the same for 2004 and 2007, i.e. about 6% (although some changes were registered in relevant indicators when considered by regions).

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[1] The task was performed by "Avag Solutions" LTD.

Figure 1: Proportion of Rural Households Engaged in Agricultural Activity (2004 and 2007), % of total

2004 | 2007

	0% 20% 40% 60% 80% 100%	0% 20% 40% 60% 80% 100%
Plant cultivation	89.0%	88.2%
Cattle-breeding	71.9%	63.7%
Plant cultivation and cattle-breeding	69.8%	62.6%
Only plant cultivation	19.2%	25.7%
Only cattle-breeding	2.1%	1.2%
Not engaged	8.9%	10.6%
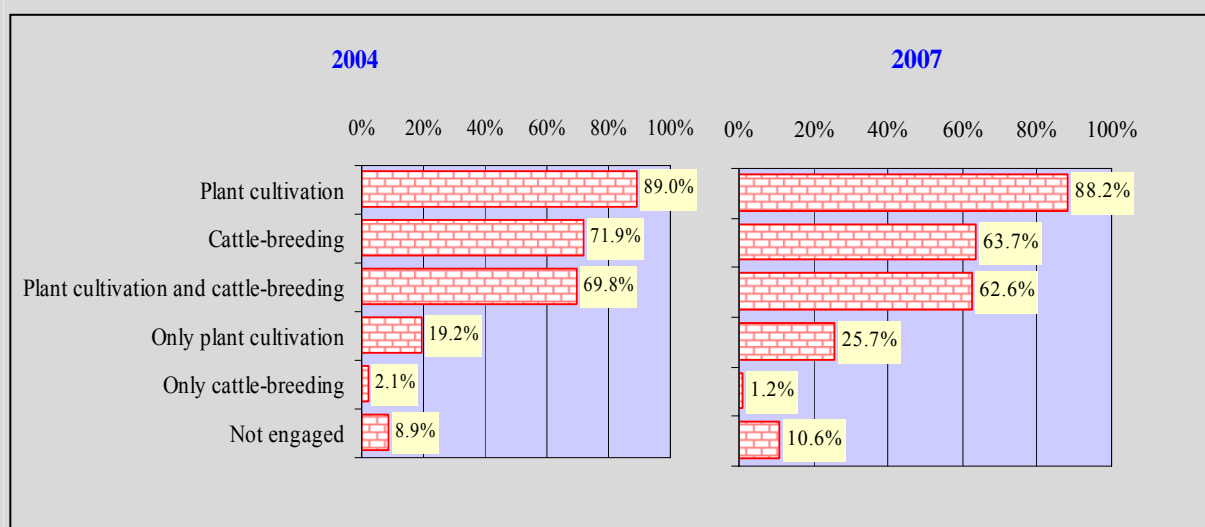
Source: 2004 and 2007 ILCS.

Land Use: There has been a positive progress in the indicators for land use in 2004-2007. In particular, in 2007 nearly 79% of land (own or rented) (70% in 2004) has been actually cultivated. On the other hand, the share of households with 75-100% land cultivation rate has increased, amounting to 67.1% in 2007 up from 64.3% in 2004. Nevertheless, the share of non-cultivated land continues to remain relatively high. As suggested by the 2007 ILCS results, about one third of respondent rural households (35.8% of responses) brought "objective" reasons for non-cultivation of land, including location of land (10.8%), poor quality of land (12.7%), and to some extent poor health and age (12.3%). Meanwhile, "subjective" reasons (i.e. those factors that can be changed over time, e.g., as a result of policy interventions) comprised 57.3% of responses, including lack of irrigation (20.3%), limited financial resources (18.9%), and non-profitability of agricultural activity (18.1%). Other reasons comprised 7% of the total responses.

Plant Cultivation and Marketability of Plant Produce: Analysis shows that during 2004-2007 some increase has been recorded in the proportion of rural households cultivating high-value crops (particularly, vegetables, potatoes, fruits and berries, grapes), while the proportion of households cultivating grains and fodder crops (grass) has declined. Meanwhile, changes in marketability of plant produce have not been one-way directed when considered by crops (crop groups). For instance, compared to 2004, the marketability of potatoes, grains, melons and gourds, has increased in 2007, the marketability of vegetables and grapes has somewhat declined, while there have been almost no changes recorded for fruits, berries and grass.

Figure 2. Marketability of Crop Production in Rural Area in 2004 and 2007 by Crops (Crop Groups), %

Crop	2004	2007
Grass	12.5	12.1
Grains	24.2	29.9
Fruits and berries	50.2	49.0
Potatoes	38.8	51.5
Grapes	79.7	76.8
Vegetables	85.8	81.2
Melons and gourds	63.4	87.8
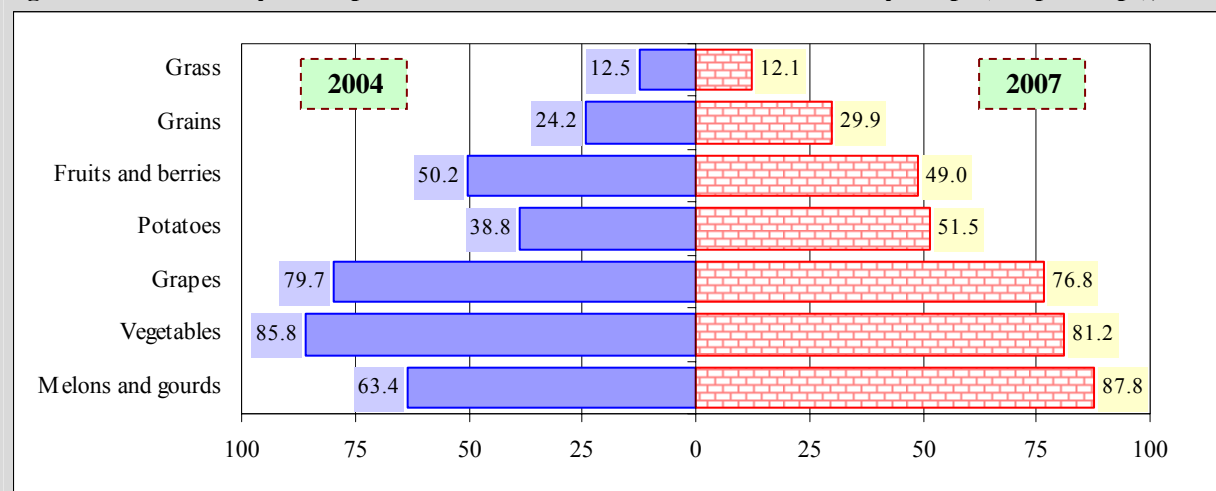
Source: 2004 and 2007 ILCS.

Chapter 5. Labor Market

5.1. Labor Market Developments

It is well established that employment and poverty levels are directly linked. In this section, we present labor market developments in Armenia between 2007 and 2008 based on the ILCS data. The following indicators of labor force participation are based on the responses of 16-75 year-old household members (surveyed focus group) recorded in the last week of each surveyed month. Each respondent was classified into the following mutually exclusive groups by status of economic activity – **employed, unemployed** and economically **inactive**.

The concepts, set of indicators and methodology of calculation underlying the survey primarily comply with the definitions and concepts recommended by the ILO and (or)[1] Eurostat, while taking into account the peculiarities of their application in Armenia to the extent possible. Specifically:

An **employed** person is someone, who:

- had been wage-earner (employee) and non wage-earner during the reference week, regardless of whether the job was permanent, temporary or seasonal, one-off or casual, even if that job included an hour in total during the reference week;
- was absent from work for various reasons;
- was engaged in a household or a farmer enterprise, while the production was intended for full or partial sale or solely for own consumption, if the production had a significant share in household consumption.

An **unemployed** person is someone, who (by standard definition of ILO) **simultaneously** met the following three conditions during the last four weeks preceding the survey (including the reference week):

- did not have a job or was not engaged in any income-generating activity;
- was actively seeking for a job by any means, i.e. applied to a state and (or) a private employment service, searched for a job through acquaintances, relatives, announcements or in any other way;
- was available for work immediately (i.e. within next two weeks).

An unemployed person is also someone, who neither had a job nor searched for one during the surveyed period, as s/he already found a job and was available for work within next two weeks.

*According to the 2008 RA ILCS, the calculation of number of unemployed is partially different from the methodology used in 2001-2007. In addition to the above mentioned ILO standard definition, an unemployed person is someone, who for various reasons failed to search for a job during the four weeks preceding the survey, but was available for work. As suggested by ILO methodology, the latter is regarded as a potential unemployed within the **economically inactive** segment of population. According to the 2008 RA ILCS, this group was included in the*

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[1] *In isolated cases, there are certain differences in the definitions by ILO and Eurostat. Specifically, according to the ILO methodology (see ILO, ISCO-88), conscripts on mandatory military service are classified into the group of employed, while they are classified into the group of economically inactive population according to Eurostat methodology (see European Commission, The European Union labour force survey, Methods and definitions-2001). In this case, the RA NSS based itself on the latter.*

economically inactive population and not in the unemployed segment. Meanwhile, the indicators related to unemployment and economically active population were presented in paralel using both methlolodgies in order to ensure comparability with 2007.

Economically active population (labour force) is the sum of employed and unemployed population in the reference period, who form the labour force supply in the labour market for production of goods and rendering of services.

An **economically inactive** person is someone, who was not employed or unemployed during the surveyed period.

Figure 5.1. Main Population Groups based on Survey Results

Total de Facto Population 100%						
< 16 year-old 21%	16-75 year-old (labour resources) 74%					75 > year-old 5%
	Economically Active Population 61%		Economically Inactive Population 39%			
	Employed	**Unemp-loyed**	Pupil, student	House-keeper	Pensioner	Other jobless people
	84%	16%	19%	27%	25%	29%

by status
Employee 58%
Employer, own-account worker 30%
Unpaid family worker, Other 12%
by sector
Agriculture 38%
Industry 11%
Construction 9%
Services 42%

Source: *2008 ILCS*

Table 5.1. Armenia: Composition of Labour Resources by Gender

	Total, in thousands	including	
		Male	**Female**
Labour Resources[1]	2278.4	997.1	1281.3
Economically Active Population	1413.5	752.7	660.8
Employed	1182.0	644.3	537.7
Unemployed	231.5	108.4	123.1
Economically Inactive Population	864.9	244.4	620.5

Source: *2008 ILCS*

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[1] *Hereinafter: the data refers to 16-75 year-olds.*

Table 5.2. Armenia: Population by Level of Economic Activity and Gender

	Economically Active Population, *in thousands*	*including*		Economic Activity Rate[2], %	Employment Rate[2], %	Unemployment Rate[3], %
		Employed	Unemployed			
Male	752.7	644.3	108.4	75.5	62.0	14.4
Female	660.8	537.7	123.1	51.6	40.0	18.6
Total	**1413.5**	**1182.0**	**231.5**	**62.0**	**51.9**	**16.4**

Source: *2008 ILCS*

Table 5.3. Armenia: Level of Economic Activity of Population by Age Groups

	Economically Active Population, *in thousands*	*including*		Economic Activity Rate, %	Employment Rate, %	Unemployment Rate, %
		Employed	Unemployed			
16-19	39.5	23.5	16.0	18.0	10.7	40.5
20-24	148.6	95.5	53.1	53.0	34.1	35.7
25-29	160.0	126.8	33.2	66.8	52.9	20.7
30-34	143.2	122.2	21.1	74.0	63.1	14.7
35-39	137.5	118.9	18.6	77.7	67.2	13.5
40-44	164.1	143.9	20.2	82.7	72.5	12.3
45-49	194.1	170.3	23.7	79.2	69.5	12.2
50-54	165.5	146.0	19.5	77.0	67.9	11.8
55-59	118.5	101.7	16.8	72.7	62.4	14.1
60-64	52.4	46.8	5.6	56.4	50.4	10.7
65-69	45.8	43.5	2.3	40.6	38.6	5.0
70-75	44.2	42.8	1.4	31.1	30.1	3.2
16-24	*188.1*	*119.0*	*69.1*	*37.7*	*23.8*	*36.7*
16-64	*1323.5*	*1095.7*	*227.8*	*65.4*	*54.1*	*17.2*
Total	**1413.5**	**1182.0**	**231.5**	**62.0**	**51.9**	**16.4**

Source: *2008 ILCS*

Table 5.4. Armenia: Economic Activity Rate of Population by Education

	Economically Active Population, *in thousands*	*including*		Economic Activity Rate, %	Employment Rate, %	Unemployment Rate, %
		Employed	Unemployed			
Tertiary, post-graduate	298.4	248.7	49.8	73.6	61.3	16.7
Secondary specialized, incomplete tertiary	336.1	274.4	61.7	62.3	50.9	18.4
Vocational	55.1	46.2	8.9	72.0	60.4	16.2
Complete general secondary	595.9	500.2	95.7	61.0	51.2	16.1
General basic	109.1	94.1	15.0	47.9	41.3	13.8
Primary	18.9	18.5	0.4	35.5	34.8	2.0
Total	**1413.5**	**1182.0**	**231.5**	**62.0**	**51.9**	**16.4**

Source: *2008 ILCS*

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[2] *Hereinafter: the data is calculated to the number of labour resources (de facto population).*
[3] *Hereinafter: the data is calculated to the number of economically active population.*

Table 5.5. Armenia: Level of Economic Activity of Population by Marzes

	Economically Active Population, in thousands	including		Economic Activity Rate, %	Employment Rate, %	Unemployment Rate, %
		Employed	Unemployed			
Yerevan	456.8	348.4	108.4	57.3	43.7	23.7
Aragatsotn	77.7	70.6	7.1	82.8	75.2	9.1
Ararat	131.0	119.5	11.5	69.9	63.7	8.8
Armavir	133.2	127.2	6.0	68.3	65.2	4.5
Gegharkunik	102.5	96.9	5.6	68.0	64.2	5.5
Lori	126.4	104.5	21.9	61.6	51.0	17.3
Kotayk	118.0	92.9	25.1	52.9	41.6	21.3
Shirak	101.4	76.6	24.8	51.1	38.6	24.4
Syunik	70.6	62.6	8.0	71.5	63.4	11.3
Vayots Dzor	30.3	25.0	5.3	73.1	60.3	17.6
Tavush	65.6	57.8	7.9	75.4	66.3	12.0
Total	**1413.5**	**1182.0**	**231.5**	**62.0**	**51.9**	**16.4**

Source: *2008 ILCS.*

Table 5.6. Armenia: Economic Activity Rate of Population by Marzes
(based on 2001-2007 methodology)

	Economic Activity Rate, %		Employment Rate, %		Unemployment Rate, %	
	2007	2008	2007	2008	2007	2008
Yerevan	65.1	65.3	43.5	43.7	33.2	33.1
Aragatsotn	82.8	87.5	72.6	75.2	12.3	14.0
Ararat	77.6	77.8	65.0	63.7	16.3	18.1
Armavir	73.1	77.3	52.7	65.2	28.0	15.7
Gegharkunik	72.3	78.7	55.9	64.2	22.7	18.3
Lori	70.4	79.8	45.9	51.0	34.9	36.1
Kotayk	65.6	68.8	40.4	41.6	38.4	39.4
Shirak	64.1	70.0	40.8	38.6	36.2	44.8
Syunik	76.4	77.4	61.0	63.4	20.1	18.1
Vayots Dzor	78.4	81.6	57.0	60.3	27.3	26.2
Tavush	76.7	81.0	63.6	66.3	17.0	18.1
Total	**69.7**	**72.6**	**49.7**	**51.9**	**28.7**	**28.6**

Source: *2008 ILCS.*

Table 5.7. Armenia: Employed by Type and Sector of Economic Activity

	Total		State, Municipal		Non-State	
	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %
Sector A - B[1]	444.2	107.0	2.5	73.6	441.7	107.3
Sector C - E[2]	129.5	96.7	4.9	86.3	124.6	97.1
Sector F[3]	105.1	115.0	1.4	71.0	103.7	115.9
Sector G - H[4]	121.2	95.5	0	0	121.2	95.5
Sector I[5]	61.9	86.0	12.6	91.5	49.2	84.5
Sector J - K[6]	29.5	95.3	11.5	81.0	18.0	107.5
Sector L - N[7]	229.2	96.8	215.8	97.2	13.4	91.3
Sector O - Q[8]	61.4	102.5	16.3	87.0	45.1	109.6
Total	**1182.0**	**101.3**	**265.1**	**94.8**	**916.9**	**103.4**

Source: *2007-2008 ILCS.*

Table 5.8. Armenia: Employed by Type of Economic Activity and Permanency of Job

	Total		Permanent		Non-Permanent	
	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %
Sector A - B[1]	444.2	107.0	268.1	116.5	176.1	95.3
Sector C - E[2]	129.5	96.7	120.5	98.0	9.0	82.2
Sector F[3]	105.1	115.0	47.4	134.3	57.7	102.8
Sector G - H[4]	121.2	95.5	99.8	95.9	21.4	93.7
Sector I[5]	61.9	86.0	53.9	85.0	8.0	92.8
Sector J - K[6]	29.5	95.3	27.8	99.8	1.7	55.7
Sector L - N[7]	229.2	96.8	225.8	96.1	3.4	2.0 times
Sector O - Q[8]	61.4	102.5	50.5	108.3	10.9	82.2
Total	**1182.0**	**101.3**	**893.8**	**103.3**	**288.2**	**95.6**

Source: *2007-2008 ILCS.*

Table 5.9. Armenia: Employed by Sphere of Activity and Employment Status

	Total		Agricultural Sphere		Non-Agricultural Sphere	
	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %
Employee	686.6	99.8	18.8	88.5	667.8	100.2
Employer, Own-account worker	352.7	85.6	288.9	86.7	63.8	80.8
Unpaid family worker	140.7	2.2 times	136.5	2.3 times	4.2	96.1
Other	142.7	92.1		0	2.0	97.8
Total	**1182.0**	**101.3**	**444.2**	**107.0**	**737.8**	**98.1**

Source: *2007-2008A ILCS.*

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[1] *Agriculture, hunting and forest enterprise, fishing and fish-breeding*
[2] *Industry*
[3] *Construction*
[4] *Trade, repair of motor vehicles, hotels and restaurants*
[5] *Transport and communication*
[6] *Financial intermediation, real estate, renting and business activities*
[7] *Public administration, education, health and social work, social and personal service activities*
[8] *Other services*

Table 5.10. Armenia: Employed by Permanency of Job and Employment Status

	Total		Permanent		Non-Permanent	
	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %
Employee	686.5	99.8	583.9	99.5	102.6	101.8
Employer, Own-account worker	352.7	85.6	224.6	95.2	128.1	72.7
Unpaid family worker	140.7	2.2 times	84.3	2.1 times	56.4	2.4 times
Other	2.0	92.2	0.9	63.4	1.1	1.5 times
Total	**1182.0**	**101.3**	**893.8**	**103.3**	**288.2**	**95.6**

Source: *2007-2008 ILCS.*

Table 5.11. Armenia: People Having a Second Job by Type of Economic Activity and Permanency of Job

	Total		Permanent		Non-Permanent	
	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %
Sector A - B[1]	30.7	55.2	13.3	43.7	17.4	69.1
Sector C - E[2]	0.5	45.5	0.1	11.0	0.4	2.1 times
Sector F[3]	1.8	1.8 times	0	0	1.8	1.8 times
Sector G - H[4]	3.2	133.3	1.5	1.8 times	1.7	108.8
Sector I[5]	0.5	85.9	0.1	0	0.4	68.7
Sector J - K[6]	0.1	13.2	0	0	0.1	24.9
Sector L - N[7]	3.4	77.3	3.0	108.1	0.4	24.6
Sector O - Q[8]	0.8	19.0	0.4	17.8	0.4	20.4
Total	**40.9**	**58.4**	**18.3**	**48.7**	**22.5**	**69.3**

Source: 2007-2008 ILCS.

Table 5.12. Armenia: People Having a Second Job by Sphere of Activity and Employment Status

	Total		Agricultural Sphere		Non-Agricultural Sphere	
	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %	Thousand Persons	to 2007, %
Employee	7.3	83.6	1.1	109.7	6.2	80.2
Employer, Own-account worker	33.0	54.3	29.6	54.3	3.4	54.4
Unpaid family worker	0.5	84.9	0	7.9	0.5	113.6
Total	**40.9**	**58.4**	**30.7**	**55.2**	**10.2**	**70.7**

Source: *2007-2008 ILCS*

This survey also estimated informal (hidden) employment in main and additional (second) activity. In Informal employed have been included: a) employees working based on a verbal agreement, b) own-account workers and employers engaged in a non-registered activity, c) members of cooperatives engaged in a non-registered activity, d) unpaid (contributing) workers in a family business, and e) those who failed to mention their employment status.

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[1] *Agriculture, hunting and forest enterprise, fishing and fish-breeding*
[2] *Industry*
[3] *Construction*
[4] *Trade, repair of motor vehicles, hotels and restaurants*
[5] *Transport and communication*
[6] *Financial intermediation, real estate, renting and business activities*
[7] *Public administration, education, health and social work, social and personal service activities*
[8] *Other services*

Table 5.13. Armenia: Informal (Hidden) Employment by Sector of Activity and Employment Status (main and additional (second) activity)

	Total Informal Employed, *thousand persons*	*including*		Informal Employed in Agricultural Sector	*including*		Informal Employed in Non-Agricultural Sector	*including*	
		Employee	Not Employee		Employee	Not Employee		Employee	Not Employee
2007	700.3	188.0	512.3	461.0	14.2	446.8	239.3	173.8	65.5
2008	628.4	130.0	498.4	463.7	10.3	453.4	164.7	119.7	45.0
08/07, %	*89.7*	*69.1*	*97.3*	*100.6*	*72.5*	*101.5*	*68.8*	*68.9*	*68.7*

Source: *2007-2008 ILCS.*

Table 5.14. Armenia: Employed Persons by Weekly Hours Actually Worked and Type of Economic Activity

	Total, *Thousand persons*	By Hours								Average Weekly Hours, *hours*
		0*	1-10	11-20	21-30	31-40	41-50	51-60	61>	
Sector A - B[1]	400.7	43.5	55.8	145.9	105.6	59.4	23.9	5.7	4.4	*22.7*
Sector C - E[2]	124.7	4.8	1.8	1.6	4.0	41.7	54.1	13.1	8.4	*44.1*
Sector F[3]	94.1	11.0	0.6	1.2	3.8	21.6	33.8	18.0	15.0	*49.6*
Sector G - H[4]	119.1	2.1	1.1	3.2	7.5	18.5	35.4	28.1	25.4	*51.9*
Sector I[5]	60.8	1.0	0.5	1.3	1.2	14.0	21.2	9.6	13.0	*51.4*
Sector J - K[6]	28.1	1.4	0.0	1.3	2.7	7.5	11.6	3.5	1.5	*42.7*
Sector L - N[7]	222.0	7.2	2.3	12.4	21.2	91.8	76.3	10.6	7.4	*39.1*
Sector O - Q[8]	58.6	2.8	0.8	2.9	5.8	17.3	19.1	7.2	5.5	*43.3*
Total	**1182.0**	**73.8**	**62.9**	**169.9**	**151.9**	**271.8**	**275.4**	**95.8**	**80.5**	***37.0***

Source: 2008 ILCS.

Table 5.15. Armenia: Employed Persons by Weekly Hours Actually Worked and Employment Status

	Total, *Thousand persons*	By Hours								Average Weekly Hours, *hours*
		0	1-10	11-20	21-30	31-40	41- 50	51- 60	61>	
Employee	686.5	28.2	6.2	20.9	39.7	208.9	241.0	74.8	66.9	*44.7*
Employer, self-employed	352.7	31.9	39.4	91.2	79.7	49.5	28.8	19.4	12.9	*27.6*
Unpaid family worker	140.7	13.7	17.3	57.1	32.0	13.2	5.0	1.6	0.7	*20.8*
Other	2.0	0.1	0	0.7	0.5	0.2	0.5	0	0	*27.9*
Total	**1182.0**	**73.8**	**62.9**	**169.9**	**151.9**	**271.8**	**275.4**	**95.8**	**80.5**	***37.0***

Source: *2008 ILCS.*

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* Hereinafter: temporarily absent during the reference week.
[1] Agriculture, hunting and forest enterprise, fishing and fish-breeding
[2] Industry
[3] Construction
[4] Trade, repair of motor vehicles, hotels and restaurants
[5] Transport and communication
[6] Financial intermediation, real estate, renting and business activities
[7] Public administration, education, health and social work, social and personal service activities
[8] Other services

**Table 5.16. Armenia: Employed Persons by Weekly Hours Actually Worked
and Employment Status**

	Total *Thousand persons*	By hours								Average Weekly Hours, *hours*
		0	**1-10**	**11-20**	**21-30**	**31-40**	**41- 50**	**51- 60**	**61>**	
Permanent	893.8	15.8	39.8	112.2	104.0	237.3	242.3	75.9	66.5	*38.5*
Temporary, seasonal	269.8	56.9	22.0	55.0	44.8	31.5	30.0	17.2	12.5	*30.9*
Ocasional, one-off	18.4	1.1	1.2	2.7	3.2	3.0	3.1	2.7	1.5	*37.6*
Total	**1182.0**	**73.8**	**62.9**	**169.9**	**151.9**	**271.8**	**275.4**	**95.8**	**80.5**	***37.0***

Source: *2008 ILCS.*

**Table 5.17. Armenia: People Having a Second Job by Weekly Hours Actually Worked
and Type of Economic Activity**

	Total, *Thousand persons*	By hours							Average Weekly Hours, *hours*
		0	**1-10**	**11-20**	**21-30**	**31-40**	**41-50**	**51-60**	
Sector A - B[1]	32.3	3.7	10.1	13.1	3.6	0.1	0.1	0	*13.1*
Sector C - E[2]	0.5	0.3	0.1	0.1	0	0	0	0	*9.2*
Sector F[3]	1.8	0.0	0.0	1.1	0.2	0.3	0.0	0.1	*23.1*
Sector G - H[4]	3.2	0	1.0	0.5	1.6	0	0.2	0	*19.1*
Sector I[5]	0.5	0	0	0.4	0.0	0	0.0	0	*18.7*
Sector J - K[6]	0.1	0	0	0.1	0	0	0	0	*15.5*
Sector L - N[7]	3.4	0.1	1.2	1.1	0.7	0.0	0.3	0	*16.2*
Sector O - Q[8]	0.8	0	0.5	0.2	0.1	0.0	0	0	*10.4*
Total	**40.9**	**4.0**	**12.9**	**16.6**	**6.2**	**0.4**	**0.7**	**0.1**	***14.4***

Source: *2008 ILCS*

Table 5.18. Armenia: Unemployed Persons by Duration of Job Search and Gender

	Total, *thousand persons*	Month				Year			Average Duration of Job Search, *month*
		< 1	**1 - 3**	**3 - 6**	**6 - 12**	**1 - 2**	**2 - 4**	**4 >**	
Male	108.4	8.8	20.2	18.0	18.7	20.9	10.9	10.9	*14.6*
Female	123.1	5.0	18.0	14.2	19.8	26.0	19.2	21.0	*19.9*
Total	**231.5**	**13.8**	**38.2**	**32.1**	**38.6**	**46.9**	**30.1**	**31.8**	***17.4***

Source: *2008 ILCS*

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[1] *Agriculture, hunting and forest enterprise, fishing and fish-breeding.*
[2] *Industry.*
[3] *Construction.*
[4] *Trade, repair of motor vehicles, hotels and restaurants.*
[5] *Transport and communication.*
[6] *Financial intermediation, real estate, renting and business activities.*
[7] *Public administration, education, health and social work, social and personal service activities.*
[8] *Other services.*

**Table 5.19. Armenia: Unemployed Persons by Duration of Job Search
and Status of Economic Activity**

	Total, *thousand persons*	Month				Year			Average Duration of Job Search, *month*
		< 1	**1 - 3**	**3 - 6**	**6 - 12**	**1 - 2**	**2 - 4**	**4 >**	
Full-time pupil / student	5.6	0.4	1.9	1.4	1.3	0.6	0	0.0	*6.0*
Housekeeper	27.4	0.3	3.9	3.7	4.5	4.4	4.4	6.2	*21.9*
Pensioner	6.6	0.1	0.3	0.3	1.9	1.6	1.0	1.5	*23.5*
Other jobless people	191.9	13.1	32.1	26.8	30.9	40.3	24.7	24.1	*16.9*
Total	**231.5**	**13.8**	**38.2**	**32.1**	**38.6**	**46.9**	**30.1**	**31.8**	***17.4***

Source: *2008 ILCS.*

**Table 5.20. Armenia: Unemployed Persons by Duration of Job Search
and Existence of Work Experience**

	Total, *thousand persons*	Month				Year			Average Duration of Job Search, *month*
		< 1	**1 - 3**	**3 - 6**	**6 - 12**	**1 - 2**	**2 - 4**	**4 >**	
With work experience	146.3	8.7	23.1	21.9	23.0	24.8	20.5	24.3	*18.5*
Without work experience	85.2	5.1	15.1	10.2	15.6	22.1	9.6	7.5	*15.5*
Total	**231.5**	**13.8**	**38.2**	**32.1**	**38.6**	**46.9**	**30.1**	**31.8**	***17.4***

Source: *2008 ILCS.*

**Table 5.21. Armenia: Previously Employed Unemployed Persons by Reasons of Unemployment
and Level of Education**

	Total, *thousand persons*	Tertiary, post-graduate	Secondary specialized	Vocational	Complete general secondary	General basic	Primary
Job destruction, liquidation, bankruptcy of place of work	80.7	19.7	25.8	4.4	27.0	3.7	0.1
Termination of temporary activity	34.8	4.3	6.4	1.3	18.0	4.7	0.1
Illness, disability	5.6	0.7	1.9	0.1	2.8	0.2	0
Family circumstances	10.7	1.7	5.2	0.4	3.1	0.3	0
Other	14.5	3.5	4.8	0.2	5.3	0.6	0.1
Total	**146.3**	**29.9**	**44.0**	**6.3**	**56.2**	**9.6**	**0.3**

Source: *2008 ILCS.*

Table 5.22. Armenia: Unemployed Persons by Need for Professional Training and Level of Education

	Total, *thousand persons*	Tertiary, post-graduate	Secondary specialized	Vocational	Complete general secondary	General basic	Primary
No need for training	135.8	33.5	36.8	7.0	49.2	9.2	0.1
Need training	95.7	16.3	24.9	1.9	46.5	5.8	0.3
including							
Additional education	37.2	7.1	9.8	0.6	18.0	1.6	0.1
Vocation	26.7	0.9	5.9	0.8	16.5	2.4	0.1
Technical skills	26.6	7.3	7.2	0.4	10.1	1.5	0.1
Other	5.2	1.0	2.0	0	1.9	0.3	0
Total	**231.5**	**49.8**	**61.7**	**8.9**	**95.7**	**15**	**0.4**

Source: *2008 ILCS.*

Table 5.23. Armenia: Unemployed Persons by Ways of Job Search and Age Groups

	Total, thousand persons	By age groups					
		15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 >
Applied to the State Employment Service	16.0	2.1	4.1	3.7	4.5	1.7	0
Applied to private Employment agencies	10.8	3.6	2.8	1.4	1.7	0.8	0.4
Looked announcements on a regular basis	55.1	13.3	14.4	8.5	10.5	6.8	1.7
Placed announcements on a regular basis	16.5	5.8	4.0	2.5	3.2	0.7	0.2
Searched for a job through acquaintances, relatives	188.3	56.3	43.7	31.7	35.6	17.7	3.3
Applied directly to the employer	63.3	19.5	16.2	10.0	10.0	6.3	1.2
Searched for area, facilities, vehicles, equipment to start own business	9.4	3.2	2.4	1.6	1.3	0.8	0
Tried to obtain funds, loan to established own business	1.5	0.1	0.2	0	0.3	0.2	0.8
Applied to state authorities to obtain permission for starting own business	4.4	0.8	0.5	0.1	0.6	0.2	2.2
Other	2.5	0.4	0.2	0.2	0	0.4	1.2
Total[1]	**367.8**	**105.1**	**88.5**	**59.7**	**67.8**	**35.7**	**11.0**

Source: *2008 ILCS.*

Table 5.24. Armenia: Economically Inactive Population by Category of Inactivity and Age Groups

	Total, thousand persons	Full-time pupil / student	Housekeeper	Pensioner	Other jobless people
16-19	179.5	125.6	5.3	1.7	47.0
20-24	131.7	39.6	33.0	1.3	57.8
25-29	79.5	2.4	46.4	0.8	29.8
30-34	50.4	0.9	30.5	0.7	18.3
35-39	39.5	0.1	21.1	2.7	15.6
40-44	34.3	0	17.7	1.7	14.9
45-49	50.9	0	25.6	5.1	20.2
50-54	49.5	0	21.7	6.3	21.5
55-59	44.5	0	17.4	10.5	16.6
60-64	40.5	0	9.1	25.2	6.2
65-69	67.0	0	1.1	62.6	3.2
70-75	97.7	0	0.5	95.8	1.5
16-24	*311.2*	*165.2*	*38.3*	*3.0*	*104.7*
16-64	*700.2*	*168.6*	*227.7*	*55.9*	*248.0*
Total	**864.9**	**168.6**	**229.3**	**214.4**	**252.6**

Source: *2008 ILCS.*

[1] *The same person may mention more than one job search techniques.*

Table 5.25. Armenia: Economically Inactive Population by Category of Inactivity and Level of Education

	Total, *thousand persons*	Full-time pupil / student	Housekeeper	Pensioner	Other jobless people
Tertiary, post- graduate	107.0	0.9	40.3	31.2	34.6
Secondary specialized, incomplete tertiary	203.1	39.0	64.2	44.9	55.0
Vocational	21.4	0.7	6.3	5.1	9.3
Complete general secondary	380.2	73.9	103.7	74.9	127.7
General basic	118.8	50.0	13.5	34.0	21.4
Primary	34.4	4.1	1.3	24.3	4.8
Total	**864.9**	**168.6**	**229.3**	**214.4**	**252.6**

Source: *2008 ILCS.*

Table 5.26. Armenia: Economically Inactive Population by Category of Inactivity and Marzes

	Total, *thousand persons*	Full-time pupil / student	Housekeeper	Pensioner	Other jobless people
Yerevan	340.3	69.4	110.9	96.1	63.9
Aragatsotn	16.2	4.7	1.6	3.1	6.8
Ararat	56.5	14.3	16.8	9.0	16.5
Armavir	61.9	13.1	20.0	11.6	17.2
Gegharkunik	48.3	8.0	12.7	11.2	16.4
Lori	78.7	11.9	8.6	20.7	37.5
Kotayk	105.1	17.5	32.6	20.1	34.9
Shirak	97.1	16.5	15.1	25.1	40.3
Syunik	28.2	6.9	6.1	9.0	6.2
Vayots Dzor	11.1	1.6	1.5	3.9	4.2
Tavush	21.5	4.6	3.5	4.7	8.7
Total	**864.9**	**168.6**	**229.3**	**214.4**	**252.6**

Source*: 2008 ILCS.*

5.2. Employment Income (Remuneration)

The below information about monetary and in-kind income generated from employment is based on the responses of 16-75 year-old employed persons recorded in the last month preceding each reference month. Each person reported both income generated in the same month.
Both the salary of employees and income generated by self-employed was included in income (except for unpaid family workers). The data excludes those, who failed to generate any employment income in the last month preceding the survey and (or) refused to respond to questions on size of income.
The presented data refers solely to the main activity of the employed (i.e. income generated from additional employment was not included).

Table 5.27. Armenia: Distribution of Employed Persons by Size of Monetary Income and Gender

Size of Income in AMD	Total		Male		Female	
	Thousand persons	to 2007, %	Thousand persons	to 2007, %	Thousand persons	to 2007, %
< 25000 AMD	114.5	54.4	40.6	53.4	73.9	55.0
25000 - 40000	197.9	74.8	85.1	66.9	112.9	82.1
40001- 60000	215.0	100.0	127.4	92.4	87.6	113.5
60001- 80000	133.2	116.0	95.4	109.7	37.8	135.1
80001- 100000	89.9	119.1	74.1	114.7	15.8	145.1
100001- 120000	30.9	138.6	26.5	135.2	4.4	1.6 times
120001- 140000	13.9	115.1	11.5	117.4	2.4	105.2
140001- 160000	30.7	1.5 times	26.4	1.5 times	4.3	1.6 times
160001- 180000	8.3	2.1 times	7.8	2.4 times	0.5	68.9
180001- 200000	10.9	1.5 times	9.9	1.8 times	1.0	47.5
200001- 250000	4.8	1.7 times	4.6	1.7 times	0.3	2.8 times
250001- 300000	4.3	129.3	4.0	119.9	0.3	0
300000 >	3.1	115.4	2.4	94.1	0.7	6.7 times
Total	**857.6**	**89.8**	**515.7**	**92.6**	**341.9**	**85.8**

	Total		Male		Female	
	AMD	to 2007, %	AMD	to 2007, %	AMD	to 2007, %
Average Monetary Income	*65328*	*123.1*	*77742*	*121.0*	*46599*	*124.5*

Source: *2007-2008 ILCS.*

Table 5.28. Armenia: Distribution of Employed Persons by In-Kind Income and Gender

Size of Income in AMD	Total		Male		Female	
	Thousand persons	to 2007, %	Thousand persons	to 2007, %	Thousand persons	to 2007, %
< 25000 AMD	200.4	12.7	85.3	10.0	115.0	15.5
25000-40000	22.3	24.8	13.3	33.3	9.0	17.9
40001-60000	5.6	28.0	2.9	14.3	2.7	0.0
60001-80000	1.7	16.9	1.6	15.6	0.1	0
80001-100000	0.6	6.3	0.5	5.3	0.1	0
100001-120000	0.1	0	0.1	0	0.1	0
Total	**230.8**	**13.4**	**103.7**	**11.1**	**127.1**	**16.1**

	Total		Male		Female	
	AMD	to 2007, %	AMD	to 2007, %	AMD	to 2007, %
Average In-Kind Income	*12809*	*106.7*	*14669*	*106.1*	*11291*	*114.0*

Source: *2007-2008 ILCS.*

Table 5.29. Armenia: Distribution of Employed Persons by Size of Monetary Income and Type of Economic Activity

	Total, thousand persons	By Size of Income, *AMD*							
		< 24999	**25000-60000**	**60001-100000**	**100001-140000**	**140001-180000**	**180001-250000**	**250001-300000**	**300000 >**
2007									
Sector A - B[1]	221.4	98.0	106.1	11.3	2.5	1.8	1.1	0.3	0.1
Sector C - E[2]	130.5	9.7	71.6	38.3	4.8	4.0	1.7	0.2	0.4
Sector F[3]	85.8	6.9	44.9	26.3	4.5	2.6	0.5	0.1	0.0
Sector G - H[4]	122.3	11.0	68.2	29.6	3.3	4.8	2.1	1.9	1.4
Sector I[5]	72.1	5.0	40.3	19.6	4.5	1.9	0.6	0.2	0
Sector J - K[6]	30.8	2.3	14.4	7.8	3.2	2.5	0.5	0	0.1
Sector L - N[7]	233.7	44.6	123.2	47.0	10.0	5.2	2.4	0.6	0.7
Sector O - Q[8]	58.9	12.4	31.5	10.5	1.5	1.5	1.5	0	0
Total	**955.5**	**189.7**	**500.3**	**190.5**	**34.4**	**24.4**	**10.3**	**3.3**	**2.7**
2008									
Sector A - B[1]	148.4	68.7	54.9	18.9	1.5	2.8	1.3	0.0	0.3
Sector C - E[2]	124.8	5.0	62.3	39.0	7.8	7.0	2.9	0.5	0.1
Sector F[3]	95.8	1.9	39.3	38.0	7.9	5.7	2.9	0.1	0.0
Sector G - H[4]	114.8	6.8	61.1	31.6	5.7	5.1	2.1	1.2	1.2
Sector I[5]	60.9	2.8	26.1	21.3	4.4	4.1	1.3	0.8	0.1
Sector J - K[6]	28.1	0.9	8.1	8.8	4.6	3.3	1.4	0.7	0.4
Sector L- N[7]	225.1	20.8	130.5	52.2	10.8	7.0	2.5	0.7	0.5
Sector O- Q[8]	59.6	7.6	30.5	13.3	2.0	4.0	1.5	0.1	0.5
Total	**857.6**	114.5	412.9	223.2	44.8	39.1	15.8	4.3	3.1

Source: *2007-2008 ILCS.*

Table 5.30. Armenia: Average Monetary Income by Type of Economic Activity and Gender

	Total		Male		Female	
	Thousand persons	**to 2007, %**	**Thousand persons**	**to 2007, %**	**Thousand persons**	**to 2007, %**
Sector A - B[1]	37577	130.5	45463	131.5	27136	119.4
Sector C - E[2]	71986	116.0	79881	113.0	50321	123.8
Sector F[3]	79010	125.2	79582	125.7	58214	107.0
Sector G - H[4]	74313	107.3	85415	100.9	59696	128.3
Sector I[5]	77751	124.3	82282	126.0	56544	118.1
Sector J - K[6]	114796	1.5 times	139005	1.6 times	64643	109.2
Sector L- N[7]	59449	109.9	83619	106.4	46673	114.1
Sector O- Q[8]	67344	133.1	78154	134.6	52796	131.6

	Total		Male		Female	
	AMD	**to 2007, %**	**AMD**	**to 2007, %**	**AMD**	**to 2007, %**
Average Monetary Income	*65328*	*123.1*	*77742*	*121.0*	*46599*	*124.5*

Source: *2007-2008 ILCS.*

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[1] *Agriculture, hunting and forest enterprise, fishing and fish-breeding.*
[2] *Industry.*
[3] *Construction.*
[4] *Trade, repair of motor vehicles, hotels and restaurants.*
[5] *Transport and communication.*
[6] *Financial intermediation, real estate, renting and business activities.*
[7] *Public administration, education, health and social work, social and personal service activities.*
[8] *Other services.*

Table 5.31. Armenia: Distribution of Employed Persons by Size of Monetary Income and Employment Status

Size of Income, AMD	Total, thousand persons	By Employment Status		
		Employee	Employer, Own-account worker	Other
2007				
< 25000 AMD	210.4	86.6	123.3	0.4
25000 - 40000	264.6	190.5	73.3	0.8
40001- 60000	215.0	179.2	35.4	0.4
60001- 80000	114.9	99.4	15.4	0.2
80001 - 100000	75.5	62.1	13.4	0
100001- 120000	22.3	18.9	3.4	0
120001- 140000	12.1	10.1	2.0	0
140001- 160000	20.5	15.2	5.4	0
160001- 180000	3.9	2.7	1.1	0.0
180001- 200000	7.5	4.4	3.1	0
200001- 250000	2.9	1.2	1.7	0
250001- 300000	3.3	1.6	1.7	0
300000 >	2.7	1.4	1.3	0
Total	**955.5**	**673.3**	**280.4**	**1.8**
2008				
< 25000 AMD	114.5	43.2	70.4	0.8
25000 - 40000	197.9	161.9	35.2	0.8
40001- 60000	215.0	183.9	30.9	0.1
60001- 80000	133.2	117.8	15.3	0.2
80001 - 100000	89.9	76.9	13.1	0
100001- 120000	30.9	25.9	5.0	0
120001- 140000	13.9	11.9	2.0	0
140001- 160000	30.7	20.2	10.6	0
160001- 180000	8.3	7.4	0.9	0
180001- 200000	10.9	7.5	3.3	0.1
200001- 250000	4.8	3.7	1.1	0
250001- 300000	4.3	2.2	1.7	0.4
300000 >	3.1	1.6	1.6	0
Total	**857.6**	**664.0**	**191.1**	**2.5**

	Total		By Employment Status					
			Employee		Employer, Own-account worker		Other	
	AMD	to 2007, %	AMD	to 2007, %	AMD	to 2007, %	AMD	to 2007, %
Average Monetary Income	*65328*	*123.1*	*67447*	*117.0*	*57755*	*134.7*	*81497*	*5.5 times*

Source: *2007-2008 ILCS.*

Table 5.32. Armenia: Distribution of Employed Persons by Size of In-Kind Income and Employment Status

2007				
Size of Income, *AMD*	Total, *thousand persons*	*By Employment Status*		
		Employee	Employer, Own-account worker	Other
< 25000 AMD	210.4	86.6	123.3	0.4
25000- 40000	264.6	190.5	73.3	0.8
40001- 60000	215.0	179.2	35.4	0.4
60001- 80000	114.9	99.4	15.4	0.2
80001- 100000	75.5	62.1	13.4	0
100001- 120000	0	0	0	0
Total	**17.7**	**12.6**	**4.5**	**0.7**
2008				
< 25000 AMD	200.4	11.2	182.4	6.7
25000- 40000	22.3	0.3	21.8	0.1
40001- 60000	5.6	0.7	4.9	0
60001- 80000	1.7	0.4	1.3	0
80001- 100000	0.6	0	0.6	0
100001- 120000	0.1	0	0.1	0
Total	**230.8**	**12.6**	**211.3**	**6.9**

	Total		*By Employment Status*					
			Employee		Employer, Own-account worker		Other	
	AMD	to 2007, %	AMD	to 2007, %	AMD	to 2007, %	AMD	to 2007, %
Average in-kind Income	*12809*	*106.7*	*13345*	*109.5*	*12939*	*103.6*	*7802*	*1.5 times*

Source: *2007-2008 ILCS.*

Table 5.33. Armenia: Average Monetary Income of Employed Persons by Marzes

	2008		2007		2008 to 2007, %
	AMD	to total, %	AMD	to total, %	
Yerevan	78761	120.6	67088	126.5	117.4
Aragatsotn	34020	52.1	32038	60.4	106.2
Ararat	63791	97.6	55084	103.8	115.8
Armavir	73371	112.3	51306	96.7	143.0
Gegharkunik	52278	80.0	34638	65.3	1.5 times
Lori	55236	84.6	49710	93.7	111.1
Kotayk	64621	98.9	52228	98.4	123.7
Shirak	48632	74.4	40410	76.2	120.3
Syunik	66084	101.2	52685	99.3	125.4
Vayots Dzor	53518	81.9	49233	92.8	108.7
Tavush	49998	76.5	38501	72.6	129.9
Total	**65328**	**100.0**	**53053**	**100.0**	**123.1**

Source: *2007-2008 ILCS.*

**Table 5.34. Armenia: Distribution of Employees by Size of Monetary Income
and Existence of Employment Contract**

Size of Income, AMD	2007								
	Total, *thousand persons*			Had a written contract			Worked based on verbal agreement		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
< 25000 AMD	86.6	24.2	62.4	65.7	13.3	52.4	20.9	10.9	10.0
25000- 40000	190.5	84.9	105.6	134.4	50.6	83.8	56.1	34.3	21.8
40001- 60000	179.2	110.8	68.4	130.4	74.6	55.8	48.9	36.2	12.6
60001- 80000	99.4	74.7	24.7	75.0	53.4	21.6	24.4	21.3	3.1
80001- 100000	62.1	52.8	9.3	47.5	39.2	8.3	14.6	13.5	1.1
100001- 120000	18.9	17.1	1.8	15.8	14.0	1.8	3.1	3.1	0.0
120001- 140000	10.1	8.6	1.5	9.0	7.5	1.5	1.1	1.1	0.0
140001- 160000	15.2	13.8	1.4	10.5	9.3	1.2	4.7	4.5	0.2
160001- 180000	2.7	2.3	0.4	2.2	1.8	0.4	0.5	0.5	0.0
180001- 200000	4.4	3.0	1.3	3.2	2.2	1.0	1.1	0.8	0.3
200001- 250000	1.2	1.1	0.1	1.2	1.1	0.1	0	0	0
250001- 300000	1.6	1.6	0	1.2	1.2	0	0.4	0.4	0
300000 >	1.4	1.4	0	1.4	1.4	0	0	0	0
Total	**673.3**	**396.4**	**276.9**	**497.4**	**269.6**	**227.8**	**175.9**	**126.7**	**49.2**
	2008								
< 25000 AMD	43.2	10.6	32.6	35.1	7.2	27.8	8.2	3.4	4.8
25000- 40000	161.9	62.5	99.4	133.2	46.6	86.6	28.7	15.9	12.8
40001- 60000	183.9	103.7	80.2	150.5	78.6	71.9	33.4	25.0	8.4
60001- 80000	117.8	83.9	33.9	93.1	63.0	30.1	24.7	20.9	3.8
80001- 100000	76.9	64.3	12.5	62.5	51.8	10.6	14.4	12.5	1.9
100001- 120000	26.0	22.0	4.0	22.2	18.2	4.0	3.8	3.8	0.0
120001- 140000	11.9	10.0	1.9	10.2	8.5	1.7	1.6	1.5	0.2
140001- 160000	20.2	16.8	3.4	18.3	15.2	3.1	1.8	1.6	0.2
160001- 180000	7.4	7.0	0.5	7.4	6.9	0.5	0	0	0
180001- 200000	7.5	6.6	0.8	6.5	5.7	0.8	0.9	0.9	0
200001- 250000	3.7	3.7	0	3.1	3.1	0	0.7	0.7	0
250001- 300000	2.2	2.2	0	2.1	2.1	0	0.1	0.1	0
300000 >	1.6	1.2	0.3	1.5	1.2	0.3	0	0	0
Total	**664.0**	**394.5**	**269.5**	**545.6**	**308.2**	**237.5**	**118.4**	**86.3**	**32.0**

	Total		*By Employment Contract*			
			Had a written contract		**Worked based on verbal agreement**	
	AMD	**to 2007, %**	**AMD**	**to 2007, %**	**AMD**	**to 2007, %**
Average Monetary Income	*67447*	*117.0*	*68451*	*116.6*	*62815*	*114.8*

Source*: 2007-2008 ILCS.*