ARMENIA. SOCIAL TRENDS

SCIENTIFIC-EDUCATIONAL LABORATORY FOR SOCIAL RESEARCH
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"Armenia. Social Trends" is an electronic periodical which aims to analyse and briefly inform the society on main trends of social and economic development in Armenia.

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IN 2016 29.4% OF POPULATION IN ARMENIA WAS POOR, WHILE 1.8% - EXTREMELY POOR

- According to the findings of a recent ILC Survey of the NSS of RA, in 2016, the overall poverty in Armenia declined by 0.4 percentage points and the extreme poverty decreased by 0.2 percentage points compared to 2015 (Table 1).

- Poverty reduction was not accompanied by inequality decline. Polarization within the society is growing. In 2016, the income-based Gini coefficient was 0.375, while the consumption-based inequality was 0.286. it is noteworthy that both income and consumption-based Gini coefficients are increasing since 2008.

- As per community type, both rural and urban areas registered an improvement of poverty incidence, as well as extreme poverty incidence compared to 2015. More significantly (by 1.2%) poverty decreased in urban areas (excluding Yerevan), reducing to 33.2%. Across urban and rural areas, the lowest incidence of poverty, 24.9%, is registered in Yerevan, while the lowest incidence of extreme poverty, 1.4%, is in rural areas.

- The regional composition of poverty and extreme poverty is quite inhomogeneous. A distortion between the regional poverty levels is as much as 3 times, while for the extreme poverty levels it is as much as 6 times.

- According to data for 2016, the poorest region of Armenia was Shirak (where 45.5% of the population is poor and 3.7% is extremely poor), while Aragatsotn region was relatively wealthiest (with 15.7% of poverty and 0.6% of extreme poverty).

- Compared to 2015, the situation is worsened in Vayots Dzor region, as both poverty and extreme poverty increased by 1.9 and 0.2 percentage points respectively. Moreover, poverty also increased in Shirak and Armavir regions, while the extreme poverty – in Syunik and Aragatsotn regions.

Table 1. Key Indicators of Poverty and Inequality, %								
	2008	2015	2016	2016-2015 % points	2008	2015	2016	2016-2015 % points
	Poverty Incidence				**Extreme Poverty Incidence**			
Armenia	**27.6**	**29.8**	**29.4**	**-0.4**	**1.6**	**2.0**	**1.8**	**-0.2**
Yerevan	20.1	25.0	24.9	-0.1	1.1	2.0	1.9	-0.1
Other urban	35.8	34.4	33.2	-1.2	2.8	2.4	2.1	-0.3
Rural	27.5	30.4	30.4	0.0	1.2	1.7	1.4	-0.3
Aragatsotn	20.3	16.1	15.7	-0.4	0.5	0.4	0.6	0.2
Ararat	31.3	27.3	26.9	-0.4	1.6	1.3	1.0	-0.3
Armavir	24.5	29.6	30.0	0.4	0.7	2.1	1.5	-0.6
Gegharkunik	32.0	32.1	28.8	-3.3	0.4	1.3	1.0	-0.3
Lori	34.2	36.2	35.8	-0.4	2.8	2.8	2.7	-0.1
Kotayk	39.5	35.9	35.4	-0.5	2.1	2.3	1.3	-1.0
Shirak	42.4	45.3	45.5	0.2	4.6	3.9	3.7	-0.2
Syunik	20.3	24.5	24.2	-0.3	1.3	0.7	1.1	0.4
Vayots Dzor	21.1	16.9	18.8	1.9	1.9	1.0	1.2	0.2
Tavush	23.2	35.3	33.8	-1.5	1.7	2.0	1.9	-0.1
	Income-based				**Consumption-based**			
Gini coefficient	0.339	0.374	0.375	0.001	0.242	0.279	0.286	0.007
Source: NSS of RA, SELSR								

IN 2016 LABOUR MARKET TRENDS IN ARMENIA DETERIORATED

- In 2016 the economic activity rate was 61%, while the employment rate totalled to 50%, both decreasing by 1.5 and 0.9 percentage points respectively compared to 2015 (Table 2).

- While at first sight these indicators have exceeded their pre-crisis levels of 2008, further consideration is less optimistic.

  In 2016 economically active population in Armenia decreased by 6.8%, while economically inactive population – by 0.7%, resulting in a decrease of labour resources by 4.5% over the last year and by 15.4% in relation to 2008.

- In 2016 the unemployment rate was 18%, thus, improving by 0.5 percentage points compared to 2015.

  Despite a decrease in the number of unemployed persons by about 23,500 (9.6%) compared to 2015, no corresponding increase occurred in the number of employed. Instead, the number of employed persons fell even more dramatically – by about 66,400 or 3 times more than was a decrease of the unemployment numbers – resulting in a significant decrease of economically active population.

- Nearly all main components of the economically inactive population decreased compared to 2015; particularly, the number of students fell by 4.1%, the number of housekeepers dropped by 1%, while the number of pensioners was down by 0.4%.

- 9 out of 11 regions of Armenia registered a decrease of labour resources in 2016. While eight regions registered a decrease in the number of unemployed compared to 2015, only one region experienced an increase in the number of employed.

- Total decrease of the number of employed in Armenia is mainly - by 68% - explained by a decline in the number of employed in Yerevan, Gegharkunik and Kotayk, altogether by 45.2 thousand persons

- The highest unemployment rate, as well as the lowest employment rate are both registered in Yerevan, 42% and 29.1% respectively. The lowest unemployment rate, 4.2%, is registered in Gegharkunik, while the highest employment rate, 67.5%, is in Vayots Dzor.

Table 2. Key Indicators of the Labour Market, thousand persons									
	2008	2015	2016	2016/15		2016	2016-15	2016	2016-15
Labour resources	**2,377**	**2,107**	**2,011**	**-4.5 %**		Employment		Unemployment	
Labour force (Economically active population)	1,415	1,316	1,226	-6.8 %		rate, %	thousand persons	rate, %	thousand persons
Employed	1,183	1,073	1,006	-6.2 %	**Armenia**	**50.0**	**-66.4**	**18.0**	**-23.5**
Unemployed	232	244	220	-9.6 %	Yerevan	42.0	-22.0	29.1	-15.4
Economically inactive population	962	790	785	-0.7 %	Aragatsotn	60.3	-3.3	5.9	-0.1
Students	219	148	142	-4.1 %	Ararat	60.3	-5.6	9.2	0.7
Housekeepers	230	264	261	-1.0 %	Armavir	61.9	1.4	11.6	3.8
Pensioners	214	177	176	-0.4 %	Gegharkunik	48.9	-12.7	4.2	-1.0
Others	299	202	206	2.1 %	Lori	52.6	-0.1	12.3	-4.5
% of Labour resources					Kotayk	43.4	-10.5	21.9	-4.7
Economic activity rate	59.5	62.5	61.0	-	Shirak	46.2	-3.0	21.0	1.8
Employment rate	49.8	50.9	50.0	-	Syunik	58.4	-0.4	11.5	-2.7
% of Labour force					Vayots Dzor	67.5	-2.8	8.3	-0.8
Unemployment rate	16.4	18.5	18.0	-	Tavush	55.5	-7.4	12.3	-0.8
Source: NSS of RA, SELSR									

YEREVAN WAS THE MAIN ENGINE OF THE ARMENIAN ECONOMY IN 2016

- At the beginning of 2018, the first-ever regional GDP data for Armenia was published by the NSS of RA, covering preliminary data for both 2015 and 2016.

- The regional composition of the domestic product is far from homogeneous. According to data for 2016, the domestic product of Yerevan is dominating the overall GDP structure, thus, accounting for 58.3% of Armenia's GDP. Second in Armenia's GDP structure comes Ararat region. It accounts only for 6.5% of the overall GDP, thus, its contribution is about 9 times below the share of Yerevan. In the meantime, the domestic product of Vayots Dzor region, with the smallest share in the overall GDP, is about 43 times below the share of Yerevan.

- In 2016 the overall economic growth is promoted by the growth rates registered in Yerevan and Vayots Dzor region (by a nominal 10.2% and 12.3% respectively). All other regions experienced a decline in nominal GDP over the same period, ranging between 2% (in Syunik) and 18% (in Shirak). Since Vayots Dzor, compared to other regions, accounts for the smallest share of the overall GDP (about 1.3%), Yerevan was the key driver of the Armenian economy in 2016.

- Yerevan's per capita GDP, at AMD 2.8 million in 2016, made it the highest among the regions of Armenia. In fact, the distortion between per capita GDP in Yerevan and other regions is quite remarkable; it's ranging between 30% (in Syunik) and 3.4 times (in Tavush).

- Compared to 2015, per capita GDP growth is registered only in Yerevan and Vayots Dzor region, by 10% and 13.7% respectively. In all other regions it contracted, ranging between 1.5% (in Syunik) up to 16.7% (in Shirak). Weak performance, however, was partially offset by a decline of de facto population in all regions except Yerevan compared to 2015 (Table 3).

- In 2016 Yerevan also had the highest regional GDP per employed, accounting for AMD 10.9 million. It improved by 19.2% compared to 2015. If the number of employed in 2016 remained at 2015 level, per employed GDP in Yerevan would account for AMD 10.1 million or AMD 937,000 less than it was registered in 2016, while growth rate would slow down from 19.2% to 10.2%.

	2015	2016	2016/15	2016	2016	2016/15	2016	2016	2016/15	2016	2016/15	
	GDP				GDP Per Capita			GDP Per Employed			De Facto Population	Employed Population
	AMD billion		% change	%	AMD thousand	% change	by De facto population in 2015	AMD thousand	% change	by number of Employed in 2015	% change	
Armenia	**5,044**	**5,080**	**0.7**	**100**	**1,698**	**1.1**	**1,691**	**5,049**	**7.4**	**4,736**	**-0.4**	**-6.2**
Yerevan	2,687	2,962	10.2	58.3	2,756	10.0	2,762	10,898	19.2	10,082	0.2	-7.5
Aragatsotn	172	159	-7.6	3.1	1,233	-6.6	1,220	3,313	-1.2	3,100	-1.1	-6.4
Ararat	350	332	-5.2	6.5	1,283	-4.9	1,278	2,964	-0.5	2,823	-0.3	-4.8
Armavir	338	286	-15.3	5.6	1,075	-15.1	1,073	2,205	-16.2	2,229	-0.2	1.1
Gegharkunik	217	190	-12.8	3.7	819	-12.4	816	2,990	4.7	2,491	-0.5	-16.7
Lori	262	229	-12.4	4.5	1,029	-11.0	1,013	2,375	-12.3	2,372	-1.5	-0.1
Kotayk	310	278	-10.4	5.5	1,096	-10.1	1,091	3,240	0.5	2,887	-0.4	-10.9
Shirak	255	210	-17.9	4.1	869	-16.7	857	2,508	-15.0	2,421	-1.4	-3.5
Syunik	275	270	-2.0	5.3	1,936	-1.5	1,928	5,860	-1.1	5,809	-0.4	-0.9
Vayots Dzor	61	69	12.3	1.3	1,358	13.7	1,342	3,265	27.3	2,881	-1.2	-11.8
Tavush	116	96	-17.0	1.9	769	-16.2	762	1,989	-4.3	1,725	-0.9	-13.3

Table 3. Nominal GDP per Regions (Marzes)

Source: NSS of RA, SELSR