

THE IMPACT OF SOCIAL TRANSFERS ON POVERTY IN ARMENIA

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Abstract

The paper examines the impact of social transfers on poverty in Armenia. We used data from the reports and results of households living conditions surveys, conducted by the experts of the UNDP and the World Bank jointly with the Government of Armenia and National statistical Service.

The paper aims to analyze and assess the influence of social transfers on poverty alleviation in Armenia. Social transfers contribute significantly to the reduction of inequality and poverty level. The analysis focuses on two major social transfer programs: pensions and non-pension social transfers, particularly family benefits.

Social transfers made up 12.2 % of the total average monthly income of Armenian households in 2006. Social transfers were the most important for the urban households outside the capital city Yerevan (15%). Pension benefits were received by 48 % of households, family benefit was a source of income for 15.2 % of households. In 2006 total spending on social transfers made 4.2 % of GDP. Although relatively small in GDP terms, social transfers are still a very important instrument for poverty reduction in Armenia.

The poverty alleviation impact of family benefits across regions shows the importance of these transfers in particular for the extremely poor people. The location of households has significant role on including of households in the family benefit program (high altitude, bordering regions, disaster (earthquake) zone).

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