

# THE IMPACT OF SOCIAL TRANSFERS ON POVERTY IN ARMENIA

Hovhannes Harutyunyan<sup>1</sup>  
Tereza Khechoyan<sup>2</sup>

## 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).

JEL: I3, I31, I32, I38.

---

<sup>1</sup> Rector, Public Administration Academy of the Republic of Armenia, Yerevan, Armenia (aspa@nt.am)

<sup>2</sup> Vice-rector for International Relations, Public Administration Academy of the Republic of Armenia, Yerevan, Armenia ([khechoyantereza@yahoo.com](mailto:khechoyantereza@yahoo.com) / [aspa@nt.am](mailto:aspa@nt.am))

## **Introduction**

In 2003 the Government of the Republic of Armenia approved the Poverty Reduction Strategy Paper (PRSP) which was the result of cooperation of the Government, civil society, five local expert groups, and supporting international donor organizations. In the mentioned Paper a special role and place was given to the social protection system in the country.

According to the results of the Integrated Living Condition Survey (ILCS) 2001, which were used in developing PRSP, social transfers (family benefits and pensions) constitute a rather large source of income for poor families: 57.8 percent for the poorest 10 deciles, 45.5 for the second poorest deciles and 52.9 percent for the third deciles (PRSP 2003). Although social transfers are an important source for sustaining livelihoods of many poor, they are not sufficient for moving them out of poverty.

Family benefits are the main social assistance component in Armenia. Family Benefit system was established in January 1999 and replaced the system of various categorical and often overlapping cash transfers and privileges developed during the Soviet system. The system is based on a proxy means-tested targeting mechanism. Households are ranked according to individual and household determinants that are correlated with poverty.

The analysis of the impact of the family benefits system suggests that family benefits were not sufficient to move the poor out of poverty (PRSP 2003). Although some proportion of very poor moved to the category of poor (based on the official poverty line), the amount of benefits that each household receives is quite insignificant. Thus the average benefit equals 8,095 Drams (US\$14) per household (2,300 drams per individual). The spending on the benefit has continuously declined. In 1999-2001, the budget for family allowances was decreased from 21.1 billion dram to 16.09 billion dram, and the number of households eligible for benefits decreased from 226.5 thousand in 1999 to 173.3 thousand in 2001.

PRSP argues that family benefits are not well targeted. The share of non-poor receiving family benefits comprised 22.9 percent in 1999 and 32.1 percent in 2001 (PRSP 2003). At the same time, many poor and extremely poor appear not to be covered by the family benefits. Thus in 2001 only 19.7 percent of poor and 28.3 percent of extremely poor households were covered by the benefits.

## **Methodology**

The influence of social transfers on poverty in Armenia is conducted using the data from the Integrated Living Conditions Surveys of households. National Statistical Service of Armenia has conducted 8 households' surveys in the period of 1996-2006. 2004, 2005, and 2006 surveys are conducted at the regional level as well. The poverty measurement methodology was developed with the support of the World Bank experts.

The analysis focuses on the poverty implications of two major social transfer programs in Armenia: pensions and all non-pension social transfers.

Except for the Family Benefit the coverage of other non-pension benefits is small; therefore, the number of persons reporting them in the ILCS is low, often not large enough to draw statistically significant conclusions.

The impact of social transfers (pensions and social assistance) on poverty is analyzed comparing observed ("post-social transfers") poverty indicators with those that would be obtained if social transfers were eliminated ("pre-social transfers"). "Pre-social transfer" consumption is calculated

by reducing observed consumption by the amount of social transfers (pensions or social assistance or both), and assuming that the total amount of social transfers was converted into consumption (the situation most likely in developing countries such as Armenia). Thus, the difference between the poverty incidence measured using the “pre-social transfers” consumption and the poverty incidence that correspond to the “post-social transfers” consumption provides an estimate of the impact of social transfers on poverty. This methodology is especially important for the targeting of social assistance. The population that should be targeted by social assistance is “pre-social assistance” poor, as, after having received social assistance, some poor households should move out of poverty, thus affecting the validity of using the “post-social transfers” population as targeted population. In the case of pensions, the impact of pensions on poverty incidence is calculated comparing the “pre-social transfers” poverty incidence with the poverty incidence after pensions are paid, i.e., the “post pensions” (but “pre-social assistance”) poverty incidence.

### **Analysis of Social Transfers’ Impact on Poverty**

Social transfer programs include pensions and monetary social assistance. Pensions are a very important source of income for a population, and the size of the pension identifies the level of welfare for that group of population, as for most pensioners it is their only source of income. The biggest program implemented in the social assistance sector of the Republic of Armenia is the System of Family Benefits (FB). It is the biggest program by the coverage of population and by financing allocated through the state budget.

The Family Benefits program is operating on the basis of a household means testing system established in 1999. The system is based on procedures that define the level of vulnerability of households according a vulnerability “score,” which among other factors, pays specific attention to presence of socially vulnerable groups within households and households’ vulnerability due to their place of residence. Households are not obliged to be registered in the system; they voluntarily apply for registration if they consider themselves vulnerable or poor and expect certain assistance from the state agencies.

The vulnerability scoring of households is under continuous revision based on the results of the analysis of the data received from the household living conditions surveys, as well as according to suggestions and recommendations received from regional social assistance agencies and citizens. Thus, a differentiation of the level of assistance depending on the level of vulnerability/poverty was introduced for the first time in 2004 and was further developed in 2005 and 2006. As a result, the average monthly benefit of the most vulnerable families – households with many children and residents of high altitude and bordering regions - is higher compared to families with equal conditions but residing in more favorable regions and with a lower number of children. The income of the household also has an important role in defining the level of vulnerability: the lower the average monthly income, the higher the vulnerability score (and vice versa).

An increase in a population's income (wages, pensions, etc.) changes the income coefficient for households registered with the system, and households with higher average monthly incomes are dropped, while families with many children have a greater opportunity to be eligible. At first sight this positive trend has a negative impact, in particular on the eligibility of pensioners living alone and on households with many members with disabilities (as even very insignificant increase in pensions can drop them out of the system).

The Government of Armenia on December 29, 2005 approved a decree on “Procedures of Family means testing system, personal data protection, data modification in family means testing database, and information exchange between regional social services centers and MLSI.” With this decree, the key indicators used in family means testing were defined, as were the scores, coefficients, and

documents needed for registration. The scores for pensioners and pensioners living alone were revised somewhat alleviating the impact of increased pensions and raising the possibility that some would remain eligible for assistance. During 2006, with the support of the World Bank a number of surveys were conducted in the country to study and estimate approaches for improved targeting.

Although the State Budget allocations for social transfers in Armenia are increasing every year, they are still very limited relative to GDP. However, social transfers contribute significantly to a reduction in poverty and inequality. Looking across entire population, if social transfers were eliminated and households were not able to compensate for their loss, poverty would increase substantially: overall poverty incidence would increase by 6.3 percentage points or by 23.8% (from 26.5% to 32.8%), and poverty would become much deeper and more severe. This impact is even more pronounced among the households that receive the transfers.

Pensions are the largest social transfer component and play a significant role in poverty reduction. Nonetheless, social assistance, and in particular the family benefit, play very important role as well. Although the coverage of the family benefit is limited (it covers only one third of the poor), it is targeted well as 72.3% of all the recipients receiving 76.4% of resources come from the two bottom consumption quintiles. It is worth to mention that due to the efforts of the MLSI directed at improving targeting of the program, these indicators showed improvement compared to 2004 (63% of all the recipients were from the two bottom consumption quintiles and were receiving 67% of resources)<sup>4</sup>. While this result is good, there is ample room for improvements as about 12.8% of recipients, consuming 10.4% of resources, come from the top 40% of the population.

Total spending on social transfers comprised AMD 111.3 billion, or 4.2% of GDP In 2006. Pensions are the largest social transfer program in Armenia, including labor, military and social pensions. The second largest social transfer program in Armenia — the Family Benefit program — amounted AMD 24,337 billion in 2006 (0.92% of GDP), 19% more than the allocations of the previous year.

Social transfers made up 12.2% of the total average monthly income of Armenian households in 2006, in general remaining at the same level compared to previous years (11.6% in 2004 and 12% in 2005). For the lowest quintile, this share was 21.6%; while among the households in the top quintile it was only 7.1%. Looking across economic regions, social transfers were the most important for urban households outside capital city Yerevan (about 15%), and the least important for Yerevan households (9.6%).

The family benefit was a source of income for 15.2% of households; pension benefits were received by 48.0% of households, unemployment benefits were received by 0.2%, and a child care allowance was received by 0.3% of households. An additional 3.4% of households reported receiving other types of social assistance including monetary compensation for in-kind benefits they used to receive.

According to the results of the 2006 ILCS, social transfers, although relatively small in GDP terms, are a still very important policy instrument for poverty reduction in Armenia. If social transfers were eliminated and households were not able to compensate for the loss of income with resources from other sources, poverty measurement results would deteriorate substantially (Table 1). The overall poverty incidence would increase from 26.5% to 32.8%; the poor would become poorer as the shortfall of their average consumption relative to the complete poverty line—the depth of poverty—would increase from 14.7% to 28.9%, and the poverty would become much more severe: the severity of poverty index measuring inequality in consumption distribution among the poor would increase from 4.2% to 13.9%<sup>6</sup>. These adverse effects would even be pronounced in the case of extreme poverty.

**Table 1. The impact of social transfers on poverty in Armenia, 2006 (%)**

	Poor			Very poor		
	Poverty incidence	Poverty gap	Poverty severity	Poverty incidence	Poverty gap	Poverty severity
<b>Post-transfers</b> (post pensions and social assistance)	<b>26.5</b>	<b>14.7</b>	<b>4.2</b>	<b>4.1</b>	<b>12.0</b>	<b>2.8</b>
<b>Pre-transfers</b> (pre pensions and social assistance)	<b>32.8</b>	<b>28.9</b>	<b>13.9</b>	<b>12.1</b>	<b>27.6</b>	<b>13.1</b>
<b>Pre-pension</b> (pre pensions; post social assistance)	31.0	23.7	9.6	8.2	25.5	12.6
<b>Pre social assistance</b> (pre Family Benefit and other social assistance; post pension)	28.0	20.7	8.0	7.2	21.9	8.8
<b>Pre-Family Benefit</b> (pre FB; post pensions and other social assistance)	27.8	20.2	7.6	7.0	20.4	7.4

**Source:** ILCS 2006

As it was mentioned above, pensions are larger social transfers, and that is why play a more important role in poverty alleviation. Social assistance, particularly the family benefit as its largest component, play a very important role as well. It should be mentioned that if only the family benefit is eliminated, extreme poverty incidence would increase by 2.9 percentage points (from 4.1% to 7.0%), while overall poverty incidence would increase by 1.3 percentage points (from 26.5% to 27.8%); the depth and severity of poverty would increase by 5.5 and 3.4 percentage points respectively, while the depth and severity of extreme poverty would increase by 8.4 and 4.6 percentage points respectively (Table 1). This data proves that the family benefits have a higher impact on extreme poverty than elsewhere.

Pre- and post-transfer poverty indicators for those households who receive social transfers, are illustrated in the Table 2. The elimination of social transfers would worsen the living conditions of those families significantly; this impact is understandably higher than when looking at the poverty impact of social transfers across the entire population (previous table). If pensions were eliminated and the households receiving them were not able to compensate for their loss from other income sources, the overall poverty incidence among the recipients would increase significantly to 38.8%; while the incidence of very poor would increase to 13.7%. Poverty incidence among the households who receive the Family Benefit is higher than the nationwide poverty incidence even after they have received the Family Benefit (47.5% vs. 26.5%). The termination of the Family Benefit would thus increase the overall poverty incidence among this socio-economic group from 47.5% to 55.7%, while the incidence of very poor people would increase from 8.5% to 27.5%. Compared to 2005, the impact of family benefits became more obvious<sup>7</sup>, which indicates improved targeting of the program.

**Table 2. The impact of social transfers on poverty reduction for households reporting receiving pensions and/or social assistance in Armenia, 2006**

	Very poor(%)	Poor (%)	Poverty gap	Poverty severity
<b>Households receiving pensions</b>				
Post-pensions	4.9	29.3	14.6	4.3
Pre-pension	13.7	38.8	29.8	13.3
<b>Households receiving social assistance</b>				
Post-social assistance	8.6	44.4	18.1	5.4
	Very poor(%)	Poor (%)	Poverty gap	Poverty severity
Pre-social assistance	25.3	52.6	34.9	16.1
<b>Households receiving Family Benefits</b>				
Post – Family Benefits	8.5	47.5	17.7	5.2
Pre- Family Benefits	27.5	55.7	35.0	15.9

**Source:** ILCS 2006

The elimination of social transfers would significantly increase the gap and severity of poverty. Hence, social transfers have a significant poverty alleviation effect on households who receive them: the transfers might not lift all of the recipient households out of poverty, but they significantly reduce the poverty gap and severity of poverty among them.

The impact of family benefits on poverty reduction at the regional level gives an evidence on the importance of these transfers in particular for the extremely poor population of the country. Family benefits are an important source of income for very poor, especially in the Shirak, Gegharkounik, Armavir, Lori, and Aragatsotn regions. If family benefits were eliminated and the households receiving them were not able to compensate for their loss from other income sources, the extreme poverty incidence among the recipients of these regions would increase significantly by 50% up to 70%. Termination of benefits would increase overall poverty by 13% in Lori, and by 11% in both Vayots Dzor and Tavoush regions.

**Table 3. The impact of social transfers on poverty reduction by the regions of Armenia, 2006 (%)**

	Post-transfers (post pensions and social assistance)		Pre-Family Benefits (pre FB; post pensions and other social assistance)		Impact of FamilyBenefits termination on poverty, % change	
	Extreme poverty incidence	Poverty Incidence	Extreme poverty incidence	Poverty Incidence	Extreme poverty	Overall poverty
Yerevan	3.5	21	4.0	21.3	12.8	1.5
Aragatsotn	2.6	27.5	5.0	30.2	47.6	8.9
Ararat	5.5	27	7.7	27.4	28.4	1.4
Armavir	3.4	30.8	6.8	31.5	49.7	2.2
Gegharkounik	2.6	29.8	7.1	30.3	63.5	1.7
Lori	5.5	27	10.6	31.0	48.0	12.9
Kotayk	8.1	32	11.7	34.1	30.9	6.1
Shirak	3.7	37.3	14.1	39.0	73.8	4.4
Syunik	2.1	25.3	3.7	26.2	42.7	3.6
Vayots Dzor	1.3	11.4	1.5	12.8	15.4	10.9

Tavoush	3.3	23.5	4.6	26.4	27.5	10.9
Total	4.1	26.5	7.0	27.8	41.4	4.7

**Source:** ILCS 2006.

The population of the country is divided into the “pre-social transfers” poor (as well as very poor) population and non-poor population in order to estimate coverage of the population by social transfers. The higher the coverage of the poor and very poor and the lower the coverage of the non-poor, the more effective are the social transfers in reaching the needy population. In the case of the family benefit, the coverage of “pre- Family Benefit” poor and very poor by Family Benefit system has increased between 2004 and 2006: 31.9% of the poor received this social transfer in 2006 compared to 25.1% in 2004, while the coverage of the very poor was higher, 60.2% of very poor received family benefits compared to 40.6% in 2004 (Table 4). At the same time, only 9.7% of the “pre- Family Benefit” non-poor were Family Benefit beneficiaries, which stayed almost at the same level since 2004. It should be noted that, pensions, as a contributory social insurance benefit, are not supposed to be paid only to the poor population as is the case with the family benefit, but to all eligible individuals irrespective of their socio-economic status. Therefore, no issues are raised with regard to coverage in the pension system, while the shares of poor and non-poor in the family benefits system can suggest low inclusion but possibly high exclusion error. For example, through a well-designed system of limitations and application of certain coefficients, the inclusion of non-poor into the system can be limited (non-poor are excluded; only 9.7% of non poor were among Family Benefit beneficiaries), but at the same time the same limitations and coefficients can also limit the inclusion of the poor and very poor into the program (39.8% of very poor and 68.1% of poor were excluded from the program).

**Table 4. Distribution of social transfers in Armenia, 2004-2006 (%)**

	Pre-social assistance			Pre-family benefits			Pre-pensions		
“Pre-transfer” population covered by social assistance and pensions									
	2004	2005	2006	2004	2005	2006	2004	2005	2006
Poor	31.6	30.8	49.2	25.1	26.5	31.9	62.4	66.5	63.8
Very poor	51.1	58.0	74.2	40.6	50.8	60.2	79.9	84.8	84.5
Not poor	12.8	12.5	12.0	9.3	9.0	9.7	39.7	38.1	41.3

**Source:** ILCS 2004-2005

It is obvious that the coverage of the poor and very poor is significantly higher than the coverage of the non-poor population.

Social transfers contribute to the reduction of inequality in the distribution of consumption. The pre-social transfers Gini coefficient for consumption distribution is reduced from 0.306 to 0.278 when pensions are added to consumption, and further to 0.263 when all social assistance benefits are added (Table 5).

**Table 5. The impact of social transfers on consumption inequality in Armenia(Gini coefficients for consumption aggregate), 2004-2006**

	2004	2005	2006
Pre-social transfers (pre-pensions; pre-social assistance)	0.298	0.299	0.306
Pre-social assistance (post-pensions; pre- social assistance)	0.270	0.268	0.278
Post-social transfers (post social assistance and pensions)	0.260	0.257	0.263

**Source:** ILCS 2004-2006

Data on distribution of family benefits are illustrated in Table 6. The number of households receiving the benefit has declined by 34.6% between 2000 and 2006. Although in 2006 it increased slightly by 2.5% compared to 2005, the coverage of the targeted population is still low (even if all the recipient households were coming from the poor). Family Benefits cover 32% of the poor (60.2% of very poor population).

**Table 6. Distribution of Family Benefits in Armenia, 2000-2006**

	2000	2001	2002	2003	2004	2005	2006
<b>Beneficiaries</b>							
<b>Regular monthly benefit (as of January 1)</b>							
Number of families	199,456	174,800	149,603	141,218	134,224	127,167	13,0406
Number of individuals	667,897	598,616	532,014	505,560	476,495	467,534	484,551
<b>One-time benefit</b>							
Number of families	11,797	15,917	10,140	14,889	7,782	8,342	9,264
Number of individuals	44,935	54,139	30544	39,456	17,680	20,560	19,865
<b>Average benefit (AMD per month)</b>							
Regular benefit per household	7,196	7,712	6,554	7,099	8,254	12,200	15,200
% of the average wage	26.4	26.2	20.0	17.0	19.0	23.4	23.6
Regular benefit per family member	2149	2252	1843	1983	2325	3318	4091
% of the poverty line	N/A	N/A	N/A	N/A	10.2	11.5	15.4
% of the extreme poverty line	N/A	N/A	N/A	N/A	18.6	25.0	28.6
One-time benefit (drams per household)	3,500	3,500	4,000	4,000	4,500	6,000	7,000
<b>Resources</b>							

Total (billon drams)	17.72	16.85	14.85	13.23	16.09	20.023	24.337
% of GDP	1.72	1.43	1.09	0.81	0.84	0.89	0.92

**Source:** Ministry for Labor and Social Issues and Ministry of Finance and Economy of the Republic of Armenia

The results of the 2006 ILCS show that 21.1% of all households in Armenia applied for the family benefit. About 80% of the applicants (17% of all households in Armenia) were found eligible and awarded the benefit; while in the remaining 20% (4.2% of all households in Armenia) the benefits were refused. The majority of households, 78.8% of all households, did not apply for the Family Benefit; of these households, 58% did not apply because they were not sure they would qualify, while about 19% believed they were well-off and did not need it.

During the period considered, the share of households who applied for benefits continuously declined (from 29.9% in 2004 to 21.1% in 2006), yet the share of eligible households has increased among the applicants (in 2004 from 60% to 80% in 2006).

About 89% of households who were denied or whose benefits were terminated in 2006 were informed about the reasons of rejection/termination in written or verbally. However, only 39% of households reported that the reasons for rejection/termination were clear to them. Every fourth household cited that it was not easy to collect all documents necessary for application/re-registration with the system. About 75% of households registered were satisfied with the services of their particular social worker. Only 29% of households considered the Family Benefit system fair, another 28% considered that the system is not fair, while more than one third were unsure of their response.

Regarding the vulnerability of recipients covered by the Family Benefit system, the answers of households were grouped as follows: the majority, 35.5% were not sure in their response, while 11.3% believed that all recipients are needy, 16.9% thought that more than half of the recipients are poor, 18.1% stated that close to half of beneficiaries in the Family Benefit system are vulnerable, while 10% of households were sure that less than half of recipients are needy. Only 8.2% thought that very few of recipients are really vulnerable.

The distribution of Family Benefit recipients and funds by the “post transfer” consumption quintiles is illustrated in the Table 7, which shows a strong pro-poor focus in the Family Benefit distribution in 2006 and improved targeting compared to 2004: 72.3% of recipients come from the two bottom “pre-social assistance” consumption quintiles, receiving about 76.4% of the FB budget in 2006. In 2004, 66.7% of Family Benefit budget was distributed to 62.6% of bottom two quintiles. Although targeting of the program has improved since 2004, there is ample room for improvement, as about half of very poor bottom quintile are not covered by monetary assistance programs.

**Table 7. Distribution of Family Benefits and overall social assistance recipients and funds across the “pre- Family Benefit” consumption quintiles in Armenia, 2006 (%)**

	Consumption quintiles				
	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5
<b>Family benefits</b>					
Recipients	49.5	22.8	14.7	9.0	3.8
Resources	54.0	22.4	13.0	7.3	3.1
<b>Social assistance (including Family Benefits)</b>					
Recipients	45.2	21.7	14.6	10.6	7.9

Resources	50.3	21.5	13.3	8.4	6.6
-----------	------	------	------	-----	-----

Source: ILCS 2006

Table 8 shows that households with four and more children and households with no active member have a substantially higher poverty risk than other households, although these households have higher coverage in the system.

**Table 8. Poverty incidence and pre- Family Benefit coverage of specific households types, in Armenia, 2004-2006 (%)**

Household type	Extreme poverty incidence			Poverty incidence			Coverage of pre-Family Benefit poor		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
With 4 or more children	21.5	16.0	19.8	60.6	47.6	39.9	53.8	52.7	69.5
No labor force active member	9.1	15.8	16.0	37.3	35.7	33.7	31.7	48.7	60.0
No declared labor income	10.3	8.3	9.1	39.4	31.2	27.8	41.9	39.9	46.5
Rural landless	10.9	9.0	10.6	53.6	32.8	29.8	34.9	34.9	44.0
No migrant member	9.0	5.9	6.5	37.7	27.1	26.0	31.7	42.1	34.8

Source: ILCS 2004, 2005, and 2006

What groups of population are included in the Family Benefit Program? The factors that have a decisive influence on the probability of a household receiving the Family Benefit, are the following: characteristics of the household (age composition, education and gender of the household head, size and location of the household); economic variables of the household (labor market status of the household members; consumption per adult equivalent); housing conditions and other household characteristics (house/apartment, temporary lodging or other, and car and land ownership).

Children appear to be more likely to receive the Family Benefit relative to other age categories. The larger the share of children of all age groups in the household, the higher the probability that the household receives the Family Benefit relative to the reference category (share of adults between 45 and 60), keeping the household size constant. The share of elderly in the household has no significant effect on receiving the Family Benefit. Female-headed households are more likely to receive the Family Benefit than male-headed households, holding all else constant.

The location of the household plays an important role in explaining Family Benefit incidence. The location effects on the likelihood of households receiving the Family Benefit remain relatively large after controlling for all other characteristics included in the determinants.

Highly-educated household heads (technical education), have, on average, a lower probability of receiving the Family Benefit relative to those who only have a primary education. The labor market status of household members is tightly associated with the incidence of the Family Benefit; the larger the share of unemployed members in the household is, the higher the likelihood of the household receiving the Family Benefit relative to the reference category (proportion of salaried workers). The same conclusion holds for inactive household members.

## References

1. Poverty Reduction Strategy Paper. Yerevan. 2003
2. Poverty Reduction Strategy Paper Progress Report (2004-2005 First Term). Yerevan. 2006
3. Poverty Reduction Strategy Paper, Revised Version (PRSP-2). Yerevan. December, 2007
4. Human Poverty and Pro-poor Policies in Armenia. UNDP. 2005
5. Human Development Report 2007-2008- Country Fact Sheets- Armenia.mht
6. Gelbard E., McHugh James, Iradian Garbis, Beddies Christian, Redifer Laure. Growth and Poverty Reduction in Armenia: Achievements and Challenges, WB, 2005
7. Voices of the Poor, UNDP, 2007
8. National Millennium Development Goals in Armenia. UNDP. 2005
9. Guidelines for Development of Pro-poor Policies in the Social Sector. UNDP. 2004
10. Republic of Armenia Ministry for Labor and Social Issues. 2007 Report
11. Armenia Poverty Family Benefit Program. Notes on the Role of Good Administration on Program Performance
12. Babken V. Babajanian. Armenia: Poverty Synthesis Study. 2003
13. Integrated Living Conditions Surveys of Households –Armenia: 2004, 2005, 2006
14. Armenia Social Trends. The Poorest Communities in Armenia, Information-Analytical Bulletin, December 2002. UNDP. Yerevan.
15. IDHR. The Picture of Poverty and Survival: The Processes of Social Polarisation in the Republic of Armenia, Institute for Democracy and Human Rights. 2003. Yerevan (in Armenian).
16. Growth, Inequality and Poverty in Armenia. UNDP. 2002. Yerevan.
17. Poverty and Welfare Trends Over 1990s in Armenia, Country Paper. UNICEF. 2002
18. <http://www.prsp.am/new/en/monitoring.php>
19. [http://www.prsp.am/new/en/progress\\_report.php](http://www.prsp.am/new/en/progress_report.php)
20. <http://www.mfe.am/mfeengweb/poverty/poverty.htm>