POVERTY AND SOCIAL INCLUSION INDICATORS IN 2013

Poverty and social inclusion indicators are part of the general EU indicators for tracing the progress in the field of poverty and social exclusion. Main source of statistical data on which basis the indicators are calculated is the annually conducted Survey on Income and Living Conditions (EU-SILC).

Poverty estimation

In 2013, the average monthly poverty line for the country is 285.92 BGN per person. The number of persons who are below this line is 1 527.5 thousand representing 21.0% of the population in Bulgaria.

1. Main poverty indicators

	2008	2009	2010	2011	2012	2013
At-risk-of-poverty threshold (monthly average in BGN)	212.3	276.5	295.0	283.8	279.7	285.9
Number of persons below at-risk-of-poverty threshold (in thousands)	1632	1657	1565	1672	1559	1528
At-risk-of-poverty rate (% of the population)	21.4	21.8	20.7	22.2	21.2	21.0
At-risk-of-poverty rate before social transfers (% of the population)	40.0	38.8	40.8	41.7	41.8	41.8
At-risk-of-poverty rate before social transfers with pensions included (% of the population)	27.1	26.4	27.1	27.4	25.9	26.7
Inequality of income distribution (S80/20)	6.5	5.9	5.9	6.5	6.1	6.6
Gini coefficient[1]	35.9	33.5	33.2	35.1	33.6	35.4

Compared to the previous year the poverty line has increased by 2.2% and the share of poor population has decreased by 0.2 percentage point.
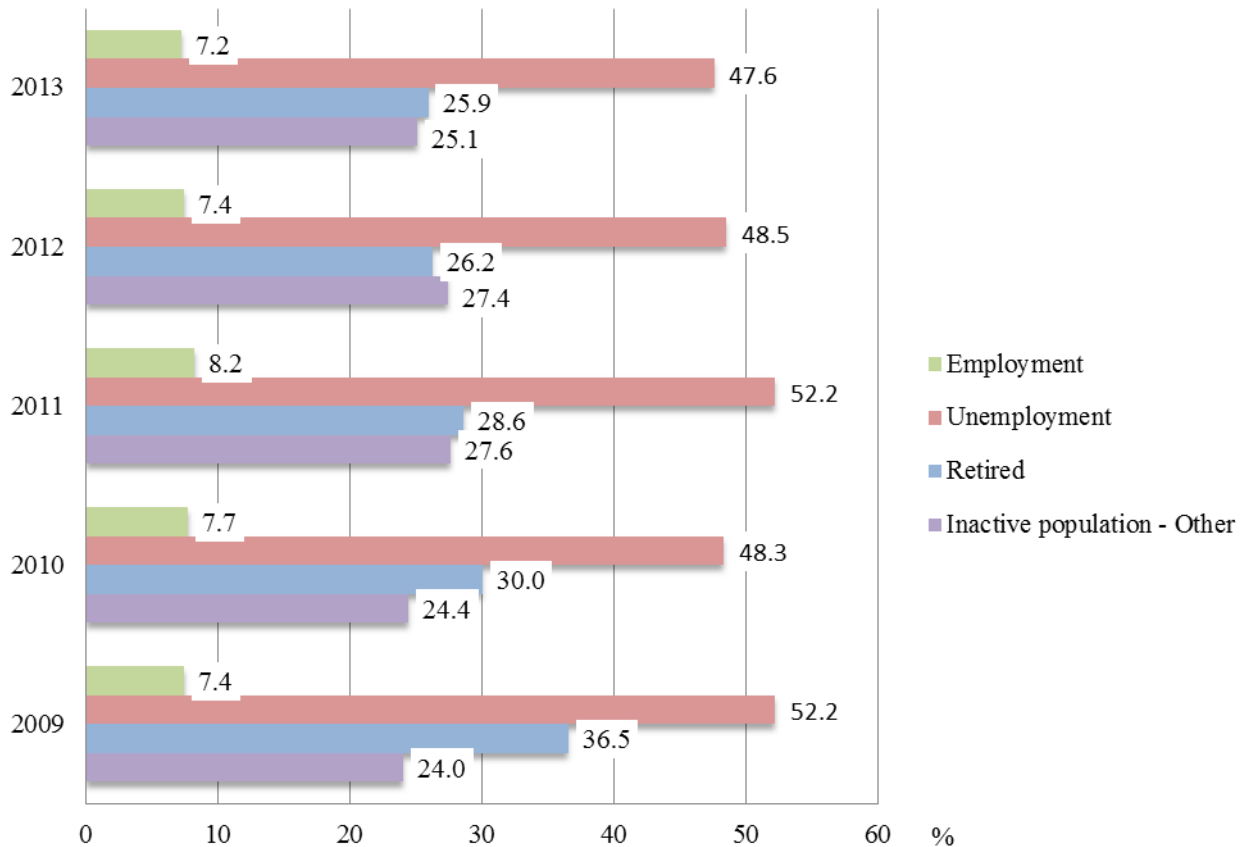
The social protection system contributes considerably to the poverty decrease. According to 2013 data, if the income from pensions is included into the household's income and the rest social transfers are excluded, the poverty level increases from 21.0 to 26.7%, or by 5.7 percentage points. And respectively, if the pensions and the rest of the social transfers are excluded, the poverty level increases to 41.8%, or by 20.8 percentage points.

The main factor influencing the risk of poverty for the prevailing part of population is the economic activity and participation in the labour market. For the observed period, the share of the poor is highest among the unemployed (47.6%) and the risk of poverty for unemployed men is 0.2 percentage points higher than unemployed women.

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[1] Calculated based on data of the distribution of persons and households by income and normalized in the range from 0 to 100.

Figure1. At-risk-of-poverty rate by most frequent activity status

In 2013, the rate of poverty among employed persons decreased compared to the previous year to 7.2% or by 0.2 percentage points. The share of poor persons working part-time is 20.9%, while among those working full-time this share is 6.4%. At the same time the risk of poverty among women is 0.5 percentage points lower than that of men.

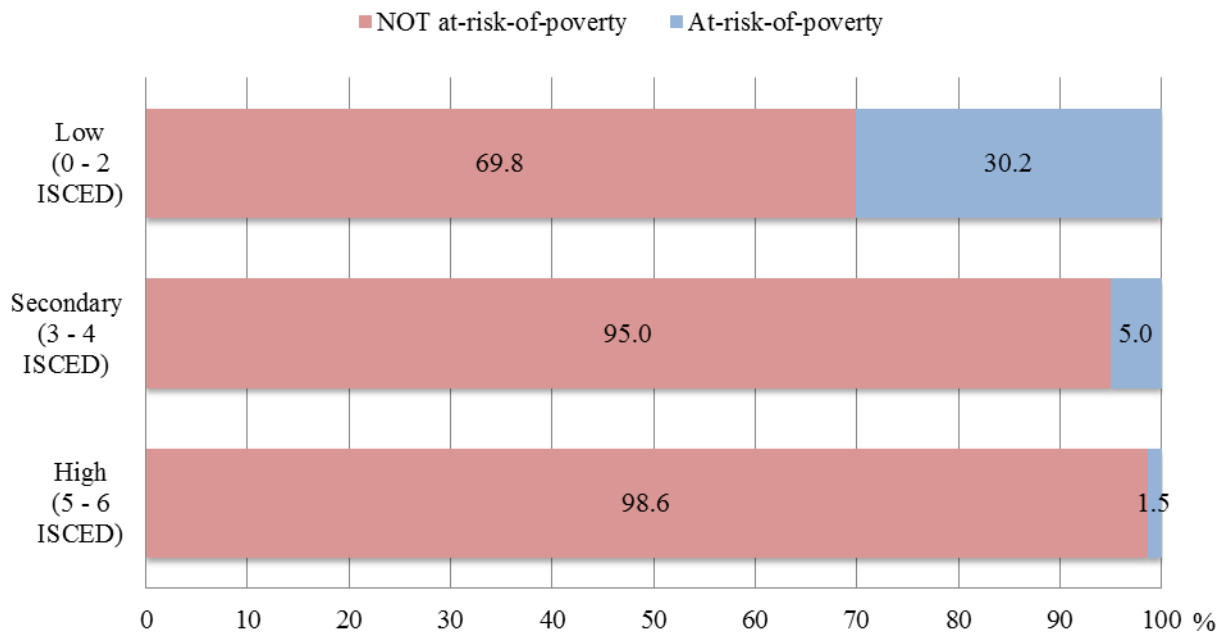**2. In-work at-risk-of-poverty rate (by gender, population 18 - 64 age)**

(Percent)

Year	2006	2007	2008	2009	2010	2011	2012	2013
Employment								
Total	5.5	5.9	7.6	7.5	7.7	8.2	7.4	7.2
Male	5.3	6.1	8.0	7.8	8.5	8.8	7.7	8.0
Female	5.7	5.6	7.1	7.1	6.7	7.5	7.1	6.4
By full-time/part-time work								
Full time	4.6	5.1	6.3	6.2	6.4	7.0	6.6	6.4
Part time	14.7	16.2	20.3	24.2	30.3	33.0	27.9	20.9

Educational level which largely determines access to better career development and better paid jobs directly correlated with poverty in employment. The share of workers with higher education below the poverty line is 1.5%, while those with primary or lower education this share reached 30.2%. The risk of poverty was over 20 times higher in those with primary or lower education compared to those with higher education. The share of working poor with secondary education is 5.0%.
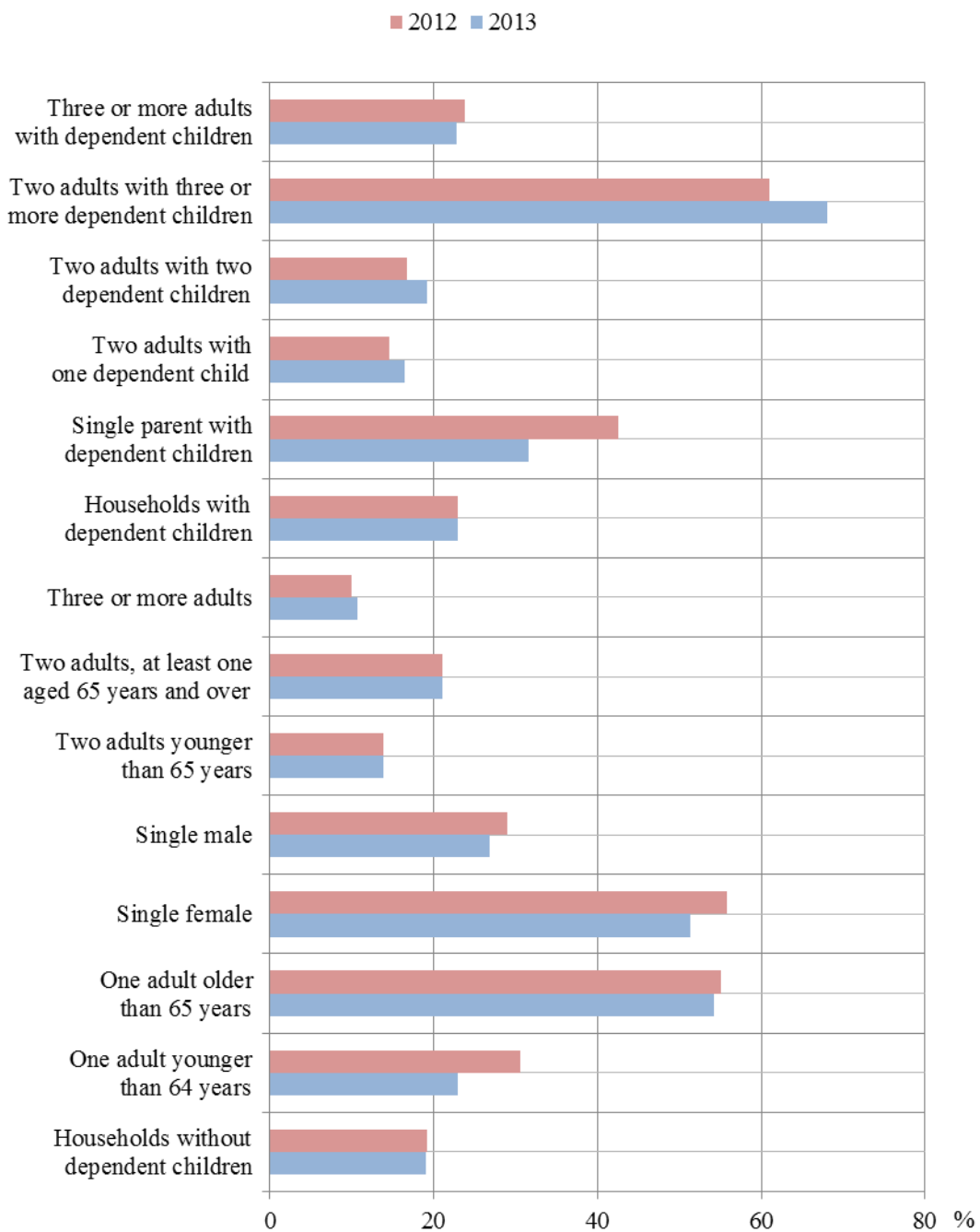
Figure 2. Relative share of employees at-risk-of-poverty by level of education in 2013

Poverty estimates depending on the type of household, show that poverty is concentrated among elderly single-person households, single parents with children and households with three or more children. The highest risk of poverty was 68.1% in households with three or more children. Their share increased compared to 2012 by 7.1 percentage points. The lowest share of population at-risk-of-poverty was in households with three or more adults (10.7%) and in households with two adults under 65 years (13.8%).

Figure 3. Risk of poverty by household types

■ 2012 ■ 2013

Material deprivation of the households at national level

The general indicators of poverty assessment include subjective indicators related to material deprivation. They show the subjective assessment and personal attitude of the persons and households related to the possibility to meet individual needs. The subjective indicators are formed from the answers of nine questions related to the consumption of specific goods and services:

3. Subjective material deprivation items in 2013

	Questions related to deprivations asked to the households	Deprived persons	Structure - % of population
1	Has the household been in arrears, i.e. has been unable to pay on time due to financial difficulties for any of the listed housing costs: • Mortgage repayment for the main dwelling • Rent • Utility bills for electricity, water, heating, etc. (without expenditures on telephone)| • Hire purchase instalments or other loan payments	2626070	36.1
2	Can your whole household afford (if you wish) going for a week's annual holiday away from home every year, including staying at a second dwelling or with friends and relatives?	4823739	66.3
3	Can your whole household afford (if you wish) eating meat, chicken or fish (or their vegetarian equivalent) every second day?	3720133	51.1
4	Can your household afford an unexpected required expense and pay through its own resources (urgent repair of the dwelling or car; replacement of washing machine or refrigerator; sudden illness, etc.)?	4659732	64.0
5	Does your household have a telephone (incl. mobile)?	305897	4.2
6	Does your household have a colour TV?	125582	1.7
7	Does your household have a washing machine?	689339	9.5
8	Does your household have a car/van (incl. company car for private use)?	1622286	22.3
9	Can your household afford to keep its home adequately warm?	3274284	45.0

The data show that the highest number of households have restrictions on-going for a holiday away from home (66.3%) and the ability to afford unexpected required expenses with own resources (urgent repair of the dwelling or car, replacement of washing machine or refrigerator, sudden illness, etc.) - 64.0%. In parallel, only 4.2% of Bulgarians cannot afford having a telephone (including mobile), 1.7% - a colour TV, 9.5% - a washing machine, and 51.1% of the households claim that they cannot afford having a meal with meat, chicken or fish every second day. Share of persons in households who have arrears on the payment of housing-related costs in time is 36.1%, as 45.0% of the households cannot keep their home adequately warm.

In 2013, 43.0% of the population live in severe material deprivation (limit 4 of 9 indicators), as the decrease compared to the previous year is by 1.1percentage points.

Households with low work intensity status

Jobless households are households where no member has been in employment over the last four weeks, i.e. all members of the household aged 16 years old or more have been either unemployed or inactive. Low work intensity of the household refers to the ratio between on the one hand the number of months that all working age (18 - 59) household members have been working during the income reference year and on the other hand the total number of months that could theoretically have been worked by the same household members. For those who declare that they work part-time, number of months shall be converted to full-time based on hours worked.

People living in households with very low work intensity are defined as people of all ages (from 0 - 59 years) living in households where the adults (those aged 18 - 59, but excluding student aged 18 - 24) worked less than 20% of their total potential during the income reference period.

4. People living in households with very low work intensity by age group 18 - 59 years and by gender

	2008	2009	2010	2011	2012	2013
Total						
1000 persons	350.3	303.1	322.6	444.4	473.8	482.1
% of population	7.7	6.7	7.3	10.1	11.2	11.6
Male						
1000 persons	163.1	150.4	155.5	224.0	242.4	254.3
% of population	7.1	6.7	7.0	10.2	11.3	12.0
Female						
1000 persons	187.2	152.7	167.1	220.3	231.4	227.8
% of population	8.2	6.8	7.6	10.1	11.1	11.1

Following the definition, 482.1 thousand persons at 18 - 59 yeas age could be considered as living in a household with very low work intensity in 2013, or 11.6% of the population. Compared to 2012 their share increased by 0.4 percentage points. Very low work intensity among males is higher with 12% or 0.9 percentage points than among females.

Combined indicator

In relation to the goals set in strategy 'Europe 2020' a combined indicator for regular monitoring of countries' progress in implementing the national targets is calculated using data from the Survey of Income and Living Conditions (EU-SILC). The indicator includes at-risk-of-poverty rate, severe material deprivation rate and rate of people living in households with low work intensity.

The combining of the three indicators show that in 2013 - 48.0% or 3 493.4 thousand persons are in need of special care to combat poverty, social inequality and exclusion from active work.
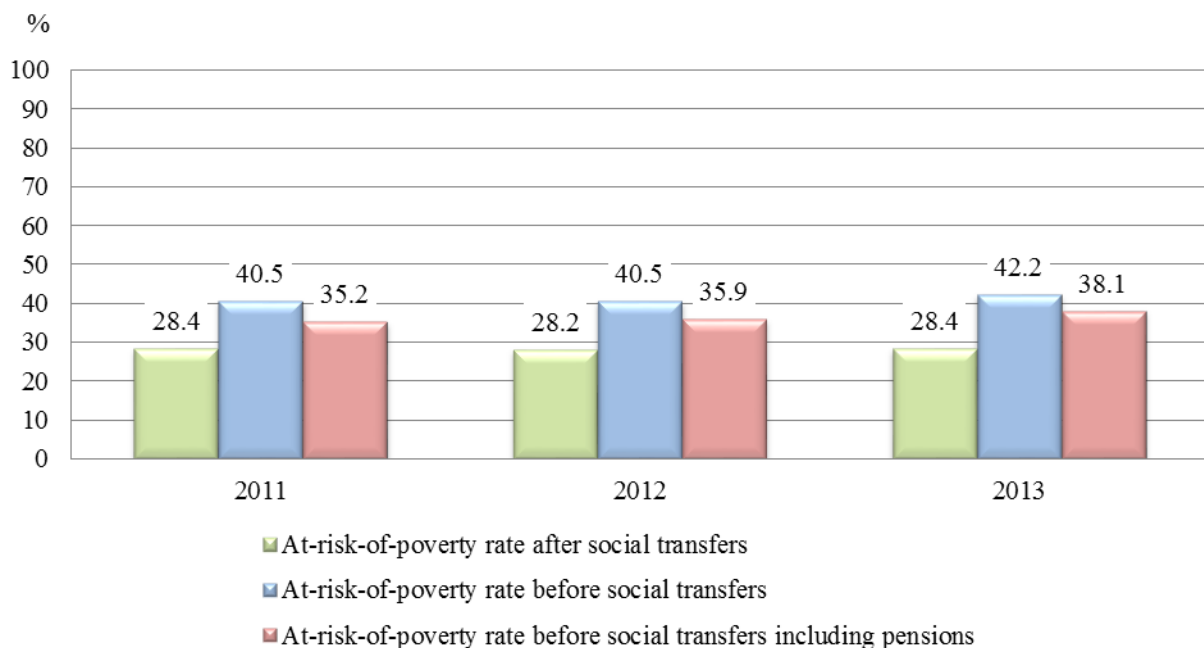
4. Population at-risk-of-poverty or social exclusion

	2008	2009	2010	2011	2012	2013
Total						
1000 persons	3421.0	3511.2	3718.7	3693.2	3621.1	3493.4
% of population	44.8	46.2	49.2	49.1	49.3	48.0
Male						
1000 persons	1591.9	1624.1	1729.3	1732.8	1703.3	1648.5
% of population	43.0	44.1	47.3	47.7	47.6	46.5
Female						
1000 persons	1829.0	1887.0	1989.5	1960.5	1917.7	1844.9
% of population	46.4	48.1	50.9	50.5	50.9	49.4

Children at-risk-of-poverty and material deprivation

In 2013, 28.4% of children (aged 0 - 17) in Bulgaria were at-risk-of-poverty compare to 17.1% of adults (18 - 64) and 27.9% of the elderly (65 and over) or children were at a greater risk of poverty.
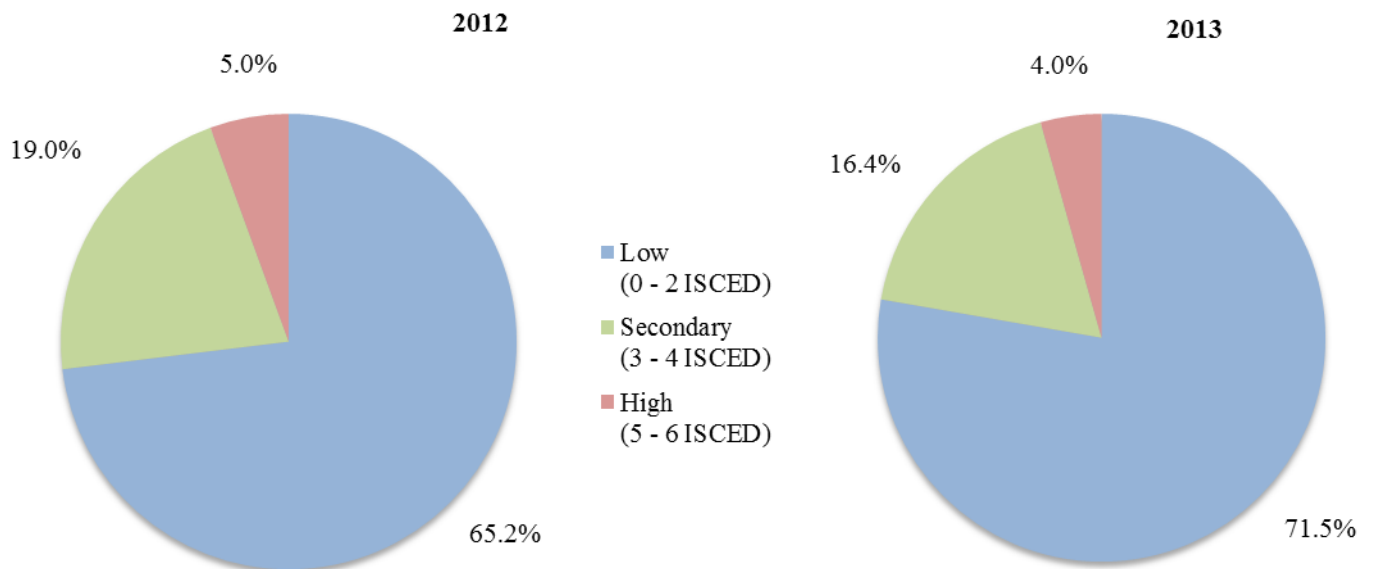
Figure 4. Children at-risk-of-poverty rate before and after social transfers

Social transfers decrease considerably children's poverty rate. In 2013 share of children at-risk-of-poverty were 42.2% if the income from pensions and the rest of the social transfers are excluded from household income, and reached 38.1% if the income from pensions is included into the household's income.

Figure 5. Children at-risk-of-poverty by education level of their parents
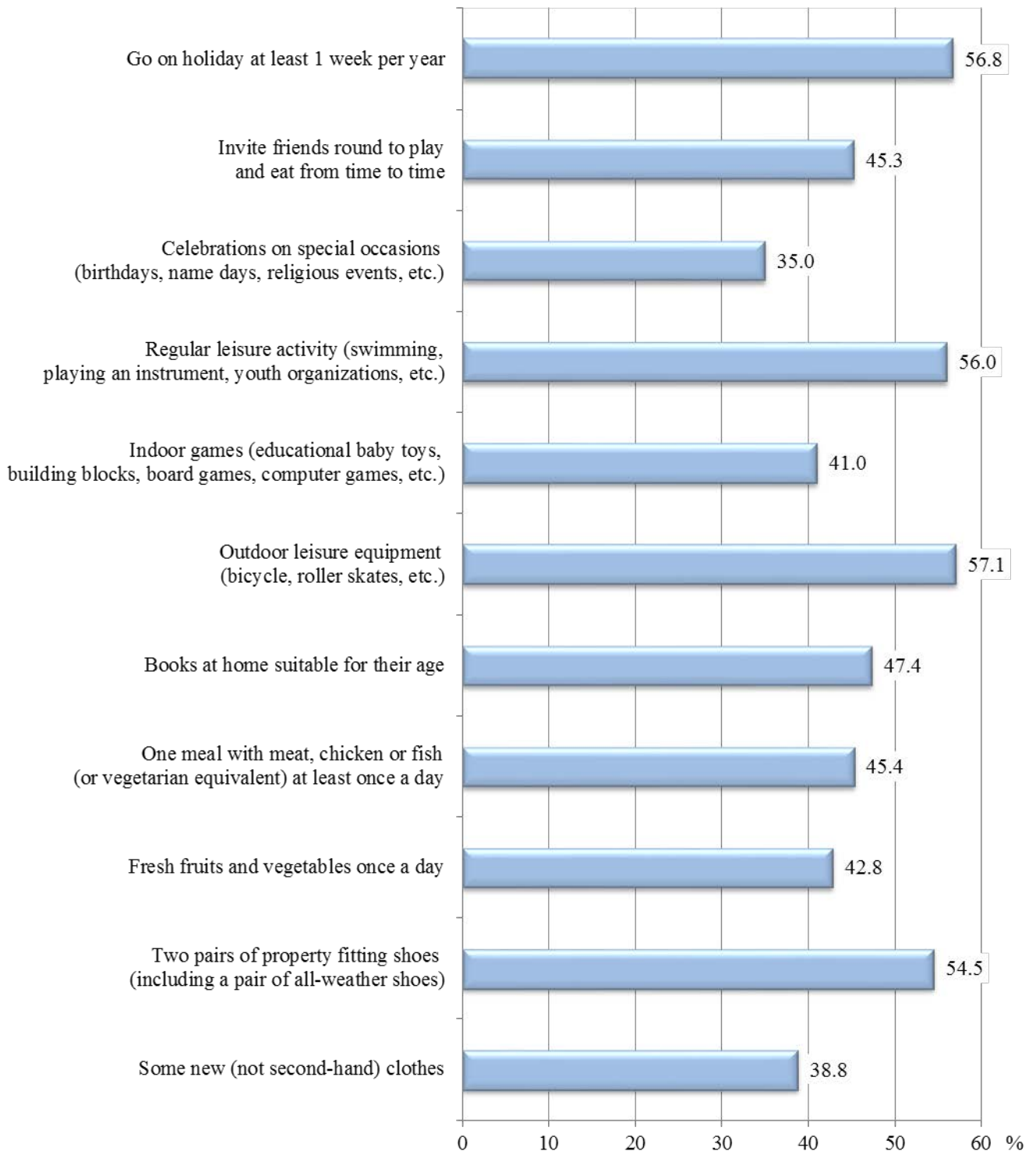
2012

2013

The level of educational attainment and professions of the parents is important factor for children's future progress. The higher education level of persons gives to them opportunities for better access to labour market and and therefore to higher salaries. The share of children at-risk-of-poverty increases if the education level of their parents is low. In 2013 every seven of ten children (71.5%) were at-risk-of-poverty and the highest level of education attained by their parents was lower secondary (0 - 2 ISCED). Only 4.0% of children living in households which members had high level of education (5 - 6 ISCED) were at-risk-of-poverty. This is 17 times less than children at-risk-of-poverty whose parents had lower secondary education. The risk of poverty among children in households with parents with secondary education (3 - 4 ISCED) was four times higher than for those with parents with higher education (5 - 6 ISCED).

Material deprivation among children

In EU-SILC 2013 were collected data for material deprivation of children (age group 1 - 15) in the households. The share of children with material deprivation (lacking 1 or more items from 11) was 70.2%. In 2013 the almost half of children could not afford a meal, including meat, chicken or fish at least once a day (45.4%), fresh fruit and vegetables once a day (42.8%) and books suitable for their age (47.4%). More than half of the children could not afford at least two pairs of shoes according to the season (54.5%). For any two of five children could not be ensured purchasing new clothes. In 2013, 34.5% of children with material deprivation were at-risk-of-poverty.

Figure 6. Material deprivation among children in 2013

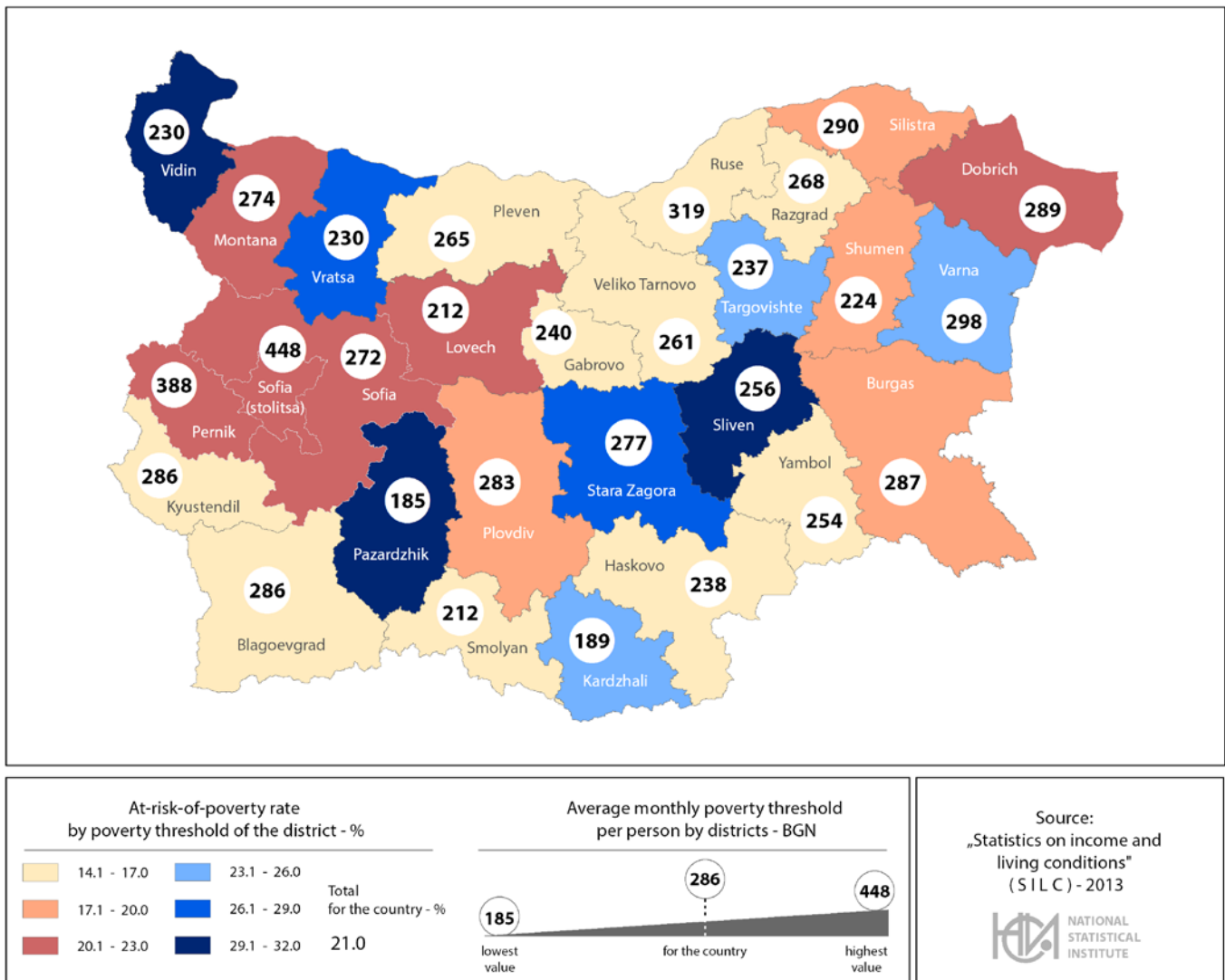| Category	%
Go on holiday at least 1 week per year	56.8
Invite friends round to play and eat from time to time	45.3
Celebrations on special occasions (birthdays, name days, religious events, etc.)	35.0
Regular leisure activity (swimming, playing an instrument, youth organizations, etc.)	56.0
Indoor games (educational baby toys, building blocks, board games, computer games, etc.)	41.0
Outdoor leisure equipment (bicycle, roller skates, etc.)	57.1
Books at home suitable for their age	47.4
One meal with meat, chicken or fish (or vegetarian equivalent) at least once a day	45.4
Fresh fruits and vegetables once a day	42.8
Two pairs of property fitting shoes (including a pair of all-weather shoes)	54.5
Some new (not second-hand) clothes	38.8

Assessment of poverty at regional level

An important aspect in the study of poverty is its assessment by regions. The same method as for the poverty line at national level is applied in the calculating the poverty line for each region - 60% of the average disposable net income of the households in the region.

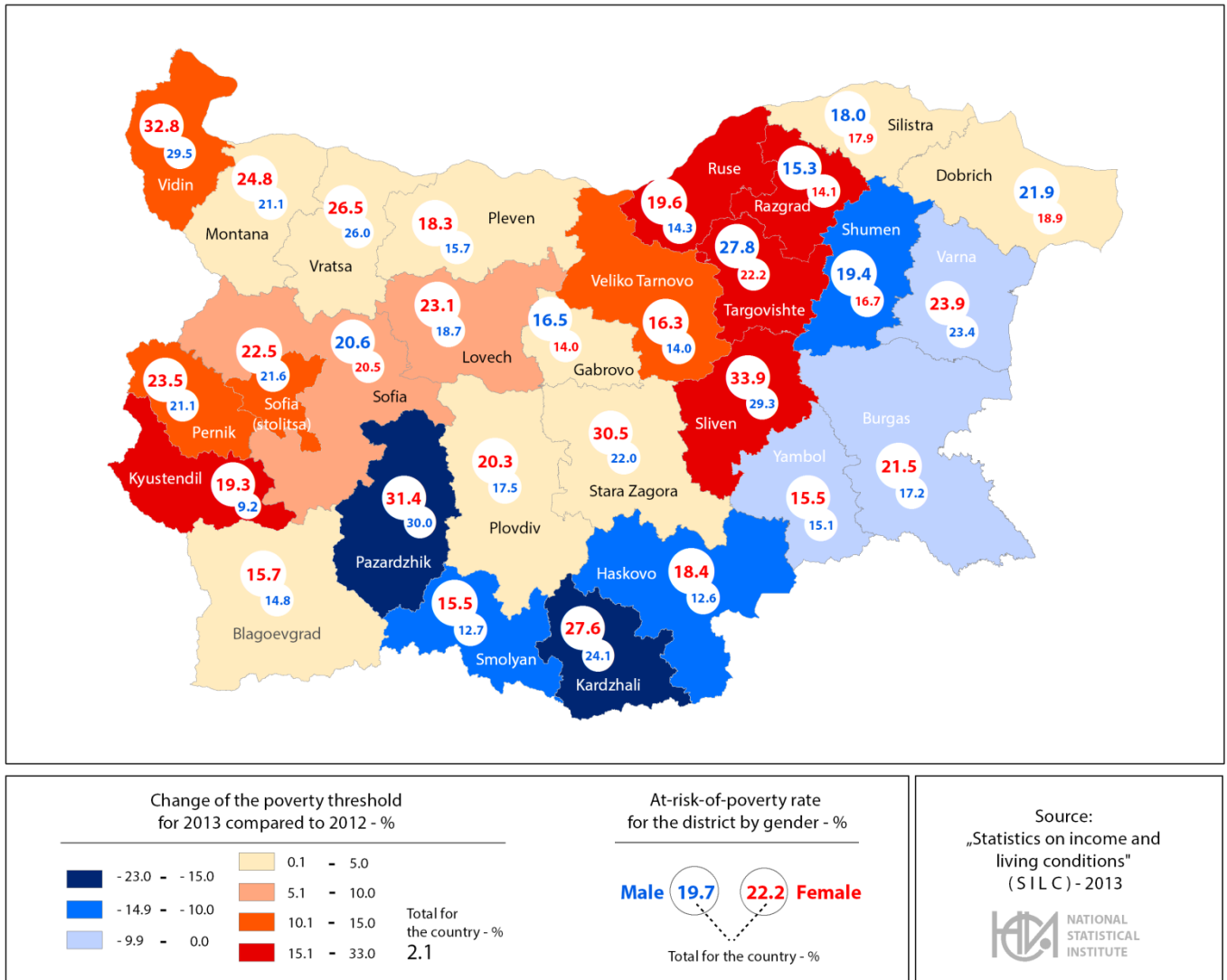### Figure 7. Poverty threshold by regions in 2013

In 2013 the lowest poverty threshold is observed in the districts Pazardzhik and Kardzhali respectively 185 BGN and 189 BGN, and the highest poverty threshold - in district Sofia (stolitsa) - 448 BGN, followed by the district Pernik - 388 BGN.
The highest share of persons at-risk-of-poverty is observed in the districts Sliven - 31.6%, Vidin - 31.2% and Pazardzhik - 30.8%. The lowest share of persons at-risk-of-poverty is observed in the districts Smolyan - 14.1%, Kyustendil - 14.6% and Razgrad - 14.7%.

Figure 8. Change of the poverty threshold and risk of poverty rate for regions by gender in 2013 with comparison to 2012

The poverty line for 2013 decreased compared to 2012 by more than 10% in districts Haskovo, Smolyan, Shumen, Kardzhali and Pazardzhik. The main reasons for the lower level of the poverty line due to the following factors:
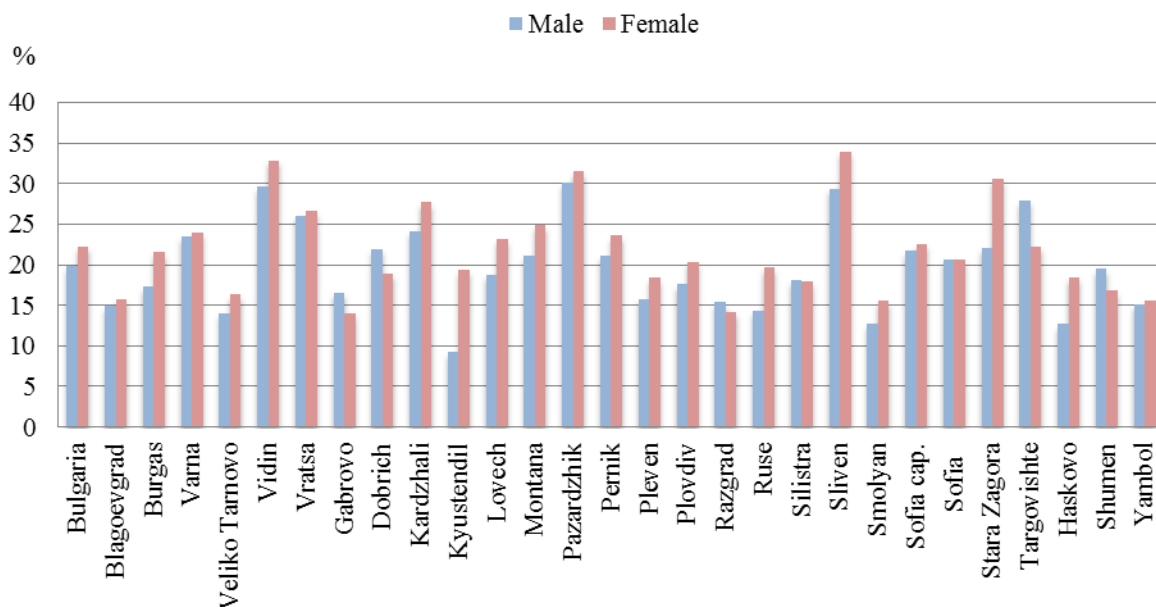
- Increasing the number of unemployed persons observed in 2013 compared to 2012 (for the districts of Pazardzhik and Montana).
- Increasing the share of self-employed persons with incomes close to the minimum income insurance of 420 BGN (in districts Haskovo and Kardzhali).
- Decreasing the number of employed persons in the population and increasing inactive (in the districts Pazardzhik, Shumen, Smolyan, Kardzhali and Haskovo).

The poverty line for 2013 increased compared to 2012 by more than 15% in the districts Ruse, Kyustendil, Razgrad, Targovishte and Sliven. The leading causes of the increase are:

• Increasing the share of employed persons in the observation (for districts Kyustendil, Montana, Sliven and Targovishte).

• Reducing the number of unemployed persons observed in 2013 compared to 2012 (in districts Kyustendil, Ruse and Targovishte).

• Increase in the average income from wages (in districts Kyustendil, Montana, Sliven and Ruse).

Figure 9. Share of the persons at-risk-of-poverty for regions by gender during 2013

District Kyustendil has the lowest share of poor for men - 9.2%, while district Pazardzhik has the highest share of poor for men - 30.0%. In district Gabrovo women have the lowest at-risk-of-poverty rate (14.0%), while in district Sliven the same share is 33.9%. District Kyustendil has also the largest difference in at-risk-of-poverty rate between men and women - 10.1 percentage points. In seven districts - Gabrovo, Dobrich, Razgrad, Silistra, Sofia, Targovishte and Shumen, the share of poor men is bigger than the share of poor women.

Methodological notes

The Survey of Income and Living Conditions (EU-SILC) is a part of the European Statistical System (ESS) and is realized based on unified methodology, defined by the Regulation 1177/2003 of the European Parliament and of the Council. It provides cross-sectional and longitudinal data on changes in income, level and structure of poverty and social isolation.

The target population in EU-SILC consists of all **private** households and their members, living at the country territory at the reference period. Persons in institutional households are excluded.

The survey is conducted on the basis of 4-year rotation panel of private households. The annual sample size is about 7 300 addresses/private households, distributed across the country districts. Subjects of survey are the household and all its members aged 16 years and more. The sample consists of 4 rotation groups and each year one of the rotation groups is dropped out and replaced by a new one. The rotation model ensures two types of data:
- Cross-sectional (data for the current year of survey);
- Longitudinal (data on households that have participated in at least two consecutive years).

Two types of questionnaires are used:
- Household questionnaire;
- Individual questionnaire for persons aged 16 years and more.

Basis concepts:

Poverty line

The total disposable net income is used in the Eurostat methodology for calculation of poverty line. Poverty line represents 60% of the average total disposable net income per equivalent unit.

Equivalent scales

Poverty and social inclusion indicators are calculated based on the total disposable net income per equivalent unit.Differentequivalentscalesareappliedduetothedifferenthousehold'scompositionandnumber of members. The modified OECD scale issued according to which the first adult household member, aged 14 years and more is given weight 1, the second - 0.5 and each child under 14 years of age - 0.3. The weights are given to each household member and are summarized in order to obtain the equivalent household size. The total disposable net income of each household is divided to its equivalent size thus creating a total disposable net income per equivalent unit.

Education level

To define the educational level of the parents used the International Standard Classification of Education (ISCED `97):
 ISCED 0 - Pre-primary education
 ISCED 1 - Primary education
 ISCED 2 - Lower secondary education
 ISCED 3 - (upper) Secondary education
 ISCED 4 - Post-secondary non-tertiary education
 ISCED 5 - First stage of tertiary education
 ISCED 6 - Second stage of tertiary education

Weighting

Data base for each country consists of different types of weights:
- Household weight (target variable DB090) for obtaining the real number of households at the country territory;
- Individual weight (target variable RB050) for obtaining the real number of persons at the country territory;
- Individual weight for each household member aged 16 years and more (target variable PB040) for obtaining the number of persons aged 16 years and more at the country territory.

The individual weight (RB050) issued for calculation of the poverty indicators, since the poverty status is calculated at individual level and the target group is referred to the whole population living in private households. For some of the indicators and namely those concerning persons aged 16 years and more (for instance 'share of employed poor'), the individual weight for persons aged 16 years and more issued (PB040).

In calculation of the indicators, the weights are corrected with a weighting factor thus eliminating the missing survey cases (RB050a).

Due to the sampling approach used in the Survey on Income and Living Conditions (EU-SILC), standard errors, coefficients of variation and confidence intervals are calculated for assessment of stochastic reliability of the estimation for main indicators:

Sampling errors indicators	Percent	Standard Error	Variance of Percent	Confidence Limits for Percent	
				95% Lower CL for Percent	95% Upper CL for Percent
At-risk-of-poverty and social inclusion	48.0	1.1	1.282	45.8	50.2
At-risk-of-poverty - 60%	21.0	1.0	0.950	19.1	22.9
Severe material deprivation	43.0	1.1	1.273	40.8	45.2
Low work intensity	11.6	0.8	0.659	10.0	13.2

The standard error of basic indicators by district in 2014 varies as follows:
- At-risk-of-poverty - from 2 to 9%;
- Material deprivation - from 1 to 9%;
- Households with low work intensity - from 1 to 10%;
- At-risk-of-poverty and social inclusion - from 2 to 9%.

More information on the poverty and social inclusion indicators can be found at the NSI web site, section 'Social inclusion and living conditions'.