



## POVERTY AND SOCIAL INCLUSION INDICATORS (Preliminary results for 2010)<sup>1</sup>

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 general indicators are calculated is the annually conducted Survey on Income and Living Conditions (EU-SILC).

### Poverty estimation

The poverty line is a monetary indicator identifying the poor in the society. The Eurostat method - 60% of the average<sup>2</sup> total disposable net income per equivalent unit - is applied for calculation of the poverty line.

According to the preliminary data from the 2011 survey, the average monthly poverty line in 2010 is 273 BGN per person. The number of persons who are below this line is 1 682.5 thousand, representing 22.47% of the country population.

### 1. Main poverty indicators

Survey year	2008	2009	2010	2011
Reference year	2007	2008	2009	2010
At-risk-of-poverty threshold (monthly average in BGN)	212.3	276.5	295.0	273.3
Number of persons below at-risk-of-poverty threshold (in thousand)	1 632	1 657	1 565	1 683
At-risk-of-poverty rate (% of the population)	21.4	21.8	20.7	22.4
At-risk-of-poverty rate before social transfers (% of the population)	40.0	38.8	40.8	40.7
At-risk-of-poverty rate before social transfers with pensions included (% of the population)	27.1	26.4	27.1	27.3
Inequality of income distribution (S80/20)	6.5	5.9	5.9	6.1
<a href="#">Gini coefficient</a> <sup>3</sup>	35.9	33.5	33.2	33.5

Compared to the previous year the poverty line decreases by 7.4% and the share of poor population increases by 1.7 percentage points.

The social protection system contributes considerably to the poverty decrease. According to 2010 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 22.4% to 27.3%, or by 5 percentage points. And respectively, if the pensions and the rest social transfers are excluded, the poverty level increases to 40.7%, or by 18.3 percentage points, which means that pensions are an important factor in reducing poverty.

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 poor is highest among the unemployed and retired persons. Compared to the previous year, highest increase of the risk of poverty

<sup>1</sup> Final data will be published in December 2012.

<sup>2</sup> Average total disposable income is calculated as median income. This is the income of the household, situated in the middle of the income distribution.

<sup>3</sup> Calculated based on data on the distribution of persons and households by income and normalized in the range from 0 to 100.



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 in 2010 is observed among inactive persons - 3.5 percentage points and among unemployed - 3.1 percentage points.

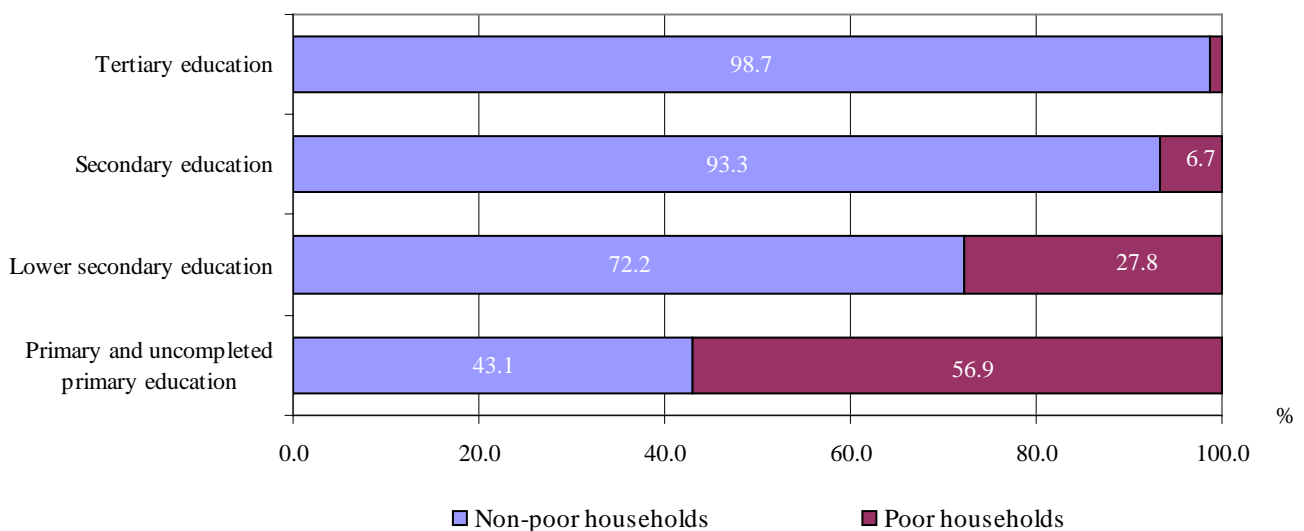
## 2. At-risk-of-poverty rate by activity status

Survey year	2008	2009	2010	2011
Reference year	2007	2008	2009	2010
Activity status				
Employed	7.5	7.4	7.7	7.7
Unemployed	55.0	52.2	48.3	51.4
Retired persons	31.7	36.5	30.0	30.7
Other inactive persons	24.0	24.0	24.4	27.9

Share of poor among employed in 2010 remains the same - 7.7%. Risk of poverty is nearly 5 times higher for the part time employed compared to full time employed. The risk of poverty among working females is lower than among working males.

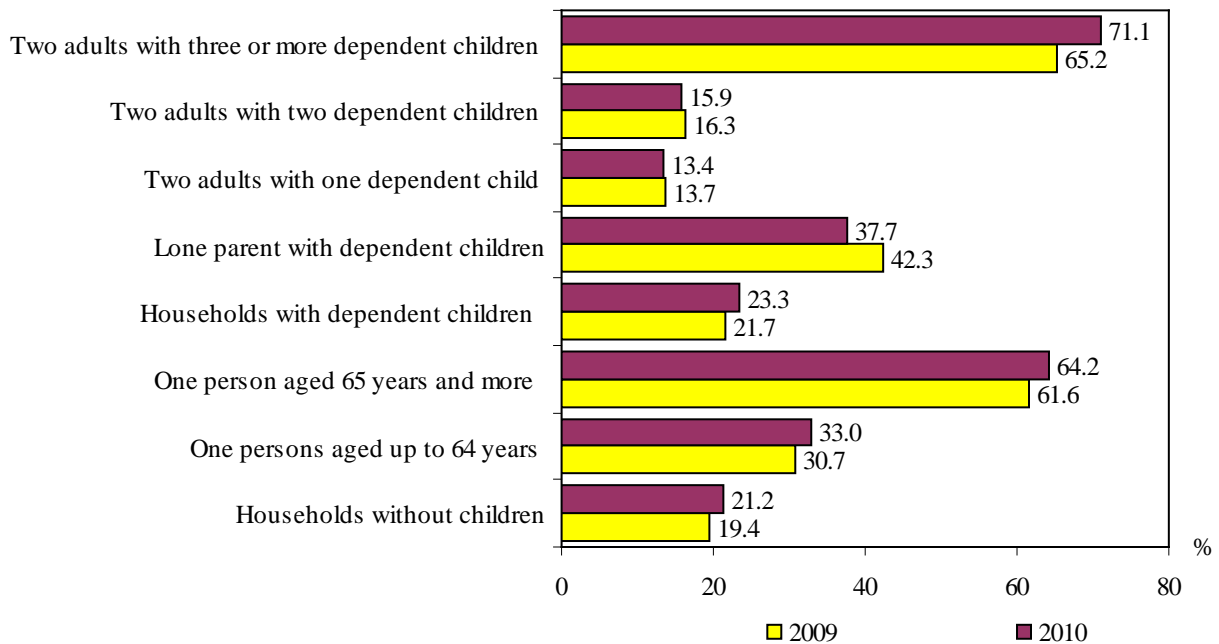
Educational attainment predefines to a great extent the opportunity to find better paid job and is closely correlated with the poverty among employed. More than half of the employed with primary and uncompleted primary education are poor, compared to 27.8% among employed with lower secondary (basic) education. The difference between the employed poor with tertiary education and employed poor with primary or uncompleted primary education is considerable - more than 45 times (1.2% compared to 56.9%).

**Figure 1. Distribution of the employed by poverty and education in 2010**



Poverty estimates in respect the household size show that the poverty is concentrated among one-person aged 65 years and more households, lone parents with children, as well as among households with three and more children.

**Figure 2. Share of the poor by household type**



### Estimates of the households material deprivation

The general indicators on poverty estimates include subjective indicators related to material deprivation. They show the subjective assessment and personal attitude of the persons and households in respect the possibilities to meet individual needs. The subjective indicators are based on the answers of nine questions related to the consumption of specific goods and services (table 3). The preliminary 2010 data show that 43.6% of the population is materially deprived (4 out of 9 indicators). The same share for 2009 is 35.0%.

### 3. Subjective indicators on material deprivation in 2010

	Questions related to deprivations asked to the households	Deprived persons	% of population
1	Has the household been in arrears, i.e. has been unable to pay on time any of the listed housing costs due to financial difficulties: <ul style="list-style-type: none"> <li>• Mortgage repayment for the main dwelling</li> <li>• Rent</li> <li>• Utility bills for electricity, water, heating, etc. (without expenditures on telephone)</li> <li>• Hire purchase installments or other loan payments</li> </ul>	2 311 465	30.8
2	Can your household afford (if wish) a week of holiday away from the home?	5 499 316	73.3
3	Can your household afford (if wish) consumption of meat, chicken or fish (or their vegetarian equivalent) every second day?	3 809 182	50.7
4	Can your household afford unexpected expenses (dwelling or car repairs; change of washing machine or refrigerator; sudden illness, etc.)?	4 905 239	65.3
5	Does your household have a telephone (incl. mobile)?	313 475	4.2



6	Does your household have a color TV?	128 702	1.7
7	Does your household have a washing machine?	792 980	10.6
8	Does your household have a car/van (incl. company car for private use)?	1 657 948	22.1
9	Can your household afford to keep the home adequately warm?	3 471 596	46.2

Data show that highest is the number of households that are limited in respect a holiday away from the home (73.3% cannot afford it) and possibilities to meet with own resources unexpected expenses (dwelling or car repairs; change of washing machine or refrigerator; sudden illness, etc.) - 65.3%. At the same time, 4.2% of the population cannot afford telephone, incl. mobile, 1.7% - color TV, 10.6% - automatic washing machine; each second cannot afford consumption of meat, chicken or fish every second day. Nearly half of the persons (46.2%) limit the heating of their dwelling.

### Jobless households with low work intensity

The survey considers as jobless the households, which members have not been employed during the last four weeks, i.e. all household members aged 16 and more have been unemployed or inactive. The low work intensity of the household is a ratio between the number of months during the previous year, in which each household member aged 18-59 years has been employed (really worked months) and the total number of months that the same household member could theoretically work in case of full employment. If the ratio is lower or equal to 0.20, the household is considered as a household with low work intensity. Preliminary 2010 data show that 10.1% of persons aged 18-59 years live in jobless households or in households with low work intensity.

#### 4. Persons aged 18 - 59 years, living in households with very low work intensity by gender

	Survey year	2008	2009	2010	2011
	Reference year	2007	2008	2009	2010
Total	Number of persons (in thousand)	350.3	303.1	322.6	444.4
	% of the population	7.7	6.7	7.3	10.1
Male	Number of persons (in thousand)	163.1	150.4	155.5	224.0
	% of the population	7.1	6.7	7.0	10.2
Female	Number of persons (in thousand)	187.2	152.7	167.1	220.3
	% of the population	8.2	6.8	7.6	10.1

### Combined indicator

In relation to the goals set in the “Europe 2020” strategy, a combined indicator is calculated for regular monitoring of the countries’ progress in implementing the national targets. Data from the survey of income and living conditions (EU-SILC) is used for the purpose. The indicator includes at-risk-of-poverty rate, severe material deprivation rate and rate of people living in jobless households or households with low work intensity.



The combining of the three indicators shows that in 2010 almost half of the population (49.1%) or 3 693.6 thousand persons need special care to combat poverty, social inequality and exclusion from active work.

### 5. Population at risk of poverty or social exclusion by gender

	<b>Survey year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>Reference year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Total	Number of persons (in thousand)	3421	3511.2	3145.4	3693.6
	% of the population	44.8	46.2	41.6	49.1
Male	Number of persons (in thousand)	1591.9	1624.1	1455.7	1732.3
	% of the population	43	44.1	39.8	47.6
Female	Number of persons (in thousand)	1829	1887	1689.7	1961.3
	% of the population	46.4	48.1	43.3	50.5



## 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 7500 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. Different equivalent scales are applied due to the different household's composition and number of members. The modified OECD scale is used 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.

### 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;



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- 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) is used 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 is used (PB040).

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

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