



## POVERTY AND SOCIAL INCLUSION INDICATORS (FINAL DATA FOR 2010)

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

According to the final data from the 2011 survey, the average monthly poverty line in 2010 is 283.75 BGN per person. The number of persons who are below this line is 1 673.5 thousand representing 22.3% of the population in Bulgaria.

**Table 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	283.8
Number of persons below at-risk-of-poverty threshold (in thousand)	1632	1657	1565	1674
At-risk-of-poverty rate (% of the population)	21.4	21.8	20.7	22.3
At-risk-of-poverty rate before social transfers (% of the population)	40.0	38.8	40.8	41.5
At-risk-of-poverty rate before social transfers with pensions included (% of the population)	27.1	26.4	27.1	27.1
Inequality of income distribution (S80/20)	6.5	5.9	5.9	6.5
Gini coefficient <sup>1</sup>	35.9	33.5	33.2	35.1

Compared to the previous year the poverty line decreases by 3.8% and the share of poor population increases by 1.6 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 22.3% to 27.1%, or by 4.8 percentage points. And respectively, if the pensions and the rest social transfers are excluded, the poverty level increases to 41.5%, or by 19.2 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 and retired persons. Compared to the previous year the highest increase of the risk of poverty in 2010 is observed among unemployed - 3.9 percentage points and among inactive persons - 3.4 percentage points. Among pensioners a risk of poverty compared to the previous year has decreased by 1.7 percentage points.

<sup>1</sup> Calculated based on data on the distribution of persons and households by income and normalized in the range from 0 to 100.



**Table 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	8.2
Unemployed	55.0	52.2	48.3	52.2
Retired persons	31.7	36.5	30.0	28.3
Other inactive persons	24.0	24.0	24.4	27.8

Share of the poor among employed in 2010 increased to 8.2% or by 0.5 percentage points. 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 by 1.3 percentage points than among working males.

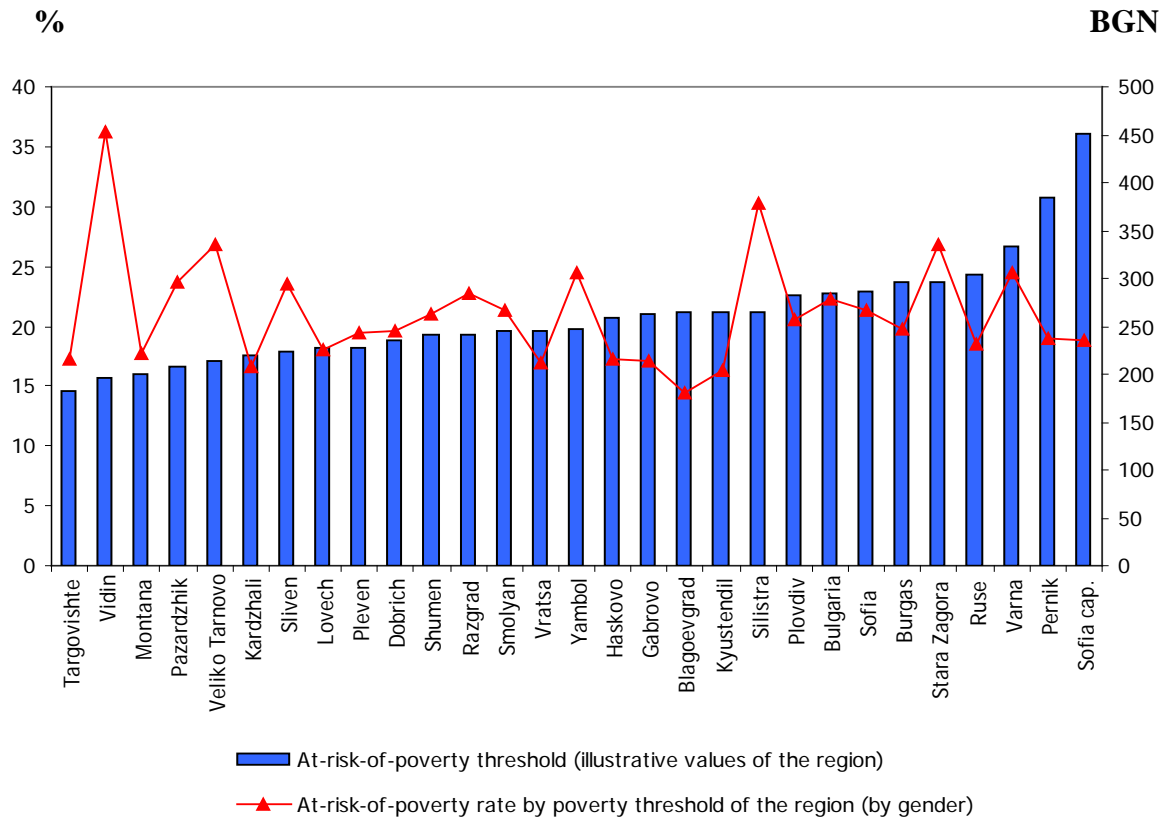
#### **Assessment of poverty at regional level**

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.

In 2010 the highest size of the poverty line is in Sofia – BGN 451, with at-risk-of-poverty rate 18.8%, and the lowest size of the poverty line is in Targovishte – BGN 183, where the at-risk-of-poverty rate is 17.3%. The region of Blagoevgrad has the lowest share of poor (14.4%) with size of the poverty line at BGN 265, while the region of Vidin has the highest share of poor – 36.2% with size of the poverty line at BGN 196. Compared to the national poverty line – BGN 284, seven regions have higher size of the poverty line – Burgas, Stara Zagora, Ruse, Varna, Sofia – region, Pernik and Sofia cap.



Figure 1. Distribution of districts by at-risk-of-poverty in 2010



The lowest percentage of poverty among men is in Vratsa District - 13.1%, and the highest level is Vidin - 35.6%. In Blagoevgrad women are with the lowest poverty rate - 15.2 % while in Vidin this rate is the highest - 36.8%. Smolyan has the largest difference in the at-risk-of-poverty rate between men and women - 10.2 percentage points. In three regions – Montana, Targovishte and Silistra the share of poor men is bigger than the share of poor women.

The inequality of the population by income measured by the ratio of income between poor and rich strata of the society by regions shows that the poorest 20% in the regions of Pazardzhik, Sliven, Dobrich and Veliko Tarnovo have more than 8 times lower income compared to the richest 20% in the same regions. The lowest percentage of inequality is in Pernik (3.9) where the inequality coefficient is the lowest - 24.8%.

The highest inequality coefficient - over 37%, is observed in Pleven, Veliko Tarnovo, Pazardzhik and Dobrich.



## 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;



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- 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) 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”](#).