



## POVERTY AND SOCIAL INCLUSION INDICATORS IN 2014

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 2014, the average monthly poverty line for the country is 323.75 BGN per person. The number of persons who are below this line is 1 578.3 thousand representing 21.8% of the population in Bulgaria.

### 1. Main poverty indicators

	2008	2009	2010	2011	2012	2013	2014
At-risk-of-poverty threshold (monthly average in BGN)	212.3	276.5	295.0	283.8	279.7	285.9	323.8
Persons below at-risk-of-poverty threshold - in thousands	1632	1657	1565	1672	1559	1528	1578
At-risk-of-poverty rate (% of the population)	21.4	21.8	20.7	22.2	21.2	21.0	21.8
At-risk-of-poverty rate before social transfers (% of the population)	40.0	38.8	40.8	41.7	41.8	41.8	46.2
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	27.3
Inequality of income distribution (S80/20)	6.5	5.9	5.9	6.5	6.1	6.6	6.8
Gini coefficient <sup>1</sup>	35.9	33.5	33.2	35.1	33.6	35.4	35.4

The poverty line increased by 13.2% compared to the previous year and the share of poor population - by 0.8 percentage points.

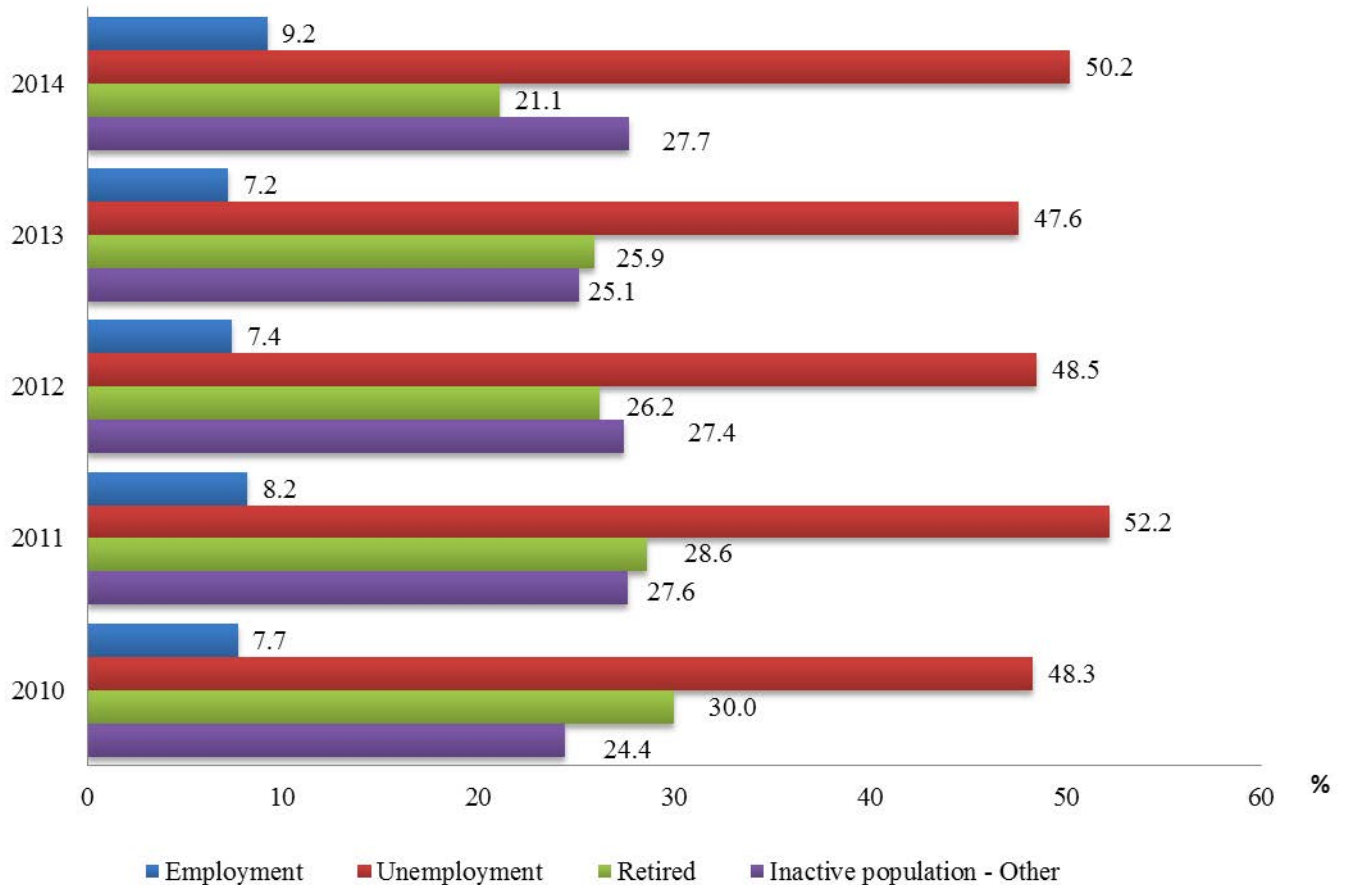
The social protection system contributes considerably to the poverty decrease. According to 2014 data, if the income from pensions is included into the household's income and the rest social transfers are excluded, the poverty level increases from 21.8% to 27.3%, or by 5.5 percentage points. And respectively, if the pensions and the rest of the social transfers are excluded, the poverty level increases up to 46.2%, or by 24.4 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 poor is highest among the unemployed (50.2%) and the risk of poverty for unemployed male is 5.9 percentage points higher than for unemployed female.

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



**Figure 1. At-risk-of-poverty rate by most frequent activity status**



Rate of poverty among employed persons decreased in 2014 compared to the previous year to 9.3% or by 2.1 percentage points. The risk of poverty is three times higher for persons working part time, than for those working full-time. At the same time the risk of poverty among female is 0.5 percentage points lower than among male.

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

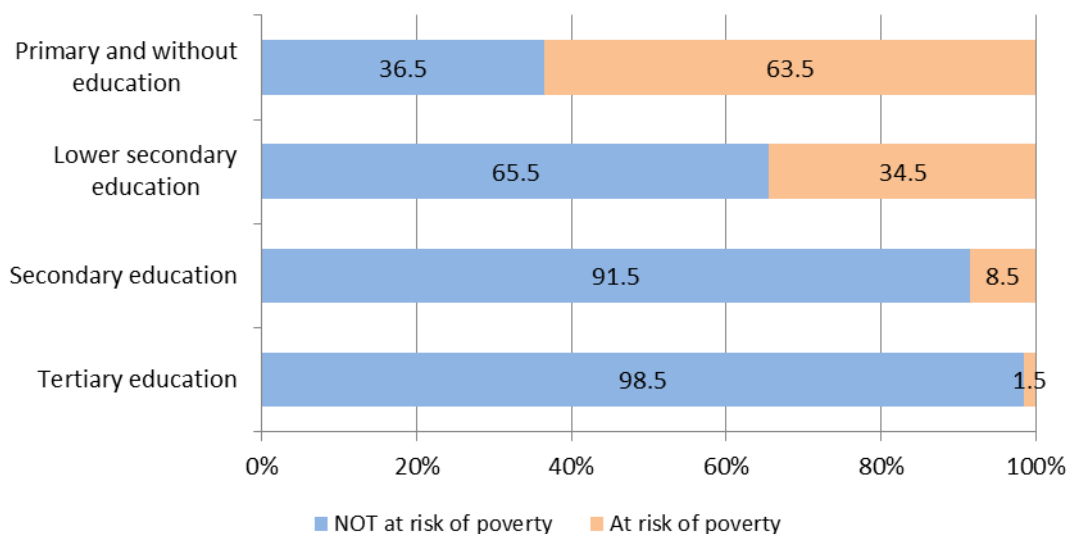
(Per cent)

	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Employment</b>									
<b>Total</b>	5.5	5.9	7.6	7.5	7.7	8.2	7.4	7.2	9.3
<b>Male</b>	5.3	6.1	8.0	7.8	8.5	8.8	7.7	8.0	9.8
<b>Female</b>	5.7	5.6	7.1	7.1	6.7	7.5	7.1	6.4	8.7
<b>By full-time/part-time work</b>									
<b>Full time</b>	4.6	5.1	6.3	6.2	6.4	7.0	6.6	6.4	8.1
<b>Part time</b>	14.7	16.2	20.3	24.2	30.3	33.0	27.9	20.9	27.8



Educational level which largely determines access to better career development and better paid jobs directly correlates with poverty in employment. Highest is the share of working poor with primary and without education - 63.5%. The increase of educational level decreases the share of poor about 2 times among employed with primary education and more than 7 times for those with secondary education. The share of working poor with tertiary education is hardly 1.5%.

**Figure 2. Employees at-risk-of-poverty by level of education in 2014**

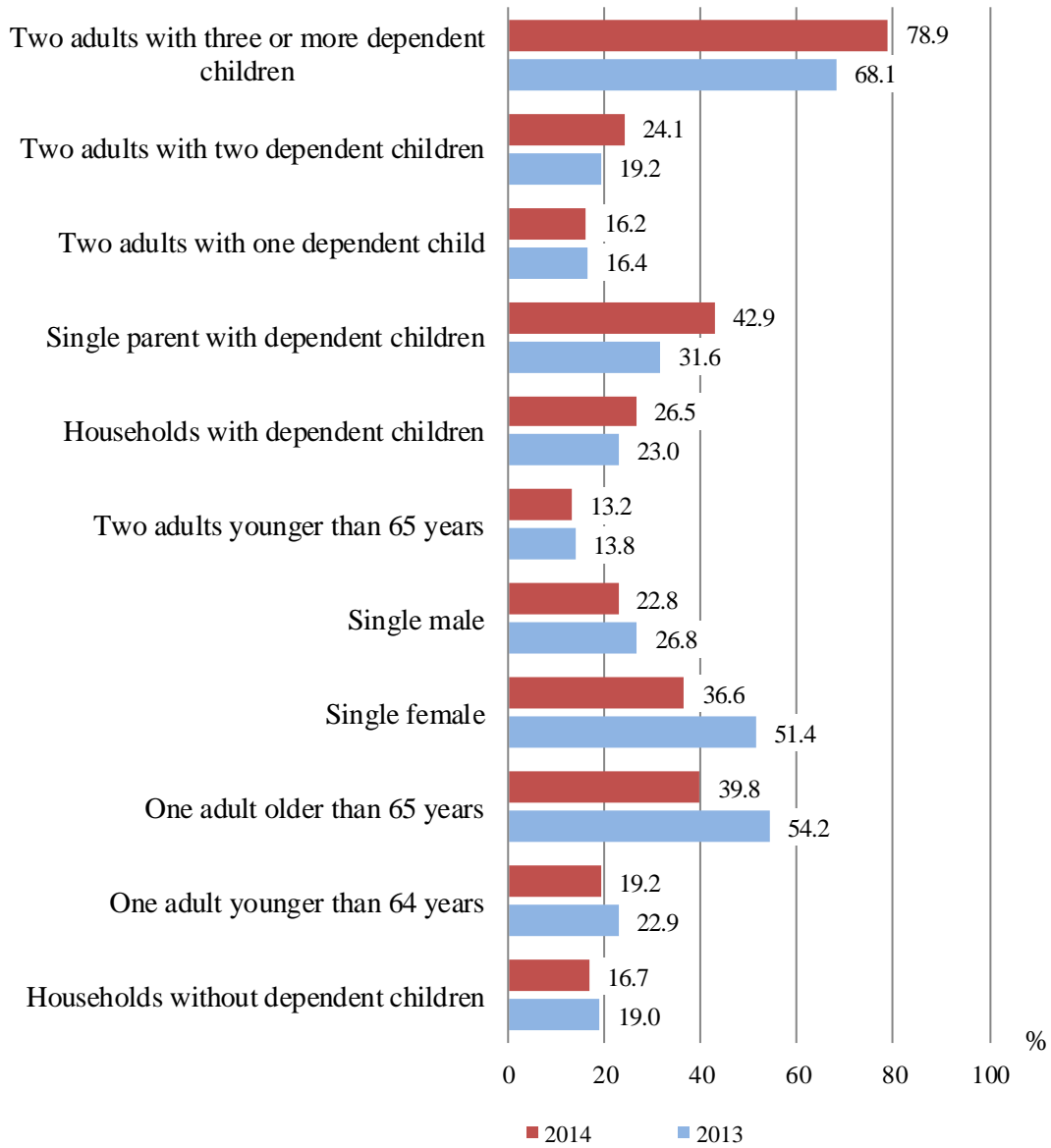


Poverty estimates depending on the type of household, show that poverty is concentrated among elderly single-person households, single parents with children and households with three or more children.

Compared to 2013, the risk of poverty in 2014 increased by 10.8 percentage points in households with three or more children and by 11.3 percentage points in one-parent households with dependent children (Figure 3). Lowest is the share of population at-risk-of-poverty in households with three or more adults (12.0%) and households with two adults under 65 years (13.2%). Among single-person households the risk of poverty is 13.8 percentage points higher for female than for male. Moreover, the risk of poverty among single-person households varies according to the household member age - it is 20.8 percentage points higher for persons aged 65 and over than for those aged below 65 years.



**Figure 3. Risk of poverty by household types**





## 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 2014

	Questions related to deprivations asked to the households	Deprived persons – in numbers	Share 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: <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 instalments or other loan payments</li> </ul>	2 557 408	35.2
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?	3 618 584	49.9
3	Can your whole household afford (if you wish) eating meat, chicken or fish (or their vegetarian equivalent) every second day?	3 238 200	44.6
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.)?	3 595 685	49.6
5	Does your household have a telephone (incl. mobile)?	274 170	3.8
6	Does your household have a colour TV?	130 362	1.8
7	Does your household have a washing machine?	709 242	9.8
8	Does your household have a car/van (incl. company car for private use)?	1 764 466	24.3
9	Can your household afford to keep its home adequately warm?	2 931 557	40.4

The data show that the highest number of households have restrictions on-going for a holiday away from home (49.9%) 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.) - 49.6%. In parallel, only 3.8% of Bulgarians cannot afford having a telephone (including mobile), 1.8% - a colour TV, 9.8% - a washing machine, and 44.6% 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 35.2%, as 40.4% of the households cannot keep their home adequately warm.

In 2014, 33.1% of the population live in severe material deprivation (limit 4 of 9 indicators), as the decrease compared to the previous year is by 9.9 percentage 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 at 18 - 59 years age living in households with very low work intensity by gender

	2008	2009	2010	2011	2012	2013	2014
Total							
1 000 persons	350.3	303.1	322.6	444.4	473.8	482.1	461.4
Share of population - %	7.7	6.7	7.3	10.1	11.2	11.6	11.2
Male							
1 000 persons	163.1	150.4	155.5	224.0	242.4	254.3	242.2
Share of population - %	7.1	6.7	7.0	10.2	11.3	12.0	11.6
Female							
1 000 persons	187.2	152.7	167.1	220.3	231.4	227.8	219.2
Share of population - %	8.2	6.8	7.6	10.1	11.1	11.1	10.9

Following the definition, 461.4 thousand persons at 18 - 59 years age could be considered as living in a household with very low work intensity in 2014, or 11.2% of the population. Compared to 2013 their share decreased by 0.4 percentage points. Very low work intensity among males is higher with 11.6% or 0.7 percentage points than among females (10.9%).

### 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 2014 - 40.1% or 2 908.6 thousand persons are in need of special care to combat poverty, social inequality and exclusion from active work.

The share of population at risk of poverty and social exclusion decreases by 7.9 percentage points compared to 2013 reaching the lowest level for the 2008 - 2014 period. The decrease is mainly due to the reduction of share of people with material deprivation.



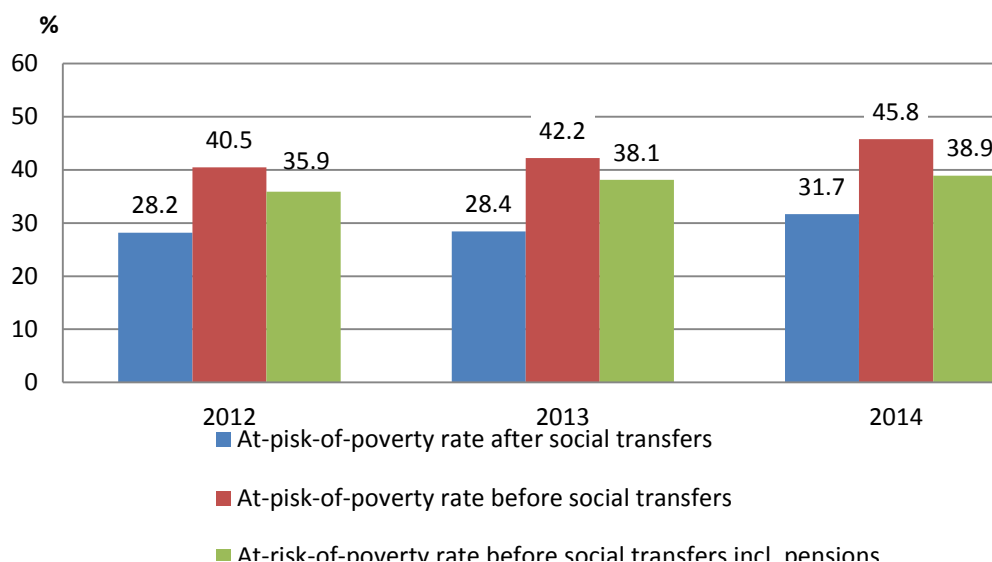
## 5. Population at-risk-of-poverty or social exclusion by gender

	2008	2009	2010	2011	2012	2013	2014
Total							
1 000 persons	3421.0	3511.2	3718.7	3693.2	3621.1	3493.4	2908.6
Share of population - %	44.8	46.2	49.2	49.1	49.3	48.0	40.1
Male							
1 000 persons	1591.9	1624.1	1729.3	1732.8	1703.3	1648.5	1370.6
Share of population - %	43.0	44.1	47.3	47.7	47.6	46.5	38.8
Female							
1 000 persons	1829.0	1887.0	1989.5	1960.5	1917.7	1844.9	1538.1
Share of population - %	46.4	48.1	50.9	50.5	50.9	49.4	41.3

### Children at-risk-of-poverty and material deprivation

In 2014, 31.7% of children aged 0 - 17 years in Bulgaria were at-risk-of-poverty or 3.3 percentage points more compared to 2013. The social transfers decrease children's poverty rate by 14.1 percentage points.

**Figure 4. Children at-risk-of-poverty rate before and after social transfers**

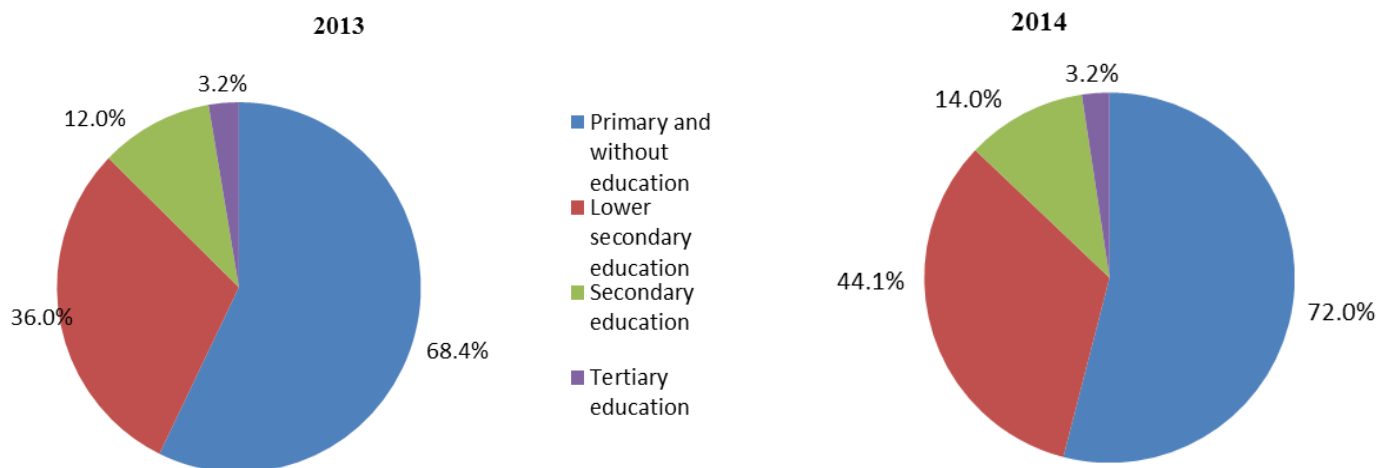


The parents level of educational attainment and professions are important for children's future progress. The higher educational level creates opportunities for better access to labour market and higher remuneration. In 2014, the parents of seven of ten children (72.0%) at-risk-of-poverty are with primary and no education (Figure 5). Only 3.2% of children living in households which members have high level of



education were at-risk-of-poverty or 23 times less than children at-risk-of-poverty whose parents have lower or primary education. The risk of poverty among children whose parents are with secondary education was four times higher than for those whose parents are with higher (tertiary) education.

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



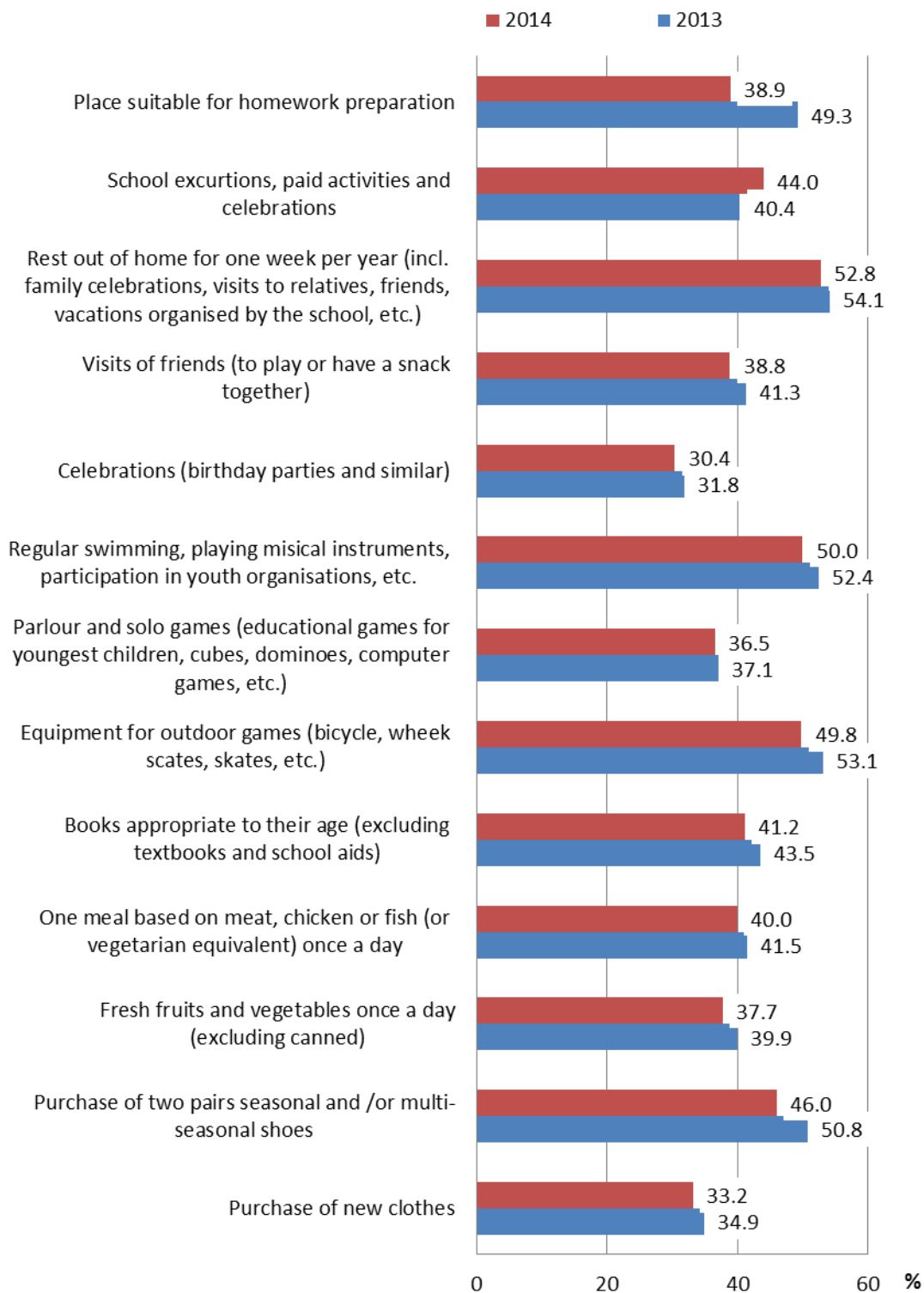
### Material deprivation among children

In 2014 the share of children with material deprivation (lacking 1 or more from 13 items) was 58.4% and for 13.8% of children no need can be satisfied due to financial reasons. Half of the children (52.8%) could not afford one-week holiday (including family holidays, visiting relatives, friends, organised by the school vacation, etc.); 50.0% - regular swimming, playing musical instruments, participation in youth organisations, etc.; 49.8% - equipment for outdoor games (bicycle, skates, etc.). Two of five children could not be ensured place suitable for homework preparation, meat, chicken or fish meal at least once a day and books suitable for their age. In 2014, 35.9% of children with material deprivation were at-risk-of-poverty.





**Figure 6. Material deprivation among children in 2014**

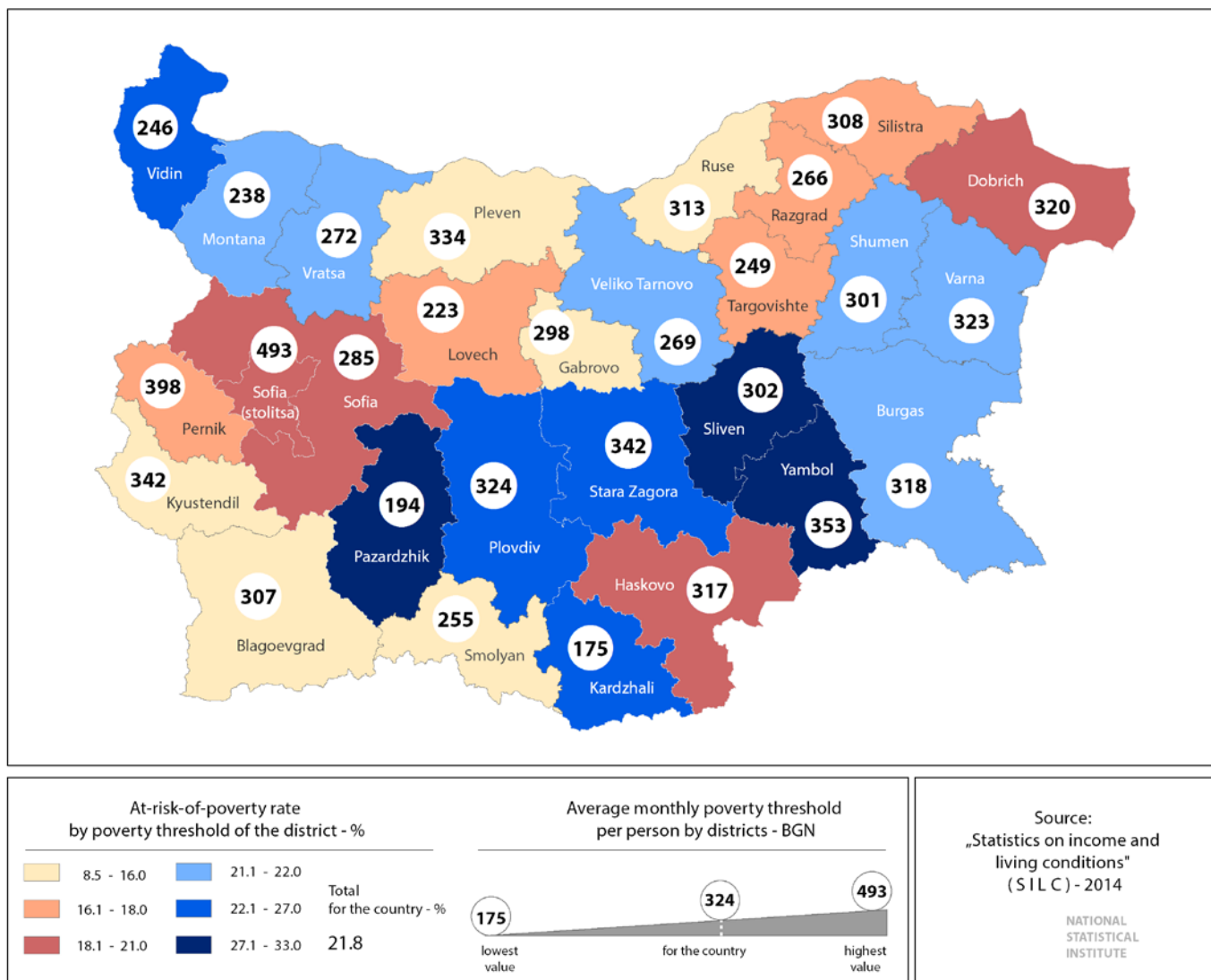




### Assessment of poverty at regional level

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

**Figure 7. Poverty threshold by districts in 2014**

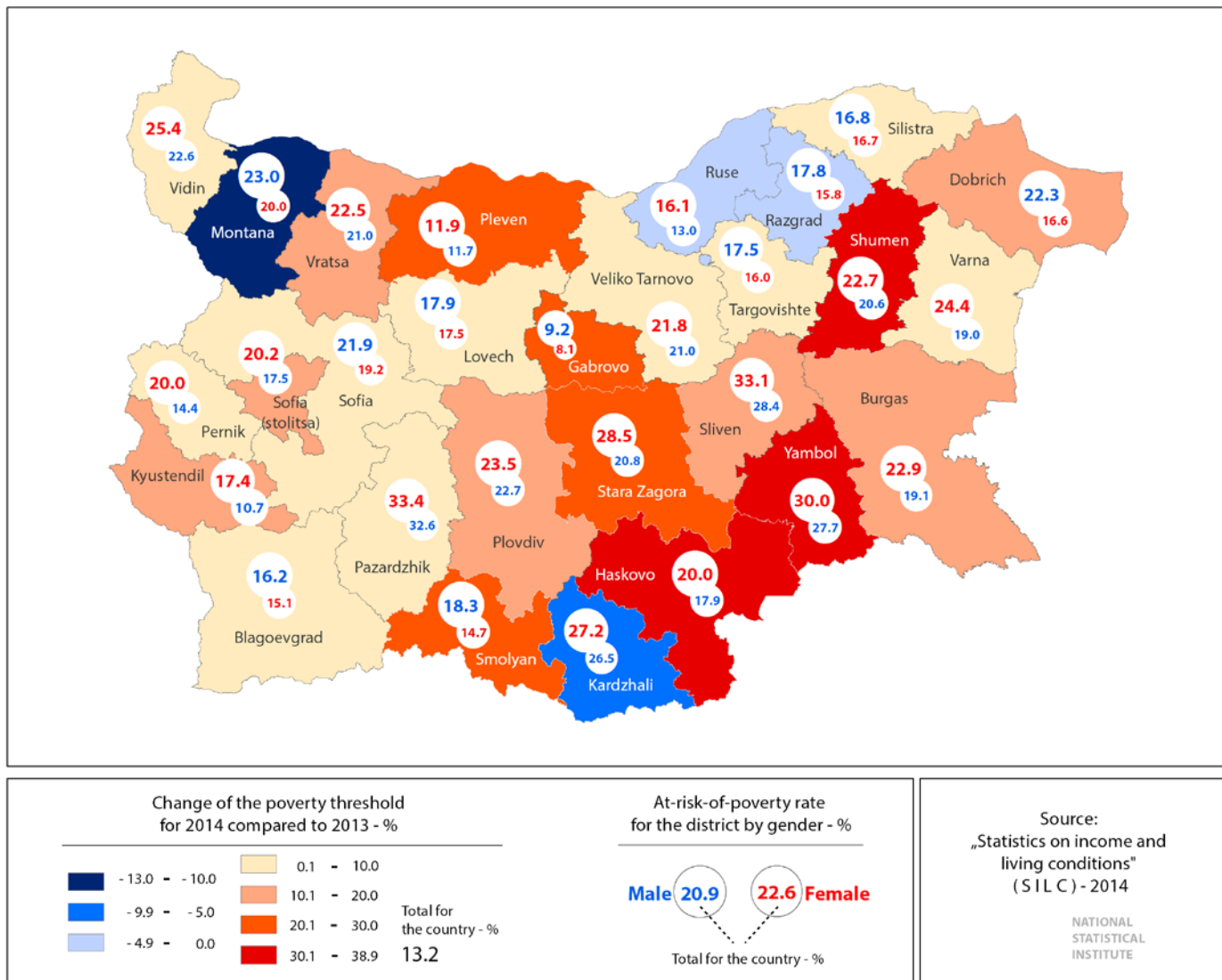


The lowest poverty threshold in 2014 is observed in districts Kardzhali and Pazardzhik - 175 BGN and 194 BGN respectively, and the highest - in district Sofia (stolitsa) - 493 BGN, followed by the district Pernik - 398 BGN.

The highest share of people at-risk-of-poverty is observed in districts Pazardzhik - 33.0%, Sliven - 30.8% and Yambol - 28.8%, while the lowest is in districts Gabrovo - 8.5%, Pleven - 11.8% and Kyustendil - 14.0%.



**Figure 8. Change of the poverty threshold and risk of poverty rate for regions by gender**



The poverty threshold in 2014 decreased compared to 2013 only in districts Montana (by 13.0%), Kardzhali (by 7.5%) and Ruse (by 1.9%). The main reasons for the lower level of poverty threshold are as follows:

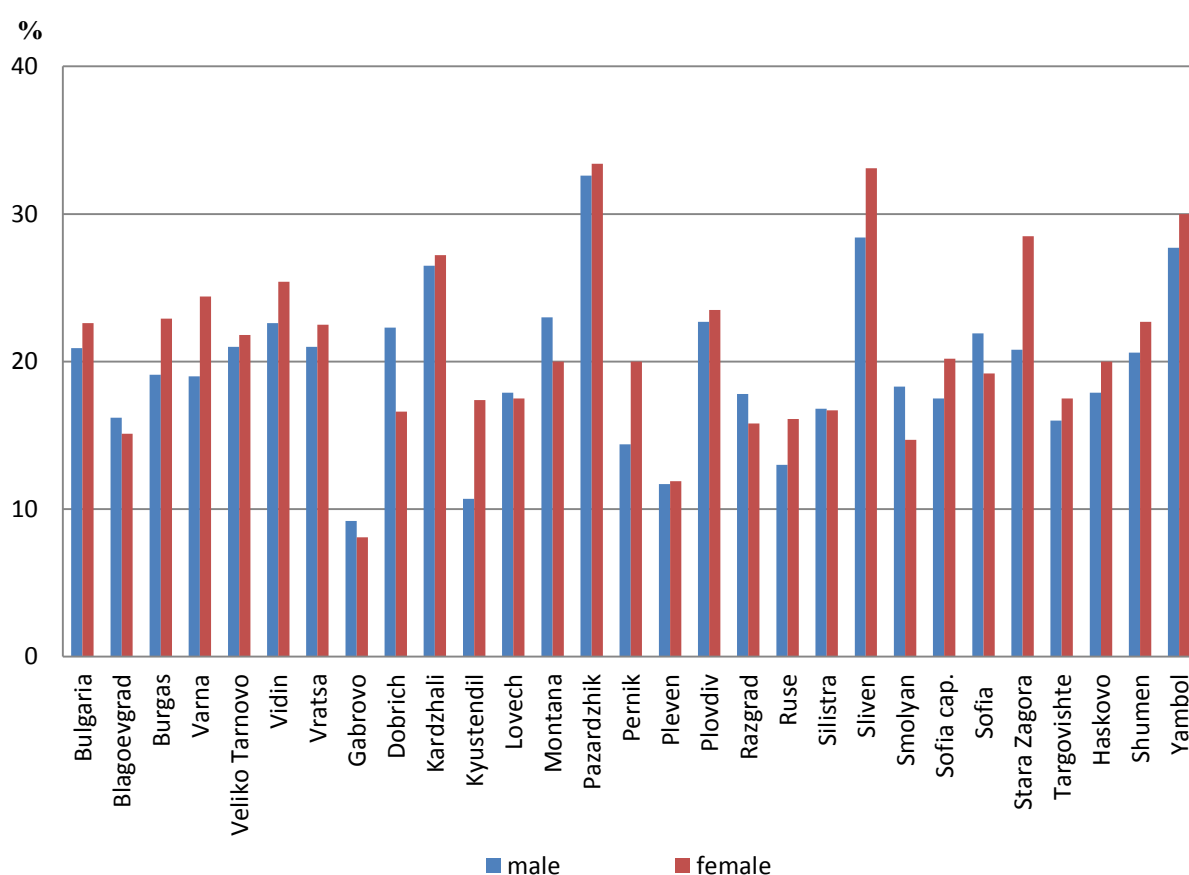
- Decreased number of employed persons observed in 2014 compared to 2013 and increased number of unemployed.
- Decreased number of employed persons and pensioners among the population and increased number of unemployed and other inactive (in the districts Montana).
- Decreased average income from wages.



The poverty threshold in 2014 increased compared to 2013 by more than 20% in districts Yambol (by 39.9%), Shumen (34.6%), Haskovo (33.1%), Pleven (25.9%), Gabrovo (24.0%) and Stara Zagora (23.4%). The leading reasons for the increase are:

- Increased share of employed persons in the observation (for districts Yambol, Stara Zagora and Gabrovo).
- Reduced number of unemployed persons observed in 2014 compared to 2013 (in districts Gabrovo, Pleven, Stara Zagora and Yambol).
- Increased average income from pension and wages.

**Figure 9. Share of the persons at-risk-of-poverty by gender and districts in 2014**



The lowest share of poor for male - 9.2% is in district Gabrovo, while the highest one is in district Pazardzhik - 32.6%. In district Gabrovo female have the lowest at-risk-of-poverty rate (8.1%), while in district Pazardzhik - share is same - 33.4%. In districts Stara Zagora, Kyustendil, Pernik, Varna and Sliven the difference in at-risk-of-poverty rate between male and female is more than 5 percentage points. In seven districts - Lovech, Smolyan, Montana, Sofia, Razgrad, Gabrovo and Blagoevgrad - the share of poor male is higher than the share of poor female.



## 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. Different equivalent scales are applied due to the different household's composition and number 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 Per cent	
				95% Lower CL for Per cent	95% Upper CL for Per cent
At-risk-of-poverty and social inclusion	40.1	1.1	1.218	38.0	42.2
At-risk-of-poverty - 60%	21.8	1.0	0.983	19.8	23.7
Severe material deprivation	33.1	1.0	1.094	31.0	35.1
Low work intensity	11.2	0.7	0.550	9.8	12.7

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