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The Poverty Stoplight results and findings for the **B**asic **I**ncome **G**uarantees Project

**Integro Association Baseline Report -
Complementary document**



poverty
stoplight

**fundación
paraguaya**

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1. Introduction

In April 2024, Integro Association's baseline results report on the implementation of the Poverty Stoplight in the municipalities of Kotel and Novi Pazar was presented, as part of the Basic Income Guarantee for Marginalized Households (BIG) project. This initial report provided a comprehensive overview of the socioeconomic conditions of the assessed communities, based on data collected through self-assessment surveys conducted between January and March 2024.

During the oral presentation of the results, stakeholders expressed interest in obtaining a more detailed and specific analysis of certain aspects and key findings. In response to these requests, Fundación Paraguaya has prepared the following complementary document, which expands and deepens the original findings by offering a disaggregated analysis of the data by municipality (Kotel and Novi Pazar) and a comparison between them. Additionally, it includes a thorough discussion on the definitions of poverty and extreme poverty in the Bulgarian context as well as other justifications and explanations.

This report also addresses the multidimensionality factor involved in the Poverty Stoplight approach, which allows for the identification and addressing of multiple dimensions of poverty beyond income.

This complementary document aims not only to meet the stakeholders' demands but also to provide a valuable tool for better comprehending the participants' situations and validating future interventions. By offering a more granular and nuanced perspective on the socioeconomic conditions in Kotel and Novi Pazar, the team aims to contribute to informed decision-making and the advancement of social inclusion and poverty reduction in these communities.

2. Extreme poverty and poverty line definitions in the International context and in Bulgaria

Internationally, the poverty line threshold is set by the World Bank through the calculation of purchasing power parities (PPPs) and was set at \$2.15 per person per day in 2022.¹ However precise and comprehensive of different factors this line can be, it only considers the economic factor when addressing poverty. At the same time, Bulgaria official stand on the measurement of the poverty line aligns with the EUROSTAT methodology, for which the poverty line is defined by 60% of the average total disposable net income per equivalent unit², making the final amount adapted and relative to the national situation. These assessments still strongly rely on the economic and income dimensions of families, leaving aside other relevant aspects of life.

On another hand, the multidimensional poverty measure (MPM) tries to overcome economic-based considerations on poverty and includes other aspects in calculating deprivations that go beyond income or consumption alone. In particular, the World Bank measures multidimensional poverty along three dimensions – monetary poverty, education, and basic infrastructure services³. However, a more structured and comprehensive method has been developed by the United Nations Development Programme and Oxford Poverty and Human Development Initiative. The Multidimensional Poverty Index (MPI) analyses interlinked deprivations in health, education and standard of living of people. The creation of the Poverty Stoplight tool is based on this methodology, addressing the need to understand poverty as a multifaceted problem and develop tailored solutions.

Narrowing the analysis of multidimensional poverty to Bulgaria reveals little to no mention of multidimensionality, thus the necessity of targeted studies and discussions on the topic becomes evident. The use of the Poverty Stoplight tool in the area marks an unprecedented practice which can definitely contribute to the spread of this comprehensive understanding of poverty, stimulating new views and discussions in this regard, and ultimately prompting the development of multifaceted solutions.

3. Data comparison between the municipalities: Kotel and Novi Pazar

The BIG project in Bulgaria was implemented in Kotel and Novi Pazar, two municipalities with slightly different characteristics. For this reason, a more accurate analysis of the results for municipalities can be of great value to understand strengths and weaknesses of the areas. Firstly, participation in Kotel was higher than in Novi Pazar, counting 97 and 55 participants respectively. Therefore, the following results should be read keeping in mind this aspect.

¹ Filmer D., Fu H., and Sánchez-Páramo C.. An adjustment to global poverty lines, 2022, World Bank Blogs. Retrieved from: <https://blogs.worldbank.org/en/voices/adjustment-global-poverty-lines>

² POVERTY AND SOCIAL INCLUSION INDICATORS IN 2022, Republic of Bulgaria National Statistical Institute. Retrieved from: https://www.nsi.bg/sites/default/files/files/pressreleases/SILC2022_en_4UPGZS4.pdf

³ Multidimensional Poverty Measure, The World Bank. Retrieved from: <https://www.worldbank.org/en/topic/poverty/brief/multidimensional-poverty-measure#:~:text=%E2%80%A2%20An%20index%20that%20measures,%E2%80%A2>

3.1. Socioeconomic section

The average income between the two municipalities does not change much, Kotel's average income being 20 BGN lower. It is interesting to notice that three people declared being discriminated against and prevented from accessing a public service in Novi Pazar, despite having the smaller group of participants. Concerning the housing situation, a striking difference can be noted in the number of informal settlers, for which Kotel rises to 17 participants declaring so, while only one participant did from Novi Pazar. On a similar line, private renting was declared by 14 participants in Kotel, while just two stated this situation in Kotel. For what concerns educational levels, there are three remarkable differences:

1. Kotel registers 41 drop outs out of 322 people (total members of the house), while none of the 172 participants in Novi Pazar stated having dropped out of school;
2. 43 people declared to not be educated in Kotel, while just 13 reported so in Novi Pazar (two being underage school children);
3. The number of students, thus teenagers, in Kotel is substantial, making up for one third of the total members, while the percentage for Novi Pazar stands at 19%.

Looking at these remarks, it appears that the educational situation is slightly better in Novi Pazar.

Analyzing the question 'Where do you go when you have a problem with a public service?', both municipalities have around 50% of people who directly address the problem with the local utility company; however, another 38% of the respondents in Novi Pazar declared to not know where to go to address the problems, while the same response reaches just 14% in Kotel.

3.2. Indicators

The overall situation presents just a 3% higher rate of extreme poverty in Kotel. Nonetheless, it is the analysis per dimension and of the 10 most impoverished indicators that demonstrates differences in the localities.

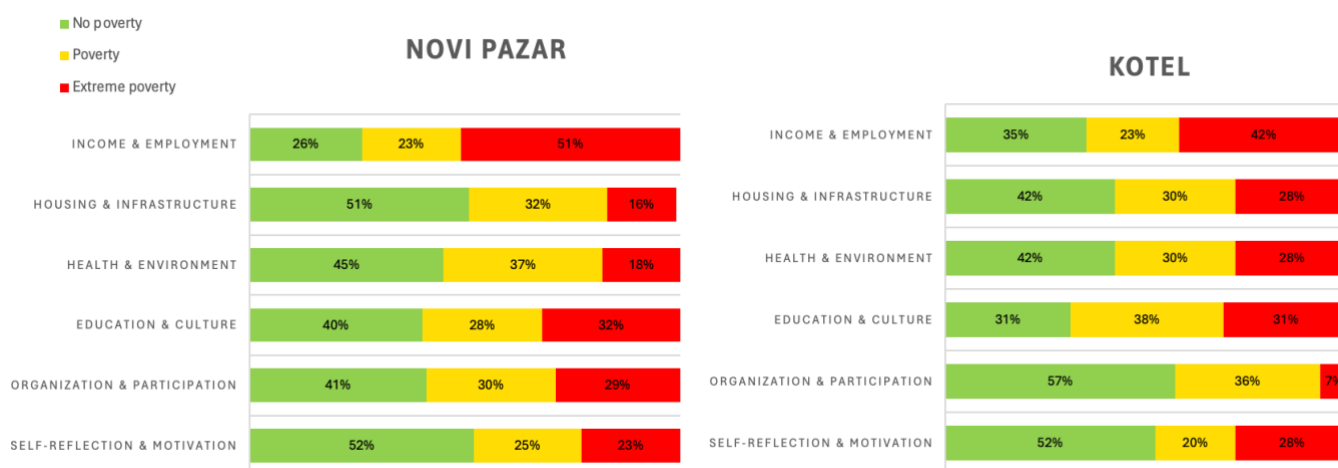


Figure 1. Percentage of incidence of poverty per dimension in Novi Pazar and Kotel

As shown in Figure 1, the dimensions of Income & Employment and Organization & Participation have significantly higher rates of poverty and extreme poverty in Novi Pazar

compared to Kotel, by 9% and 16% respectively. On the other hand, Kotel records higher levels of poverty and extreme poverty in Housing & Infrastructure and Education & Culture, both by 9%. Little to no difference can be found in the Health & Environment and Self-Reflection & Motivation dimensions. These data seem to confirm the previous findings of lower education levels in Kotel and lower community participation in Novi Pazar. They also highlight the need to address income-related issues in Novi Pazar and challenges within the housing sector in Kotel.

Taking a look at the 10 most impoverished indicators, it is possible to further understand the differences and similarities between the two municipalities.

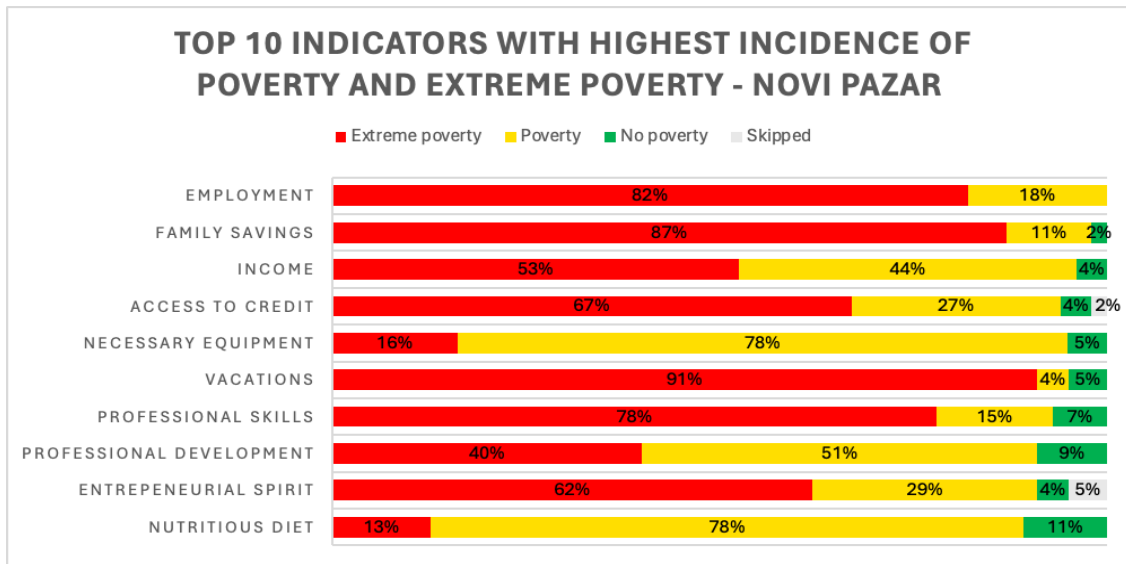


Figure 2. 10 most impoverished indicators in Novi Pazar

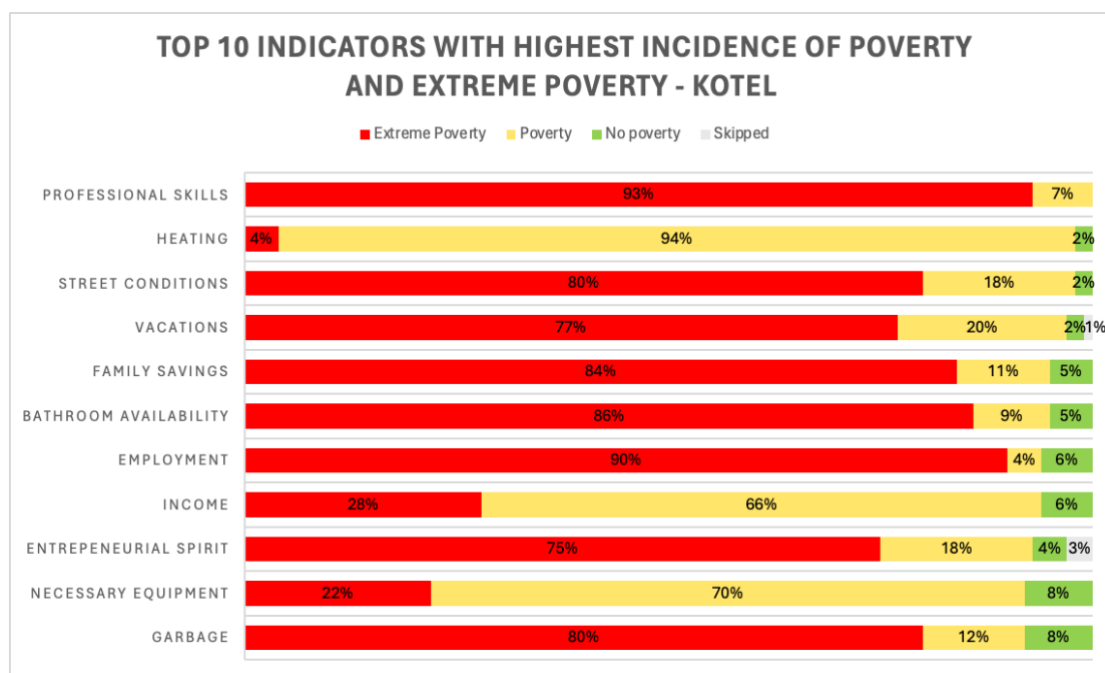


Figure 3. 10 most impoverished indicators in Kotel

Overall, both municipalities share seven indicators in the top ten impoverished indicators list, being: Employment, Professional Skills, Family Savings, Health Services, Professional Development, Income, Water, Necessary Equipment, Medical Check-Ups. These data reveal similarities in their situation; however, based on the different ranking they have in the lists, they reflect differing emphases on the importance or urgency of specific areas. As a matter of fact, data aligns with the dimension findings: 5 out of 10 of the top ten impoverished indicators for Novi Pazar are in the Income & Employment dimension, whereas, in Kotel, 5 out of 10 are from the Housing & Infrastructure dimension. There is a concerning incidence of poverty in the top indicators of both lists, in particular a 100% of poverty and extreme poverty incidence was registered for Employment and Professional Skills, for Novi Pazar and Kotel respectively. Further indicators of the list also indicate a significant level of poverty and extreme poverty, ranging from 98% to 89%, therefore calling for an urgent need for targeted actions.

3.3. Prioritization

Prioritizations of indicators also disclose interesting information about families' needs and aspirations. Here are the lists of the most prioritized indicators in both municipalities:

NOVI PAZAR	N° FAMILIES	KOTEL	N° FAMILIES
EMPLOYMENT	34	FAMILY BUDGET	25
PROFESSIONAL SKILLS	19	EMPLOYMENT	15
FAMILY SAVINGS	10	INCOME	13
LIVING CONDITIONS	7	PROFESSIONAL SKILLS	11
HEALTH SERVICES	7	MEDICAL CHECK-UPS	11
PROFESSIONAL DEVELOPMENT	6	STATUS OF THE HOUSE	10
INCOME	5	PROFESSIONAL DEVELOPMENT	8
WATER	5	HEALTH SERVICES	8
NECESSARY EQUIPMENT	4	FAMILY SAVINGS	4
MEDICAL CHECK-UPS	4	WATER	4
		NECESSARY EQUIPMENT	4

Figure 4. 10 most prioritized indicators in Novi Pazar and Kotel

It can be noted that Employment and Professional Skills are among the most prioritized indicators in both municipalities and, in general, only three indicators differ between the two lists, revealing a substantial coherence in aspirations for all participants. Those who differ are Living conditions, Family Budget and Status of the House. From these, it is noteworthy that Family Budget appears in the Kotel list at the first position, setting a relatively interesting difference between the municipalities. However, facilitators have disclosed that they were encouraging the participants to prioritize Family Budget for project related necessities, therefore this information needs to be considered to balance out any bias.

Analyzing the correlation between prioritization and poverty incidence, Kotel matches 5 out of 11 indicators, while Novi Pazar 6 out of 10. In both cases, most of these indicators relate to the income and employment sector, defining a significant awareness of participants for their situation, and also their desire to work towards change, with the help and assistance of mentors and facilitators.

3.4. Causes of deprivation

Among the causes of deprivation described by participants, it is interesting to note the differences recorded per municipality. Taking into consideration the indicator Employment, the majority of participants who prioritized it in Novi Pazar expresses the lack of education and/or qualification as the cause of not having a job (12 out of 34), while Kotel participants declared not having the skills or knowledge to look for a job (12 out of 15). Therefore, different measures and interventions can be developed in the two municipalities based on these findings. Low education was also reported as the major cause of deprivation for Professional skills in both municipalities and for Professional development in Kotel. Lack of money and low income is reported as the major factor causing deprivation in Family Budget and Family Savings in both municipalities.

FAMILY BUDGET	
Participants prioritization	25
Only relying on social aid	11
Not enough income/resources	9
Unable to allocate funds for the whole month	5

EMPLOYMENT	
Participants prioritization	15
Don't know how to look for a job	12
Education/Qualification	2
No opportunities in labor market	1

PROFESSIONAL SKILLS	
Participants prioritization	11
Low or incomplete education	10
Lack of professions	1

PROFESSIONAL DEVELOPMENT	
Participants prioritization	8
No qualifications/education	5
No knowledge of how to apply for a job/cover letter/cv	2
No profession	1

FAMILY SAVINGS	
Participants prioritization	4
Low funds/income	2
Saving knowledge	2

Figure 5. Causes of deprivations in Kotel

EMPLOYMENT	
Participants prioritization	34
Don't know how to look for a job	1
Education/Qualification	12
looking after kids	5
No opportunities in labor market	3
Disabilities or illness	3
Suitable job	5
Can't leave the village (no transportation)	1
registration got refused at job office	1
Seasonal job	1
No answer	2

PROFESSIONAL SKILLS	
Participants prioritization	19
Low or incomplete education	13
Can't pay for courses	2
Lack of knowledge/guidance or opportunities to enroll in courses	2
No answer	2

FAMILY SAVINGS	
Participants prioritization	10
No answer	1
Lots of costs	1
Low funds/income	7
Saving knowledge	1

PROFESSIONAL DEVELOPMENT	
Participants prioritization	6
Utility perception (no need to have)	1
No knowledge of how to apply for a job/cover letter/cv	4
Patriarchal culture	1

FAMILY BUDGET	
Participants prioritization	2
Unable to allocate funds for the whole month	1
Prioritizing kids expenses	1

Figure 6. Causes of deprivations in Novi Pazar

4. Additional requested analysis

This section presents the other points requested after the oral presentation but could not be further analyzed. Here are the justifications for why certain information were not included, as these does not provide relevant findings or support valid assumptions.

4.1. Workforce Age and Unemployment Challenges within the Studied Population

Although the survey includes questions about the participant's age, employment status, illnesses, and other factors, these questions are not interlinked in a manner that enables the determination of whether unemployment is attributable to specific causes, such as illness. Consequently, the data do not hold significant weight for making such assumptions. The survey itself is not designed to define the causes or challenges of unemployment from an outsider perspective. While data on illnesses, unemployment, and other questions have been presented, it is not possible to suggest that participants are unemployed due to these factors with the available data.

4.2. Participant's Interest in Financial Literacy

The project establishes a course on financial literacy for all participants. This course is being structured based on expert content and local educational research. Data from the PS survey could disclose relevant information about the context, to tailor the course to the participants' needs. However, data extracted from the survey on financial literacy is very limited and has already been analysed in the main report, leaving no other relevant information to be taken into consideration. To extract and analyze further information, exploratory discussions and participatory exercises with the participants are necessary. Given the time constraints and established activities of the BIG Project, Fundación Paraguaya recommends to account for these activities in future projects or assessments.

4.3. Amount of Family Income

Related to their income, 53 participants declared that they have a family member with an income. However, not all of these participants included their family members' income in the survey's family gross income question. The lowest total monthly income of the family

indicated is 30 BGN, which suggests incomplete data. This limits the ability to provide a comprehensive analysis of family income.

4.4. Participant's Source of Income

Given that 98% of the participants declared they do not have employment, a deeper analysis of their informal income sources was requested. However, none of the participants responded to the question regarding the sector (formal or informal). This lack of information may be due to a lack of trust, fear of repercussions, or desirability bias.

Fundación Paraguaya recommends to incorporate linked questions and more specific inquiries to address these issues effectively in future surveys, keeping in mind the reluctancy of participants to disclose information about informal work.

“The Poverty Stoplight results and findings for the Basic Income Guarantees Project”

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This report was drafted by Victorinne Nasi and Fabiola Murianni, Programme Officers of Poverty Stoplight and supervised by Santiago Fiorio Vaesken, Head of Global Partnerships. This document has been prepared as a deliverable for the Basic Income Guarantees Project and delivered on 27th June 2024.

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