

JOINT MEMORANDUM ON SOCIAL INCLUSION OF THE REPUBLIC OF BULGARIA

In accordance with the provisions of the Accession Partnership, the Government of the Republic of Bulgaria, Ministry of Labour and Social Policy has drawn up a Joint Inclusion Memorandum, together with the European Commission, Directorate-General for Employment and Social Affairs, which is designed to prepare the country for full participation in the open method of coordination on social inclusion upon accession. The Memorandum outlines the principal challenges in relation to tackling poverty and social exclusion, presents the major policy measures taken by Bulgaria in the light of the agreement to start translating the EU's common objectives into national policies and identifies the key policy issues for future monitoring and policy review. Progress in implementing such policies will be assessed in the context of the EU social inclusion process, the aim of which is to make a significant impact on the eradication of poverty in Europe by 2010.

Ms Christina CHRISTOVA
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Mr Vladimir SPIDLA
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Brussels, 3 February 2005

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1. ECONOMIC AND LABOUR MARKET BACKGROUND

1.1. Economic developments

Adhering to prudent fiscal policy based on a low budget deficit and mechanisms to counteract external pressures that might lead to the accumulation of unforeseen expenditures, Bulgaria has gone through six consecutive years of economic growth. Since 2000 growth rates have been consistently in excess of 4%.

Gross Domestic Product in 2003 grew by 4.3% in real terms reflecting the stable growth rate of internal demand (see Table 1). Individual consumption¹ was the main factor spurring GDP growth in 2003. Consumer demand growth is related to the expansion of household revenues and the improved financial situation of the population.

The structure of gross value-added (GVA) by economic sectors in 2003 was as follows: **services** - 58.6%, **industry** - 30.0%, **agriculture** - 11.4%. In 2003 GVA in the service sector increased by 3.5% in real terms. Industrial production in 2003 showed growth of 7.1% as compared to 2002. In 2003, GVA in **agriculture** showed 1.3% decline in real terms. The main reasons for such a decrease are the unsatisfactory results in agriculture and forestry, in particular the poor wheat crop in 2003.

In 2003, the private sector contributed 73.3% to GDP (5.6% growth compared to 2002).

The living standard as measured by GDP per capita in PPP terms (EUROSTAT – preliminary data) in 2003 was 28.1% of the average level for EU 15. The average level of the 10 new member states was at 47%, with the highest living standard in Cyprus – 76%, and the lowest in Latvia – 35%.

The **real household income** in 2003 had increased by 38.5% compared to 1996. In 2003, the **average monthly gross wages** reached BGN 284 (approximately 146 Euro)². Compared to 2002 it shows 7.7% real growth.

During the last three years there has been a visible downward trend in the **rate of inflation**, possibly due to a number of external factors, in particular – to the slowed development of the world economy and the related fall in the prices of some raw materials. The average annual rate of inflation has decreased from 5.8% in 2002 to 2.3% in 2003 (Table 2).

State Budget balance data for the last five years show that Bulgaria has been pursuing prudent fiscal policies (an average deficit under 1% of GDP during the last five years). Since 1998 Bulgaria has been consistently in compliance with the Maastricht budget deficit criterion (3% of GDP). The current account deficit, which was 6% of GDP in 2001, fell to 4.7% of GDP in 2002, but in 2003 increased again to 8.5% of GDP.

As a result of the investments made, **productivity growth** can be seen as a lasting trend: an average of 5.8% for 1999-2002, measured as the physical volume of gross value added per employed person. In 2003 productivity kept growing, but at a considerably slower pace than in 2002. Productivity³ in the entire economy in 2003 had increased by 0.5% as compared to 2002.

¹ The National accounts of Bulgaria are drawn up in accordance with the international methodological principles of the « European accounts system», 1995 - Eurostat publication - and of the « National accounts system », 1993 – joint publication of UN, OECD, Eurostat, IMF and World Bank.

Individual consumption consists of: final consumption expenditure of households; final consumption expenditure on individual services provided by general government free or at prices that are not economically significant; final consumption expenditure of non-profit institutions serving households.

² Under the Bulgarian Lev Denomination Act of 1999 (State Gazette No. 20/05.03.1999) the Bulgarian currency lev was denominated; the old abbreviation BGL was replaced by BGN.

³ Calculated by using the preliminary estimates of the National Statistical Institute for Gross Value Added and the data for the number of employed according to Labour Force Survey.

In view of the limited financial resources of the state, private-sector investments are of fundamental importance, as are foreign investments. Domestic investments, after a 14% decline in 2000 as compared to 1991, grew considerably in the period 2001-2003 and in 2003 domestic investments represented 22% of GDP. As a result of the improved business environment and of the government policy for attracting investments during 2003, a high inflow of direct foreign investments was registered – 7.1% of GDP (Table 3).

Significant disparities exist between the six planning **regions**. In the most developed region – the South-West, where the capital Sofia is situated, GDP per capita in 2003 amounted to BGN 6214. This region was followed by the South-East region – BGN 3993, the North-West region – BGN 3848, the North-East region – BGN 3749, the North-Central region – BGN 3739 and the South Central region - BGN 3576. The leading position of the South-West region is largely related to the high share of the service sector and the low share of agriculture and forestry.

1.2. Social expenditures

The volume of social expenditure is a main indicator showing the attitude of the state towards its citizens, and especially towards disadvantaged people. Social expenditure in Bulgaria consists of three main categories: 1) social security schemes including pensions, unemployment benefits, sickness and maternity, accidents at work; 2) healthcare expenditures; 3) social assistance, family benefits and other targeted programmes. During the crisis of 1996, social spending dropped to 12% of GDP, which is the lowest level for the whole transition period. After 1997, an increase of social expenditure is observed, attaining 17% of GDP in 2003. In 2001, social protection expenditure accounted for 27.5% of the GDP of EU15.

Social expenditures have mainly grown in the healthcare and social security (pensions) parts. Healthcare expenditures have been growing steadily (from 3.1% of GDP in 1996 to 4.9% in 2003), which shows that healthcare has been identified as a main priority of governmental policies, particularly since 2001. The government's goal has been to gradually bring healthcare expenditures closer to EU member country levels. The start of the healthcare reform in 1999, which established the National Health Insurance Fund and introduced new financing mechanisms for pre-hospital and hospital healthcare, contributed to the growth of expenditures, as did the value-added tax for medicines and healthcare consumables levied in 2002.

Pensions, representing almost half of social expenditures, are the most important component, rising from 6.9% to 9.2% of GDP over 1996-2003 (see Table 4). As a share of the total consolidated public expenditures, social expenditures increased from 28% in 1996 to 46% in 2003⁴ (Table 5).

1.3. Situation of the labour market

Employment showed a dramatic decline at the beginning of the transition period, between 1990 and 1993, total employment decreasing by 875,000 jobs or 21.4%. After a short period of stabilisation between 1993 and 1996, it declined again by a further 345,600 jobs or 10.5% between 1996 and 2001. Since 1990, employment has gone down by 28.2%, representing a total job loss of 1.2 million. After 2001, a slow upward trend started, with moderate growth in employment.

⁴ The consolidated public expenditures include all expenditures paid from the State Budget, the municipal budgets, the budgets of the Social Security and the National Health Insurance Fund, the national mass media budgets, as well as all off-budget accounts and funds within the meaning of the Law on the Organization of the State Budget.

According to the Labour Force Survey, the activity rate declined from 66.5% in 1993 to 60.9% in 2003. Men have a higher coefficient of economic activity (65.4%) than women (56.5%). The gap between men's and women's activity is about 8 percentage points lower than that of the enlarged European Union (EU 25). The activity rate of the older workers (aged between 55 and 64) is 33.9% (31.8% in 2002)%. The value of this indicator for the EU 25 in 2002 was 45.7%.

The **employment rate** for 2003⁵ was 52.5%, 1.9 percentage points higher than in 2002. The male employment rate is very low – 56% (in 2002 EU 25 – 71%) and is 7 percentage points higher than the female employment rate (in 2002 EU 25 – 54.7%). This difference between male and female employment rates in Bulgaria (7 percentage points) is much lower than the average in EU25 (16.3 percentage points).

The employment rate for older (55-64) people is 30% (EU 25 - 38.7% in 2002). The male employment rate in this age group is 40.5% (EU 25 – 48.9% in 2002) while the female employment rate is 20.9% (EU 25 -29.1% in 2002). The difference in the employment level for men and women in Bulgaria is due to the legal retirement age (in 2004 the retirement age for women is 57.5 years, and for men it is 62.5 years).

In 2003 the employment rate among **young people** in the 15 – 24 age group was 20.7% (EU 25 - 37.6% in 2002). The male employment rate in this age group was 21.7% (EU 25 – 40.7% in 2002) while the female employment rate was 19.6% (EU 25–34.4%). **Employment in industry** has been declining continuously since the beginning of the transition period. Industrial employment fell by 24% between 1996 and 2001. After a large decline at the very beginning of the transition period, which can be attributed to the uncertainties of the privatisation process, **employment in agriculture** showed renewed growth until the late 1990s. Since then it has been on a downward trend. The effect is reflected in a net increase of agricultural employment of 3.5% between 1990 and 2001. **Employment in services** decreased by 10% between 1990 and 2001, despite a short period of growth after 1990.

In 2003 the number employed in the *Services sector* was 1616.6 thousand - the highest (accounting for 57.1% of the overall number of employed), the number of employed in the *Industry sector* was 929.6 thousand (accounting for 32.8% of the overall employed), and in the *Agriculture and Forestry sector* – 285.9 thousand (10.1% of the overall employed). In 2002 for EU 25 these indicators were as follows: Services – 68.7%, Industry – 25.9% and Agriculture – 5.4%.

Following the development of a new private sector and the recent acceleration of the privatisation process, the share of private employment rose from around 6% in 1990 to 60% in 2001. The decline of public employment has been continuous but fairly irregular. Public employment decreased by 54.7% between 1993 and 2001.

On average for 2003, the **private sector** was employing 1 843.8 thousand persons, or 65.1% of all employed, of which 99.6 thousand employers (3.5% of the total employed), 271.7 thousand (9.6%) self-employed, 1418.0 thousand (50%) employed in private enterprises. The **public sector** employed 981.5 thousand people. In 2003 employment in the private sector increased by 2.5% compared to 2002.

⁵ The employment rate has been calculated for the 15 – 64 age range.

According to the National Statistical Institute, the number of people employed without contract in 2003 was 85.3 thousand persons or 3.6% of all employed. The informal sector was estimated by survey⁶ (which was carried out in 2003 by Vitosha Research) to represent 16.7% of all employees (working without labour contract).

From a **regional point of view**⁷, significant differences can be seen in the levels of employment between the regions. A sustainable trend of the highest level of employment is observed in the South-West region (where the capital is situated), while the lowest employment levels are in the North-West region. With respect to the district employment in 2003, the districts with the highest employment rates were Sofia and Blagoevgrad, and Vidin with the lowest. This imbalance on the regional employment markets is a consequence of the inherited structure of the economy by separate areas in addition to the negative impact of the restructuring process.

In 1993, according to the Labour Force Survey, there were 814,600 unemployed, representing an unemployment rate of 21.4%. Because many people fell out of the economically active population, the unemployment rate then started to decrease and was down to 14% for the period 1996-1998. Since then, the contraction of the labour force has slowed down and came to a halt in 2001, while unemployment has been on the rise again. In 2003 **unemployment**⁸ in the country decreased significantly due to the large number of unemployed placed at work on both the primary and the secondary labour markets, the lower number of redundancies, seasonal factors and the implemented active labour market policy. The number of unemployed was 449.1 thousand, compared to 616.9 thousand in 2002. The unemployment rate for the 15-64 age group decreased from 17.9% in 2002 to 13.8% in 2003. The value of the rate is some 4.8 percentage points above the average level of EU 25.

In 2003 the **inactivity rate** (in the 15-64 age range) was 39.1% (EU 25 – 31% in 2002), while the level in 1993 was 33.5. Many factors contribute to the inactivity status of a person: personal reasons, family responsibilities, attending school or other form of education and training, illness, disability, old age, being discouraged. The lower activity and higher inactivity can be explained both by the influence of negative demographic trends (higher proportion of old persons in the population) and by the impact of economic factors, relating mostly to what is still high unemployment, and insufficient creation of new jobs. The inactive rate is highest for older persons (53.2% in 2003). A negative upward trend in the number of discouraged workers can be observed since 1997.

According to a study undertaken by the Agency for Social Analyses (ASA), entitled “Roma on the labour market and in the social assistance system: The New Challenges” (Sofia, 2003), currently 42.8% of Bulgarians have regular paid employment, but only 29.5% of Turks and 19.5% of Roma do. Without work are 17.3% of Bulgarians, 48.4% of Turks and 52.9% of Roma (the remainder up to 100% for each group are retired, students, people with disabilities and not responding (less than 1%)). The inequality of Roma and Turks on the labour market is related partly to their comparatively lower level of education and qualifications.⁹

⁶ Source: The Hidden Economy in Bulgaria, Sofia 2004

⁷ Based on Labour Force Survey data

⁸ Labour Force Survey data

⁹ According to data from the Census 2001, the educational levels of the active population (25-64) were dramatically lower for the Roma and Turkish ethnic group than for ethnic Bulgarians. The share of the active population having only primary education was 20.7% for ethnic Bulgarians but 53.0% for ethnic Turks and 44.9% for Roma. 23.7% of Turks had secondary education and 53.0% of Bulgarians. Only 2.7% of the Turkish active population had higher education compared to 23.5% of Bulgarians. Only 7.2% of the Roma had secondary and higher education.

The youth unemployment ratio¹⁰, according to the National Statistical Institute for 2003, was 8.1% compared to 11.4% in 2002. This ratio in EU 25 for 2002 was 8.2%. Among the reasons for the decrease of the unemployment ratio among young people aged 15 to 24 are a higher share of youths who started work and the labour market policy. Young people are one of the main target groups identified in the National Action Plans for Employment, and specific measures and programmes are set up for them.

Long-term unemployment has been steadily rising in recent years. In 2001, according to the LFS, 62.7% of the unemployed aged 15-64 (or 12.4% of the labour force of the same age group) had been unemployed for one year or more. **The level of long-term unemployment**¹¹ in the Republic of Bulgaria in 2003 amounted to 8.9%. This indicator is much higher than the one for EU 25 (3.8%). The very long-term unemployed (more than two years) accounted for more than two thirds of the long-term unemployed.

In 2003 the unemployment rate of persons with higher education (including degrees: specialist, bachelor, master and doctor) was 6.8%, while the rate among persons with secondary education (including secondary: technical, vocational and general education) was 12.6%%; for those with lower secondary education - 22.9%, and with primary and lower education - 34.2%.

A decrease in the number and rate of unemployment has been observed in all planning regions. In 2003 the following planning regions demonstrated higher than average rates of unemployment: the North-East region - 19.6%, followed by the South-East - 16.9% and the North-West - 15.7%. Unemployment rates lower than the average for the country are found in the following regions: the South-Central - 11.5%, followed by the South-West - 11.7% and the North-Central - 13.2%.

Registered unemployment¹²: The registration of unemployed at the labour offices, aimed at active job search, is also a necessary condition for receiving social assistance and unemployment benefits. In 2003, according to the administrative statistics of the Employment Agency, the average annual number of registered unemployed was 528,041 persons, which was 127,957 lower than in the previous year. This sharp decline in registered unemployment was explained by the higher number of unemployed placed at work on the first labour market, in the programmes and measures, and by the lower inflow of new unemployed. This 2003 number of registered unemployed was the lowest since 1999.

In the last two years **the number of people with permanently reduced work capacity** who have requested assistance from the Labour Offices has been steadily increasing. In 2003, they comprised 3% of the total number (average annual) of unemployed (1.9% in 2002). Their average annual number was 15,916 - a 30.1% increase as compared to 2002, this being offset by the reduction in overall unemployment during the year. This increase was facilitated by the information campaign run by the Labour Offices regarding the incentives provided for in the Employment Promotion Act aiming to provide employment, including jobs in the first labour market for this group.

2. SOCIAL SITUATION

2.1. Demographic features

¹⁰ Young unemployed (15-24) as a proportion of total population in the same age bracket.

¹¹ Those unemployed for 12 months or more as a percentage of the labour force.

¹² According to data from the Employment Agency

Demographic trends have been subject to unfavourable changes over the years (Table 6). As of 31 December 2003, the population of Bulgaria was 7,801,000 persons. When compared to the previous year the number of the population has decreased by 45,000 persons. The **age structure** of the population is deteriorating and the age pyramid is inverting. The birth rate in Bulgaria has been declining over the last few decades, reaching its minimum of 7.7 per thousand in 1997. This indicator reached 8.6 per thousand in 2003. Another negative trend is the notable emigration in the early 1990s. For 1989-2001 the total emigration flow is estimated at 300,000 people or 10% of the labour force. Comparisons between the data of the last two Censuses of 1992 and 2001 give a clearer picture of **mobility**. In the years between the two Censuses the population of Bulgaria decreased by 514,000 due to both general natural population mobility and emigration. Over the same period emigration accounted for approx. 196,000 persons. At the same time, approx. 19,000 persons returned to the country. The balance obtained by comparing emigration and immigration for this period is 177,000 persons, or on average 22,000 persons emigrated annually from Bulgaria. In 2002, the population decreased by 46,000 or by 0.6% compared to the previous year. This reduction is mainly the result of the negative natural growth rate of the population.

The negative growth rate of the population is the cause for the **ageing of the population**. The number and percentage of the population under 15 has been declining constantly, while the share of the population over 65 has been growing. In 2003, the proportion of young people under 15 dropped to 14.2%, while the elderly represented 17.1% of the entire population. The age dependency ratio¹³ is 45.5% in 2003. An important consequence of the ageing of the population in Bulgaria, which should be taken into account by future employers, will be the reduced proportion of the working age population (aged 15 – 64). It will also affect healthcare and social service expenditures.

These unfavourable demographic processes are accompanied by deteriorating health status. Infant mortality rate in Bulgaria has been very high in recent years – over 13 infants under 1 year of age per 1,000 live births (in EU countries it varies between 3.5 and 9). The average **life expectancy at birth** for the population in 2001–2003 was 72.1 years; it is higher for women (75.6 years) than for men (68.7 years). The average life expectancy at birth has increased from 70.6 years in 1995 to 72.1 years in 2003, while life expectancy at the age of 65 has only increased from 14.1 years to 14.3 years during the same period. The high mortality rate of the 40-49 age group, due to poor health service quality, also shows the unfavourable demographic position of Bulgaria.

As of 1 March 2001, the date of the last population census, the **ethnic composition** of the population in Bulgaria is as follows: Bulgarians are the largest ethnic community, representing 83.9% of the entire population, the Turkish ethnic group is second - 9.4%, the Roma ethnic group is third - 4.8%, and the “Others” group includes the remaining ethnicities in the country – 0.9%. The number of people who have not stated their self-identification¹⁴ is 1.0%. As regards the Roma ethnic group, it has to be taken into consideration that there are around 350,000 people (according to experts’ estimates) who as a rule share the same social characteristics that are typical of the majority of the Roma population, but they themselves oppose that identification, and identify themselves as Turks, Bulgarians and a small percentage – as Romanians. There is also the specific group of Bulgarian-

¹³ **Age dependency ratio** is the ratio between the number of dependents (according to the UN methodology - persons aged 0 - 15 and 65 and older) and the number of independent population (15 - 64 years) at the end of the year.

¹⁴ The ethnic-demographic indicators of the population of Bulgaria are traditionally included in the censuses. The 1992 census included ‘ethnic group’, ‘mother tongue’ and ‘religion’ as indicators. They were also included in the most recent census of March 1, 2001, whereby data comparability was ensured. A new element, worth emphasising, is that people were free to answer these optional questions, unlike all previous censuses, which required compulsory answers. The NSI issued “Instructions on the filling of census cards”, which indicated that those polled in a census should identify individually their ethnic group, mother tongue and religion. The NSI stressed that no limitations existed for the **self-determination** of those entering the answers under ‘other’.

speaking Muslims, who speak Bulgarian, but their religion is Islam, and ethnically they identify themselves in three different ways – as Turks, Bulgarians, and Bulgarian Muslims.

The negative demographic trends have caused a considerable depopulation of large areas of the country - mainly the underdeveloped, frontier and mountain regions. The coefficient of natural increase of the population in such municipalities is well below the average for the country: for example, Makresh municipality (-34%), Trekliano municipality (-42%), etc.

According to the data of the last census, the average number of household members is 2.7, which is higher than the European average (2.4 – estimate for 1999 - 2001). In 2001, there were 663,000 people living in single households. There is a tendency towards a decrease in the number of married couples. The number of unmarried individuals over 30 is rising. The average number of children per family decreased to 1.3 in 2001. The largest number of families has one child - nearly 30%. Families with three or more children account for less than 3%.

2.2. Income distribution and monetary poverty

As regards **income distribution**, the statistical data show that during the last five years real incomes have been growing (see Table 7). By the end of 2002 and the beginning of 2003, some pensions had recovered or exceeded the levels of 1995. Nevertheless, some incomes are still unable to compensate the collapse sustained during the first half of the 1990s, and in spite of all the positive developments and trends, all real incomes remain under the levels registered before the beginning of the transition in 1990.

Poverty is a multidimensional phenomenon and is not just a matter of insufficient income in a percentage of the population. Poverty means lack of means to satisfy basic needs, but also lack of conditions and prerequisites to live with dignity, which in turn is a result of the lack of choice. That said, the following analysis is limited to monetary poverty. In 2002 the at-risk-of-poverty rate for Bulgaria was 13.4% - the lowest level of relative poverty since 1995 (see Table 8).

The at-risk-of-poverty threshold for Bulgaria has been calculated using the Eurostat methodology¹⁵. For 2001, the at-risk-of-poverty threshold was BGN 1 244¹⁶, which is an average of 638 Euro per equivalent person. The at-risk-of-poverty threshold for Bulgaria as calculated by PPS (Purchasing Power Standard) is 1 630 PPS, i.e. approximately half the poverty threshold in the 10 new member countries (3 240 PPS). When compared to EU15 countries, the poverty threshold in Bulgaria is about five times lower (8 253 PPS) /Table 9/. The poverty threshold for Bulgaria, measured in PPS, is 38.6% higher than in Romania. However, also measured in PPS, it is 10.1% lower than for Turkey.

Income inequality measured by the **S80/S20 quintile share ratio** and the **Gini coefficient**, calculated using both income in cash and in kind for the year 2001, amounted respectively to 3.8 (10 new member states – 4.3; EU15 - 4.4, EU25 - 4.4) and 26 (10 new member states -28, EU15 – 28, EU25 - 28).

¹⁵ Defined as 60% of the median equivalent income. This method to determine the level of relative poverty has been adopted by EUROSTAT and is applied by the National Statistical Institute on the basis of the results of the Household Budget Survey. The calculations use an equivalence scale in order to reflect the economy of resources resulting from the joint cohabitation of several persons within the household. This is the part of the income spent for material goods that are equally necessary, indivisible and useful for all members of the household. For instance, expenditures for the purpose of durable consumer goods (a TV set), the costs of the lighting and heating of the house, etc. The equivalent scale of EUROSTAT is used: 1 for the first member of the family; 0.5 for each following adult member; 0.3 for a child under the age of 14.

¹⁶ European Commission, EUROSTAT, Directorate D: Single Market, Employment and Social statistics, Unit D-2: Living conditions and social protection, Results of Second Round of Data Collection (Reference year 2001).

The proportion of persons under the poverty threshold before receiving all social transfers was 37.1%. The proportion of persons under the poverty threshold after pensions but before receiving social transfers was 16.5%. The difference between this proportion (16.5%) and the proportion of poor persons after receiving the social transfers and pensions (13.4%) amounts to only 3.1 percentage points. These data show that the State should play a more significant social role in protecting the poorest part of society and reducing the risk of poverty.

On a gender basis, women are more vulnerable to poverty than men (see Table 10). In 2002 14.8% of the total number of women and 11.9% of men were at risk of poverty. The difference between the sexes deepens with the growing age of women. In 2002 the proportion of **elderly women** aged 65+ living below the poverty rate was 19.3%, i.e. about three times the proportion of men.

Another source of concern is the fact that in 2002 the proportion of **single parent households** with one or more dependent children was 41.2%. Single parent families are a specific risk category because the average level of income in the country is not sufficient to support a dependent member of family. Single parents find it more difficult to get jobs that reconcile family life and work. The data lead to the conclusion that special protection is needed for young families, which takes into account the right to choose to become parents with the necessity to combine professional and family life in order to ensure appropriate living standards for the children.

One of the highest poverty risks is found among **large households**. In 2002, the proportion of households of two adults and one dependent child under the poverty threshold was 9.2%; the proportion with two dependent children was 15.1%; in the case of two parents with **three and more children** – 37.2%.

The households of economically inactive and unemployed persons dominate the structure of poor households in a breakdown by social and economic indicators. Poverty is widespread among **long-term unemployed** and among some groups of low-income employed persons, as well as among agricultural workers. The data for most frequent activity status of the household reference person show that in 2002 5.6% of employed, 5.9% of self-employed, 30.9% /male – 32.5%, female - 29.4%/ of unemployed, 12.4% of retired and 15.9% of other economically inactive people lived under the poverty threshold. Unemployment (particularly long-term unemployment), low activity rates and informal sector employment are among the main factors for impoverishment and social exclusion.

According to **tenure status**, tenants run an above-average risk of poverty, which was 28.3% in 1998 and deteriorated to 30.9% in 2002 (24% in EU 15).

There is also a **regional dimension** of poverty in Bulgaria. In 2002, the proportion of urban households at risk of poverty was 13.7%, while for rural households it was 16.8%. According to national studies, urban areas experienced a more significant drop in poverty levels than rural areas.

The World Bank Poverty Assessment for 2001¹⁷, the main source of data about the poverty rate by ethnicities, shows that the **Turkish ethnic group and especially the Roma** are most severely affected by poverty and unemployment. According to this study and the methodology applied, the

¹⁷ See Bulgaria: Poverty Assessment, World Bank, 2002. The World Bank carried out three poverty assessment studies in 1995, 1997 and 2001 using an integrated household survey methodology. The results of the latest survey of living standards in Bulgaria carried out by the World Bank in 2003 have still not been officially published

poverty level for ethnic Bulgarians is 5.6%, while for ethnic Turks it is 20.9% and for the Roma it is 61.8%¹⁸ (see Table 11).

Education improves people's chances of finding a job, of receiving income and of integrating into society. People with primary and lower education are most often found in the category of the poor. **Poor households with lower educational levels** also find it more difficult to send their children to school. Higher education is a poverty protection factor. The level of poverty among university graduates is under 2%.

2.3. Education

According to the 2001 census, 50.8% of the population have secondary education and 15.2% of the population have certificated tertiary education.¹⁹ At the same time, the relative share of people with basic or lower education decreased by 10 points – from 38.1 to 28.1%. This means that almost 72% of the population of active working age have secondary or tertiary education.

A comparison of the educational structures of the population in EU countries and in Bulgaria shows that the “human capital” of the country as a whole is slightly higher than the average for EU countries²⁰. While the share of the population (aged 25-64) with basic and lower education for EU countries is 37.4%, for Bulgaria this share is 28.9%. In EU countries the share of people with secondary education is 39.6%, while for Bulgaria it is 49.7%. In comparison with the share of people with tertiary education (university or college) in EU countries, Bulgaria lags behind just by 1.9 points. The relative share of persons with tertiary education aged 25-64 in Bulgaria is 21.3%, while the EU average is 23.2%.

After 1995 the net enrolment rate for the 5–14 age group was steady until 1999 – 93.8%, increasing considerably to 96.1% in 2001 and 98.0% in 2002. The net enrolment of the 15-19 age group for Bulgaria was 70.5% in 2002, while the average rate for the EU15 member countries was 81.3% (2000). One-year pre-school education immediately before starting school has been obligatory for all children in the country since the school year of 2003/2004. As a whole, attendance in kindergartens is higher in urban than in rural areas. The number of children in kindergartens was 201,317, of which - 51,798 children in villages. NSI data show that 74.6% of children aged 3-6 attended pre-school education during the school year 2003 – 2004.

The last census data show that among the population aged 25-64 in the large ethnic groups, Bulgarians received the best education /23.5% have tertiary education, 53.0% - secondary education, 20.7% - basic education and 0.4% are illiterate/. 53.0% of the Turkish ethnic group have basic education, 23.7% - secondary education, and 2.7% - tertiary education. Illiteracy among Turks aged 25-64 is 3.5%. The education attainment is worst among Roma ethnic groups, where of all people aged 25-64 only 7.2% attained tertiary or secondary education, the majority had basic (44.9%) or primary (27.4%) education, 7.8% were without any completed educational degree, and 12.7% were illiterate. The share of illiterate Roma adults in the period between the last two censuses (1992-2001) had grown by approximately 50%. The education and training of Roma people is one of the main challenges of the educational policy. The existence of the so-called “Roma schools”, situated in or near Roma neighbourhoods and with a great percentage of Roma children, can be considered as

¹⁸ Source: Bulgaria: Poverty Assessment, World Bank, 2002

¹⁹ Educational statistics are constructed on the basic statistical principles, the current legal basis in Bulgaria in the area of education, the International Standard Classification of Education - revision 1997 (ISCED-97) and the concomitant methodological instructions.

²⁰ ISCED 97

segregation and deprivation from social inclusion. Children from the Roma and Turkish ethnic communities register a lower enrolment rate in pre-school institutions. Special efforts are being made to guide children from risk groups into kindergarten attendance. This education is considered an important resource in creating conditions for the integration of children from ethnic minorities.

Early school leaving²¹ is most frequently caused by the socioeconomic status of the household - 36.3% of all dropout cases. According to NSI data for 2003, the educational level of 21.9% of the population aged 18-24 was lower than secondary (this is an indicator for **early school leavers**). The value of this indicator for EU 25 in 2002 was 16.4%²². Lowering the percentage of early school leavers is important to achieve full employment and greater social cohesion and thus build a real knowledge-based economy and society.

The level of education differs by place of residence. A source of concern is the fact that fewer rural children complete their secondary education compared to previous periods. In the majority of villages there are no secondary schools. **Access of urban and rural children to secondary education** shows a salient difference. Rural children receive three years less schooling than urban children. The main reason is the lack of adequate transport and the associated costs, which are a serious difficulty for many children. A strategic issue for the educational system is the basic level of education (grades 5-8) because this age group is subject to mandatory education.

In view of the **access to education**, not only ethnic minority groups are considered at risk, but also the children with special educational needs. There are approx. 10,300 children with special educational needs studying in specialised schools and classes. In addition, there are also around 5,700 children with chronic diseases or deviant behavior who attend specialised schools. Compared to other European countries, the percentage of pupils in specialised schools providing no opportunities for social integration remains too high. Following the model developed during the years of socialist governance, even today the majority of these children go to separate, isolated, resource-based schools. The Public Education Act has paved the way for mainstreaming these children into regular schools, but implementation of this strategic objective has been rather difficult due to various reasons, the most important being budgetary constraints.

2.4. Social protection

The architecture of social protection policy in Bulgaria comprises two levels: social insurance and social assistance.²³ The obligatory state pension system²⁴ covers all persons who earn income from employment and the unemployed for the period for which they receive unemployment benefits. By 31.12.2002, the number of retired persons in Bulgaria was 2,344,195. The amount of the minimum pension for contribution period and age is defined as a percentage of the old-age social pension, which is a threshold defined by the Government. Starting from 1 June 2003, the amount of this benefit (the old-age social pension) was established at BGN 50 (approximately 26 Euro), while from 1 June 2004 it was raised to BGN 53 (approximately 27 Euro). As of 30 June 2004, the old-age social pension benefit is received by 5,096 persons aged over 70, of whom about 4,000 are women. As of 31 December 2003, the respective numbers were 5,394 and 4,123. The minimum amount of the pension benefit for contribution period and age on 1 June 2004 is BGN 60.95 (115% of BGN

²¹ According to the NSI, the distribution of dropouts by age groups for the school year 2000/2001 is as follows: -for 1-4 grade (primary education) the dropouts are 10 117 out of 374 361 students; for 5-8 grade (basic education) the dropouts are 11 396 out of 366 047 students; for 9-13 grade (secondary education) the dropouts are 8 874 out of 329 427 students.

²² Source: Eurostat, Labour Force Survey, 2002.

²³ Source: Country report- Study on the Social Protections Systems in the 13 CC- January 2003

²⁴ Meant is mainly the coverage of «old age» risk, which is one of the key factors that (can) generate poverty.

53). The number of pensioners who received this benefit as of 30 June 2004 were 239,391. The respective numbers by 31 December, 2003 were 248 871 pensioners receiving BGN 57.50 each (115% of BGN 50.00). The average amount of the pension for contribution period and age in 2003 was BGN 112.87 (approx. 58 Euro).

As regards **unemployment benefits**, they have the nature of insurance compensations. The persons entitled to receive such benefits are those who have been insured for the event of “unemployment risk”²⁵. Every year the Law on State Social Security Budget sets the minimum and maximum amount of unemployment benefit for the year. In 2003 the minimum was BGN 70 /approx. 36 Euro/, and the maximum BGN 140 /approx. 72 Euro/. The relevant national legislation in this field sets the eligibility criteria at 9 months obligatory social insurance for all insured social risks (incl. unemployment) during the last 15 calendar months before termination of the insurance. The maximum duration for receiving unemployment benefits is 12 months, where the contribution period exceeds 25 years. For 2004 the minimum amount is BGN 80 /approx. 42 Euro/, and the maximum amount BGN 140 /approx. 72 Euro/. A monthly average of 107 503 persons received unemployment benefits in 2003. This figure is 29 216 lower than in 2002 due to the decreased number of dismissed workers and employees, on the one hand, and to the decline in privatisation processes, entailing dismissals of the work force, etc., on the other.

The second level of social protection is **social assistance**. Social assistance in Bulgaria comprises monthly social benefits, targeted benefits, one-off benefits, family benefits for children and provision of social services. The Guaranteed Minimum Income is of major importance and serves as a basis for granting social assistance payments through the social assistance system. Persons usually categorised as eligible are long-term unemployed, persons with disabilities, lone old-aged persons, lone parents, etc. The basic circumstance leading to dependence on social protection is unemployment, especially long-term unemployment, because when the period of material support of job-seekers expires, clients move to the social assistance system. Having no other possibility of acquiring subsistence, they are entitled to assistance (see the Charter of Fundamental Rights and Freedoms, European Social Charter). In Bulgaria, the right to social assistance is enjoyed by all Bulgarian citizens, families and cohabiting persons who because of health, age, social and other reasons beyond their control cannot alone, by their own labour or incomes from property, satisfy their basic needs, while complying with the conditions of the Rules for Implementation of the Social Assistance Act.

In 2003, a monthly average of 136 342 families²⁶ (comprising 327 220 persons) living in need were granted monthly social assistance benefits. Compared to 2002, the number of supported persons and families has risen by 14%, because of the increased assistance threshold for people 75+ living alone, people with permanent disabilities and single parents taking care of a child below the age of 3. In 2003 the total amount of **monthly social assistance benefits** paid out was BGN 99 million (approx. 50 million Euro). The average individual monthly social benefit for 2003 was approx. BGN 55 (approx. 28 Euro) (in 2003, the minimum wage was BGN 110, approximately 56 Euro). The average duration for receipt of social assistance benefits in 2003 was 7.5 months. Unemployed persons are required to participate a minimum of 5 days per month in municipal programmes²⁷ in order to receive the monthly social assistance benefit.

²⁵ According to the Social Security Code, in the event of “unemployment”, people obligatorily insured for all social risks could use their entitlement to unemployment benefits.

²⁶ According to article 2, para 3 of the Law on Social Assistance Bulgarian citizens, families and cohabiting persons are entitled to social assistance.

²⁷ The municipal administrations organise programmes for providing social services, environmental programmes and programmes for town-development and sanitation of the towns and villages.

The available social assistance schemes allow targeting the poorest groups and ensure a relatively broad coverage of the groups at risk, such as children and dependent people. Social assistance at regional and local level is delivered through the territorial divisions of the Agency for Social Assistance – Regional Directorates for Social Assistance in the 28 regions and the “Social Assistance” Directorates in every municipality. This scheme provides access to social assistance for every person in the country.

Social services are a part of the social assistance system and are designed to overcome the social exclusion of most vulnerable groups. Social assistance policy is gradually being re-directed from the provision of cash benefits entirely financed by the central State Budget to employment promotion and **social service** provision considered much more effective for the purposes of reintegration of vulnerable groups (family support, training, etc.). However, social services still have a relatively limited coverage.

With regard to social service expenditure, in 2002 the distribution of Day Care resources by population served shows that 86% of the resources were directed to children, 11% - to adults, and 3% - to elderly people.²⁸ The distribution of resources for specialised institutions by population served shows that 22% of resources were directed to children, 48% - to adults, and 30% - to elderly people²⁹ (see Table 12 and 13).

Non-government organisations are developing as sustainable providers of social services mainly in the field of community-based social services. Unfortunately, these hold a relatively small share of the socially-oriented non-government organisations in Bulgaria. Most social services programmes are funded by the state budget. The involvement of private resources and cooperation with NGOs is also considered a social inclusion policy priority. The existing legal provisions (e.g. the Social Assistance Act) are related to registration procedure³⁰, but not to measures for supporting cooperation with NGOs. Presently, there are 317 social service providers registered under the Social Assistance Act. The financial legislation does not envisage direct or indirect tax deductions or subsidies to the third sector, even if the NGO’s activity targets disadvantaged groups. Some extra-budgetary funds, such as the Rehabilitation and Social Integration Fund and the Social Assistance Fund under the supervision of the Ministry of Labour and Social Policy, cover part of the expenditures for social initiatives of NGOs, but this practice is still limited.

2.5. Housing

Bulgaria has a large number of unusable houses; and thus the real availability of housing in some urbanised areas (particularly in the larger cities) is much lower than European standards (see Table 14). The housing stock is also deteriorating, and residential areas are turning into ghettos as a result of mismanagement and poor maintenance³¹. The existing situation and the negative tendencies established in the housing sector show that the main problems in this field are related to the poor maintenance of the housing fund, the increase in the number and share of uninhabited houses in some regions, the rising number of housing owners who cannot cover the increasing housing

²⁸ Source: National Report on Social Services, Bulgaria, 2003, p.12

²⁹ Source: National Report on Social Services, Bulgaria, 2003, p.12

³⁰ Through the last amendments of the Regulations for the Implementation of the Law on Social Assistance in order to promote social entrepreneurship the licensing regime was substituted by the registration one. The licensing regime is related only to the social services for children and is operated by the State Agency for Child Protection.

³¹ Source: Strategy to Combat Poverty and Social Exclusion 2003–2006

expenses due to low income, the extremely low proportion of existing and newly built public housing buildings intended for renting out to young families and other vulnerable groups of the population, the lack of a housing subsidy system, and the lack of a specialised housing saving and housing crediting system.

According to surveys, 30% of households live in buildings that need urgent repair of the sewage systems, roofs and the electricity network.³² Less than two thirds of all inhabited dwellings have the three main characteristics for dwellings' facilities – electricity, water supply and central sewage. The share of inhabited dwellings where none of these features of urbanisation exists is insignificant. The ratio of the average cost of housing to the average annual income has grown from 2.8 in 1989 to 7.0 in 2002, which indicates a significant drop in the housing purchasing potential of Bulgarian citizens in recent years, keeping occupants “anchored” to their property and lowering their capacity to respond to the mobility of the national labour market³³.

The housing conditions of Roma are generally still considerably worse than for the rest of the population. Inadequate dwellings – without sanitary facilities, electricity, water supply, sewage system and waste removal - still exist. The unregulated or lack of infrastructure in Roma neighbourhoods poses serious problems. There are many illegal constructions. In many cases illegal construction leads to illegal connection to the electrical, water and sewage installations, where such infrastructure exists, and presents risks to the life and health of the people. The Background Survey on Urbanisation and Roma Housing in the Republic of Bulgaria under the PHARE project has identified the “illegal existence” syndrome of the Roma neighbourhoods as deepening. The survey on Roma housing carried out in 88 towns and the field study in selected Roma quarters of 14 towns revealed major problems in terms of town planning. Urbanisation plans are inapplicable to over 70% of the Roma neighbourhoods. Existing constructions do not adhere to building, sanitary and hygienic norms.

2.6 Health

Child and mother mortality rates, the spread of tuberculosis, low life expectancy, increased level of sexually transmitted diseases, etc., are all indicators of the deteriorating health of a nation, but they also arise as a result of the exclusion of certain population groups, including Roma minority.

Child and mother mortality rates are often caused by restricted access to qualified care for the pregnant mother and children in rural areas and in the settlements with a concentration of Roma population. Infant mortality rate in Bulgaria has been very high in recent years – 13 per 1000 children born alive up to 1 year of age (in Western European countries it varies between 3.5 and 9). Child mortality for the 0-5 age group (17.1 per 1000) is higher than the average for Central and Eastern European countries (10.7). In 2001 maternal mortality in EU member states was almost four times lower than in Bulgaria (19.1 per 1000 in Bulgaria / 5.1 in EU)³⁴.

Concerning **mortality**, the main causes are circulatory diseases - 68% of deaths. Cerebral vascular disease and ischemic heart disease are the most frequent causes of mortality– 270.7 and 247.6 respectively per 100 thousands of population. In 2003 neoplasm takes second place within the structure of mortality by causes with 201.8 deaths per 100 000 of population.

³² Source: Country report- Study on the Social Protection Systems in the 13 CC- January 2003

³³ Source: Strategy to Combat Poverty and Social Exclusion 2003–2006

³⁴ Source: Millennium goals for development of Bulgaria, p. 30, 2003

2.7. Transport

In some remotely located settlements the transport infrastructure is poorly developed (inter-village public transport) and this directly affects the access of people living in these settlements to goods and services.

Another significant aspect of this problem is the provision of accessible transportation adapted for people with disabilities, including wheelchair users, the adaptation of existing vehicles of the public transportation system, the infrastructure of the underground railway system and airports, as well as the fitting of light and sound signals and technical amenities that facilitate the transportation of persons with sight and hearing disabilities.

2.8. Territorial and socioeconomic disparities

Territorial disparities and socioeconomic inequalities are a “cause-effect” factor resulting in poverty. These are smallest at regional level, and highest at municipal level. One in five Bulgarians lives in a disadvantaged economic and social environment. Depending on their level of socioeconomic development in 2000, the municipalities can be divided into three groups. The first group encompasses 32 municipalities with development levels above the country’s average, which are inhabited by 30% of the population. The second group includes 131 municipalities, whose socioeconomic development can be defined as “medium”. These municipalities shelter nearly 48% of the population. The third group includes the 99 most underdeveloped municipalities, whose socioeconomic condition can be defined as “critical”. Most of these municipalities are small, peripheral mountain communities with depressed local economies. They are the home of 22% of the population.³⁵

2.9. Vulnerable groups

People with disabilities in Bulgaria are subject to attitudes and practices inherited from the past, when most of them were isolated, protected and taken care of by their families or the state.

There are no real and concrete statistics for the number of people with disabilities. The results from the last census in 2001 reveal that people with acknowledged disability (over 50%) in the country number 265 353 in the official data of the National Statistics Institute. According to the National Social Security Institute, the number of people receiving social pension on invalidity or a part of it comes to 244 929 (with rate of disability between 71 and 100%) and the number receiving different pensions on invalidity (with rate of disability between 50 and 71%) 84 756, that is to say the total number of people with disabilities is at least 400 000³⁶. Some national non-governmental organisations put their number at over 700 000.

Economically active persons with disabilities represent about one quarter of the working age group. Most of them work in sheltered enterprises and cooperations, of which there are about 100 throughout the country. They are subsidised by the state budget and receive tax exemption on profits. Another group of people with disabilities are employed in the mainstream labour market, where employers provide appropriate job places, according to quotas determined by the Labour Code, the Employment Promotion Act, and the Protection, Rehabilitation and Social Integration of Disabled Act. Despite these guarantees, the unemployment rate of the people with disabilities exceeds the average of the country.

The present situation of people with mental disabilities shows that the problems are related to the obsolete institutional model of service delivery, which presupposes a practice of isolation, discrimination and stigmatisation. The available healthcare and economic analyses show that the

³⁵ Source: Strategy to Combat Poverty and Social Exclusion 2003–2006

³⁶National Strategy About Equal Opportunities For People With Disabilities

present institutional model is dehumanising and economically inefficient. The biological-institutional model disregards essential individual and social needs, such as income, dwelling and work. In this way, people with mental disabilities lose their social skills.

According to data provided by the Agency for Social Assistance, the total number of **homeless people** who have been placed in Homes for Temporary Accommodation was approximately 850-950 persons until January 2004. During 2003, 515 persons were placed in Homes for Temporary Accommodation. However, there is a need to provide adequate housing for homeless people, and to develop appropriate social services to prevent homelessness.

Trafficking in women³⁷ is one of the most worrying dimensions of social exclusion. A study³⁸ conducted in 2000 estimated that 10,000 women were living abroad engaged in forced prostitution. A higher risk exists for two regions with large border areas: the North-East and the South-West. Women from small villages are considered more vulnerable because of the difficult access to preventive measures and information.

Regarding **drug addicts**, presently in Bulgaria there is a so-called “drug black market”, which offers the entire range of illegal drugs. This leads to a serious increase in the percentage of drug abusers, e.g. in the entire population of young people, and particularly among students. The mass drug is marijuana – 26.1% of students in secondary schools in Bulgaria have tried cannabis at least once. The most dangerous drug substance for public health is heroin. The age of young people taking drugs for the first time is falling. The average age of first-time heroin consumers has dropped from 21.4 to 18.8 over the past 7 years. About 1/3 of the treated heroin addicts in the past few years are without secondary education and about 90% of them have not had a permanent job over the past year. Being confronted with drugs at an age when one’s personality is still unstable results in quick and grave dependency and early social alienation as well as in risk syringe and sexual behaviour.

3. KEY CHALLENGES

Based on the analysis shown in sections 1 and 2, the conclusion may be drawn that the Republic of Bulgaria is facing the following particularly important challenges with respect to poverty and social exclusion:

3.1. Developing an inclusive labour market and promoting employment as a right and opportunity for all

Unemployment and the high inactivity rate are among the main causes of poverty and social exclusion. Because of this, promoting access to employment is a key route out of poverty and social exclusion. Regardless of the decreasing unemployment in Bulgaria there is still the challenge of overcoming the limited labour demand, the labour force supply exceeds the demand. Although employment has been growing in the past few years, the job creation potential of the private sector has not been fully utilised. The agricultural sector is being restructured and labour productivity is on the increase. Employment policy has improved in terms of planning, financing and monitoring but further effort is needed to ensure better coordination between social, employment and tax policy in order to provide enough incentives for seeking, taking and retaining jobs. The policy must be to bring people depending on benefits back to work, as well as to create more and better jobs. In this respect further efforts to reduce informal employment must be made. Special focus is needed on improving the coverage and quality of available training opportunities. Raising the participation

³⁷ Source: Country report- Study on the Social Protection Systems in the 13 CC- January 2003

³⁸ "Animus Foundation"

levels of **lifelong learning** is crucial.

Employment policy should continue to improve its targeting so that the **most disadvantaged groups** benefit the most from the specific measures and programmes in two main aspects –improved opportunities for vocational training and transition to sustainable integration into the first labour market.

3.2. Tackling educational disadvantages

Besides unemployment and the high inactivity rate, poor education is one of the main determinants of poverty and social exclusion. Regarding this, increased investment in education remains a key policy in order to prevent poverty and social exclusion. Special attention should be paid to the risks of polarisation in the educational system as well as to **developing and extending lifelong learning opportunities**. Another essential key challenge is linking labour market demand to the training of qualified specialists, who have not only a vocational, but also a general educational background. Since by dropping out of education before acquiring appropriate qualifications young people reduce their prospects of finding employment, **reducing** (preventing young people from dropping out of school and bringing them back into learning) **the dropout rate** from secondary schools is still one of the key strategies in the fight against social exclusion. Special effort is needed to increase the pre-school attendance of children from the most disadvantaged groups. One of other issues to be tackled is to increase regular school attendance by the children with physical disabilities.

Regarding equal access to mainstream education for everyone throughout the education system, further steps should be taken in order to encourage and develop education opportunities for disadvantaged groups.

In addition, in recent years a disparity has appeared in the use of the Internet between Bulgaria and the EU. Bulgaria must therefore do more **to stimulate progress in ICT use**.

3.3. Housing

Ensuring affordable housing for the most vulnerable groups is still a significant challenge. **Access to housing for low-income households** must be improved by increasing the number of non-profit housing units, as well as by introducing a new subsidy system and specialised housing saving and crediting system. The problem of homelessness is not considered a key challenge; however, part of the population is clearly being forced to live in deteriorating housing conditions. The objective here is to improve housing quality, to provide adequate housing and infrastructure for other vulnerable groups, such as Roma and people with disabilities, to implement measures towards integration of the Roma settlements and to develop appropriate social services to prevent homelessness (emergency accommodation).

3.4. Ensuring equal access to high-quality health services and improving their delivery and forms

In order to provide high quality healthcare services it is necessary to:

- ensure, in line with European standards, the equality and access of Bulgarian citizens to health services;
- maintain continuity and stability of interactions in the healthcare foursome: promotion, prevention, treatment, rehabilitation;
- create the economic environment and mechanisms necessary for normal operation of the healthcare system, facilitating sound management of the financial, material and human

resources of health institutions, including mental health institutions, in line with the strategic cost-benefit formula;

- develop and enforce rules for best medical practice in line with medical science standards and the European Charter on Patients’ Rights; ensure access to health services for all, and design and implement a control system at the entrance and exit of the health institutions, which takes into account the efficient use of resources and high quality results of healthcare activities.

3.5. Access to social protection

In spite of the existing system of the Guaranteed Minimum Income, data show that there is still a significant problem. In view of the high poverty risk associated with unemployment, it becomes clear that what is needed cannot be limited to active labour market policies; preventive actions are also needed to avert poverty among the unemployed.

Regarding child poverty, the recently introduced measures to increase lone parents’ social assistance benefits can be considered an improvement of the situation. Nevertheless, additional efforts are necessary in order to improve the situation of children at risk.

Concerning the situation of elderly women, recently introduced measures are expected to improve their circumstances.

3.6 Improving social service delivery and securing equal access to high-quality social services for all, and in particular for people with disabilities and the mentally handicapped

Besides the progress made in the provision of social services, improving the quality of service delivery and facilitating public access to them is still a challenge. The recently amended social legislation is a solid base for facing the challenge of promoting the transition from institutional care to community-based services, as well as offering a client-oriented approach to service delivery, creating new alternative social services, developing social services for the poorest part of the population, and services targeted at people at risk of social exclusion. Developing an integrated countrywide network of various types of social services is a key factor for ensuring quality provision of social services.

Special focus is needed on persons with mental health problems and their inclusion. Further effort is needed to improve living conditions in the specialised institutions for mentally handicapped people and focus on the transition from institutional care to community service delivery.

Coordination needs to be optimised between the social assistance system and the system of active labour market programmes, healthcare services and lifelong learning provision, which will reduce the number of passive social service consumers and will enable the redirection of resources towards the people who need them most.

3.7. Promoting access to transport for all

Improving transport infrastructure is one of the main challenges in the sphere of promoting access to transport for all as a precondition for combating social exclusion. Developing inter-village public transport for remote settlements will improve the access of people living in these settlements to goods and services. Facilitation of the access of children from rural areas to educational institutions through the elimination of existing transportation barriers in some regions of the country is one of the challenges in this sphere.

Promoting the provision of accessible transportation adapted to people with disabilities, including persons in wheelchairs, adapting existing public transportation vehicles, the infrastructure of the

underground railway system and airports, as well as the fitting light and sound signals and technical amenities.

3.8. Regenerating areas of multiple deprivations

In regional terms, it is becoming obvious that the North-West part of Bulgaria is in a worse position as regards GDP per capita, unemployment, life expectancy and mortality. There are significant regional disparities regarding the employment and unemployment rates in the areas of industrial decline and underdeveloped rural areas. It is typical for Bulgaria that social and economic differences at planning-region level are much smaller than differences between municipalities. Therefore, regional policies are targeted at special impact areas through a system of measures ensuring sustainable growth.

Regional policy reform, designed to decrease regional disparities, started with the adoption of the Regional Development Act, with the objective of creating conditions for the balanced and sustainable development of the regions in the Republic of Bulgaria, providing the prerequisites for reducing interregional and intraregional disparities in the economic development of the country, and securing the conditions for the expansion of employment and incomes of the population and for the development of cross-border cooperation. One of the instruments of planning and stimulating development in the regions is the National Operational Programme for Regional Development. Developing targeted impact policies for the underdeveloped areas and ensuring proper and specific prioritisation of the goals and objectives towards the elimination of high unemployment, low income levels and deteriorated quality of life are other key challenges in the area of reducing regional disparities.

3.9. Ensuring social and educational integration of vulnerable ethnic minorities

Poverty among vulnerable **ethnic minorities**, among the Turkish minority and especially among the **Roma community** is multidimensional, including substandard housing conditions, low education levels, and poor health status. The education structure of the Roma ethnic group is still unsatisfactory. The **education and training of Roma ethnic groups** is one of the main challenges of inclusion policy. Small village schools in municipalities with mixed ethnic (mainly Bulgarian and Turkish) and religious (Christian and Muslim) populations still lack adequate conditions for providing quality education. Therefore, optimisation of the school network in the municipalities with small and dispersed settlements is identified as the second basic priority in the Strategy for educational integration of children and students from the ethnic minorities.

The key challenge with respect to vulnerable ethnic minorities is to ensure the social and educational integration of Roma into society and to promote more comprehensive integration of the other ethnic minorities.

4. POLICY ISSUES

4.1. Facilitating participation in employment

The main objective of the labour market policy in Bulgaria, according to the Government Programme, is to ensure a well-functioning labour market, which will guarantee a higher employment rate. Bulgaria has developed and implements an overall active labour market policy framework, which is harmonised with EU standards. The necessary legal basis has been developed on the basis of the guidelines of the European Employment Strategy and EU directives on equal treatment, vocational training and other areas related to employment.

The Ministry of Labour and Social Policy is responsible for policy-making, while the Employment Agency of Bulgaria has mainly implemented the measures and programmes.

The Vocational Training and Unemployment Fund was the main source of funding of the active labour market policy until 31 December 2001. As a result of the reform within the employment system, as of 1 January, 2002, the Unemployment Fund was restructured. It pays benefits, and for the first time the **State fully commits itself to funding an active labour market policy from the state budget**. Active labour policy funds increased from 0.27% in 2002 to 0.88% in 2003 as a percentage of the Gross Domestic Product in current prices.

In 2003 the **Employment Strategy for the period 2004-2010** was adopted, targeting the creation of conditions and possibilities for every person of active working age for a free and productive choice of employment. In 2002 a Joint Assessment of Employment Priorities (JAP) was signed between the European Commission and Bulgaria, while in 2004 the first Report on the Progress of the Republic of Bulgaria on the Joint Assessment of Employment Priorities was presented.

The Employment Agency is increasingly becoming the main mediator between employers and job seekers through the established network of 121 Labour Offices. Reforms targeting improvement in the quality of services provided continue.

The **National Employment Action Plan (NEAP)** (operational since 2001) represents a main employment policy instrument – the Plan defines both the implementation of objectives and mechanisms on the national policy on employment and human resources, as well as the specific projects and programmes to be implemented throughout the year. The Plan regulates the amounts and the types of expenditures transferred to unemployed, employers and training providers (salary and social insurance, vocational training, etc.)

The main part of the activities of the labour market policy **targets the social and economic integration of disadvantaged persons** by overcoming their social exclusion, improving their levels of qualifications, and fostering the employment opportunities and social services created for them. Every employment programme is designed for a specific group of unemployed persons, and includes priority sub-groups defined according to age, educational level, duration of unemployment, etc.

The annual NEAP, after analysis, defines the most disadvantaged groups on the labour market, who will be targeted by the employment policy. In 2004 these groups are: the long-term unemployed; young people without length of service or without education and occupation; unemployed with low education or without any education and qualifications; people with disabilities.

The New Social Policy Strategy has changed the emphasis of the policy implemented - from addressing the results of social exclusion and unemployment to addressing their causes. This has led to a transition from passive social protection to active social policy, thus contributing to better social cohesion.

Job opportunities have been created for the long-term unemployed who are registered at the Labour Offices and are eligible for social assistance benefits. These opportunities have been created through the National Programme “From Social Assistance to Employment”, the largest implemented programme. For such people, the programme ensures employment for up to 3 years, in public work

and provision of social services³⁹. Participants are entitled to attend literacy courses and vocational training to improve their skills and qualifications (2,812 for the first 6 months of the 2004, by the end of the year expected to reach 6000). Since the beginning of 2004, apart from state and municipal structures and enterprises, private employers are also eligible to participate in the programme - in sustainable activities designed to improve the living and working environment, settlements and private enterprises. The state subsidises remuneration (minimum wage) and social securities. In 2003, 117,000 people were included in the National Programme "From Social Assistance to Employment", and in 2004, an average of 70,000 jobs (annual average number) will be created.

One of the main factors for increasing the chances of finding jobs for the unemployed is closely linked to the acquired level of education and qualifications. In this regard, the main priority of the active labour market policy is adult vocational training. In 2004, an amount of 13.6 million Euro is set aside for this purpose for the training of 50,000 persons. The financial means for training, for scholarships and for travelling expenses are provided. This will ensure an increase in the intensity and level of participation in training of the employed and the unemployed. Increasing the employability of the unemployed with low or without education and qualifications is supported by activities designed to improve the quality of training provided. Activities such as literacy, acquiring qualifications, re-training and upgrading qualification are supported. Supervision has been tightened and the requirements for the quality of training increased. New criteria for the selection and appointment of training organisations to train the employed and unemployed have been introduced. A requirement was set for practical training to constitute no less than 1/3 of the curriculum. In compliance with European practice in the training of unemployed, an internship with employers has been introduced in order to allow the trainee to apply the acquired skills in real conditions.

During the implementation of the recommendations, identified in JAP, **a review of the tax system, benefit system and social security system was conducted in order to increase the incentives for looking for and accepting a job.** The introduction of compulsory registration of employment contracts (in effect from the beginning of 2003) had a considerable positive effect. The number of insured persons grew by approximately 300,000. Minimum insurance thresholds by sectors and by activities were introduced. This measure cut back on the practice of insuring workers and employees on the basis of the minimum taxable income, which meant the payment of minimum compensation to the insured in the event of a risk.

To eliminate the risk of **social exclusion and unemployment of the Roma**, the Government updated the Framework Programme for Equal Integration of the Roma in Bulgarian society. The measures adopted by government policy target the development and operation of programmes for qualifications and employment, in line with labour market demands and the professional attitudes and skills in the respective Roma groups.

Specialised activities, targeting specific groups that have difficulty entering the labour market, such as young people (incl. young people leaving the institutional system); single parents; former prisoners; women; older workers, etc., are implemented. The measures and programmes to be implemented will improve the qualifications, employability and chances of finding a job on the first labour market for these specific groups. The State promotes their employment by covering the

³⁹ The minimum national wage is linked to the aim of stabilising and increasing the purchasing power of the employed. From January 1, 2004 the state minimum wage is BGN 120 (compared to BGN 110/approx. 56 Euro in 2003), approx. 62 Euro. This represents 9.1% nominal growth and 4.9% real growth in comparison to the previous year, with expected average annual inflation of 4.1%. The minimum wage is exempt from taxation.

expenses of remunerations and social security contributions for employers. In this case, employers are obliged to retain these employees for at least 12 months.

Assessment

In recent years the Republic of Bulgaria has achieved significant progress in the development and implementation of a labour market policy encouraging job creation and vocational education for the socio-economic integration of disadvantaged groups on the labour market. Despite the considerable decrease in the number of unemployed, their number is still high, especially among the long-term unemployed, young people and older workers. The high level of inactivity needs to be addressed. The level of people participating in different lifelong learning forms is still very low.

What needs to be done is to improve the environment, the opportunities and the incentives for creating jobs on the first labour market, and:

- to improve the targeting of the active programmes towards the most vulnerable groups on the labour market;
- to implement measures and programmes which support the integration of young people in the labour market;
- to fully implement the provisions of the Employment Strategy in order to ensure the integration of vulnerable ethnic minorities on the labour market;
- to pay attention to the access of people with physical disabilities to the labour market;
- to encourage lifelong learning in order to improve the employability of the labour force;
- to encourage the development of apprenticeship schemes, specially created by an employer for this purpose;
- to promote reforms of the tax system, benefits system and social security system; increase the incentives for seeking and accepting a job; and tackle the problems connected to the informal sector;
- to promote reforms of the Employment Agency in order to provide a modern public employment service with the capacity to pursue an active labour market policy.

4.2. Access to rights, goods and services

4.2.1. Pension System

The Ministry of Labour and Social Policy is responsible for the development, organisation, coordination and monitoring of the State policy on social insurance. The National Social Security Institute is a public organisation, which, on the basis of the Code for Social Insurance, guarantees citizens' rights to pensions and benefits. The Supervisory Board is the highest management body of the National Social Security Institute and is comprised of representatives of the State and the national representative organisations of workers and employers. The National Social Security Institute administers the mandatory insurance programmes for disability, old age and survivors' benefits, unemployment benefits, sickness and maternity, work injuries and occupational diseases, in addition to collecting, controlling and providing information services for all obligatory contributions.

The **social security system** in Bulgaria underwent radical reform in 1999, with the aim of building up a three-pillar model of pension insurance and introducing a staged increase in the pension age and the total number of years of insured length of service required to acquire entitlement to a pension. Mandatory registration of employment contracts and the introduction of minimum insurance thresholds by industrial branches and activities introduced in 2003 are also successful measures aimed at improving the insurance contribution collection rate. As a result, the revenues from paid

insurance contributions for the first quarter of 2003 exceeded by about 7% those received during the same period of 2002.

Pension insurance is a major component of the social security system and an important instrument for preventing social disintegration among old people and people with disabilities. Pension insurance covers all economically active persons, as the access conditions to the insurance system are universal and do not depend on the type of the activity performed. Since 2000⁴⁰, Bulgaria has been applying the three-pillar system, which includes: public mandatory pension insurance system of the pay-as-you-go type /pillar I/; supplementary mandatory pension insurance /pillar II/, which is applied on a fully-funded principle on the basis of defined contributions⁴¹; and supplementary voluntary pension insurance /III pillar/, which ensures supplementary lifelong pensions or personal term pension for old age or disability, as well as hereditary pensions.

Bulgaria also reformed the pension eligibility criteria, including raising the standard pension age /from 55 for women and 60 for men in 1999 to 63 for men and 60 for women by the year 2009/, increasing the required length of service and adapting the pension formulae to calculate the amount of benefits. The purpose is to ensure a better balance between income and expenditure and to link the right to and amount of the pension to the contributions made by the persons concerned. This inevitably puts some risk groups (long-term unemployed, low-paid workers, minorities, etc.) in a disadvantaged position and presents challenges to social assistance policy, including ensuring adequate assistance and services for old people and people with disabilities. At the same time, the social security system plays a preventive role against social exclusion by guaranteeing minimum benefits levels and providing non-contributory pensions.

The Non-contributory Social Pension Fund disburses pensions which are not funded by a budget subsidy and is administered by the National Social Security Institute. This Fund pays civil disability and military disability pensions, as well as social old age and disability pensions, to persons who do not have the required length of service. Social old age pensions are granted to persons over 70 years of age upon an income test; the social disability pensions target disabled persons over 16 years of age with an over 71% loss of work capacity, plus persons who also have other pensions. The latter right, introduced in 2000, brought about an increase in the number of social pensions from 145,605 in 2000 to 373,270 in 2003.

The reformed pension formula does not create any differences with respect to equal treatment - a man and a woman retiring at the same age with identical earnings and contributions will receive the same monthly pension. However, there are significant gender differences between the average pension amount (BGN 137 for men /70.1 Euro/ and BGN 81 for women /42 Euro/ in 2003). These differences stem from the labour market – the insurance income of women is about 30% lower compared to that of men and the length of insurance is 36 years for women and 43 for men.

An important function of the social security system is the vertical redistribution of income through ensuring minimum pension rates. They are defined as a percentage of the social pension, which is

⁴⁰ In 2000, the Code for Obligatory Social Insurance entered into force; it regulates public relations connected with obligatory short-term and long-term public insurance, as well as supplementary obligatory pension insurance.

⁴¹ It is being applied through pension funds, which are established and managed by licensed pension companies. The material scope of the second pillar is narrower than that of the first pillar and covers only old age and death risks. The personal coverage is also more limited and includes two categories of people: obligatorily insured persons in a universal pension fund, which covers persons born after December 31, 1959 and obligatorily insured persons in an occupational pension fund, which covers only those who work in hazardous conditions, or the so called first and second labour category.

upgraded by the Government. At the same time, the relatively low replacement rate (40.2% in 2003) leads to a significant worsening of the income status of people reaching retirement age. Their pensions are 2-3 times lower compared to their wages before retirement. This relative impoverishment is accompanied by other social deficits related to retirement, such as loss of social contacts and isolation. There are no special programmes for the provision of part-time jobs for pensioners. The Law allows the employment of persons who receive pensions but the stagnated labour market does not offer opportunities for the majority of pensioners. According to the statistics of the NSSI in 2001 there were 58,000 employed pensioners, or 2.5% of all retired persons. The rest of the group rely mostly on the pension income although many of them still have the capacity to work.

In spite of the reforms undertaken, there is still the need to improve social protection through more active participation in saving–investment schemes for supplementary voluntary pension insurance, as well as to make greater efforts to improve the employability of older workers.

The present cohort of pensioners had accumulated length of service before 1990 in the period of full employment. The next cohort will be increasingly affected by unemployment, and therefore the risk of reaching pension age without the required insurance record will increase. To prevent this risk, in 2002 the government implemented a public work scheme targeting unemployed persons in the age bracket before the official retirement age.

Assessment

The social security reform focuses on changes in pension eligibility criteria in the public scheme and on redistribution of the insurance burden amongst the pay-as-you-go and fully funded schemes, in order to prevent the financial collapse of the inherited system. Achieving a balance between economic and social considerations is the most important challenge of the reform. Financial stabilisation is a necessary precondition to decrease the insurance burden over the economically active population, as well as to increase the pension replacement rate. On the other hand, the emphasis on the financial sustainability of the state social insurance may lead to restricted access for the unemployed and the other vulnerable groups to the labour market and thus increase the risk that they will have to rely on social assistance.

4.2.2. Social assistance

The Ministry of Labour and Social Policy (MLSP) manages social assistance for the vulnerable groups of the population in Bulgaria. The Social Assistance Agency (SAA), an Executive Agency – a second-level budget credit spending unit to the Minister of Labour and Social Policy, is authorised to administer the social assistance programmes through its territorial divisions, the Regional Directorates for Social Assistance in the regional administrative centres and the Social Assistance Directorates on the territory of every municipality.

Social benefits are determined under the Social Assistance Act, the Regulation on its Implementation, Ordinance No 5 on the Terms and Conditions for Disbursement of Targeted Heating Benefits, the Family Benefits for Children Act and the Regulation on its Implementation.

Social assistance is mostly **means–tested**. Social assistance benefits are sums of money in cash and/or in kind, which complement or substitute the own income of recipients up to the level that would enable them to satisfy their basic needs. The threshold is a differentiated minimum income, which is based on the Guaranteed Minimum Income multiplied by an individual coefficient,

depending on the person's or family's status (for example, age, unemployment, health condition, disability, etc.). With the latest amendments to the Social Assistance Act and the Regulation on its Implementation /effective since 01.01.2003/ a differentiated approach to the provision of assistance for different risk groups depending on the specific character and needs of their members was introduced. The amounts of the social assistance benefits for the most vulnerable groups, such as **single elderly people, single parents raising children, and people with disabilities**, were raised⁴². This made it possible to increase the income of people with the lowest income. Thus, the coverage of the social assistance system was extended by targeting the poorest and most disadvantaged people. However, a number of Roma population without permanent address are still formally excluded from the social assistance system. The efforts, which have already been undertaken, to reach those without permanent address for providing social assistance should be further encouraged and developed.

In addition, there are also targeted heating benefits for the low income population during the winter months. These benefits are means-tested, but not income-complementary, unlike other social benefits. It is important to emphasise that the targeted heating benefits programme is the most comprehensive and large-scale programme within the social assistance system. It enjoys the approval of the public, because it concerns assistance for low-income groups and provides the required social protection during the winter period for those who need it.

Family benefits for children are part of the social assistance system in Bulgaria and since the beginning of 2004 they have been administered by the Social Assistance Agency. The main objective of these benefits is to encourage the raising of children in a family environment and school attendance. Some of the family benefits are income-tested (for example, the monthly benefits for children below the age of 20; monthly benefits for rearing a child until it becomes one-year old), while others, such the one-off benefit for childbirth and the monthly benefits for children below the age of 20 with permanent disabilities, are universal for all mothers. The latter benefit is paid in double the amount.

Assessment

Fighting child poverty is one of the key challenges. Social protection policy should also envisage the needs of single person households, particularly those of the elderly and the people with disabilities, in terms of targeted benefits for heating, social services and relevant measures for poverty prevention.

4.2.3. Social Services

The Ministry of Labour and Social Policy is responsible for policy making in the field of social services. Before the reform in this area, social services were provided primarily by the State. They had a limited coverage and it was not possible to choose the type and/or provider of the social services. Legislative reform in the field of social services in Bulgaria has been undertaken. All statutory acts and strategic documents in the sphere of integration of different vulnerable groups, who are the main service users, are always prepared in cooperation with NGOs advocating their interests.

At the moment social services are provided by the State, municipalities, physical persons registered under Commercial Law and legal entities. An important part of the social services is now occupied by the NGO sector. The amendments of the Social Assistance Law /effective since 1 January 2003/

⁴² The coefficients used to calculate the amount of the social assistance benefits for these vulnerable groups were considerably raised /Article 9 of the Regulation on the Implementation of the Law on Social Assistance/.

have “opened” up the social services to the private and the NGO sector. The regulation on the financing of social services has been recently amended. Financial sources are the State budget, municipal budgets, Social Assistance Fund and national and international programmes. The scope and type of existing social services in Bulgaria do not fully meet the needs that emerged with the transformation of the social and economic system after the transition. Under the legislation in force /Article 16 of the Social Assistance Act/ the social services are based on social work and aimed at supporting the assisted persons to carry out their everyday activities and social inclusion. The practice in this sphere shows that usually the beneficiaries are people with disabilities; elderly lone people; pensioners; children at risk; disadvantaged people; ethnic minorities, etc. One of the most important amendments in the legislation was the introduction of decentralised social services management. This change is important because it gives local authorities more scope to study what specific services the population within the municipality needs.

Although the legal framework of social services is new and modern, there are still some obstacles to the practical implementation of the legislative measures. Bulgaria has no developed nation-wide network of different types of social services. Good practices are isolated and in most cases are with limited capacity because of the lack of resources. There are regions where there are no alternatives to specialised institutions either for children, or for adults.

Assessment

The main priorities in the area of social services include securing their accessibility to the citizens, which requires extending the network of social services providers, which in turn presupposes an expansion of the network of social services facilities. The social service provision should be further improved through systemic specialised training of the social service workers in order to better address the needs of the groups which are most vulnerable. Access to the social service in the remote disadvantaged areas should be fostered.

4.2.4. Healthcare

The access to medical care and services is a constitutional right of every citizen of the Republic of Bulgaria (Article 52). The health care system is under the guidance of the Bulgarian Ministry of Health through the Regional Health Care Centres and the Regional Hygienic–Epidemiological Inspectorates with the support of the municipal bodies of the state authority. The activity of the Ministry of Health is based on the National Health Strategy (adopted in 2001), and the majority of programmes connected with it, and on the legislative documents.

With a view to rectifying some of the problems arising from the reform process, and with a view to improving the system for medical services, a short-term Programme (2002 -2005) “Health Care - Right to Everyone” has been developed by the Ministry of Health with defined priorities such as: 1) improvement of prophylactic activity by focusing on high health risk groups; 2) reorganisation of the public health services; 3) increase in the quality and effectiveness of outpatient health services and hospital medical services; 4) improvement in the methods of financing the healthcare system.

The National Health Act from 1973, amended a number of times, continues to be operative. The Health Act, which shall enter into force on 01.01.2005, will abolish it. With the implementation of the principles of health insurance, changes in the legal status of the health establishments, regulating the norms for contracting between health establishments and financing institutions, radical changes to the structure and organisation of the activity of health establishments have begun.

The **health insurance** system is public-private. The public component is represented by the National Health Insurance Fund and implements the **mandatory health insurance** of all Bulgarian citizens. A system was introduced whereby there is a general practitioner and health insured persons have the right of free choice of doctor and dentist. All hierarchical levels of health care have been secured and developed.

Since the reform started, the mandatory health insurance system has covered most of the population, and registration with general practitioners (GPs) has been growing - by 31.12.2002 it stood at 97.37%. However, some related issues might have a serious impact on access to health services. Firstly, due to recent reforms a significant number of people are not covered by health insurance. Secondly, patients must register with a GP and thus all potential care users need to be aware of this, which may not be the case within more disadvantaged groups. Thirdly, regional health insurance funds place quantitative limits on referrals from primary to specialised care and it appears that GPs are making only limited referrals.

The trends of concentration of GPs in the regions where Medical Universities are placed and in large settlements remain the same. There is an insufficient number of GPs in other regions with a shortfall in medical personnel and an underdeveloped infrastructure.

One of the major problems regarding health insurance is the amount of the health insurance contribution, which is set at 6% of income and until 2004 was split between the worker and the employer in a proportion of 25:75. Many of the poor, however, and the Roma in particular⁴³, have problems paying their health insurance contributions because they either do not understand the need, or do not have a clear idea of the health insurance procedures. In order to improve the health status of the Roma ethnic minority, specific measures and projects are being undertaken. A study of the health status of the Roma population has been carried out and a system for the dissemination of healthcare-related knowledge among the Roma population is being developed. The training of medical personnel and of Roma mediators is envisaged in order to improve the communication between the Roma community and the healthcare professionals and thus ensure better prevention and treatment. A public awareness campaign among the Roma minority is ongoing, the aim being to disseminate healthcare information through the mass media, the NGOs, etc.

The poor and vulnerable population groups experience serious financial and organisational-administrative barriers to access health services such as prevention and prophylaxis, diagnostics, therapy and rehabilitation. The rural population, especially those living in mountainous areas and areas near the country borders, has inadequate access to specialised assistance because of the poor communication infrastructure and transport network. Transport expenditures add to the costs and further restrict access to health services.

The Government intends to implement measures aimed at providing high quality care for the most disadvantaged groups and facilitating the access of the poor and vulnerable population to healthcare services. In this connection, a Healthcare Strategy (2005-2015) for the disadvantaged ethnic minorities is being developed together with an Action Plan for the period 2005-2008.

Assessment

The problems of poverty and health are complex and their solution requires coordinated efforts from all relevant stakeholders. Such coordination is laid down in the Strategy for Combating Poverty and

⁴³ Source: "Avoiding the Dependency Trap", UNDP, Regional Human Development Report, page 75, 2002.

Social Exclusion, where the health services are assigned a specific role in the implementation of the strategic objectives and tasks. The new Health Act was finally adopted in July 2004 and will enter into force in January 2005. Though the law takes into account the requirements of the ECHR in respect of detention of mentally ill persons, implementing legislation is required to ensure that the identified deficiencies concerning the provision of procedural guarantees (medical expertise and judicial control) are overcome in all institutions for mentally ill.

4.2.5. Education

Access to education for everyone is one of the main focuses in the policies of the Ministry of Education and Science. The newly developed Secondary Education Strategy combines all the procedures, envisaged by the State, aimed at overcoming the problem of dropouts: development of opportunities for access to lifelong learning; accelerated introduction and application of ICT in the educational process. The Strategy also outlines measures for the development of a policy that will ensure "access to quality education for all until 2010".

In order to create conditions for equal opportunity and good results, a mandatory preparatory class (at the age of 6) was introduced in kindergartens and schools as of the school year 2003/2004. Complementary social assistance is provided to children at risk of dropping out early due to social reasons by the provision of free school kits to children from the mandatory preparatory group and textbooks for the first grade to children from socially disadvantaged families.

Ensuring equal access and participation in the education process is a priority in the integration of students of different ethnic origins. To this end, in 2003 a set of different institutional and legislative instruments was implemented. Their further development and extension is envisaged by the future policy of Ministry of Education and Science.

Implementation of the measures, as defined in the Strategy for Educational Integration of Children and Students from the Ethnic Minorities of the Ministry of Education and Science, encountered various difficulties: dissatisfaction of the parents, Bulgarians and Roma, when Roma and Bulgarian children mix, insufficient understanding on behalf of the principals of the municipal schools and of the municipal authorities for the need to appoint school assistants and to undertake preventive measures against the reasons for isolation in Roma educational institutions; lack of means and/or reluctance on behalf of the municipal authorities to cover the expenses for the transportation of the children to the focal point schools in the larger cities and back.

In mountain regions, where the population (mainly Turks and Roma) is relatively scattered, there are few schools that provide transport. Therefore, for children belonging to these ethnic groups, attending school classes can be a real problem due to transport and organisational obstacles. The recently adopted Strategy for Educational Integration of Children and Students from the Ethnic Minorities provides assistance to the focal point schools in order to supply quality education for children at risk of exclusion for lack of access to educational institutions. The misplacement of the minority children from disadvantaged environment into the special schools will be abolished.

The amendments to the Regulations for Implementation of the Public Education Act of 2003 guarantee a free choice of school for every child with special education needs and oblige school principals to ensure the necessary training conditions. In order to facilitate equal access of disabled children to education and training, the Employment of Teachers in Training Disabled Children Programme was initiated in five towns in 2003. For adults who for some reason have not been able to complete their primary education, legislative opportunities have been created to enable them to

attend courses, in different training forms suitable for adult students, organised by primary schools and schools for vocational qualifications.

The development of a **lifelong learning strategy** in the Republic of Bulgaria was included in the Plan for Acceleration of Bulgaria's EU Accession adopted by the Council of Ministers in 2004. The principles of lifelong learning are laid down in the legislation regulating the state policy in the sphere of education and training.

Assessment

The problems of early school leavers and of access of vulnerable ethnic minorities to education need to be addressed. A number of initiatives incl. legislative steps, strategic and policy tools, and specific financial provisions have been taken in view of desegregation of Roma in schools; an adequate monitoring will be ensured in order to implement the measures.

It is also necessary to improve the delivery of education and training, so that adults with low or without any professional qualifications can effectively participate in lifelong learning.

4.2.6. Housing Policy

The Government of the Republic of Bulgaria recognises the need to implement a national housing policy, due to the following facts:

1. The housing sector is a key element of every economy and economic activity, and should be used as a driving force of economic development during all transition phases.
2. The national housing policy contributes to the public and personal welfare by satisfying the necessary level of housing needs.

The tasks and objectives of the new housing policy are laid down in the Government Management Programme entitled "People are the Treasure of Bulgaria".

On 1 April 2004, the Council of Ministers adopted the National Housing Strategy of the Republic of Bulgaria. It emphasises that its implementation is to be based on the following concept: "Creation of a balanced, adequately developing and sustainable housing system through the provision of conditions for access to quality housing (owned or rented), which shall satisfy the needs of Bulgarian citizens."

There are two main strategic objectives of the state housing policy to arise from the above concept:

1. To prevent the processes of deterioration of the existing housing fund.
2. To create a working mechanism aimed at ensuring new accessible housing (for purchase or rent).

These strategic objectives will be achieved in three operational directions:

- A. Development of a National Housing System Framework.
- B. Resolving priority problems in housing utilisation.
- C. Implementing an information and educational campaign.

The implementation of several programmes has been planned in each of the above directions. The specific tasks under each programme have been laid down in the attachments to the Action Plan for the period 2004 – 2006 within the Housing Strategy, where the executives responsible and the necessary funds for their implementation have been identified.

The programmes, which directly relate to the problems of the vulnerable population groups and social inclusion, are as follows:

- Improvement of the Financial Credit and Tax System for the Housing Sector;
- Ensuring Access to Housing for Low Income Families;
- Management and Maintenance of the Existing Housing Fund;
- Improvement of the Roma Housing Conditions.

For the purpose of implementing the programme included in the Strategy, appropriate amendments to the existing primary and secondary legislation will be suggested, and new legislative acts drafted.

Assessment

Successful implementation of the Action Plan within the National Housing Strategy can be achieved only through active participation and fruitful cooperation between interested administrations and organisations. In this regard one of the first tasks of the planned interdepartmental working group, which will be set up to implement the National Housing Strategy, will be to assess the effectiveness of the current institutional system for the housing sector and to propose new solutions, bearing in mind the optimal distribution of the functions and obligations of the state, municipalities and the NGOs. The measures already taken in order to facilitate the legalisation of the housing throughout Bulgaria should pay special attention to the Romani housing in order to achieve a maximum possible impact in the framework of the relevant legislation.

4.2.7. Transport

The insufficient public transport infrastructure in the border and mountainous areas creates territorial barriers that increase substantially the difficulties of social integration (including access to education for children and labour market integration), especially in rural areas, and adversely affects the access to other services provided in distant city centres.

People with disabilities have difficulties because the infrastructure is not suitable for them. With respect to the social integration of people with disabilities, one of the key conditions is to provide them with accessible public transport, railway and auto transport.

Assessment

In order to overcome social isolation and to improve access to transport services, particularly of people living in remote areas, of people with disabilities and children (in connection with their access to educational institutions), it is necessary to implement special programmes and measures at local level; these measures should take into account the specific needs of the respective groups.

4.3. Providing support to the most vulnerable

4.3.1. People with disabilities

The Ministry of Labour and Social Policy is responsible for policy-making. Efforts to improve the quality of life for people with disabilities in Bulgaria are organised in several main directions – equal rights for people with disabilities; equal access to information, social services, education, healthcare, etc.; the right of choice in solving typical problems (arising from the specific disability); fight against discrimination and overcoming poverty. To this end, a coordination process of all legislative acts concerning people with disabilities became operative (see Figure 1). The relations between the interested parties have been revised and the ways of partnership and interaction improved.

A National Strategy on Equal Opportunities for People with Disabilities was adopted in June 2003. It offered a radical change in the philosophy of social protection, and a new approach in policy aimed at improvements in quality of life and social inclusion of people with disabilities. Special attention was paid to changing the model of care for disabled children with regard to their education,

personal development and social adaptation in the family, or in an environment close to the family, and not in specialised institutions. The Strategy envisages mechanisms for monitoring and supervision on how the rights of the people with disabilities are observed. For the purposes of its implementation, an Action Plan for equal opportunities for people with disabilities and an Employment Plan for people with disabilities were developed. The implementation of both Plans has been monitored and reported on a monthly basis.

The Strategy was developed as part of the **National Programme “Bulgaria for All”**, which was established on the occasion of the 2003 European Year of People with Disabilities. The programme contained specific measures on improvement of the legal basis; improvement of the social inclusion of people with disabilities; improvement of the quality of care; national events in the sphere of culture, sports, education, accessible environment, etc. Another objective of the programme was to create conditions favouring the elimination of discrimination and stimulation of successful social inclusion. The budget of the programme amounts to over BGN 23 millions /approx. 12 million Euro/. As a result of the programme the Bill on Integration of People with Disabilities was drafted, and legal activities were undertaken to improve the support system for people with disabilities and their families, in addition to many public activities designed to change the attitudes of society towards people with disabilities.

The reform of mental healthcare in Bulgaria is aimed at the gradual closing down of institutions and the resocialisation of patients through the introduction of community-based mental healthcare. For this purpose, the **Policy for Mental Health and the Action Plan** for the period 2004–2012 were approved by the Council of Ministers on 22 July 2004. These are aimed at improving the mental health of the population and tracing the stages in mental health policy implementation. The recently adopted Health Act includes a chapter on mental health. It covers inter alia the need for judicial oversight of the placing of people in institutions and the standards of care.

Amendments have been made to the **Employment Promotion Act**, which introduced and improved the mechanisms encouraging employers to create jobs and employ people with disabilities.

A new Act on Integration of People with Disabilities was adopted in September 2004, which aims to achieve a breakthrough in social attitudes of the public and people with disabilities, and makes specific commitments on behalf of the institutions responsible: assessment of the disability; institutional strengthening, etc.

Assessment

All the measures taken by the Government in the field of disability were coordinated with the National Council on Rehabilitation and Social Integration and the tri-partite bodies before the official approval by the Council of Ministers; they are developed with the equal participation of the interested party. However, among the immediate priorities in the policy related to people with disabilities, the following need to be pointed out:

- accessibility of the architectural environment and communications;
- deinstitutionalisation;
- access to education;
- employment promotion through programmes and procedures, encouraging employers to hire people with disabilities. In this respect, these programmes and procedures have to be promoted further;
- promotion of alternative forms of social services in the community within the civil sector and local authorities;

- developing mechanisms for increasing the level of awareness with regard to risk groups, in order to avoid discriminatory practices.

4.3.2. Protection of children with special needs

The specialised child protection entity at central level within the Council of Ministers of the Republic of Bulgaria is the chairperson of the State Agency for Child Protection (SACP). The main responsibilities of the chairperson are guidance, coordination and monitoring in the field of child protection. One of the main objectives of SACP's work is the prevention of social exclusion of children and support for children at risk and their families. An important mechanism to achieve these objectives is the development of an effective protection system in order to prevent social isolation, to ensure all the necessary conditions for successful social integration, and to improve their welfare. Since April 2003 the Ministry of the Interior has started fulfilling the functions of a child protection body, mainly in the area of police protection and specialised protection of children in public places. Other central institutions actively involved in child protection activities are the Ministries of Labour and Social Policy; Health; Education and Science; Finance; Culture and Youth and Sports.

The Social Assistance Directorates of the Agency for Social Assistance, which is the executive agency under the Minister of Labour and Social Policy, are the child protection bodies at the local level. Further down, in all Social Assistance Directorates in the country there are Child Protection Departments. These implement the child protection measures and carry out the practical work with children at risk and their families. The amendments to the Child Protection Act introduced Commissions for Child Protection with consultative functions.

The Council of Ministers has adopted a National Child Strategy for the Period 2004-2006 and a National Child Protection Programme for 2004. Both of these documents, including all the child protection action plans for the same year, have been approved. The main priority of the Programme is to reduce the number of children in institutional care; this priority is based on the Plan for Reducing the Number of the Children in specialised institutions in the Republic of Bulgaria (2003 – 2005) adopted by the Council of Ministers.

Up to 31 December 2003, the number of children institutionalised as a protection measure was 11,026. It is expected that the implementation of the Plans will result in a decrease of the relative share of institutionalised children by 10%, which is the target of the Government Strategy to Combat Poverty and Social Exclusion.

The Bulgarian Government has developed special procedures to overcome the social exclusion of other particularly vulnerable groups of children, such as street children and dropouts who become involved in the hardest forms of child labour, as defined by Convention No.182 of the International Labour Organization, ratified by Bulgaria. Ensuring access to education, providing support to families and developing specialised services are goals that are part of the National Plan on Combating Poverty and Social Exclusion.

In 2003-2004, the Council of Ministers adopted important documents on policy development related to these groups of children, such as the National Action Plan Against Sexual Exploitation of Children for Commercial Purposes (2003-2005) and The National Action Plan on Protecting the Rights of Street Children (2003-2005); the latter specifies the main objectives of the Strategy on Protecting the Rights of Street Children for the same period. A special Plan for Work with Child Beggars is implemented together with the latter. The successful implementation of this plan will

solve the very important issue of developing a partnership network and establishing long-term practices aimed at solving the problems of these children at risk.

Assessment

Though good progress has been made in consolidating the legal framework and in adopting and implementing a number of strategies as well as action plans, the situation on the ground has still to be improved. In particular, the situation of children in institutional care is still worrying in a number of cases. Further steps are necessary to strengthen the bodies dealing with coordinating and monitoring the implementation of state policies in the area of child protection.

Concerning the children at risk, the main challenge is the development of alternative services for them and their families, as well as an improvement of the provided services in the specialised institutions. The other important challenge is the active inclusion of the private and NGO sector as providers of social services for children.

4.3.3. Vulnerable ethnic minorities

The members of vulnerable ethnic minority groups are those that are at the bottom of the social hierarchy. The Roma in particular form such a group, because they are not adequately represented in the country's political life and government. In socio-economic, but also in educational and labour market-related terms, the status of the Turkish and the Roma minority is significantly lower than the average in Bulgaria. The Roma population suffers from a drastically higher than the average rate of unemployment, poor housing conditions, poor health and a high rate of illiteracy.

The *state body* responsible for the main coordination and monitoring of the National Action Plan for the implementation of the Framework Programme for Equal Integration of Roma into Bulgarian Society (The Framework Programme) for the period 2003 – 2004 is the National Council on Ethnic and Demographic Issues (NCEDI). In its activity, NCEDI is guided mainly by the *Framework Convention on Protection of National Minorities, the Minority Integration Section of the Government Management Programme, the Framework Programme on Equal Roma Integration in Bulgarian Society*. NCEDI was set up by decree of the Council of Ministers of 4 December 1997. Ten ministries represented by a Deputy Minister, four state agencies represented by their chairs and 35 non-governmental organisations of the ethnic minorities sit on the Council. *Regional councils on ethnic and demographic issues* (22 in number) assist the NCEDI in its work. They work together with the regional administrations, which coordinate programmes for the integration of ethnic minorities adopted by them. As a rule, deputy regional governors chair these councils. 31 experts on ethnic and demographic issues have been appointed in 26 out of the 28 regions. Currently, more than half of the 264 municipalities in Bulgaria have appointed municipal experts on ethnic and demographic issues.

The National Action Plan for the implementation of the Framework Programme for the year 2003-2004, which was adopted by the Council of Ministries on 6 October 2003 by decision No 693, was drawn up with the assistance of all key ministries and administrations. This document is based on the evaluations made by the Association of Roma Organisations. Responsible for implementation of the measures set out in the Action Plan are those ministries and administrations that carry out the corresponding sectoral state policies, part of which is the integration of Roma into Bulgarian society. The active partnership of NGOs and the local authorities is of paramount importance for the successful implementation of the Action Plan. For this reason, the Plan, and its implementation, will be periodically discussed with them, and their assistance for fulfilling the measures will be actively sought. At the same time, the NAP for the period 2003 – 2004 obliges all ministries to set up teams

with the participation of Roma experts for the Framework Programme implementation. Part of the funds needed for the implementation of the set measures has already been earmarked in the approved expenditure limits of the 2004-2006 budget projection.

At present, a *long-term Action Plan* is being developed. It will be harmonised with the objectives and priorities of the initiative, under which the period 2005-2015 will be announced as “the Roma Inclusion Decade”. It should include specific activities, a timetable and a specific budget for its implementation.

Elimination of *discrimination on ethnic grounds (especially discrimination against Roma)* should become one of the main priorities of the Bulgarian Government. The specificity of inter-ethnic relations and the related social problems necessitate the establishment of a specialised public authority. This authority was envisaged in the Protection against Discrimination Act, which was adopted on 12 September 2003. The Act incorporates the European directives and establishes specific mechanisms for protection. The Act became effective on 1 January 2004. It provides for the establishment of a Commission for Protection against Discrimination. Within 3 months of its establishment the Commission should draft and adopt its working regulations and appoint its three permanent panels, one of which will be responsible for ethnic and racial equality. The Commission will also establish its regional administrative units and organise hearings in the regions. However, the required independent body, namely the Commission for Protection against Discrimination, has yet to be established.

A necessary condition for successful implementation of the policy of protecting people belonging to ethnic minorities and their integration into mainstream society is the creation and the reinforcement of an *adequate institutional infrastructure and more active involvement of NGOs representing ethnic minority groups*. In this connection the Council of Ministers is expected to adopt a Decree for the restructuring of the current NCEDI during the second half of 2004. The draft Decree was discussed at an open meeting with representatives of the Roma community in December 2003. Consultations were also provided with the other minority organisations – members of NCEDI.

The main reason this amendment was made is that currently the NCEDI does not have real power to fully influence the decision-making process, or the administrative and financial capacity to successfully fulfil its mission. This was stated by many of the influential NGOs working in the field of ethnic minority rights protection. After an analysis of the current situation and consultation with NGOs, the NCEDI presented a proposal to the CoM to transform the present NCEDI into a National Council on Inter-ethnic Cooperation and Demographic Development and to establish a new directorate at the CoM, named ‘Inter-ethnic Cooperation and Demographic Development’. The directorate is expected to assist the administrative work of the National Council on Inter-ethnic Cooperation and Demographic Development, and to actively participate in the initiation and preparation of legislation in the field of multi-ethnic relations. Special emphasis of the Directorate’s work will be placed on the coordination and control of the Framework Programme for Equal Integration of Roma into Bulgarian Society. To this end, a special Commission on Integration of Roma is envisaged to be established within the National Council. Practical steps in this respect should be undertaken in the near future.

Assessment

The *main priorities and immediate objectives* of the state policy on vulnerable ethnic minority integration in Bulgarian society, and more specifically the Roma, in the mid-term plan, are

summarised in the Revised EU Accession Partnership, adopted by the Council of Ministers in 2003 on the basis of the analysis of the Regular Report of the EU Commission for 2002 and the Road Map for Bulgaria's EU accession, namely: 'Concrete actions should be taken for the implementation of the Framework Programme, especially to ensure financial resources, considerable strengthening of the state institution on ethnic issues should be undertaken, and persons belonging to ethnic minorities, especially the Roma, should be guaranteed equal access to healthcare, living conditions, education and social protection. A concrete Action Plan and Financial Framework on the Implementation of the Framework Programme should be developed.' Following up the EU Accession Partnership, a number of initiatives and legislative steps have been undertaken. Particular attention should be paid to the following aspects – equal access to mainstream education; finalising the Health Strategy; access to labour market. Appropriate financial resources should be allocated.

At present, a national working group, headed by the chairwoman of the NCEDI and consisting of Roma NGOs and governmental officials, is working on the participation of Bulgaria in the Roma Inclusion Decade 2005-2015. This group pays special attention to the development of a system of quantitative indicators to measure the progress achieved on the improvement of the situation of the Roma population.

It should be noted that despite all the measures and programmes initiated by the Government in recent years, Bulgaria is still at the beginning of a process for a long-term approach to addressing the issues of vulnerable ethnic minority groups. The independent Commission for the Protection against Discrimination as envisaged by anti-discrimination legislation in force since January 2004 should be urgently established to ensure effective implementation of this important piece of legislation. An Ombudsman should be elected to effectively implement the law on Ombudsman in force since January 2004.

4.4. Preventing the risk of exclusion

4.4.1. E-inclusion

The Ministry of Transport and Communications is responsible for policy-making in this field. ICT skills are an important aspect of all citizens' inclusion in the knowledge-based society of today. The strategic document National Programme for Development of Information Society in the Republic of Bulgaria aims to create the conditions for people of different ages, different population strata and different professional groups to acquire knowledge about the opportunities of the new information and communication technologies and to learn how to use them in everyday life.

According to the Eurobarometer 2003 survey, ICT penetration in Bulgaria is particularly low - 19.2% of the population have access to the Internet. Only Romania and Turkey score lower. In Bulgaria there is disparity of development (between the capital and smaller towns and villages) with regard to access to the Internet.

In 2003, on the occasion of the international year of people with disabilities, a project started providing computer technology to people with disabilities who have completed Cisco Academies and who will, in turn, train other people with disabilities.

In April 2004 the Ministry of Transport and Communications started the "e Bulgaria" programme, which brings together all ICT programmes and projects. The programme includes a wide range of projects:

- The “e Centre” project is about building public telecentres together with the Bulgarian Posts. The goals of the project include enabling the access of Bulgarian citizens (especially those in underdeveloped regions) to information technologies, enhancing the qualification and education of a larger number of the population through various forms of distance training and online courses, creating new jobs and businesses. By the end of the year the projects will have built 60 telecentres, and another 100 next year.
- The “e University” project includes the establishment of computer laboratories at all state universities and some specialised schools, which will be interconnected by a common network.
- The “e Class” project will set up special computer classes at schools with Internet access. 50 schools will be fully equipped with computers by the end of 2004.
- The goal of the “e Net” project is to set up a high-speed national and international Internet connection of universities, research institutes and high schools in Bulgaria. This will allow Bulgarian students and scientific workers to participate in EU high-tech projects.

Assessment

The main goal of the “e Bulgaria” programme is to reach the medium level of Information Society criteria for EU member countries⁴⁴ by the end of 2006.

During the current year, Bulgaria will accept the objectives, as outlined in the Action Plan of EU Member States “eEurope 2005”, in the National Programme for the Development of Information Society in the Republic of Bulgaria. Through the implementation of the National Programme and its participation in EU Programmes,⁴⁵ Bulgaria aims to reduce underdevelopment in the process of establishing an information society and to overcome the “digital gap”.

Another important way of promoting ICT is to launch a series of pilot projects in various social niches, making use of ICT, while hoping that the “socialisation” of ICT will lead to a quicker and more effective introduction of the Information society in Bulgaria.

4.4.2. Other vulnerable groups

4.4.2.1. Drug addiction

The 2001–2005 National Programme for Prevention, Treatment and Rehabilitation of Drug Addiction in Bulgaria is a sectoral programme of the Ministry of Health. The Programme coordinates and ensures governmental finances for the policy of reducing drug demand. In the past 2 years (2002-2003) a total of 400,000 BGN (200,000 for each budget year) has been spent.

A National 2003-2008 Anti-Drug Strategy was developed, and an Action Plan drawn up on the basis of it, which is the basic organisational and management implementation instrument and an integral part of the Strategy.

The current National programmes and plans enable the implementation of strategic tasks in the field of prevention, treatment and rehabilitation of drug addicts. Twenty-two municipalities have already started implementing their municipal action plans for the prevention and treatment of drug addicts. Preventive information centres are established within 7 of the municipalities.

⁴⁴ The EU Member Countries assess their development in the field of Information Society by taking into account a number of indicators. Some of these indicators are: number of computers per 100 inhabitants; number of computers per 100 pupils in elementary and secondary schools, etc.

⁴⁵ eTen, eContent+, Safer Internet Action Plan, eLearning, Galileo, IDA, “Information Society’ Technologies”, “ Knowledge-Based Society”, etc. Bulgaria is to be included in eTen, eContent+ and eLearning in 2005.

Assessment

The main achievements in the field of decreasing drugs demand are the creation of an adequate institutional and legislative basis and a horizontal network of services at municipal level for the purposes of implementing the national policy.

The main problems in this field are the difficult access to medicinal and social services and the lack of coordination between the institutions and organisations working in that field. Other key problems are the lack of understanding and the reluctance to take responsibility on behalf of the institutions and the stigma placed on drug abusers by the public. The challenge is to change public attitudes and to commit the State institutions and NGOs to implementing the National Strategy.

4.4.2.2. Individuals with HIV and AIDS

The Republic of Bulgaria has a relatively small number of AIDS patients. To date there are 479 registered HIV cases although the country is situated in a region with a rapidly growing epidemic. The Ministry of Health provides free anti-retrovirus therapy to all AIDS patients in the country. Bulgaria supports the WHO “3 by 5” initiative and has declared its will to be included in the list of states to receive medication for anti-retroviral therapy.

In 2001 the Council of Ministers issued a Decision endorsing the 2001-2007 National Strategy and National Programme for AIDS and STD Prevention and Control. The “HIV/AIDS Prevention and Control” Programme, covering the period 1 July 2003 – 30 June 2005, was adopted in order to provide the needs to undertake effective measures to curb a further spread of HIV. The Programme aims to implement HIV/AIDS prevention and control in Bulgaria by providing adequate and quality health and social services for target groups at all levels of intervention, by enhancing expert knowledge and skills and institutional commitment, and by achieving significant positive changes in community norms and sexual and drug-related behaviour.

The Programme target groups/beneficiaries are: injecting drug users; male and female prostitutes; Roma communities; people living with HIV/AIDS; young people. The main planned activities are to reinforce infrastructure and build the management, operational and technical capacity at both national and local levels; to provide adequate equipment and material support for epidemiological supervision, drugs and medical products; to ensure well-targeted and effective intervention; to build local networks; and to mobilise all available human and financial resources, etc.

Assessment

Even with a low HIV infection rate, Bulgaria faces a possible epidemic that could potentially threaten many of its development gains. It is important to support education and awareness as key components in an effort to minimise the further spread of HIV/AIDS. Some of the priorities of healthcare reform in Bulgaria are providing specialised information, consultations, prevention and treatment of sexually transmitted diseases and AIDS.

4.5. Mobilising all stakeholders

In September 2002, the Government of the Republic of Bulgaria adopted a New Social Policy Strategy identifying the specific activities and policies of the Ministry of Labour and Social Policy through which the specified goals are to be achieved. The Strategy aims to provide Bulgarian society with a comprehensive and coordinated management approach in order to enable all citizens to face the new challenges created by the radical economic and social changes.

The First Strategy to Combat Poverty and Social Exclusion 2003–2006 was endorsed by the Council of Ministers on 6 October 2003. The Strategy was developed by the Ministry of Labour and Social Policy with the active participation of NGOs, the social partners, employers' organisations, as well as other stakeholders. The main goal of the Strategy is to reduce poverty and prevent social exclusion. The strategic goals are in line with the Nice objectives of the European Union. The short-term measures for implementation of the Strategy were outlined in the *National Action Plan to Combat Poverty and Social Exclusion 2004*, endorsed by the Council of Ministers on 19 January 2004. All prevention and anti-poverty actions will be implemented jointly by the institutions, regional and local authorities, civil society, etc.

The measures in the Plan aim to ensure an adequate level of well-being and health, employment and education, free development of skills and abilities, etc. They also aim to distribute all responsibilities among the government, social partners and individuals as part of an integrated economic and social approach to social protection. The National Plan promotes employment, facilitates the access of all resources, rights, goods and services and seeks to prevent the risk of social exclusion. The Plan identifies the most vulnerable groups to be targeted in fighting poverty and social exclusion - unemployed and economically inactive people, families with many children, people with low educational and qualification level, Roma people, and people in small municipalities and remote areas. Control over the implementation of the Plan is the responsibility of the Minister of Labour and Social Policy. All relevant institutions and authorities were asked to provide information on implementation of the measures for the period January – June 2004. As a result, the Monitoring Report for the first half of 2004 was prepared; the report presents the current implementation status of 34 tasks and 89 measures included in the plan.

The Ministry of Labour and Social Policy, acting jointly with the U.N. economic department, has developed a system of indicators and benchmarks for the monitoring and assessment of poverty and social exclusion and is in the process of preparing a methodology for the compilation of a questionnaire for the collection of information to help control the status, monitoring and implementation of the poverty plan. The draft includes a system of training courses for experts in the public administration system on the application of methods to assess anti-poverty actions and on the implementation of the measures included in the National Plan.

A National Council to coordinate and control the implementation of policies and programmes for the reduction of poverty and social exclusion is being set up. Proposals have been prepared for the composition of the Council, its operational rules and the time schedule for its activity until the end of 2004. The Council is structured around the principles of social dialogue with representatives of all social partners and associations from the third sector of society.

In 2003, an inter-governmental working group was established to draft the Joint Inclusion Memorandum at the Ministry of Labour and Social Policy. The working group included officials from different government institutions and NGOs (the National Social Rehabilitation Centre, Information Centre – NGO against Poverty). The members of the working group (17 governmental institutions and non-governmental organisations) were obliged to prepare written contributions for drafting the JIM, and to coordinate them within their institutions. During the preparation of the JIM, meetings have been conducted with the active participation of representatives of NGOs and others; a stakeholders' meeting was held on 23 June 2004 in Sofia.

The drafting of these documents (the Strategy to Combat Poverty and Social Exclusion, the National Action Plan to Combat Poverty and Social Exclusion and the Joint Inclusion Memorandum) was accompanied by the development of a consulting process between the state administration and the different social partners and structures of the civil society. As this process proceeded, it provided different opportunities for dialogue, more publicity, exchanges of different points of view and better responsiveness by civil society.

Assessment

To foster this partnership approach, Bulgaria will soon adopt a poverty line, which will contribute to better coordinated dialogue at national level on the policy aimed at reducing poverty. During the preliminary analysis, conducted to define the poverty line, a Group of Data Users was established, which includes representatives of all interested institutions and organisations: official representatives of ministries, scientific institutes, trade unions and NGOs. This Group will provide the necessary public support to create a system of monitoring and analysing poverty. Identifying people at risk of poverty is a complex problem, which requires a joint effort from all the relevant bodies. However, the main aim is to define the poverty line through broad public consensus. For this purpose a Round table “Living standard in Bulgaria” was held on 20 July 2004, with the participation of all the relevant stakeholders. At this Round table, the final data of the Multi-topic Household Survey (MTHS), carried out by the National Statistical Institute, with support from the Ministry of Labour and Social Policy (MLSP) and the World Bank, were announced. The results of the survey showed the percentage of poor people in Bulgaria. With a poverty line of BGN 102 expenditure per month (about 52.2 EURO) the share of households under the poverty line is 14% or about 409,000 households (1,113 thousand poor persons). According to the MTHS, the risk groups are: families with more than 2 children, single parents, households with unemployed members, single elderly people. The main factors for poverty risk are education, economic status and demographic structure of the household.

In order to mobilise all the relevant stakeholders it is necessary to further improve the consulting process by targeting the:

- extension of participation opportunities, including in particular those people to whom the proposed decision refers, as well as their grassroots organisations;
- development of technologies to coordinate the final decisions with the diversity of different points of view;
- continuation of the gradual transfer of monitoring and evaluation from the state administration to independent structures (typical examples of such structures are the academic institutions for social sciences);
- transfer and assimilation of the experience of the EAPN during the development and assessment of the National Action Plans on Poverty and Social Exclusion;
- guaranteeing of the consulting process and the participation in all stages of JIM implementation: drafting; implementation; monitoring; assessment and control.

The Memorandum will make for the implementation of a new coordination mechanism, which will facilitate interaction between the relevant bodies and will facilitate the drafting of the follow-up to the JIM in 2006.

5. GENDER EQUALITY PROMOTION IN FIGHTING POVERTY AND SOCIAL EXCLUSION⁴⁶

The equality of men and women is firmly embedded in the Constitution of the Republic of Bulgaria (Article 6) and the national legislation, which has internalised a set of international documents on equal treatment to which Bulgaria is party. The **Protection against Discrimination Act**⁴⁷, effective since 1 January 2004, builds upon the constitution principle of equal legal treatment and prohibition of discrimination, and takes it further by introducing mechanisms for its practical implementation. A six months parental leave, which is in accordance with Directive 96/34/EU, to care for a child until his/her age of 8 has been introduced for employees with the last amendment of the Labour Code⁴⁸. The leave is untransferable. The period of this parental leave is recognised as length of service. This right is exercised from 1st August 2004.

In 2004 a structure responsible for gender equality policy has been initiated. The **“Equal Opportunities for Women and Men” Sector**, established in 2004 at the Ministry of Labour and Social Policy, is in charge of the development, coordination and implementation of the government policy for equal opportunities of men and women. Their responsibilities are a complex set of multiple activities, for which they will be supported by a consultative body - the National Council for Gender Equality with the Council of Ministers (NCGE).

Despite the efforts made, disparities exist in the situation of women and men in some areas of public and political life, such as:

- women are economically less active than men;
- most of the one-parent families are headed by women;
- women represent the predominant part of the victims of domestic violence.

Women live longer than men, while women’s income is lower than men’s. In the context of poverty and social exclusion, women are more vulnerable than men. On the one hand, this is due to the fact that women work in traditionally low-paid occupations, such as health care, education, and services. On the other hand, women take care of children and dependent members of the family. The average woman’s earnings is 72% of men’s (because women are traditionally engaged in economic sectors and occupations with low wages). In 2002, 25% of enterprises were owned by women. The percentage of self-employed women was 37%. The differentiation between men and women in paid and unpaid employment has increased. Inequality by gender has also increased.

As a result of the reforms in Bulgarian society during the transition to a market economy, large parts of society are at risk of poverty. There is a high poverty risk among elderly lone women receiving low pensions. Women’s pensions are lower than men’s. The insurance income of some women is low because they are traditionally employed in low-paid jobs and spend time at home taking care of their children and other dependant family members. Single mothers are the highest “poverty risk” group. Family duties which are traditionally assigned to women are a barrier to their entry into the labour market after a period spent raising children. The lack of a childcare services infrastructure and the lack of different flexible forms of employment contribute to the economic inactiveness of women.

⁴⁶ With COM Decision № 632/25.09.2002 Bulgaria has been included in the following EC programmes – Community Action Programme to encourage cooperation between Member States to combat social exclusion, Community Framework Strategy on Gender Equality and Community Action Programme to Combat Discrimination.

⁴⁷ Promulgated., SG, #86 of 30.09.2003 r.

⁴⁸ Promulgated., SG, #52 of 18.06.2004 r.

The most vulnerable groups at high risk of poverty and social exclusion are low-skilled women from Roma communities; from rural regions; and older women. They are also at risk of cross-discrimination.

EU accession introduced the **gender mainstreaming** concept and now steps have been undertaken to set up a special, institutionalised mechanism for gender equality and the advancement of women in accordance with the Beijing Platform for Action. The **Advisory Committee on Equal Opportunities for Women and Men** under the Minister of Labour and Social Policy and the “**Equal Opportunities for Women and Men**” Sector at the Ministry of Labour and Social Policy show that steps have been undertaken to build an institutional structure for developing the policy for gender equality.

One of the purposes of the **Protection against Discrimination Act** is to ensure that women have equal opportunities for participation in all spheres of life – the prohibition of discrimination, as provided by law, refers to different areas of life, like employment, education and training, health, housing, social protection, goods and access to social services and agencies, economic activities, etc. The Act makes provision for at least **40% representation** in governance of the underrepresented sex, which is in line with the European standards for balanced participation of women and men in decision-making.

The **Employment Strategy (2004-2010)**⁴⁹ provides measures for creating the legal, institutional and resource basis to ensure equal opportunities for women and men. The **general measures** of the Strategy aim to achieve better economic activity of women and create equal employment opportunities on the labour market. Women are actively involved in employment and training programmes and measures – they accounted for 42% of all participants in 2003⁵⁰.

The tasks of the Strategy are to be implemented by the beginning of 2007. As for enhancing the economic activity of women, some measures are provided for developing a strategy for a better balance between family and career. Task implementation includes the introduction of flexible employment for mothers with children up to 7 years of age, improved social infrastructure for raising children up to 6 years of age, and the establishment of a childcare system for children under 3.

Active measures contributing to the elimination of existing factual and formal inequalities between women and men are designed to promote gender equality. Attention will be paid to the problem with changes in public awareness of gender equity.

In line with the European Employment Strategy, a **National Employment Action Plan** has been developed and implemented annually since 2001; it provides programmes and projects for implementing the policy of promotion of equal gender opportunities. Under the Plan, the Ministry of Labour and Social Policy has made a set of programmes and projects related to equal opportunities for men and women. In 2004 a number of projects were implemented providing training in order to enable women to be more active on the labour market. Activities were also carried out in other projects to initiate the process of creating and implementing a policy for combining career with family life: promotion of entrepreneurship for unemployed women through information, advice and support for starting own business in the field of childcare service provision; training for unemployed women over 50 and women returning to work after pregnancy and childbirth leave, or leave for raising a child up to 2 or 3 years old.

Assessment

⁴⁹ Adopted by Council of Ministers Decision of 06.12.2003.

⁵⁰ According to Employment Agency data.

As a whole, gender equality issues are not considered a priority by the public at large. This is partly due to the lack, until recently, of special legislation in that sphere, and partly to the historical belief, even at the highest level, that the formal gender equality established in the time of socialism was real. There is no comprehensive long-term gender policy and no positive measures. Some disjointed action has been undertaken by separate institutions aiming to improve the situation of women on the labour market and in healthcare, etc.

In order to ensure gender equality in the respective problem areas, by November 2004 the Sector with the support of NCGE and the Advisory Committee on Equal Opportunities for Women and Men will draw up the National Gender Equality Plan (2005-2007) as required by the international commitments undertaken. By the end of 2004, over 100 central government officials will be trained on gender equality issues and gender equality focal points will be designated at both the central and local level of government.

During the implementation of the Strategy to Combat Poverty and Social Exclusion (2003-2006) the gender mainstreaming approach will be applied in order to improve the status of men and women. Two seminars will be held by the end of 2004, as planned in the projects under the National Employment Action Plan, the aim being to promote sectoral agreements to support the policy for reconciling family with career, and to help central and local government authorities to take gender equality issues into account when developing and implementing their activities.

The future establishment of the National Council for Gender Equality will have to unite the efforts of all gender equality supporters and outline the overall gender policy of the government. Gender-related data and statistics in many areas where there are gender-specific risks and their relevance to poverty and social exclusion will have been provided to help implement the gender mainstreaming approach.

6. STATISTICAL SYSTEM AND INDICATORS

Poverty analysis in Bulgaria, carried out by the National Statistical Institute, is based on the annual Household Budget Surveys. In 1995, 1996 and 1997 the size of the representative sample was 6,000 households. Since 01.08.2002 the sample size has been 3,000.

Since 1999 household expenditure have been restructured in accordance with COICOP (Classification of Individual Consumption by Purpose Adapted to the Needs of Household Budget Surveys), as required by EUROSTAT. Consumption expenditure has been grouped in accordance with COICOP definitions, while taxes, household enterprise, purchasing, construction and capital repair of a dwelling expenditure, as well as fines, personal insurance contributions and other non-consumption payments are taken separately. In order to ensure correct comparisons in dynamics, the annual monetary and overall household expenditure for the preceding years from 1995 to 1998 have also been restructured.

In 2001 the NSI started calculating the monetary Laeken indicators for social cohesion using the same data source, the HBS. The methodology used to calculate the indicators, as far as possible, is the same as the one used by EU 15 Member States. In particular, every effort has been made to ensure that definitions are as comparable as possible to those used by EUROSTAT for the European Community Household Panel (ECHP), which to date is the sole common source at EU level for comparative data on income and living conditions. The indicators were calculated on the basis of two income definitions. The first includes monetary income as defined by the ECHP. The second

definition combines monetary income with income in kind, i.e. own production and other non-monetary income. EUROSTAT publishes the indicators for Bulgaria calculated on the basis of the total income (monetary and in kind), while the calculations for the member states are based only on monetary income. Other non-monetary Laeken indicators are based on the Labour Force Survey and demographic statistics. Due to the lack of longitudinal data, persistent risk-of-poverty rates could not be calculated. The Self-defined health status by income quintile by gender was not calculated due to non-availability of health questions in HBS.

The NSI is about to start a new survey, which is called EU - SILC, the successor of the ECHP. The pilot survey took place in April 2004, and the main survey will start in 2005.

Bulgaria is committed to providing harmonised statistics on social expenditure (ESSPROS data) by 2006 at the latest.

7. SUPPORT FOR SOCIAL INCLUSION POLICIES THROUGH THE STRUCTURAL FUNDS

Following the accession of the Republic of Bulgaria to the European Union, Bulgaria will receive significant financial aid from the European Structural Funds and the Cohesion Fund (more than 2.30 billion Euro for the 2007-2009 period). The main instrument for financing social inclusion activities will be the European Social Fund.

The key activities for social inclusion in the 2007-2009 period for which Structural Funds support will be sought will be as follows:

1. Active labour market measures for groups at risk
2. Social integration of groups at risk of social exclusion
3. Elimination of discriminatory practices for people with disabilities
4. Lifelong learning, improved training structures and systems
5. Promotion of entrepreneurship and self-initiative of the population with the focus on disadvantaged groups
6. Equal opportunities for men and women.

At present, programming for Pre-accession assistance in the area of social inclusion takes into consideration the Accession Partnership and the priorities stipulated in the strategic documents of the Bulgarian Government, such as the New Social Policy Strategy, the Joint Assessment of Employment Priorities in Bulgaria and the Employment Strategy (2004-2007), which make up the political framework for future intervention of the ESF type, as well as the Lisbon Strategy and the European Employment Strategy. A large number of activities on social inclusion are supported by the EU pre-accession funds, amounting for the period 2000-2004 in total to 78.88 million € (see Table 15).

8. CONCLUSIONS

In October 2003, the Government of the Republic of Bulgaria adopted the Strategy to Combat Poverty and Social Exclusion 2003–2006 and in January 2004 it adopted the National Plan to Combat Poverty and Social Exclusion 2004. With the adoption of these framework documents, the policy of social inclusion has been defined as a government policy priority. Guidelines for further implementation are also specified. Preparation of the Joint Inclusion Memorandum (JIM) signifies the further implementation of this policy and its direct linkage to EU policy on social inclusion. It

thereby follows the strategic goal of sustainable improvement of the population's well-being through **balanced economic, social and environmental development**.

Full participation in the **Open Method of Coordination on Social Inclusion is a high priority** for the Government of the Republic of Bulgaria. The process of drafting this Joint Inclusion Memorandum has been an important means of preparing for full participation in the Open Method of Coordination. The Bulgarian Government is fully committed to reducing the risk of poverty and social exclusion. In the context of the first Strategy to Combat Poverty and Social Exclusion 2003-2006, a large number of measures have been adopted over the last year, to make a significant improvement in the position of vulnerable groups, to reduce inequalities and to promote social cohesion.

Following the common strategic goals and objectives of the European Union, set out in Lisbon and Nice, and regarding the most relevant aspects of the current situation in Bulgaria, the general long-term strategic approach is based on economic development and effective and mutually reinforcing links between economic, employment and social policies. The Joint Inclusion Memorandum has identified the sources of social exclusion, the groups most vulnerable to poverty and social exclusion, the political challenges and, finally, the main policies and measures that may enhance social inclusion in the Republic of Bulgaria.

The analysis that underpins the JIM draws particular attention to the link between long-term unemployment, poverty and social exclusion. However, attention should also be paid to the situation of the young unemployed, people with disabilities, persons living in disadvantaged areas, vulnerable ethnic minorities, particularly the Roma community, elderly women, single parents and families with more than two children. Policies in relation to education, vocational training and lifelong learning are especially important. However, many other major challenges and policy priorities have been identified in the course of the JIM. These will need to be addressed progressively as resources become available. Thus, a long-term approach will be needed.

Further efforts are necessary to ensure enhanced coordination among relevant ministries and agencies, including a clearer definition of responsibilities as well as adequate financial back-up of numerous strategies and action plans in the area of social inclusion. Monitoring and evaluation of policy implementation needs to be further fostered, *inter alia* through enhanced statistical information on disadvantaged groups.

The Bulgarian Government and the European Commission have identified the following most urgent challenges in relation to tackling poverty and social exclusion:

- access to employment and employment levels among those who are unemployed or inactive and dependant upon benefits and/or family solidarity;
- educational disadvantage and access to quality education and fostering lifelong learning opportunities for all, in particular through linking labour market demand to the education and training of people from the most disadvantaged groups;
- poverty and social exclusion experienced by vulnerable ethnic minorities, especially the Roma community, and their full integration into society; and
- access to social services, accommodation and health, especially for the most vulnerable groups (i.e. people with disabilities, children at risk, elderly people, ethnic minorities, in particular the Roma community, drug addicts, etc.) and regional differences.

In the light of the analysis underlying this Memorandum, the Bulgarian Government and the European Commission have agreed that the most immediate policy priorities in relation to tackling poverty and social exclusion are:

- to promote a wide range of active labour market policy programmes, to improve the level of qualifications of those excluded from the labour market, to ensure that the social protection system and labour market policies are closely linked, and to remove disincentives to taking up jobs and ensure that taking up work pays and lifts people out of poverty and social exclusion;
- to overcome educational disadvantage by bringing education and lifelong learning in line with the needs of the labour market, promoting equal access to mainstream education for everyone, preventing early school leaving, paying special attention to children with special educational needs;
- to implement measures aimed at providing high quality social services for the most disadvantaged groups, improving the health status of the population and facilitating the access of the poor and vulnerable population to healthcare services;
- to reduce poverty and social exclusion of vulnerable ethnic minorities, especially the Roma community, and to promote their inclusion in mainstream society, by way of programmes designed to tackle their problems regarding housing and infrastructure development, education, retraining and employment.

The Bulgarian government is committed to provide sufficient national resources to combat social exclusion already before accession and the European Commission will complement these efforts with pre-accession assistance. Some of the priorities identified in the JIM and the corresponding policy actions will, after accession, also benefit from financial support provided by the EU structural funds, namely by the **European Social Fund**. Furthermore, in implementing the above measures it is important to raise public awareness about fighting poverty and social exclusion, to foster the mobilisation of civil society and to establish appropriate institutional mechanisms, ensuring closer cooperation between government, local authorities, social partners and NGOs.

The Bulgarian Government is aware that promoting social inclusion adequately is an ongoing process, which can only provide effective and long-lasting results in the long term and on the basis of a series of consistent measures, underpinned by continuous monitoring and evaluation of those policy measures which have already been implemented.

The Bulgarian Government is committed to continuing to work on indicators and national statistics to define a national poverty line and will organise a seminar for all the relevant partners by mid 2005. A follow-up report on the evaluation of the implementation of policy commitments in this JIM will be presented to the Commission by June 2006.

Statistical annex

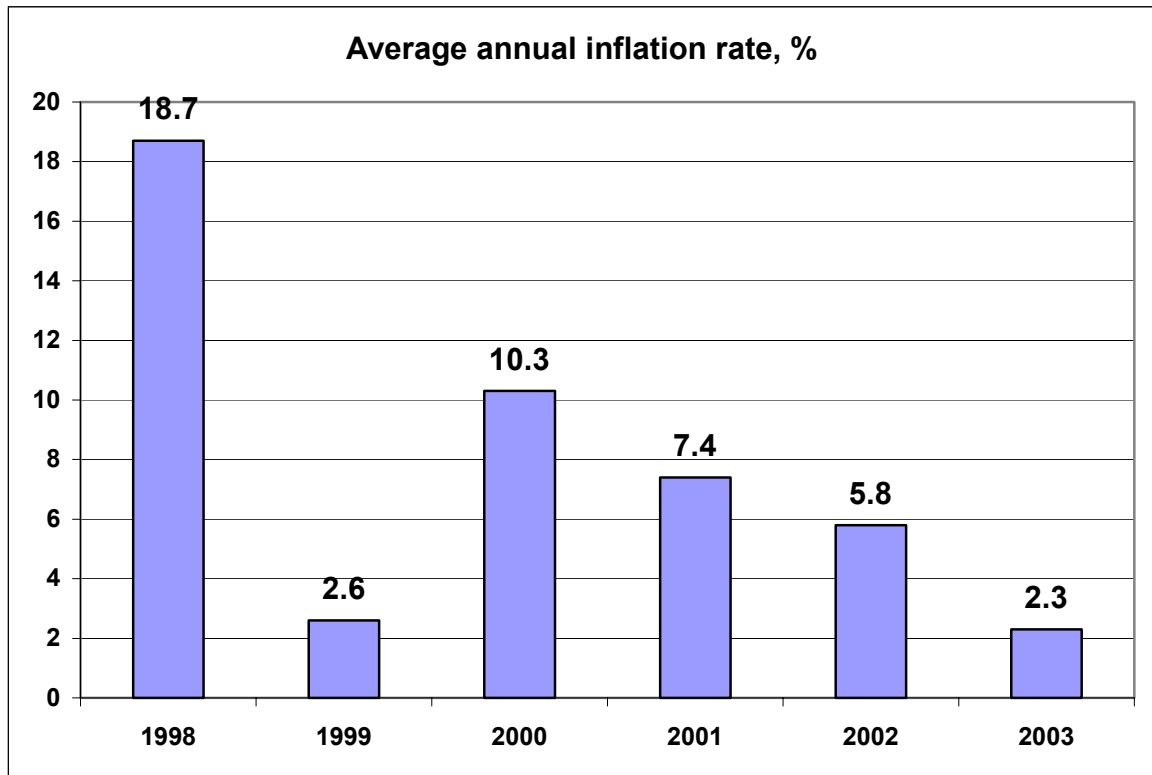
Table 1

Gross Domestic Product 1998 - 2003

Table 1- Gross Domestic Product							
		1998	1999	2000	2001	2002	2003
1	GDP in current prices (BGN million)	22 421	23 790	26 753	29 709	32 324	34 410
		1998	1999	2000	2001	2002	2003
2	Real growth of GDP (%)	4.0	2.3	5.4	4.1	4.9	4.3

Source: National Statistical Institute

Inflation



Error!

Source: National Statistical Institute

Table 3

Influx of direct foreign investments in Bulgaria, by economic sector

Influx of direct foreign investments in Bulgaria, by economic sector

(in USD)

	2000	2001	2002	2003	Total DFI 2000-2003	Share (%)
Total	1001.6	812.9	904.7	1419.4	4138.6	100.0
Financial agency	449.4	122.6	133.8	491.7	1197.4	28.9
Manufacturing industry	179.4	252.4	76.3	258.7	766.8	18.5
Transport, storage and communications	69.5	223.6	209.2	188.4	690.7	16.7
Trade, repairs and technical service of cars and motorcycles, personal belongings and household goods	116.5	117.9	228.2	216.1	678.6	16.4
Unclassified	74.7	33.0	50.7	83.9	242.3	5.9
Real estate operations, rent activity and business services	42.7	13.09	56.5	89.8	202.2	4.9
Construction	47.6	17.2	28.9	11.1	104.8	2.5
Manufacture and distribution of electric and thermal energy, gas fuels and water	-19.7	2.4	66.9	37.9	87.4	2.1
Hotels and restaurants	15.4	17.9	8.3	20.2	61.8	1.5
Other activities, serving society and the personality	5.4	3.2	29.4	16.5	54.5	1.3
Mining industry	12.7	4.9	10.5	4.5	32.5	0.8
Education	0.4	4.4	4.4	2.9	12.1	0.3
Agriculture, hunting and forestry enterprise	7.3	0.5	1.2	-2.1	7.0	0.2
Healthcare and social activities	0.2	-0.1	0.3	0.0	0.5	0.0
Fishing		0.0		-0.1	-0.1	0.0

Source: Bulgarian National Bank.

Table 4**Social Expenditure*) as% of GDP within 1996 – 2003**

	1996	1997	1998	1999	2000	2001	2002	2003
Social expenditure as% of GDP								
of which:								
pension system	6.93	6.18	8.05	8.21	9.48	9.09	9.11	9.19
health	3.1	3.62	3.61	3.92	3.66	4.03	4.44	4.93
social security and assistance	1.6	2.63	2.51	3.1	4.02	3.65	3.69	2.51
unemployment benefits and active labour programmes	0.42	0.68	0.73	0.96	0.72	0.81	0.63	1.65

Source: National Statistical Institute *) not compatible with ESSPROS nomenclature

Table 5**Trends of public expenditure as% of GDP within 1996-2003**

Trends of Public Expenditures as% of GDP within 1996-2003								
	Expenditure - CFP*							
	1996	1997	1998	1999	2000	2001	2002	2003
Pension system	16.03	18.03	20.76	19.71	22.15	22.34	23.12	22.47
Social security and social assistance	4.67	9.44	8.36	9.71	11.07	10.95	10.96	11.69
Health	7.17	10.02	9.33	9.41	8.56	9.89	11.29	12.07
Total%	27.87	37.49	38.45	38.83	41.78	43.17	45.37	46.22

Source: Ministry of Finance *) Consolidated Fiscal Programme

Table 6

Demographic indicators

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Population (thousands)	8,384	8,341	8,283	8,230	8,191	8,149	7,891	7,846	7,801
Male	4,103	4,078	4,045	4,014	3,991	3,967	3,841	3,816	3,791
Female	4,281	4,263	4,238	4,216	4,200	4,182	4,050	4,030	4,010
Proportion of population less than 15 years (%)	17.7	17.2	16.8	16.3	15.9	15.5	15.0	14.6	14.2
Proportion of population aged 60 years and more (%)	21.4	21.5	21.6	21.7	21.7	21.8	22.4	22.5	22.7
Proportion of population aged 65 years and more (%)	15.2	15.3	15.6	15.9	16.2	16.3	16.9	17.0	17.1
Natural increase (per 1000 average population)	-5.1	-5.4	-6.9	-6.4	-4.8	-5.1	-5.6	-5.8	-5.7
Gender ratio (females per 1000 males) b)	1,043	1,046	1,048	1,050	1,052	1,054	1,054	1,056	1,058
Age dependency ratio	48.9	48.3	47.9	47.4	47.2	46.8	46.8	46.2	45.5
Fertility:									
Crude birth rate (per 1000 average population)	8.6	8.6	7.7	7.9	8.8	9.0	8.6	8.5	8.6
Total fertility rate	1.23	1.24	1.09	1.11	1.23	1.27	1.24	1.21	1.23
Net reproduction rate	0.59	0.58	0.53	0.54	0.60	0.60	0.59	0.57	0.58
Crude death rate (per 1000 average population)	13.6	14.0	14.7	14.3	13.6	14.1	14.2	14.3	14.3
Male	-	15.6	16.2	16.0	15.0	15.5	15.6	15.7	15.8
Female	-	12.5	13.2	12.7	12.3	12.8	12.9	13.0	12.9
Infant mortality (per 1000 live births)	14.8	15.6	17.5	14.4	14.6	13.3	14.4	13.3	12.3
Life expectancy at birth – total *	70.6	70.6	70.5		71.0	71.7	71.8	71.9	72.1
Male	67.1	67.1	67.1		67.6	68.2	68.5	68.5	68.7
Female	74.9	74.6	74.3		74.6	75.3	75.2	75.4	75.6
Life expectancy at age 65 *									
Male	12.6	12.5	12.3		12.6	12.8	12.9	13.0	12.9
Female	15.5	15.2	15.1		15.2	15.6	15.6	15.7	15.7

Notes: * Data refer to three-year periods with end of each period the respective reference year in the table

Sources: a) Population and demographic processes, National Statistical Institute, Bulgaria (1996-2002);

b) Statistical Yearbook 2003, National Statistical Institute, Bulgaria;

c) Official demographic data about 2003 not yet published.

Table 7

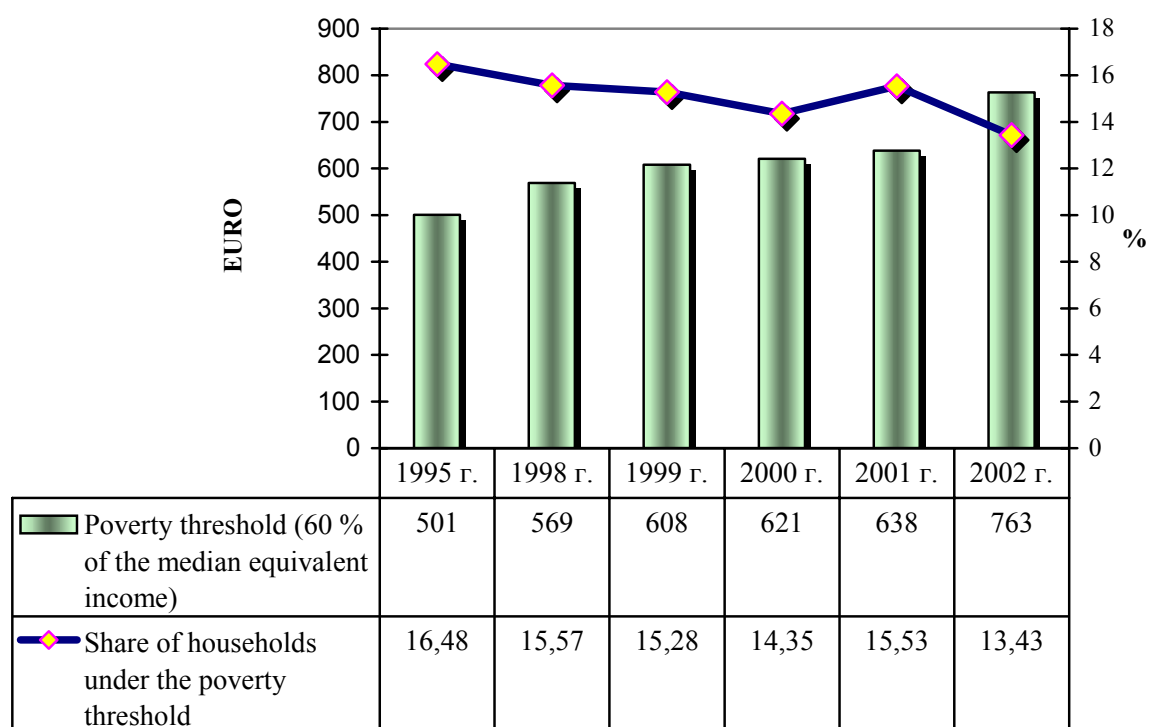
Household Income by Components (%)

	1995	2003
Wages and salaries	38.0	40.0
Social transfers (pensions, compensations, family allowances, benefits)	17.2	23.0
Family smallholdings	27.6	18.2
Other earnings and entrepreneurship	5.9	8.0

Source: National Statistical Institute

Table 8

Average annual poverty threshold per equivalent unit and scope of poverty (1995-2002)



Source: National Statistical Institute

Table 9

Results of second round of data collection (reference year 2001) –Laeken indicators of monetary poverty

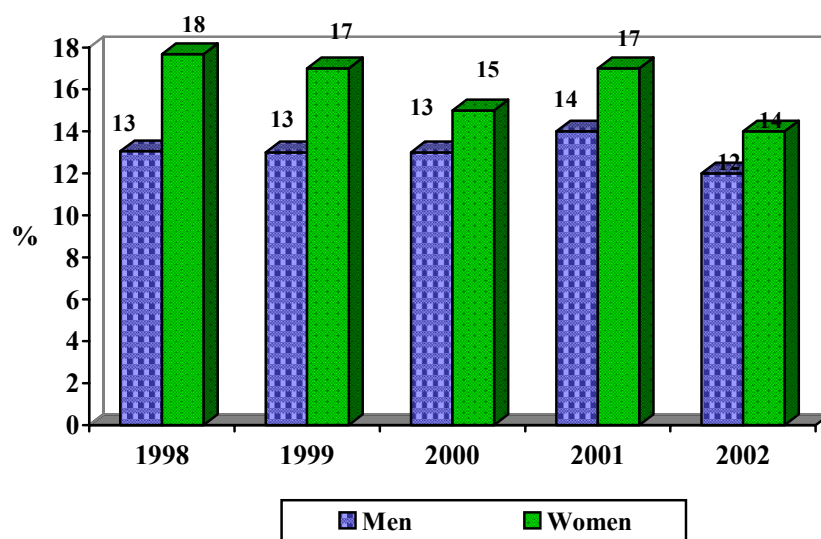
			BG					EU15	EU25	
			1998	1999	2000	2001	2002	2001	2001	
1	<i>S80/S20 quintile share ratio</i>		3.9	3.8	3.8	3.8	3.8	4.4	4.4	
2	<i>Gini coefficient</i>		26	26	25	26	26	28	28	
3	<i>Risk-of-poverty threshold</i>	<i>1 person hh</i>	NAT	1120	1189	1209	1244	1495	:	:
	<i>(illustrative values)</i>		EUR	569	608	621	638	767	8319	7243
			PPS	1638	2123	1932	1630	1958	8253	7426
		<i>2 adults 2 dep. children</i>	NAT	2351	2496	2539	2611	3139	:	:
			EUR	1194	1276	1303	1340	1611	17469	15210
			PPS	3440	4457	4056	3422	4112	17332	15595
4	<i>Risk-of-poverty rate</i>	<i>Total</i>	<i>Total</i>	16	15	14	16	13	15	15
	<i>by age</i>		<i>M</i>	13	13	13	14	12	14	14
	<i>by gender</i>		<i>F</i>	18	17	15	17	15	17	17
		<i>0-15</i>	<i>Total</i>	15	17	19	19	15	19	19
		<i>16-24</i>	<i>Total</i>	16	17	18	22	19	19	19
			<i>M</i>	15	17	19	23	20	19	19
			<i>F</i>	17	18	17	20	18	20	19
		<i>25-49</i>	<i>Total</i>	12	13	14	16	13	12	12
			<i>M</i>	12	12	14	15	12	11	12
			<i>F</i>	13	14	13	16	14	14	14
		<i>50-64</i>	<i>Total</i>	12	11	10	11	10	12	12
			<i>M</i>	9	9	9	10	8	12	12
			<i>F</i>	14	12	11	11	10	13	12
		<i>65+</i>	<i>Total</i>	25	21	15	15	14	19	17
			<i>M</i>	15	11	7	7	7	16	14
			<i>F</i>	31	29	20	20	19	21	19
5	<i>Risk-of-poverty rate</i>	<i>Employed</i>	<i>Total</i>	6	6	5	7	6	6	6
	<i>by most frequent activity</i>		<i>M</i>	6	5	5	6	5	6	6
	<i>by gender</i>		<i>F</i>	6	6	6	7	6	5	5
		<i>Self-employed</i>	<i>Total</i>	7	4	6	7	6	16	16
			<i>M</i>	8	3	6	7	5	16	16
			<i>F</i>	6	5	5	7	9	16	16
		<i>Unemployed</i>	<i>Total</i>	30	32	31	33	31	38	38
			<i>M</i>	30	33	32	35	32	44	43
			<i>F</i>	29	32	30	31	29	30	31
		<i>Retired</i>	<i>Total</i>	21	18	13	14	12	17	16
			<i>M</i>	13	11	8	8	7	16	15
			<i>F</i>	26	23	16	17	16	17	16
		<i>Inactive/other</i>	<i>Total</i>	16	17	18	19	16	25	24
			<i>M</i>	16	17	19	19	16	23	22
			<i>F</i>	15	17	18	19	16	25	24
6	<i>Risk-of-poverty rate</i>	<i>Total</i>		16	15	14	16	13	15	15
	<i>by household type</i>	<i>1 person hh</i>	<i>Total</i>	46	43	32	33	29	25	23

	1 person hh	M	24	25	23	20	14	18	18	
	1 person hh	F	51	46	34	36	33	28	26	
	1 person hh 65+		52	51	37	36	35	29	26	
	2 adults no children	(at least one 65+)	17	11	6	7	7	16	15	
	2 adults no children	(both < 65)	9	6	7	7	6	10	10	
	Other hh no children		6	6	6	9	6	9	9	
	Single parent	(at least 1 child)	37	44	31	32	41	35	33	
	2 adults 1 dep. child		11	10	8	12	9	10	10	
	2 adults 2 dep. children		11	9	14	18	15	13	13	
	2 adults 3+ dep. children		38	48	51	54	37	27	27	
	Other hh with dep. children		12	15	16	13	13	16	16	
7	Risk-of-poverty rate	Total	16	15	14	16	13	15	15	
	by tenure status	Owner- occupier	15	15	14	15	13	12	12	
		Tenant	28	26	20	32	31	24	23	
		Other	21	31	21	25	23	:	:	
8	Dispersion around the risk-of-poverty threshold	40% of median	4	4	4	4	3	5	5	
		50% of median	9	9	8	9	8	9	9	
		60% of median	16	15	14	16	13	15	15	
		70% of median	23	22	22	24	22	23	23	
9	Risk-of-poverty rate	before all transfers	Total	35	36	39	43	37	39	40
			M	32	32	37	40	35	36	37
			F	37	38	41	45	39	42	43
		including pensions	Total	18	17	17	19	17	24	24
			M	15	15	16	18	15	22	23
			F	20	19	19	20	18	25	25
		including all transfers	Total	16	15	14	16	13	15	15
			M	13	13	13	14	12	14	14
			F	18	17	15	17	15	17	17
10	Persistent risk-of-poverty rate		Total	:	:	:	:	9	:	
	by gender		M	:	:	:	:	9	:	
			F	:	:	:	:	10	:	
11	Risk of poverty rate anchored at a point in time		Total	:	:	:	:	12	:	
12	Relative risk-of-poverty gap		Total	20	21	21	21	20	22	22
	by gender		M	18	21	23	23	20	22	22
			F	22	21	20	20	21	22	22

Source: European Commission, EUROSTAT, Doc.IPSE/66/04/EN.

Table 10

Poverty level per sex (in percentage points out of the respective group)



Source: National Statistical Institute

Table 11

Poverty by Ethnicity

	Rate			Gap		Severity	
	% population	%	Share	%	Share	%	Share
Ethnic Bulgarian	82.3	5.6	39.6	1.1	25.5	0.4	18.8
Turks	7.1	20.9	12.8	5.3	10.4	2.2	9.3
Roma	8.8	61.8	46.5	25.9	63.4	13.6	71.7
Other	1.8	7.6	1.2	1.2	0.6	0.2	0.2
Total	100	11.7	100	3.6	100	1.7	100

Source: Bulgaria, Poverty Assessment, World Bank 2002.

Table 12

Social Services Expenditures in 2002 by population served

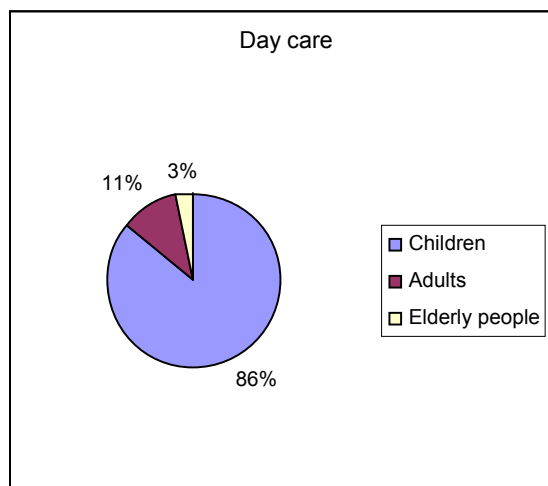
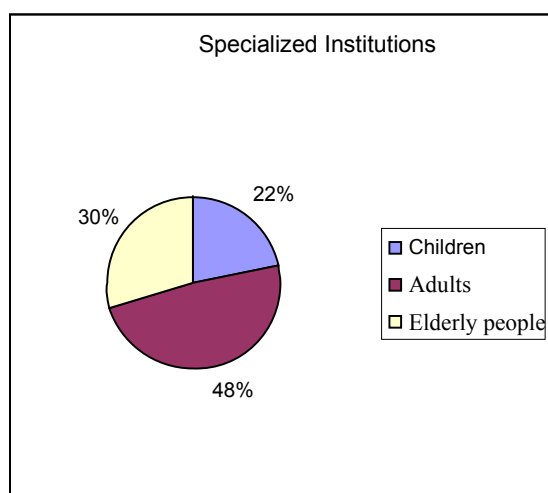


Table 13



Source: National Report on Social Services, Bulgaria, 2003

Table 14

Housing: Number of dwellings and habitation of standard dwellings in Bulgaria in 2001

	Total number of dwellings per 1,000 residents		
	Total	Towns and cities	Villages
Total number of dwellings per 1,000 dwellers	467	421	568
Inhabited standard dwellings per 1,000 dwellers	360	352	376

Source: National Statistical Institute, 2001 Census.

Table 15

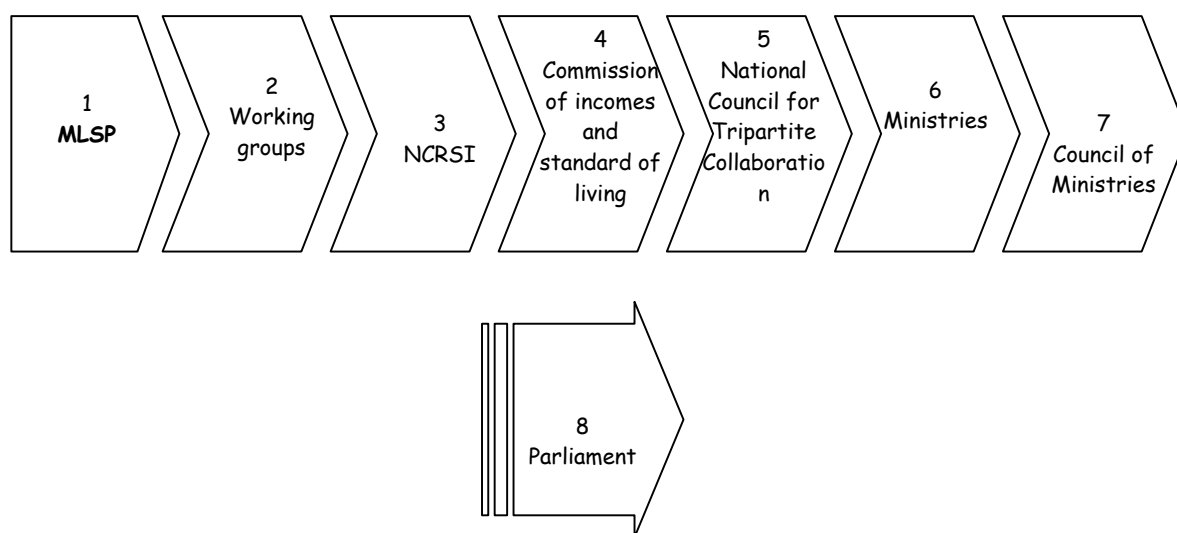
Social inclusion relevant projects 2000-2004 (in thousand €)

Project Title	EU Amount	National Co-financing Amount *	UNDP contribution	Total
Vocational Training	4,918	1,230		6,148
Renovating Vocational Training Institutes	2,000	500		2,500
Child Welfare Reform	2,911	416		3,327
Labour Market Initiatives	4,728	1,577		6,305
Social Inclusion	3,174	991		4,165
Preparing for future ESF-type programmes	1,400	0		1,400
Roma Population Integration	1,639	604		2,243
Ensuring Minority Access to Healthcare	867	120		987
Clearing the Path to Employment to Youths	6,000	2,000		8,000
Lifelong Learning and Vocational Education and Training	4,000	1,334		5,334
Urbanisation and Social Development of Areas with Disadvantaged Minority Population	4,500	1,240	290	6,030
Vocational Qualification	3,200	0		3,200
Alternative Employment	3,000	940		3,940
Education and Medical Integration of Vulnerable Minority Groups with a Special Focus on Roma	3,870	910	150	4,930
Improvement of Quality of Life of People with Mental Disabilities	2,000	670		2,670
Development of an adult training centre network	2,425	575		3,000
Labour market integration of ethnic minorities	2,200	660		2,860
Twinning Support for Social Dialogue	1,650	20		1,670
Human Resources Development and Promotion of Employment	10,752	2,817		13,570
De-institutionalisation through provision of community based services for risk groups	4,650	1,280		5,930
Improvement of the situation and inclusion of the disadvantaged ethnic minorities with a special focus on Roma	9,000	2,118		11,118
Total	78,884	20,002	440	99,326

Source: Financial memoranda 2000, 2001, 2002, 2003, 2004.

Figure 1

COORDINATION PROCESS



1. The Ministry of Labour and Social Policy initiates the legislative process.
2. A Working group is set up by experts from the Ministry of Labour and Social Policy, experts from other ministries involved in the disability field, representatives of non-governmental organisations, representatives of employers' organisations/units, representatives of trade unions, independent experts.
3. The draft document is submitted to the National Council for Rehabilitation and Social Integration (functions within the Government). It includes 30 members: equal number of representatives of the Government and the non-governmental organisations of and for people with disabilities); adoption of the draft by NCRSI.
4. The draft is submitted to the Commission of incomes and standard of living; correction.
5. The draft is submitted to the National Council for Tripartite Collaboration (It includes representatives of the State, employers, syndicates).
6. The draft is coordinated with the competent line ministries (examine corrections in line with accepted remarks and substantiate the arguments for unaccepted remarks).
7. The draft is submitted to the Council of Ministers. Adoption.
8. Parliament. Final.