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**Investing in children:**  
Breaking the cycle of disadvantage

**A Study of National Policies**

**Bulgaria**

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# Investing in children:

Breaking the cycle of disadvantage

**A Study of National Policies**

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HOTLINE

**COUNTRY REPORT - BULGARIA**

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## Executive Summary<sup>1</sup>

This report was prepared in the context of the Commission Recommendation “Investing in children: breaking the cycle of disadvantage”.

Bulgaria is currently one of the EU countries with the highest poverty rate among children in general (defined as those aged 0-17) and among specific age groups of children. This is true in terms of monetary indicators like the income poverty defined at 60% of the equalised median income. The 60% of the median equalized income is used as an official poverty line in Bulgaria but it has mainly a symbolic value not being linked to any transfers or services and not being given any priority in public debate and the decision making process, especially compared to macroeconomic indicators like GDP growth, inflation, budgetary deficit, overall unemployment rate etc.

Child poverty at lower cut-off points (50% and 40% of the median) is even more pronounced both against an international background and when compared with poverty among adults.

The high incidence of relative poverty among children coupled with a low overall income and respectively low poverty lines, practically guarantees that monetary poverty will translate almost automatically into deep deprivation as evidenced by Eurostat complex indicators such as the rate of material deprivation or the rate of poverty or social exclusion. On these indicators Bulgaria is the worst performing country in the EU.

Among children special attention needs to be given to those living in households with three or more dependent children. For this group of children in Bulgaria monetary poverty and material deprivation are practically guaranteed – 4 out of 5 are poor according to the official poverty line (the main headline EU indicator). It should be noted that in this group Roma are heavily overrepresented, which could be one of the reasons why it gets so little attention by policy makers and empathy from society. Think tanks both of neoliberal and nationalistic flavour, which would otherwise find very few topics of agreement, are keen to produce “evidence” that Roma families with many children have enough income from transfers to live well without working, which in the less than generous Bulgarian system of social transfers is clearly not true.

Bulgaria has made significant progress concerning the integration into society of some groups of children especially taking a bit longer historical perspective. From the beginning of this century there is clear progress in deinstitutionalisation, the provision of community based services and the promotion of integrated education. Bulgaria’s abandoned and disabled children used to be hidden from society far from the major urban centres and indeed often far from any human settlements. Bulgaria’s EU membership has changed this process both politically and financially. The use of EU funds for deinstitutionalisation is correctly given as one of the examples of good coordination across funds (ESF and ERDF). There is room for improvement and the process is not devoid of controversies and problems but the overall positive trend must be recognised.

As part of the same process, Bulgaria also established a body responsible for designing and monitoring child related policies – the State Agency for Child Protection, which gained a stable position in the national policy debate and enjoys support from civil society stakeholders.

In view of the progress made in reshaping public services for children and families Bulgaria needs to make urgent changes in the respective legislation in order to consolidate achievements and continue the process. Reforms in child related services and especially

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<sup>1</sup> Readers should note that the drafting of this report was completed in September 2013 thus it does not include an analysis of data or policy developments that became available after this date.

major legislative changes as the ones envisaged in the Draft Act on the Child and the Draft Act on Pre-School and School Education have been delayed or blocked by political instability and in some notable cases by small but vocal groups with narrow interests representing mostly the well-off in society. Political instability starting from the beginning of 2013, led to the fall of the previous government while the new one is operating in a situation of constant protests from its very first days of assuming office.

In general, Bulgaria still lacks universally guaranteed services for children and families and after the introduction of proportional taxation and the cancelling of the short-lived family taxation, the country has one of the most child-unfriendly tax and transfer systems in the EU. This is also due to the fact that, unlike the provision of services and the deinstitutionalisation of children, the tax and benefit system remains beyond the reach of the EU process of policy formation and coordination. It remains to be seen if recommendations given in the context of the EU 2020 strategic process, generally formulated as they are, will produce some real policy change.

The three most urgent areas of policy improvement in policies related to child well-being include: a) the reduction of child poverty by reshaping the system of social transfers with a special accent on energy allowances; b) the development of quality, alternative care through an increase in the number of social workers at local child protection departments; c) the guaranteed access of all children to early childhood education and care by providing enough places in crèches and kindergartens and removing or significantly reducing the out-of-pocket fees paid by parents.

## 1. Assessment of the overall approach and governance<sup>2</sup>

The national statistics show a sharp increase in the number of children living in poverty between 2009 and 2010 and a respective rise in the poverty rate. In 2010 the poverty rate among children 0-17 was 28.9% compared to 18.2% among those aged 18-64<sup>3</sup>.

Bulgaria has both the lowest income threshold (poverty line) in the EU and one of the highest poverty rates. It therefore performs very poorly on non-relative, EU-wide criteria, like the ones used in estimating the AROPE (at-risk-of-poverty or social exclusion) rate, namely the criteria for material deprivation<sup>4</sup>. Bulgaria is the country in the EU with the highest rate of people living at risk of poverty or social exclusion. Every second person is either at risk of poverty or socially excluded according to the set of Eurostat indicators.

**Table 1. People at risk of poverty or social exclusion (AROPE) by age in Bulgaria in 2011**

Total	0-5	6-10	11-15
49.1	49.1	52.3	52.4

Source: Eurostat

However, across the age groups there are no great differences, which is predictable with the overall high rate in mind. Children above 5 are slightly more likely to live in AROPE households.

**Table 2. At-risk-of-poverty rate 0-17 (60% of median cut-off point)**

	2007	2008	2009	2010	2011
European Union (27 countries)	19.5	20.1	19.8	20.5	20.5
European Union (15 countries)	18.0	19.3	18.9	19.8	19.7
New Member States (12 countries)	24.8	23.1	23.4	23.2	24.0
Bulgaria	29.9	25.5	24.9	26.7	28.9

Source: Eurostat

Poverty rates among children in Bulgaria (0-17) seem to have risen since the start of the global economic crisis which had a strong impact in Bulgaria in 2010-2012. The latest available Eurostat data were from 2011 and showed clearly that the at-risk-of-poverty rate among Bulgarian children was high above the average levels even in new member states. The poverty rate among those aged 18 and over was still high against the European setting (20.9% in 2011), but much lower and without the strong upward trend affecting children.

Looking at the deep and very deep poverty we find out that the disparity between Bulgaria and EU averages is even larger.

**Table 3. At-risk-of-poverty rate 0-17 (40% of median cut-off point)**

	2007	2008	2009	2010	2011
European Union (27 countries)	7.0	6.5	6.7	7.2	7.1
New Member States (12 countries)	11.1	9.6	9.1	9.6	9.7
Bulgaria	18.2	14.4	12.4	14.6	16.6

Source: Eurostat

<sup>2</sup> Readers should note that the drafting of this report was completed in September 2013 thus it does not include an analysis of data or policy developments that became available after this date.

<sup>3</sup> National Statistical Institute, <http://www.nsi.bg/otrasalen.php?otr=73>

<sup>4</sup> Frazer, H. and Marlier, E. *Current situation in relation to child poverty and child wellbeing: EU policy context, key challenges ahead and ways forward*, European Union, 2012.

The Bulgarian poverty rate among children is more than twice the average for the EU-27 and almost two times higher than the poverty rate among those aged 18 and over (8.7% in 2011).

The situation at 50% of the equalized median income is similar.

**Table 4. At-risk-of-poverty rate for the ages 0-17 at 50% of the median cut-off point (with poverty rates for the age group above 18 in Bulgaria shown in brackets)**

	2007	2008	2009	2010	2011
European Union (27 countries)	12.2	11.9	12.2	12.4	12.5
New Member States (12 countries)	17.7	15.5	15.7	15.7	15.9
Bulgaria	24.1 (14.7)	20.3 (11.8)	18.1 (11.4)	21.6 (11.7)	23.0 (13.4)

Source: Eurostat

Poverty rates among Bulgarian households with 3 or more children are a topic of special concern. This is probably the group with the highest at-risk-of-poverty rate among all groups observed by Eurostat for the EU. The deep and very deep poverty among Bulgarian households with numerous children is also alarmingly high. It should be noted that the Roma are allocated the largest share in this group. Among the households with 3 or more children living in poverty, no estimates of the proportion of Roma households could be obtained from the sources used to measure poverty in the EU because they do not collect information on ethnicity. However, sample household surveys carried out by the World Bank and the Open Society Institute in 2010 and 2011 show that out of all households, about 5% to 6% are headed by a Roma, while among the households with 3 or more children, those headed by a Roma represent more than 50% .

**Table 5. At-risk-of-poverty rate in households with two adults and 3 or more dependent children at 40% of the median cut-off point**

	2007	2008	2009	2010	2011
European Union (27 countries)	9.5	7.9	8.3	9.3	7.4
New Member States (12 countries)	19.0	17.8	15.9	17.0	15.3
Bulgaria	55.7	47.3	42.7	47.3	51.4

Source: Eurostat

**Table 6. At-risk-of-poverty rate in households with two adults and 3 or more dependent children at 50% of the median cut-off point**

	2007	2008	2009	2010	2011
European Union (27 countries)	16.3	15.1	15.8	15.6	14.6
New Member States (12 countries)	28.1	27.4	26.1	25.7	25.2
Bulgaria	65.2	59.4	57.7	54.9	70.4

Source: Eurostat

**Table 7. At-risk-of-poverty rate in households with two adults and 3 or more dependent children at 60% of the median cut-off point**

	2007	2008	2009	2010	2011
European Union (27 countries)	25.6	25.8	25.7	25.8	24.8
New Member States (12 countries)	38.2	37.6	38.6	35.5	37.0
Bulgaria	71.0	74.2	67.9	65.2	78.2

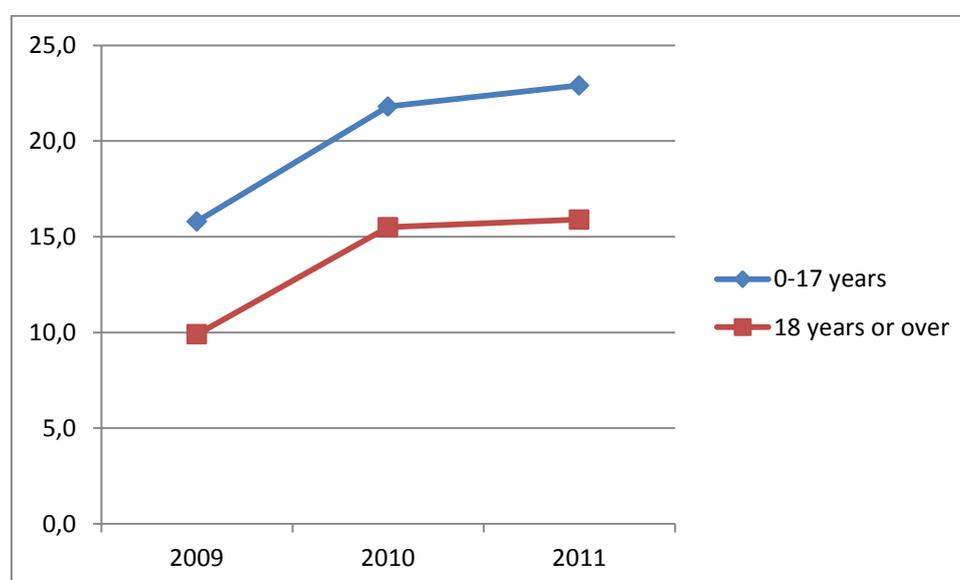
Source: Eurostat

If 60% of the equalised median income is used as the poverty line, 4 out of 5 households with 3 or more dependent children would qualify as poor. This is the official poverty line in Bulgaria.

The low education of the parents increases the risk of poverty for Bulgarian children though the net contribution of this factor is not as big as in other EU member states because the at-risk-of-poverty rate for children aged 0-17 is very high anyway. With an at-risk-of-poverty rate of 71.4% reported for the children whose parents' highest level of education was pre-primary, primary or lower secondary, in 2011, Bulgaria ranked superior only to Romania, Slovakia and the Czech Republic, which had a higher at-risk-of-poverty rate in this group.

Spells of poverty are also longer for children than for adults in Bulgaria. This can be captured by the persistent at-risk-of-poverty rate. The persistent at-risk-of-poverty rate shows the percentage of the population living in households where the equalised disposable income was below the at-risk-of-poverty threshold for the current year and for at least two of the preceding three years.

**Chart 1. Persistent at-risk-of-poverty rate in Bulgaria (2009-2011)**



Source: Eurostat

The time series also indicate that the persistent at-risk-of-poverty rate is on the rise since 2009, probably affected by the economic crisis, which in Bulgaria translated almost immediately into rather severe austerity measures.

At the beginning of 2013 Bulgaria faced some dramatic changes marked by massive civic protests, which were initially triggered by the inability of many people to pay the high winter electricity bills. In the second half of 2013 the political crisis in Bulgaria deepened. Initially, the newly elected Bulgarian Government undertook some actions, which made people reconvene on street demonstrations.

However, we will try to outline the main issues of the overall Bulgarian policy framework for tackling child poverty and social exclusion and for promoting child well-being, based on the 2013 update of the Bulgarian NRP, a recent national Strategy for Reducing Poverty linked to the NRP.

Bulgaria has made very modest progress in the implementation of the National Reform Programme. However, even with some more tangible progress, the country's capacity to prevent the current social crisis would be inadequate as the NRP failed to address some key

issues which appeared in the country-specific recommendations and yet other ones, which were omitted.

**A National Strategy for Reducing Poverty and Promoting Social Inclusion (2012–2020)** has been elaborated and approved by the Council of Ministers (CoM) on 6th Feb 2013. The Strategy has been drafted with the participation of all interested parties and presents the current status, the national targets, the key challenges, the target groups, priorities and measures. However, there isn't a comprehensive and detailed action plan to support its implementation. According to the Strategy, specific measures and activities, indicators, responsible authorities, funding arrangements, etc. will be dealt with through bi-annual action plans to be approved by the CoM. The Ministry of Labour and Social Policy will act as the coordinator of the process and report on the biannual plans implementation. However, no procedure is in place for drafting the biannual action plans, which is essential for the further implementation of the identified goals.

The review of the National Reform Programme in its part related to poverty reveals a serious gap between existing policies, aims and objectives. It's not clear if the policies will contribute sufficiently to the objectives. It seems that the adopted approach would require the proposal of several objectives followed by the evolvement of relevant policies with the hope of achieving the goals. This observation is in line with the latest NPR update as of April 2013, where the report on the CSR 5 merely summarises the activities and the corresponding amounts expensed rather than to analyse the results achieved and present the key challenges and measures undertaken to overcome them. If the issue of child poverty is to be tackled on actual terms and child well-being promoted in practice, a shift in the reporting process is required so as to make Member States focus on the outputs and impacts rather than inputs. At the same time, Bulgaria is seriously behind in its accomplishment of the targets and the CSR.

Although representatives of the civil sector were involved in the consultative process, some of the proposals concerning more comprehensive family-oriented measures were not taken on board. There are some concerns that without a comprehensive action plan and without an approach of targeted funding (versus the usual 'within the existing budget' which means that only routine programmes and activities will be funded) combined with a clear monitoring and evaluation framework, the Strategy is in the risk of becoming a worthless document and falling short of its purpose to reduce the gap between rhetoric and policy implementation into practice, thus aggravating the risks to which almost half of the children's population<sup>5</sup> in Bulgaria is exposed.

**The National Strategy for Demographic Development** has been updated for the period 2012–2030. We are not aware of any consultative process being undertaken, which implies that it was launched through the website of the respective authority, but no proactive and proper consultation has taken place.

**The Draft Act on the Child**, which guarantees the rights of all children and not only of children at risk, had been subjected to public consultation, but the process was put on hold as a result of religious parents' organisations opposition and lack of political will to mainstream children's rights in general and the right to participation in particular. It is essential to reinstate the Draft Act on the Child to the Government's agenda, as well as the **Draft Act on Pre-school and School Education** which envisaged major reform in the educational and training systems. Unfortunately, it was not approved by the 41st National Assembly, which amounts to a failure to implement one of the EC specific recommendations.

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<sup>5</sup> 51.8% of the children in Bulgaria are living at risk of poverty and social exclusion. 78.2% of the families with three or more children are poor (living with less than 140 Euro per person monthly).

**The Government continued implementing the “Vision for the Deinstitutionalisation of Children in the Republic of Bulgaria” National Strategy.** However, the process mainly focused on building small group care facilities for children with disabilities, developing foster care and restructuring 8 infant homes. The recommendations of the civil sector concerning the improvement of the process quality (investment in prevention, early intervention and family support; mechanism for ring-fencing the saved money, increasing the capacity of social workers in child protection departments etc.) were not implemented, whereas the current political situation provokes a growing concern that the process might be jeopardised.

**The creation of integrated social, healthcare and educational services for homeless people is a key measure** to reduce poverty and social exclusion. As of 31.12.2011, the Government reported that there were 10 temporary placement centres with total a capacity of 613 cots, 543 of which were occupied. We are concerned that housing children and their families in temporary accommodation must only be used in exceptional cases, since it does not provide the stability that children require for achieving their maximum potential. There was an advocacy process aimed at developing a housing policy, which spanned both the national and local dimensions, whereas relevant measures were additionally boosted by support of the EU structural funds.

**The National Strategy for Roma Integration (2012–2020)** and the Action Plan for the Implementation of the National Strategy of the Republic of Bulgaria for Roma Integration (2012–2020), which is a policy framework document outlining the guidelines for implementing the Roma social integration policy, was unanimously approved by the National Assembly in March 2012. An independent assessment of the document states that the Strategy “further develops the strengths of the previous Roma integration documents”, but also faults the document for not demonstrating sufficient funding and budgeting, noting that 71 of 120 activities in the Action Plan were not budgeted<sup>6</sup> (Amalipe Feb. 2012). Also the Strategy is not backed by a well-established monitoring and evaluation system, which imposes the conclusion that despite the Government’s numerous plans and initiatives, implementation would remain limited and sporadic (at its best) and resource allocation would be inadequate to meet the expectations and stated objectives.

**We welcome the National Youth Programme (2011–2015)** and the financing of its 4 components, but we are concerned that more comprehensive measures are needed to address youth unemployment in Bulgaria which is one of the highest in Europe.

However, in the second half of 2013, the new Government made a few steps towards the adoption of measures to surmount the unemployment of young people<sup>7</sup>. Two draft bills amending the Employment Encouragement Act were approved unanimously by the Cabinet. The first one provides for securing first jobs to young people up to the age of 29, who have finished their secondary or university education. The proposal covers a state-subsidised scheme for a percentage of the health and pension security contributions payable by the employer over a period of 6 to 18 months, as follows: 30% in the first 6 months of employment, 50% for the subsequent 6 months and 75% for the last 6 months. After the expiry of the 18 months, the employer undertakes to extend the employee’s contract by an additional 12 months. The second draft provides for the extension of subsidies to employers, who open jobs for unemployed young people, matching their qualifications and skills and hire them for a period of 6 to 18 months. The subsidy is planned to increase every six months, starting at 30% for the first 6 months, growing to 50% over the next 6 months and reaching 75% in the last 6 months. Another draft provision ensures the hiring of young people aged 29 or less, who have primary or lower education and no qualifications, on a paid position for 12 months, so as to allow them to undergo training

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<sup>6</sup> Amalipe Center for Interethnic Dialogue and Tolerance. February 2012. *Towards Following Steps Necessary: Assessment of the National Strategy of Republic of Bulgaria for Roma Integration.*

<sup>7</sup> The State Gazette N<sup>o</sup> 70/2013.

under the supervision of a state-paid mentor. The amendments foresee a provision of fellowships to participants in motivational courses. The draft law provides regulates the granting of work and residence permits in a single procedure.

**The increase in the Early Childhood Education and Care (ECEC) benefit was adopted with changes to the Budget Act<sup>8</sup>** of the State Social Security Act of 2013. The National Assembly has decided that, as from July 1, 2013, the child-care leave benefits with regard to children aged 1-2 years will rise from BGN 240 to BGN 310. This is one of the urgent social measures undertaken by the government to improve the living conditions in the country. Also, a proposal was filed for updating the 2013 State Budget. One of the reasons<sup>9</sup> to the proposal read: „Support of citizens: allocation of additional resources of BGN 40 million for the disbursement of social benefits among the most vulnerable groups. The funds will be directed mainly to compensate for the resulting deficit in the payments of integration allowances under the Integration of Persons with Disabilities Act and its implementing rules. The additional resource will guarantee the rights of people with disabilities and their socio-economic protection.”

Failure to see the negative social impact induced by existing policies is a common weakness of Bulgarian strategic documents, which makes them incapable of designing an effective response. Any attempts to explain social problems (if at all) would describe them primarily as a force majeure stemming from uncontrollable global processes, which is of course part of the story but not the whole story.

The sharp deterioration of child welfare and the increase of child poverty in Bulgaria in the context of an overall situation of social emergency has created a situation where measures for immediate relief have to take precedence over strategic considerations. Therefore, we have prioritised two very specific recommendations for further development in order to improve the overall policy framework of child welfare policies in Bulgaria: 1) Prevention of child poverty, neglect, abuse and abandonment through support to families and development of a family policy should become a major priority in the current situation; 2) The development of quality alternative care through an increase in the number of social workers at local child protection departments is another key issue which needs to be addressed.

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<sup>8</sup> <http://parliament.bg/bills/42/302-01-8.pdf>

<sup>9</sup> <http://parliament.bg/bills/42/302-01-8.pdf>

## 1.1. Access to adequate resources

### 1.1.1. Policies to support parent participation in the labour market

A major obstacle to the normal participation of parents, especially mothers in the labour market is the persistent shortage of vacancies in kindergartens. Generally, two types of localities experience a sharp deficit of childhood and pre-school education services: big cities, which fail to offer adequate enrolment capacity in public kindergartens and very small rural settlements, where the service might be unavailable altogether. For example, between 2011 and 2013, in the capital city, the shortage grew from about 8,000 to 12,000 places<sup>10</sup>. Private childcare services are also limited and come at a prohibitive cost, which is 10-15 times the cost in public kindergartens.

Also, no systematic approach exists with regard to parenting support in Bulgaria. It very much remains an emerging, fragmented policy field, too often left to the initiative or the good will of community organisations. There's an acute and urgent need to develop a family policy with clear aims and objectives, which provides for targeted funding and comprises a monitoring and evaluation framework. We believe this will help support and empower parents in their role as carers and educators, by acting before it is too late and thus contributing to fighting child poverty. The family policy should also aim to prevent in-work poverty and create adequate incomes to ensure that no child experiences poverty, support job retention and guarantee affordable, flexible and high-quality ECEC.

No minimum package of guaranteed family support services is available for 2013. There is a lack of understanding of the need for parenthood support policies and for the introduction of universal, integrated and accessible services to halt the deterioration of problems and their escalation into family crises. The linking of newly introduced community-based services to municipal and provincial strategies for social services is seen as a positive development.

### 1.1.2. Policies to provide adequate living standards through an optimal combination of cash and in kind benefits.

Maternity leave in Bulgaria is 410 days (one of the longest in Europe), 45 of which are used before the birth. This is a rather generous leave in international comparison. With the mother's consent, when the child reaches six months, the leave can be transferred to the father for the rest of the period. During these 410 days, social security contributors who have worked for at least 12 months prior to taking the maternity leave are paid an allowance of 90 per cent of their gross salary by the National Health Insurance Fund. At the end of the maternity leave mothers are entitled to parental leave to raise their child until the child reaches the age of two. This leave can be transferred to the father or to one of the grandparents who work under an employment contract and have social insurance. The amount of allowance payable during this leave is equal to the minimum monthly wage. Fathers are entitled to 15 days paid paternity leave following the birth of the baby. These are the first steps to balancing the family gender equality.

The employment rate of Bulgarian women is around the EU average, but the corresponding rate for men falls well below; and women work long hours too. To support mothers, Bulgaria has a maternity leave scheme which is generous in terms of time as well as money. There is also a special scheme entitling grandparents to parental leave. However, current spending on family policies generally is low compared to the EU average. Fertility rates are low too: the government is responding through a comprehensive National Demographic Strategy for the period 2006 to 2020, which aims to address the demographic drop in the country and the demographic change which Europe is facing. In 2010 a new

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<sup>10</sup> A new crisis in crèches and kindergartens in the capital, *Dnevnik Daily*, 4<sup>th</sup> March 2013. [http://www.dnevnik.bg/detski\\_dnevnik/2013/03/04/2014986\\_otnovo\\_kriza\\_s\\_mestata\\_v\\_stolich\\_nite\\_detski\\_gradini\\_i/](http://www.dnevnik.bg/detski_dnevnik/2013/03/04/2014986_otnovo_kriza_s_mestata_v_stolich_nite_detski_gradini_i/)

initiative aimed at families and children was launched offering a wide range of family-related services.

Bulgaria's fertility rate was 1.5 children per woman in 2011. In the same year, the female employment rate was similar to the EU average (58.5%) at 56.2%, whereas the male employment rate was lower than the EU average (70.1%) at 60.9%. Women work longer hours per week than the EU average (41.1 hours per week against an average of 33.9 hours per week): this is only one hour less than Bulgarian men. In 2010, the gender pay gap in Bulgaria was reported at 15.7%. Employment rates for mothers, where the child is younger than six, are below average (51.2%, as against 58.9% in the EU) in 2011.

From the beginning of July 2012 there is also financial support available to low-income families with children in the first year of primary education, or to families, regardless of income, where there is one living parent or a permanently disabled child. This one-off payment is intended to cover part of student expenses at state or municipal educational institutions and can take the form of financial aid and/or social investments. The amount of the one-off payment was increased in 2013 as part of an emergency support package for the most vulnerable.

There are also family allowances for children in the form of payments covering, for example, nursery fees, school meals, the purchase of textbooks and other school supplies. In addition, to prevent children dropping out of school, child allowances are conditional on the child's regular school attendance.

Still the types of family benefits are mainly financial and generally inadequate in size for their intended purpose, whereby they fail to amount to a sustainable family support policy.

The funding mechanisms for social and family services are not tailored to the needs of clients and do not meet even basic coverage and quality standards. Capacity-based financing, i.e. paying the same amount of money per child each year, remains the rule, but this approach does not account for the individual needs of clients.

One of the meaningful recommendations in this situation would be to develop a set of statutory rules, a financial standard and a methodology to guarantee the minimum package of services for children and families at the local level. Another recommendation is to create a link between cash benefits for parents, child protection measures and family support services.

## 1.2. Access to affordable quality services

### 1.2.1. Policies to further develop the social inclusion and development potential of early childhood education and care

Despite declared plans, no standards for early childhood education care have yet been introduced, and the public institutions did not include the relevant activities in the 2012 National Child Protection Programme.

Small-scale systemic efforts are only being made by UNICEF Bulgaria, providing for the main rationale of early child development initiatives in place by now.

One of the tasks of a social inclusion project implemented by the MLSP was to test and approve models and standards for early childhood education and care. However, no clear timeframe was set for accomplishing this task and no concerted efforts are being made by the responsible institutions.

A reversal in the negative trend was reported with regard to the continual decrease of the net enrolment ratio (NER)<sup>11</sup> – a net indicator for child coverage by the mandatory schooling system. However, it is not yet clear if this improvement will be sustainable. In any case the high drop-out rate in several cohorts in a row makes it very likely that Bulgaria will not meet the Europe 2020 target for reducing the rate of early school leaving.

Within a twelve-month period, an increase has been registered in the coverage of 5-year olds for 66% of municipalities which have introduced the measure. For the 6-year olds coverage exceeds 97 per cent. The net ratio for children enrolled in kindergartens during the 2011/2012 school year is 81.5 per cent, which represents an increase of 6.6 per cent as compared to the 2010/2011 school year. However, the persistent deficit of places in kindergartens and crèches continues to be a major obstacle to enrolment.

According to data from the National Statistical Institute (NSI), in 2012, the NER increased by 4.3% in primary schools and by 1% in the junior high and high schools, respectively. However, this is insufficient to make up for the decrease by 7 and 5 per cent in the elementary and junior high schools, despite being the first positive change in the last five years.

Imminent steps would require the identification of clear stages and leadership roles in the development and approval of early child education and care standards; making use of existing good practices in the field, following a dialogue and consultations with experts and professionals from a large number of organisations; arrangements for the delivery of different early education and childcare services and provision for adequate facilities, educational technologies, teaching methodologies and staff qualifications.

### 1.2.2. Policies to increase education systems' capacity to break the cycle of disadvantage

A comprehensive Strategy to reduce early school leaving for the period 2012-2020 has been developed. The strategy is a serious contribution on the part of the Ministry of Education, Youth and Science (MEYS) to the policy designed to guarantee children's access to education. However, it does not contain an estimate of the necessary resources and the potential sources of funding which, given the broad scope of the intervention, jeopardises its implementation in practice.

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<sup>11</sup> Definition: the ratio is calculated as a percentage, i.e. as a ratio of the number of pupils attending school in the different age groups 7 - 10, 11 - 14 and 15 - 18, as compared to the total population in the same age groups. The numbers of school children and the population are calculated as of 31 December each year.

The institutions responsible for ensuring access to education continued to function without being able to rely on up-to-date information and/or relied on information that differed significantly due to the different methods of collection used by different providers.

Unresolved problems with the coverage of children with disabilities continue to persist. Children with special educational needs are taught at less than half of the schools in Bulgaria and observations reveal that the educational process can be described as inefficient. In essence, children with disabilities continue to be excluded from the educational system.

The results of the work done on the development of general school educational standards to date have not been released, hence no assessment can be made of the changes in the schoolwork pupils are required to handle.

The Pre-School and School Education Act failed to be adopted by the end of 2012 and no further actions have been taken in 2013. This brings the whole process of modernising education back to square one.

The MEYS has continued to determine the single standards for the upkeep of children/pupils with special educational needs without taking into account the individual needs of children/pupils solely depending on the type of school attended and the form of tuition.

According to information received from the MEYS<sup>12</sup>, the single standard for pupil support in a secondary comprehensive school is BGN 1,350 on the average.

In 2012, the supplement for schoolchildren in need of additional resources was increased by 51% and is currently fixed at BGN 293<sup>13</sup> per annum. Considering inflation, this represents a minimum progress. There is still little incentive for the admission of children with special educational needs to general schools.

Forty per cent of the supplement (i.e. BGN 117) must be disbursed on building a supportive environment that facilitates the teaching process. However, the elements of supportive environment have not been specified and no clear distinction was made between physical accessibility measures and other inclusion measures for children with special educational needs.

There are several running projects to optimise the school network for children with special needs, provided the previous year decrease in the number of their pupils by 3.2%. Hopefully, the conditions in specialised schools will be improved along the same timeline, without affecting adversely the improvements in mainstream schools.

The supportive environment for children with special educational needs is still mistaken for accessible physical environment (ramps, platforms, other technical facilities and adapted restrooms). According to information received from the Centre for Independent Life, only 4 out of 250 schools in Sofia are accessible.

The list of technical aids available to disabled children and schoolchildren free of charge does not include any learning aids.

Twenty-eight resource centres throughout Bulgaria are working together with mainstream schools in support of the achievement of the individual tuition plans of pupils with special educational needs.

Other alternative services, such as adapted after-school classes for children and pupils, resource points, guaranteed transport to school and back, exercises with physical therapists and sessions of psychological and speech therapy are difficult to come by and there is a pronounced lack of awareness in respect to their use.

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<sup>12</sup> Information released by the MEYS pursuant to the Access to Public Information Act, Decision N 18-425/16.08.2012.

<sup>13</sup> The sum is disbursed to schools and kindergartens into which children and school children with special educational needs are integrated.

Despite the presence of children with disabilities in schools, the outcomes of the teaching process remain questionable due to the failure to alter and adapt teaching methods and practices and to change the system of sitting tests and the school environment in general.

No strategy for the introduction of civil education has been developed despite the commitments undertaken in the programme for the development of education, science and youth policies in Bulgaria for the period 2009-2013.

In 2012 the Pre-School and School Education Act was passed by Parliament at the first plenary reading. The draft sets out the national educational standards for civil, health and intercultural education. However, the Parliament failed to enact the law by the end of the year, which prevented the formation of the relevant working group (on the order of the responsible Deputy Minister), whereby the respective standards remained incomplete.

At present, the following actions seem of paramount importance: to continue the efforts for modernising school education by enacting a new law on education; to ensure an inclusive environment not only in terms of physical access but also resources available to the teaching community, for example special teaching and technical aids and equipment, appropriate learning aids and materials, and educational technologies; to develop a single set of criteria and a methodology for assessment of school environment accessibility; to appoint assistant teachers and other specialists capable of addressing children's needs at all times for the purposes of facilitating the work process.

### **1.2.3. Policies to improve the responsiveness of health systems to address the needs of disadvantaged children**

The key mechanism for awareness-raising and promoting check-ups by physicians, prevention of diseases and pregnancy supervision is the work carried out by health mediators whose focus is on Roma communities.

The work of health mediators is financed by the government as a delegated activity. However, there are only 109 health mediators. The service falls short of the expectations to achieve the goal of improving maternal and child health.

Pregnant women without health insurance coverage are practically excluded from the National Health Insurance Fund (NHIF) programme, which lays down the rules for pregnancy supervision by general practitioners, gynaecologists and obstetricians.

The operational government standard for paediatrics does not entail a working mechanism for comprehensive healthcare for infants and their families living in remote areas, small towns and areas with compact Roma populations, where no surgical or specialised care is delivered and access to health services is severely hampered.

Within the framework of the UNICEF-funded project for the closure of the HMSCC Shumen<sup>14</sup> a new model for community outreach health services has been developed. The model is called Maternal and Child Health Centre.

The model will be rolled out at district level. It will target pregnant women, women who have given birth recently and children aged up to three years and their families as well as groups at higher risk. The model was developed in the context of the deinstitutionalisation policy, but had not been rolled out by mid-2013, hence it is difficult to judge its efficiency. Health specialists in surgeries are neither allowed to issue referrals for consultations and

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<sup>14</sup> The "A Family for Each Child project" (closure of HMSCC Shumen) is implemented by UNICEF Bulgaria in partnership with the Ministry of Health. Project activities are implemented jointly with non-governmental organisations such as the Social Activities and Practices Institute and the Child and Space Association. Under the project a pilot network of services and measures for support of the parents and families of infants aged (0-3 years) has been created with the ultimate goal of closing HMSCC Shumen.

tests nor prescribe medication. Given the current statutory framework their functions are extremely limited.

Although the Ministry of Health (MH) is able to disburse subsidies for clinics and hospitals under the Health Establishments Act, no subsidies were disbursed in 2010-2013 for deprived and/or remote areas.

The education system does not avail of trained experts having the skills necessary to implement a comprehensive mental health programmes.

Children with problems are not covered by official statistics, which prevents the adequate planning of measures to help them overcome such problems. Similarly, there are no teams trained sufficiently to conduct an active monitoring of children with special needs.

There are 11 child psychiatric surgeries, which is significantly less than the minimum requirement of 28. Similarly, psychiatric departments fall short of the requisite standard by 1/3 and there are only 15 specialists countrywide (less than half of the requisite minimum).

There are no specialised surgeries for children and teenagers in almost 2/3 of provincial centres and the requirement for the minimum number of child psychiatrists is covered at less than 50 per cent. There are psychiatric wards in only 5 towns.

Specialist psychiatric care for children and teenagers is, for all intents and purposes, inaccessible for the great majority of Bulgarian children.

No comprehensive child mental health programmes have been introduced. There are neither preventive programmes nor ones catering to the needs of children with mental disorders and their families.

According to the latest available statistical data<sup>15</sup> the infant mortality rate has decreased from 8.5‰ in 2011 to 7.8‰ in 2012 – the lowest in the history of demographic statistics in Bulgaria. Nevertheless, infant mortality remains twice as high as the EU average rate of 4.18 per thousand.

Overall, infant mortality dropped a bit in 2012 only with all other indicators remaining at the same level – approximately twice as high as EU average rates.

No analysis has been conducted of the reasons for the persistently high infant mortality and why it is double the average rates in other EU member states.

The process for developing a National Strategy for Improving the Nation's Health 2014-2020, which started in the second half of 2013 was a decisive step ahead.

#### **1.2.4. Policies to provide children with an adequate housing and living environment**

Unfortunately, homelessness as well as poor and precarious housing conditions were not on the list of problems mentioned in the Bulgarian SSR, as they are generally neglected in policy documents related to social inclusion and child wellbeing.

At the same time, there are at least 20,000 Roma households in urban ghettos and rural areas, characterised by very poor housing conditions. By 2014, the government's only response to community housing demands would be to launch pilot projects in four municipalities for about 300 housing units. In 2013, no progress was reported in social housing policies. The progress of the 4 social housing projects in municipalities with Roma population is very slow. In the town of Dupnitsa, where the largest housing project is underway, planned construction works were suspended due to shortage of finance. Following a discussion with the Deputy Mayor of Dupnitsa, we found out that the inadequate planning, coupled with the request of the Ministry of Regional Development and Public Works to build the required housing units with too little funding, has brought forth

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<sup>15</sup> National Statistical Institute. Population <http://www.nsi.bg/otrasal.php?otr=19&a1=291&a2=296>

the current deficit of about 1 million euro. The four pilot projects are funded by the ERDF and the ESF, so it is very important to ask the government about the status of the projects and their plans to address challenges during the course of implementation.

It is necessary that the Government ensures access to affordable permanent accommodation through the development of a housing policy and encourages measures (including supported with EU structural funds) to support the development of quality and available social housing to all groups of population prioritising large families and families from ethnic minorities.

### **1.2.5. Policies to enhance family support and the quality of alternative care**

Access to abandonment prevention social workers is available solely through the maternity wards of provincial hospitals.

Social services development strategies at municipal and provincial level have been drawn up on the basis of analyses of community needs. Yet there is no mechanism enabling the introduction of services. The decisions about the services to be developed in a municipality during the year depend on the funds available under national projects financed from the European Funds. Strategies are focused exclusively on children at risk and there is no understanding for the need to follow an integrated approach spanning social, health, educational, housing, transport and other issues.

Packages of family support services are being planned under several on-going projects for the deinstitutionalisation of children in different types of residential care. However, these initiatives remain uncoordinated. Furthermore, they are not linked to municipal and regional strategies.

The lack of a clearly defined minimum package of guaranteed family support services and the haphazard planning approach (scoping primarily across projects financed by the Structural Funds) generate an uneven distribution of services.

The Support project, which aims to improve the interaction and coordination between deinstitutionalisation projects, is an encouraging initiative in this regard.

The analyses assessing the needs of children placed with institutions for children deprived of parental care (ICDPC) and of disabled persons awaiting placement in specialised institutions is seen as a positive development in the context of the social services planning system in 2013.

The approved financial standards for community-based social services are inadequate and incapable of ensuring the development and management of human resources. Hence they have a detrimental impact on the quality of available services.

The Family Type Placement Centres<sup>16</sup> (FTPC) are regarded as the main alternative to institutions for children with intellectual disabilities (ICID). The annual amount of BGN 7,255 per child is critically low and is barely sufficient for covering the basic needs of children. No mechanism is in place for differentiating annual allowances based children's individual needs.

According to the SACP Report of 2012, over the reporting period, the deinstitutionalisation process has made tangible progress. The number of children in foster care has reportedly increased from 112 in 2009 to 391 in 2011. However, data suggests that the total number of children in foster care is still low, despite its threefold increase in 3 years<sup>17</sup>.

At the end of June 2013, the total number of children placed in foster families was 1,705 (186 children are housed in volunteer foster families and 1,519 children were placed with foster professionals), the total number of approved foster families was 1,663 (150

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<sup>16</sup> or Small Group Homes

<sup>17</sup> SACP (2013), *Report 2012*, State Agency for Child Protection.

volunteers and 1,513 professional foster families). Only in the first quarter of 2013, the successful abandonment prevention cases amount to 640. Since the beginning of the calendar year to the end of March 2013, the total number of successful reintegration cases was 308. For the same period, 189 children were adopted<sup>18</sup>.

A positive development in the overall context of the project are the additional support measures of the SAA for municipal foster care teams, which in 2013 provide for the involvement of external consultants.

The pilot projects running in eight homes for medical and social care for children (HMSCC) provide for restructuring at the phase of service planning: building infrastructure; exit of children from the facility; provision of adequate financial availability to ensure service delivery.

The hiring of experts to assess children and their families was delayed. Assessment work commenced at the end of 2012 and continued into 2013.

During the year, the MH and SAA took on board a proposal for the introduction of new services to replace the functions of the existing HMSCC. However, no call for substitute service financing was opened due to the delay in child assessment work and infrastructure reforms.

Besides the government-implemented projects for the pilot closure of 8 HMSCC, another positive development has been the willingness of the MH to increase the number of homes scheduled for closure. With the assistance of non-governmental organisations, 5 more HMSCC will be closed.

There is a mandatory requirement that prospective adoptive parents follow an approved training programme. However, no specific methodology for the training has been developed and it is inadequately funded.

In 2013, the commitments relating to the development and support of adoption were dropped as an item to be reported in the Deinstitutionalisation Action Plan and adoption is no longer regarded as a priority within the context of the foster care development policy.

In practice the adoption process in Bulgaria continues to be fragmented between different bodies and can be described as confusing rather than supportive and encouraging. There is no standard for the training of prospective parents; there are no rules for the venue and the participants in the meeting and this frequently frustrates either the child or the prospective adoptive parents. Supervision is highly formalistic.

The unprecedented practice of the so called 'disadoption' has continued to exist<sup>19</sup> as does the practice relating to confidentiality of the adoption record whereby the origin and kinship details of the child are erased or removed.

In practice the adoption process in Bulgaria continues being broken between different bodies about assessment of applicants, training, keeping registers, matching and decision-taking. There's obligatory preparation and training of adoptive applicants. However, there's a lack of specialised services for support of applicants and approved adoptive parents. The service providers are involved in the process in individual cases and mainly in training of applicants. The post-adoption support is formal rather than committed and effective.

The efforts of the inter-institutional working group on alignment of foster care and adoption procedures are seen as progress and a demonstration of political will for improvement of existing procedures.

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<sup>18</sup> Statistical data of the SAA. Foster care development.

<sup>19</sup> Family Code, in force from 1 October 2009, amended SG No 100 of 21 December 2010, Article 106(1)(2).

It is of great importance to develop quality alternative care by strengthening the capacity of social workers child protection departments. This is a major challenge for all reforms related to children in Bulgaria – deinstitutionalisation, juvenile justice, inclusion of children of Roma origin and children with disabilities, etc. There’s an acute shortage of well trained and experienced social workers (570 people as of end Dec 2012), while the average annual workload of one social is 284 cases (as per the recently adopted Road Map for the implementation of the Juvenile Justice Reform Concept in Bulgaria). Providing effective support to children and families living in poverty or at the risk of poverty is vitally dependent on investments in social workers staffing, training and support. This will also improve the preventative approach of child protection, ensuring that no children are separated from their families on the grounds of poverty.

#### **1.2.6. Preventing poverty through inclusive labour markets, adequate and sustainable social protection and access to high quality, affordable and sustainable services**

- Energy poverty

In 2012, we warned about the NRP’s tendency to overlook inflation, assuming that inflation would rise above 3% if the economy grew at a fast rate. We warned that for a country like Bulgaria, rising inflation rates and stagnating incomes could ensue a very bad scenario against the background of relatively low incomes and high poverty rates<sup>20</sup>. Despite recognising some of the threats associated with the rising prices in a stagnating economy, which ensued from international market developments (e.g. for fuels) and the relevant tensions resulting for state-regulated utility prices, the NRP failed to assess correctly the risk of the situation, proceeding on the assumption that price regulation will not amount to inflation. However, the NRP remained unperceptive to the large income proportion, which poor and middle-class households had to allocate on utility bills and heating costs, especially in winter. The main instrument for addressing energy poverty in Bulgaria are the heating allowances – a seasonal means-tested programme for earmarked social transfers which are rather narrow in their scope and small in size.

The issues of energy poverty surfaced at the beginning of 2013 when mass protests took place all over Bulgaria. The problems which triggered the issues of energy poverty are deeply embedded in the operating mode of energy markets. The issue of energy poverty is also reflected in the country-specific recommendations which mention that ‘the functioning of energy markets at both wholesale and retail levels remains problematic’. One of the issues mentioned in the recommendations is the regulated prices for consumers. Regulated prices however did not contribute to consumer welfare. Moreover, it has been clear that for many years the Bulgarian energy regulating body had been dominated by the corporate interests of energy monopolists and its decisions were not transparent. At the same time energy allowances for the most vulnerable households during the cold part of the year have remained inadequate in coverage and size. In view of the coming price increases, a complete reshaping of the existing social safety net for energy allowances needs to be undertaken.

There are reasons to believe that families with many children could well be overrepresented among those in need that don’t receive energy benefits or receive inadequate energy benefits. It is therefore recommendable that the Ministry of Labour and Social Policy together with the State Agency for Child Protection should make an urgent review before the start of the winter on how energy poverty affects families with children and take measures to improve coverage of energy allowances. Another aspect of the same problem,

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<sup>20</sup> Bogdanov, G. and Zahariev, B. *Assessment of Progress towards the Europe 2020 Objectives*, The European Commission, 2012, 3.

affecting probably the same vulnerable children is the underfunding of small rural schools, which are also forced to make economies on heating during the cold part of the year and maintain substandard temperature in the classrooms. Recent comments from the Minister of Education give hope that this issue will be addressed.

- Access to health care

The Council Recommendation concerning the NRP 2012 of Bulgaria mentions as a key challenge the inclusion of people not paying contributions, as well as tightening controls and criteria for the allocation of disability pensions. Bulgaria has up to now not designed any policy offering an adequate response to the first challenge of providing access to health for the poor among more than 1 million people without health insurance. Our second recommendation is related to this challenge.

The lack of access to healthcare for parents with no health insurance affects their children. Parents who have lost contacts with healthcare units tend to seek less healthcare for their children. This may affect e.g. immunisation practices. Roma neighbourhoods, for example, continue to face lower immunisation rates as a result of which there was a large measles outbreak among the Roma in 2010, with some fatal cases.

Non-insured mothers get less pre-natal care and their pregnancy is often not monitored as closely as the pregnancy of insured mothers. Mothers without insurance miss some of the important health screenings for pregnant women. In combination with a poor environment and generally unhealthy living ways, this practice increases the risk of pregnancies ending in underweight or disabled newborns. As evident from anthropometric data, the rate of underweight minority children is much higher than among Bulgarian children.

In 2011 (the latest year of comparable data from UNICEF) infant mortality rate in Bulgaria (11 per 1,000 live births) was comparable to that of Russia and Ukraine<sup>21</sup> but still far from the best performing EU countries, despite a significant reduction for the last 10 years.

Anthropometric data also give some indications that there are unaddressed problems with the access to health care for children, pregnant women and mothers. Iron deficiency anaemia is related to the low birth rate, which in turn can be influenced by the mother's condition during pregnancy. The sample survey by the National Centre for Public Health Protection, which is the most recent available survey of breastfeeding in Bulgaria shows that children of Roma origin in the age group 6-12 months have the highest incidence of anaemia – 61.2%. Moderate anaemia is prevalent among Roma children while most of the Bulgarian children with anaemia have the mild form.

In relation to CSR 1 concerning the quality of public expenditure, the updated NRP recognises that the health sector continues to face serious challenges in terms of the financial condition of hospitals, health service quality, technical equipment and staffing. It fails to mention the large number of people without health insurance. Hospitals also continue to run deficits and the rules for their funding are changed every year, which creates great insecurity in the system and has a direct negative impact on the access to health care and the treatment of patients. The geographic distribution of health care services which has been a declared priority in health care reform for many governments remains an unaddressed issue. Distribution of prenatal care and available of pediatric

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<sup>21</sup> UNICEF Country Statistics, 2010; UNESCO Institute for Statistics.

specialists is among the issues related to the need for restructuring of healthcare facilities on the basis of national mapping of healthcare needs.

## 2. Addressing child poverty and social exclusion in the European Semester

### 2.1. Coverage in the National Reform Programme (NRP);

The updated National Reform Programme (NRP) Report for 2013 shows that Bulgaria had maintained its national targets and is opting for an interim assessment and a possible review thereof at about the mid-term of the Europe 2020 Strategy timeframe. The Report emphasises the efforts invested to improve young people's employability on the labour market, to enhance the business environment and to boost the confidence in public institutions, school education, e-government, etc. Meanwhile, the analysis of individual measures reveals delays or postponements in the implementation of almost all reforms, and particularly the adoption of certain pieces of legislation, such as the Child Act, the School and Pre-school Education Act, the Healthcare Strategy, etc. The public administration and the structures of political government had focused their energy primarily for the accomplishment of singular projects<sup>22</sup> spanning across administration departments or individual units.

The progress of the National Reform Programme is rendered objectively and demonstrates Bulgaria's capacity to ensure further advancement towards the 2020 targets, within the context of its present-day economic and social development. In its very introductory outline on macroeconomic prospects, the NRP contains negative forecasts of falling employment and rising unemployment rates, to an estimate of 13% for the country. Overriding arguments are almost entirely attributed to the economic crisis and its impact on the labour market, poverty, etc. However, the document shows that reforms in the various sectors had not been launched yet and were obviously postponed for later. A typical example in this respect is the appended **Healthcare and inpatient treatment** roadmap, which does not contain objectives and actions to be actually undertaken in the forthcoming years, but rather a list of separate intentions. Moreover, the healthcare reform had not been backed up by either public consensus or an overall vision.

The chapter on education points to the commencement of 'large-scale reforms in **school and pre-school education** aimed to update the model of educational service provision'. However, no mention is made of the obstacles to the reform advancement, or of the fact that it is actually endangered, as the former government did not succeed in getting a favourable parliamentary vote for the new **School and Pre-School Education Bill**. The forecast of getting the Bill passed in the second half of 2013 seems overoptimistic, as the new Parliament is scheduled to start work in June, while political forces will act in a new configuration. The second reading of the Draft submitted by the former Cabinet encountered considerable objections.

Numerous dissenting opinions were expressed with regard to mandatory pre-school education for the 4-year-olds. The former Parliament did not take these opinions into consideration, but the resumption of the debate will be likely to kindle an even greater upsurge of parental disagreement to the approach. One of the leading arguments by the National Network for Children pointed out to the inadequacy of the new provision of mandatory pre-schooling for all children at the age of 5, as high fees for kindergartens severely affected the **coverage of children from vulnerable groups**. Therefore, imposing the requirement of nursery education and subsequent sanctions for non-compliant parents will not ensure the coverage of children from the earliest age. Proposals tend to address the need of extending the enrolment capacity of nurseries and opting for a greater diversity of early-age educational services, such as parental co-operatives.

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<sup>22</sup> For instance, section 1: Equipment acquisition projects for hospital establishments, p. 13; Appendix 1: Account of country-specific recommendations and other macro-structural reforms aimed to fulfil the national targets and priorities for the Europe 2020 Strategy, p. 55

The section on the measures aimed to alleviate **poverty and social exclusion** provides a clear overview of the situation in the country. The share of people living in poverty or in social exclusion was 49.1% in 2011, which is 1.6 points higher than 2009, when it was 41.60%. The analysis demonstrates that social benefits were governed by social stability reasoning, with no increase for 2010 and 2012, which equally applies for social service expenditure standards. This is an actual indication of deepening poverty with no committed actions on behalf of the government. Again, the emphasis for this topic is shifted to the de-institutionalisation projects funded by the ESF and a World Bank loan, which rather target the readjustment of the scope and quality of services over a long-term scale, but would hardly exert any impact on the immediate relief of poverty in the country. No changes are being planned in terms of social support programming.

It is worth mentioning that there is much room for improvement in the use of the ESF for addressing poverty and social exclusion in Bulgaria. In general, Bulgaria is placed among the countries where the ESF had least impact due to the low absorption rate. In the social sphere, where finance is allocated mainly to projects for employment promotion and the integration of disadvantaged people, the progress is even lower. According to recent surveys, the absorption of EU funds is obstructed mainly by the heavy and bureaucratic application procedures and the low capacity level of the (local?) administration<sup>23</sup>. Other problems in the execution of public procurement contracts reveal deficiencies in legislation, particularly in the appeals of contract award decisions, which may result in the overall suspension of funding for the project. Irrespective of the improvement in 2012, the above conclusion still prevails and Bulgaria's prospects for absorbing considerable portions of ESF funding in 2013 remain dire.

The evaluation analysis of the ESF use in handling the impact of the economic and financial crisis concludes also that in Bulgaria (and Romania) 'tight budgetary restrictions meant that the national governments were unable to provide the financial resources needed to support labour market policies. Thus, while the ESF had the potential to play a key role in labour market support, the two countries failed in making proper use of it'<sup>24</sup>.

In 2013 some refocusing on youth unemployment as a key priority took place, which is not covered in the revised NRP. It seems that youth unemployment will emerge as a new major challenge. Legal changes were introduced to provide for the opening of new jobs and for subsidising employers who hire unemployed young individuals, ensuring their vocational training and/or training on key competences. Reportedly, however, the programme did not draw sufficient interest from the employers<sup>25</sup>. The 'First Job' programme was designed to respond to rising youth unemployment by encouraging employers to hire young people aged 29 or less by covering part of the employers' labour expenses, vocational training and/or key competences through vouchers.

In the context of country CSR No 3 concerning employment and social inclusion the NRP presents measures targeted at unemployed and inactive young people. The measures are combined under a National Initiative "Jobs for Young People in Bulgaria 2012-2013". The aim is to reduce youth unemployment to 23% and youth inactivity rate to 19%. Generally, employment rates among young people in Bulgaria range over the low end of the EU axis and have been affected by the global economic crisis. In 2012, employment rates among the young aged 25-29, which have most likely finished their education, was 63.7%, against the rate of 75% in 2008. The EU-27 same age employment rate for 2012 was 71.1%.

Young people in Bulgaria are among the most adversely affected groups across the EU, irrespective of the dramatic economic developments occurring in other countries. In 2008,

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<sup>23</sup> Tödting-Schönhofer, H., Hamza, C. and et al., A. R. *Evaluation of the reaction of the ESF to the economic and financial crisis*, Metis GmbH, 2012.

<sup>24</sup> Tödting-Schönhofer and Hamza: 2012

<sup>25</sup> GHK, I. (2013), 'Catalogue of measures: 1st Quarter of 2013 (January – March 2013)', *EEO Quarterly Reports*, 1-145.

the unemployment rate among people aged 15-24 in Bulgaria was lower than the average for both EU-27 and EU-15. In 2012, it was much higher and remains on the rise in 2013.

Approving measures to surmount the unemployment of young people was a positive step (see page 9).

## 2.2. Setting of specific targets for the reduction of child poverty and social exclusion

The Bulgarian NRP does not contain any specific targets related to child poverty. The Bulgarian NRP recognises that Bulgaria's Europe 2020 target concerning reduction of poverty could become difficult to reach and attributes this risk to the economic crisis. The Bulgarian NRP quotes in this respect an SPC report from the end of January 2013, which says that most EU member states face a similar trend.

The NRP recognises that the national policy of fiscal consolidation and maintaining of the macroeconomic stability has been the top priority, which required freezing all transfers and spending standards for social services (p. 44). These austerity measures must have affected the access of families with children to various services, whereby the straightforward pursuit of fiscal consolidation does not seem neutral to child poverty reduction and child welfare policies.

The austerity-based strategy was meant to speed up the exit from the economic crisis or at least to avoid the worst consequences of it. The first expectation has not materialised. Just to the opposite – Bulgaria is now faced by an even further extension of the lengthy stagnation period. Regarding the country's expectations to avoid the worst social consequences of the economic crisis, it is difficult to assess how social conditions in Bulgaria surpass those in the EU Member States, which are most unstable macro-economically and fiscally. Bulgaria owes its political instability precisely to the government's inability to grasp the actual depth of the social consequences of the economic crisis. Waiting for better times in order to strengthen policies targeted at children does not therefore look realistic and advisable at this stage. This "strategy", which in the recent EAPN and Eurochild report is correctly placed among myths<sup>26</sup>, was very typical for the approach of the Bulgarian government during the whole economic crisis.

Investment in children is one of the CSR for Bulgaria which recommends **improving access and effectiveness of benefits** and social services for children<sup>27</sup>. To this end, the government continues its work on the implementation of the five de-institutionalisation projects, for which funding was extended by the ESF and the RDF, whereas one project is being financed by a World Bank loan. Over the past few months, decent progress was reported by the de-institutionalisation projects, some being advanced at a more energetic pace, such as foster care, while others tend to be much slower, as the closing of infant residential facilities for the 0-3 age group.

Financing social services for children remains an issue of high concern, in particular those addressing disabled children who reside in family-type centres, where funding shortages amount to 50% and social service providers<sup>28</sup> are forced to extend additional funds to the provision on an annual basis. Moreover, reporting does not make it clear how the funds from closed-down facilities and the capacity of specialised institutions are being reallocated, as only a portion of these were committed to the initiation of new services. In general, no clear-cut public mechanism had been elaborated to settle the financial parameters of the de-institutionalisation process. Another serious issue is the inadequate capacity of the child

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<sup>26</sup> EAPN and Eurochild *Towards Children's Well-Being in Europe: Explainer on Child Poverty in the EU*, EAPN and Eurochild, 2013.

<sup>27</sup> 'To alleviate poverty, improve the effectiveness of social transfers and the access to quality social services for children ...'

<sup>28</sup> *Notebook 2013 – Child care: how is the state performing on the average?*, National Network for Children, table 7: Family-type centre cost breakdown per child, p.50.

protection departments which operate under the umbrella of the Social Assistance Agency. The workload of social workers remains as high as 150 cases on the average, while effective standards provide for an average workload of 25-30 cases. Social workers continue to receive an extremely low pay, while expectations are that they should be handling child cases on an equal footing with other professions, such as teachers, judges, physicians and police officers, where salary levels are much higher.

No actions have been taken by the administration yet to overcome the difficulties in child protection departments and the inadequacy in social services financing.

### **2.3. Special monitoring arrangements**

Monitoring of any arrangements concerning the implementation of the CSR for improving the access and effectiveness of benefits and social services for children should involve at least two government bodies operating under the Council of Ministers and other stakeholders, primarily NGOs working with children and families, NGOs active in the field of pre-school and school education and NGOs representing vulnerable groups like the Roma.

The two relevant government bodies are the State Agency for Child Protection and the National Council for Cooperation on Ethnic and Integration Issues.

Due to their direct dependence on the government they also seem incapable of raising issues which call for major policy changes or initiating fundamental reforms, especially if they are costly. The SACP sets targets which are primarily operational rather than related to the outcomes and impact on children. For example in relation to child poverty the SACP has set the target to participate in the preparation of draft legislation but no specific targets on what should be necessarily introduced in the legislation in order to improve child wellbeing in Bulgaria<sup>29</sup>.

Therefore the issue of the adequacy of social benefits including child benefits and allowances has remained beyond the scope of discussion, target-setting and monitoring. Regulating the provision of separate social services and the monitoring of their quality has been part of the mandate of the State Child Protection Agency, but within the scope of the existing budgetary and legal framework. Pressing for legal changes and standards which are likely to incur significant new commitments and costs does not seem to have been part of the SACP's agenda. Despite that, any monitoring procedure should involve the mentioned bodies on behalf of the government, but their mandates and activities should be supplemented by a strong independent monitoring from the civil society.

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<sup>29</sup> SACP *Report on the Achievement of Targets for 2012*, SACP, 2013.

## 3. Mobilising relevant EU financial instruments

### 3.1. The European Social Fund

The ESF in Bulgaria was extensively used during the current programming period to support various measures in the field of school and pre-school education. Without this money the Bulgarian system of compulsory education and early childhood education and care would have suffered deficits for key activities. The negative side of this dependence are the potential threats to long-term sustainability of important educational services like teacher training and extracurricular activities for children. The Bulgarian budgetary and tax system is getting “used” to not having to provide for these activities, which will be needed indefinitely for every next cohort of students. We can safely conclude that they cannot be covered at the current Bulgarian tax rates.

ESF support for the Bulgarian pre-school and school education will continue over the next programming period as well. A new operational programme will address specifically education and research, with the Ministry of Education acting in the managerial position. This is an opportunity, but it is also a risk, if the Ministry of Education’s capacity to manage a separate OP is taken into account. During the present programming period, education was covered by the Human Resource OP, managed by the Ministry of Labour.

The Bulgarian government is particularly fond of reporting the deinstitutionalisation of children as a good practice in the use of EU funds. It is often quoted as an example of good coordination between programmes. Indeed, in the 2014-2020 programming period, the Bulgarian Government managed to effectively negotiate a sufficient allocation of ESF and ERDF money for deinstitutionalisation. Deinstitutionalisation is explicitly mentioned as a priority in the Partnership Agreement between Bulgaria and the EU for the next programming period 2014 – 2020.

Relevant actions on deinstitutionalisation are included in the Operational Programmes for the next programming period 2014 – 2020 and coupled with a sufficient allocation of resources. The current rules regulating national terms and conditions for Structural Funds spending are substantially revised in line with stakeholders’ key recommendations.



