



ESPN Thematic Report on Social Investment Bulgaria 2015

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January – 2015



EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
Directorate D — Europe 2020: Social Policies
Unit D.3 — Social Protection and Activation Systems

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EUROPEAN SOCIAL POLICY NETWORK (ESPN)

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Social Investment
Bulgaria
2015**

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The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

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Contents

CONTENTS	5
SUMMARY	6
1 ASSESSMENT OF OVERALL APPROACH TO SOCIAL INVESTMENT	8
1.1 The role of transfers and family benefits	9
2 ASSESSMENT OF SPECIFIC POLICY AREAS AND MEASURES / INSTRUMENTS	10
2.1 Support for early childhood development	10
2.2 Supporting parents' labour market participation.....	13
2.2.1 Childcare.....	13
2.2.2 No minimum package of guaranteed family support services	13
2.2.3 Long-term care	13
2.2.4 Maternal/paternal leave schemes	14
2.3 Policy measures to address social and labour market exclusion.....	14
2.3.1 Unemployment benefits	14
2.3.2 Minimum Income	15
2.3.3 Active labour market policies	15
2.3.4 Social services	16
APPENDIX 1	18
APPENDIX 2	21

Summary

Some elements of the social investment approach can be identified in Bulgarian policies addressing families and children in early childhood and primary school. There are numerous strategic and operational documents, which focus on reducing child poverty and improving child well-being. Child-related indicators are mentioned with specific targets.

Among the spheres where significant progress has been made over the last decade, we have to mention the implementation of policies for child deinstitutionalisation and the closing of child institutions and the significant increase in enrolment rates in pre-school education. Bulgaria has also made significant progress in reducing infant and child mortality rates but still lags behind most other EU member states.

Bulgaria remains, however, one of the countries in the EU with the highest rates of poverty and social exclusion among children, which exceed even the very high overall at-risk-of-poverty and material deprivation rates. Against this background, Bulgaria has never managed to introduce any child-friendly taxation policies, while at the same time the system of family benefits remains inadequate in terms of the size of benefits. Furthermore, the overall social protection system is inadequate, both in terms of size of the benefits and coverage.

The GMI in Bulgaria rarely changes (only once in the 21st century) and is currently €33 per month. There is also a heating allowance received by some very poor families in winter time. Income support in Bulgaria has a scope and rate that lead to loss of human capital, including through the inability of poor families to cover costs related to the education of their children. Out-of-pocket expenses and the large variation in fees across municipalities are, for example, one of the barriers to enrolment in early childhood education.

Restrictive eligibility criteria for social assistance leave many poor and jobless people without access to benefits. As a consequence additional conditionalities related to active participation in the labour market cannot be effectively applied as such people have nothing to lose. The coverage is up to 6% of the population if we take the two main social assistance programmes – the GMI and the heating allowance. The only activation measure using social benefits as leverage is the requirement for 14 days community service a month.

Unemployment benefits have better coverage than the minimum-income schemes. They are available to persons who were insured at least 9 out of the 15 months prior to unemployment and the duration of receipt is from 4 to 12 months. Unemployment benefits in Bulgaria had, in the period of the economic crisis, stronger anti-cyclical effects than other transfers.

There are clear signs that families with children are at an additional disadvantage in terms of labour market participation, work intensity and access to housing. This means that the situation of children cannot be fully explained by the fact that Bulgaria is one of the least economically developed countries in the EU.

In the bigger cities (the capital and 4 other cities) there is a shortage of places in kindergartens, which is an obstacle for labour market participation, especially for women. In rural areas, availability of child services and high fees in crèches and kindergartens are also an obstacle to enrolment.

There are not enough places for long-term care in public facilities to meet the demand. Limited home-based care is available from some private providers and through some programmes for subsidised employment. In private facilities, fees exceed the size of even large pensions so they are only affordable to retired persons who also have other sources of income or can get support from relatives. Caring for a sick or disabled family member is among the main reasons for leave, especially among women.

Bulgaria has a relatively generous maternity leave policy of one year at 90% of the insurable income of the mother and an additional year with a payment equal to the

minimum wage of BGN 340. This may, however, have an adverse effect on the future incomes of low-waged mothers, who are encouraged to stay out of the labour market longer.

As a whole, Bulgaria still lacks a focused and coordinated approach to early childhood development, although some efforts have been visible over the last few years to fill this gap; not least due to pressure from, and the support of, international organisations such as the World Bank and UNICEF.

1 Assessment of overall approach to social investment

The Bulgarian Government has put strategic efforts into addressing key social challenges in the development and implementation of national social policies in the country. A focus on reducing child poverty and social exclusion is envisaged in many strategic and programme documents, such as the National Reform Programme of the Republic of Bulgaria, National Development Programme: Bulgaria 2020, National Strategy for the Child 2008–2018, National Strategy Vision for the Deinstitutionalisation of Children in the Republic of Bulgaria, National Strategy for Reducing Poverty and Promoting Social Inclusion 2020, etc. The Government has set a national target for reducing the number of people living in poverty by 260,000 by 2020, and there is a sub-target to reduce the number of children aged 0-18 living in poverty by 78,000.

The employment policy targets the following groups: unemployed youth aged up to 29, unemployed aged over 50, long-term unemployed, unemployed with disabilities, unemployed Roma, inactive persons, etc.

Following the adoption in 2010 of the Europe 2020 strategy, and later with the adoption of the Social Investment Package, the Bulgarian government failed to make serious reforms in the field of social policy. Moreover, the national objectives are too unambitious and at that time we, the authors as independent observers, said that the pledges made by the Bulgarian government, would not lead to the achievement of the 2020 Strategy's common objectives. Bulgaria is still far away from the development of a social investment approach. The socio-protection systems are still centrally managed by the Agency for Social Assistance and the Employment Agency. This approach of centralised management is not recognised by local government and the communities as local activities, but as centralised actions of the state. This approach is a serious obstacle to the development of local social capacity and the mobilisation of local resources towards the achievement of more effective results at a local level. The state institutions are more in the role of a service provider through their units than actually making policies, developing standards, and monitoring the quality of services provided locally.

There have been three significant changes in the field of social inclusion and they started during the government of Saxe-Coburg-Gotha (2003): 1) centralisation of the social support system as a step in the wrong direction; 2) development of social services for children and families and the introduction of social work to the communities in 2006; 3) beginning of the deinstitutionalisation policies in 2010 with the adoption of the vision for the deinstitutionalisation of children. Other major reforms relating to the definition and provision of social benefits, as well as to the development and surveillance of the required quality standards of social services, have not been performed in recent years. All this leads to a lack of optimisation of the resources spent and to weak coordination of social policies at a local level.

According to information provided by the Government for the Bulgaria Universal Periodic review (UPR) 2015 Report, in 2011 the programmes and the measures under the National Action Plan on Employment covered 50,105 people, 57% of whom remained permanently employed. In 2012, new youth employment promotion initiatives were launched, such as the national "Jobs for Young People in Bulgaria" 2012-2013 initiative and "Creating Institutional Capacity of the Labour market, Social Inclusion and Healthcare". There was an increase in the regional programmes (154 in 2011, 168 in 2012 and 196 in 2013). There was also an increase in financing of projects for the employment of people with disabilities (33 projects were funded, totalling 5,441, BGN 222 and the funding of a unit cost was increased from BGN 15,000 to BGN 20,000).

With regard to social assistance, the government has made some efforts to secure adequate and sustained social assistance. In 2014, the funds for payment of all kinds of family child benefits under the Family Child Benefits Act were increased. Furthermore, differentiated amounts of monthly benefits were introduced for twins and children with disabilities. Since the beginning of 2014, all students placed in

residential care are allowed to receive an increased allowance for monthly out-of-pocket expenses (which was not previously the case, as the allowance was only received by children placed in large-scale state institutional care).

Despite these developments, there is still a need to improve coordination between various stakeholders and ensure a holistic and integrated approach to social investment. Despite the increase in some family child benefits and social assistance, EU SILC data shows that Bulgaria is still lagging behind in terms of the effectiveness of social transfers. One of the main reasons for the high risk of poverty is the size and poor efficiency of social transfers.

1.1 The role of transfers and family benefits

Overall, social transfers still have a low impact on reducing poverty, in comparison with other EU countries (the difference between the child poverty rate between and after social transfers (excluding pensions) is 10% (from 38.3% to 28.3% in 2013) against an average decrease for the EU-28 of 14.6% (from 34.5% to 19.9% in 2013). Among the range of social protection instruments, expenditure on family policy is below the EU average (1.3% of GDP, EU average of 2.2%) and it has a relatively low impact on reducing child poverty. According to Eurostat data, Bulgaria is the state with the third-least-effective social transfers system in the EU (followed by Italy and Greece)¹ and the state with the third-smallest size of social protection benefits as a percentage of GDP (16.9% in 2012), after Estonia (15.3%) and Romania (15.4%). Considering that social assistance is the main tool for ensuring adequate social protection of vulnerable parts of the population a prompt re-evaluation of the system is needed to ensure adequate and sustainable social payments, improved capacity, planning and coordination of the responsible institutions, development of systems for monitoring and control of the effectiveness and efficiency of the process.

Monthly social benefits (the GMI tool) are linked to the requirement of 14 days per month part-time community service (4 hours per day) without further payment. The work offered to social benefit recipients is low-skilled and usually related to cleaning and maintenance of public infrastructure. Refusal to participate in community works leads to cancellation of the benefit for 2 months, or longer if repeated. This measure was introduced in 2010. Recently, trade unions who were previously advocating for the introduction of community work recognised that this measure was inefficient and suggested that, instead of getting the benefit; people should get the minimum wage and a full-time job. These jobs, according to the suggestion of the trade unions, should be provided by municipalities by reducing public procurement and hiring unemployed persons instead. This proposal has not been seriously discussed within the government. Also, as a whole, the requirement of community service for 14 days a month is a non-effective measure because a serious obstacle is placed in front of the unemployed person in the process of finding a job. On the one hand, there is insufficient time for training and retraining, and on the other hand, the lack of incentives for development and the feelings of guilt and punishment are such that the unemployed person is often left jobless. According to the Agency for Social Assistance, an average of 53,235 families was assisted monthly in 2014, of which 56,435 people were unemployed. An average of 45,590 persons have been forwarded to do community service work. This is a huge number of unemployed people, whose time, resources, and enthusiasm could be involved in more productive activities to promote better performance in the labour market, instead of being punished with community service work.

The entitlement to family benefits is determined on the basis of a means test. The main child and family income support are as follows: lump-sum assistance for pregnancy, monthly assistance for a child until the completion of secondary education but no further than the age of 20, monthly assistance for raising a child until the age of 1, and targeted assistance for pupils. The monthly family benefits and the targeted

¹ Europe 2020 target: Poverty and social exclusion – active inclusion strategies; EC services, 2012, p. 6, Figure 5 comparing the AROP reduction in % and the social protection spending excluding pensions as a % of GDP.

assistance for pupils could be provided in the form of social investments. The means-tested approach is not valid for the one-off payments for the birth of a child, the one-off payment for the raising of a child by a mother who is a student pursuing regular university studies, or for raising twins and in provision of family benefits for children with severe disabilities. Monthly child benefits are also linked to school attendance. With more than 4 absences from classes per month, benefits will be suspended for a month. In February 2015, the Minister of labour came up with a series of suggestions to make these measures even stricter.

2 Assessment of specific policy areas and measures / instruments

2.1 Support for early childhood development

Many social problems that Bulgarian society is trying to solve today, such as early school dropout rates, low levels of educational attainment among many children, anti-social behaviour and crime, drug and alcohol abuse, and lower levels of economic productivity due to poor health and education, are caused in large part by missed opportunities to support the full development of children during early childhood². A number of non-infectious diseases in adulthood, (cardiovascular diseases, non-insulin-dependent diabetes, depression, hypertension, etc) are also attributable to conditions in early life. The treatment of these diseases involves considerable costs.

Child poverty and social exclusion: trends and households at risk

Children are more at risk of poverty and social exclusion than the overall population in Bulgaria. They have also been hit particularly hard by the crisis. The share of children at risk of poverty and social exclusion increased from 44.2 % to 52.3% between 2008 and 2012 (against an EU average of 28.1%). More specifically, according to 2012 data:

- 28.2% of children are at-risk-of-poverty (EU average: 20.8%)
- 46.6% of children are severely materially deprived (EU average 11.8%)
- 16.2% of children live in a household with very low work intensity (EU average: 9%).

Single-parent households and large families face a high and increasing risk of poverty (42.5% and 61% respectively)

In-work poverty among families

The in-work poverty risk is higher for households with dependent children (9.8%, compared with 4.8% for households without dependent children) however it is higher still (20.3%) for single-parent households.

As a whole, Bulgaria lacks a focused and coordinated approach to early childhood development. The Government is implementing a Social Inclusion Project, funded by a loan from the International Bank for Reconstruction and Development (the World Bank), which aims to develop new services for children and families in 66 Municipalities in the country. The services aim to promote early childhood development, to ensure better coverage and to improve children's readiness to be included in the educational system. It is hoped this will contribute to a reduction in dropout rates and an improvement in the family environment. Since the launch of the project, a total of 1,889 new places in nurseries and kindergartens have been opened in 31 municipalities. Currently, 23 municipalities have already put crèche and kindergarten groups into operation with a total of 1,415 new places.

² Zahariev, B.; Yordanov, I. & I. Decheva. (2013), Изгубено бъдеще? Изследване на феномените на необхващане в училище, (Lost future? An analysis of the school dropout, in Bulgarian). UNICEF. This report provides an analysis of the impact of preschool attendance on primary school performance based on data from the PIRLS international survey.

Early childhood education and care (ECEC) services are provided predominantly by the public sector. The Public Education Act (1991) mandates the provision of a 2 year compulsory free pre-primary education for children of 5-7 years of age in preparation for formal schooling. There is no national body or institution to coordinate, facilitate, monitor and evaluate the impact of public policies and measures targeted at young children and their families.

Affordability and accessibility

According to Eurostat data, in 2013 4.8% of the Bulgarian population was in the 0-4 age group compared to 5.3% in the EU-27. Bulgaria had declining birth rates over the last two decades, strong emigration and an overall decrease in child population. At the same time, internal migration has made child population more concentrated in urban areas. This should have made the organisation and financing of child-related public services easier and cheaper. But 51.4% of children in the 0-4 age group are at risk of poverty or social exclusion. The burden of ECEC (early childhood care and education) is distributed across various sectors of society. State and municipal budgets cover the essential costs of ECEC provision. The State is primarily responsible for the cost of staff salaries, training, medical prevention, and safe and healthy working conditions. The municipality covers the additional costs of maintenance of heating, lighting and other supplies, major repairs, medical care, and partly for children's food. While national law guarantees free pre-primary education, there is a chronic shortage of places in kindergartens, particularly in big cities (including the capital). In addition, state and local authorities expect parents who can afford to, to contribute financially towards the provision of quality early childhood education and care services for pre-school aged children. Each municipality autonomously determines and regulates the amount of fees collected from parents or legal guardians of children who attend kindergartens or nursery schools, based upon the type of services provided. Parents do not pay tuition fees, but some of them have significantly high contributions, despite having to partially cover the daily needs of their children, including food and educational materials. According to the World Bank regional study on "Closing the Early Learning Gap" (2012), the average Roma parent with a child in pre-school reports spending €15.40 per month on pre-school related fees, a very substantial amount for poor Roma families. In comparison, Hungarian Roma report spending an average of only €1.30 per month on pre-school.

These out-of-pocket expenses and huge variations in the costs for kindergartens are an important barrier to accessing pre-schools, which raises the question as to why the Government is not considering universalising free access to early childhood education and care. This has been the case in Hungary for example, due to the inability of local governments to fully comply with the mandate for free access to kindergartens. The Hungarian experience shows that free kindergartens, with priority access for vulnerable children when places are insufficient, may lead to less difference in cognitive outcomes, for example, between ethnic Hungarian children and ethnic Roma children³.

Coverage

Early childhood education coverage in Bulgaria is gradually expanding. During the period 2007-2014, the percentage of all children aged 3-6 enrolled in kindergartens increased from 73% to 83.6%, according to the EU average. Despite continuing to increase its enrolment rate, Bulgaria still falls behind in the provision of early childhood education compared to some European countries. In addition, in the Bulgarian context, young children who are not enrolled in kindergartens are actually those that need early childhood education and care most, predominantly young Roma children. Survey data suggest that only about 40% of Roma children aged 3-6 are enrolled in kindergartens. The Government also reports that approximately only 1% of these services are provided by private service providers. As demonstrated in Figure 1

³ SABER Early childhood country report Bulgaria, 2013, http://wbfiles.worldbank.org/documents/hdn/ed/saber/supporting_doc/CountryReports/ECD/SABER_ECD_Bulgaria_CR_Final_2013.pdf

(see Appendix 1), the enrolment rates in early childhood education and care for children aged 3-6 are the highest. Government efforts should further focus on targeting children aged 1-3. According to Eurostat, in 2013 in Bulgaria the enrolment rate of 30 hours or over was 11% among children aged less than 3 years and 72% among children aged from 3 to the minimum school age. Data from the National Statistical Institute show that, in 2013/2014, 6,165 children aged less than 3 were enrolled in kindergartens. This is a very small number compared to the 51,000 to 64,000 enrolled in each one-year cohort from 3 to 6⁴.

The existing policies are fragmented, without sufficient coordination and coherence between different sectors, both at the planning and service provision level. Specific difficulties are monitored in providing integrated cross-sectoral services to meet the needs of the most vulnerable children and families. The implementation of an integrated approach to child development from birth to 1st grade is hindered by the division and fragmentation of responsibilities for children in different age stages of early childhood between the health, education, and social protection systems. The SABER country report of the World Bank for 2013⁵ displayed the need to ensure better coordination and a comprehensive multi-sectoral framework for synchronised policy for early childhood development, where education, health, nutrition and social inclusion of children from birth receive equitable attention. Services and provisions for children and families in Bulgaria are focused on already existing problems and lack the vision for early intervention and prevention approaches, essential for developing more effective and efficient policies. Spending per month on child day care in Bulgaria (€4.30 per inhabitant) is more than 20 times smaller than in the EU-28 (€92.76 per inhabitant). Such a difference cannot be explained simply by differences in per-capita GDP or other economic indicators. The growth rate of spending is also very small, so no catch-up is taking place (see Annex 1, Table 1).

In 2010, Bulgaria had the 4th-lowest expenditure on long-term care, of less than 0.5% of GDP. The EU-27 figure for that year was 1.8%. Long-term care is provided in institutions and in the form of cash benefits⁶. Based on OECD data, Bulgaria spent 0.8% of GDP for pre-school (pre-primary ISCED-0 level according to the international classification) in 2011. This is a relatively high expenditure compared both to the OECD average and to other EU member states, which spent, on average, 0.57% of their GDP on pre-primary education in 2011. However, Bulgaria has no expenditure on other childcare services⁷ (see Appendix 1, Table 2).

The minimum compulsory school age is 6 but parents are allowed to enrol their children in the 1st grade at the age of 7. Enrolment in pre-school also grew over the last few years due to the fact that enrolment is compulsory from age 5. Currently there is a discussion about making it compulsory from the age of 4, which is opposed by some parents. Information on child-to-staff ratios in formal day care services is not available from the OECD family database because Bulgaria is not a member of the OECD. The ratio of children to staff members among children 0-6 can be calculated from national statistics and is almost 12 to 1. No separate information for children 0-3 is available because the staff number is given as a total for all pre-school services. For a similar reason there are no data in the OECD Family Data Base on the qualification level of certified child workers in Bulgaria (see Appendix 1, Table 4)

⁴ www.nsi.bg, education section.

⁵ http://wbqfiles.worldbank.org/documents/hdn/ed/saber/supporting_doc/CountryReports/ECD/SABER_ECD_Bulgaria_CR_Final_2013.pdf

⁶ Lipszyc, B.; Sail, E. & Xavier, A. (2012), 'Long-term care: need, use and expenditure in the EU-27', European Commission, Economic Papers 469, 10.

⁷ http://www.oecd.org/els/soc/database.htm#public_policy, Chart PF3.1.A Public expenditure on childcare and early education services, per cent of GDP, 2011

2.2 Supporting parents' labour market participation

2.2.1 Childcare

Only 7% of children aged under 3 are in formal childcare (EU average: 30%), and just 60% of children between 3 and the compulsory school age. According to the 2012 European Quality of Life Survey 5, many parents had difficulties in using childcare; 49% complained about the lack of service, 55% about the cost, 33% about the opening hours and 20% about the quality. This performance is close to the EU average.

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 places⁸. 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 is 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.

2.2.2 No minimum package of guaranteed family support services

There is a lack of understanding of the need for parenthood support policies and for the introduction of universal, integrated and accessible services to address problems early and halt 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. The previous government, supported by the Bulgarian Socialist Party and the Movement for Rights and Freedoms, had promised to introduce a system of family taxation, and thus provide incentives for families with children. Later, however, this proposal was withdrawn. As part of the budget for 2014, the previous parliament approved a tax reform consisting of the reimbursement in 2015 of the 10% proportional personal income tax paid by people receiving the minimum salary. However, the new government has announced that this reimbursement will not take place in 2015 and, indeed, it is not part of the draft 2015 Budget Act. This is an illustration of how political instability in Bulgaria creates an atmosphere of unpredictability for some of the most vulnerable households.

2.2.3 Long-term care

The importance of providing integrated, holistic, and cohesive care for older people is an important modernising trend within the field of long-term care. Long-term care services in Bulgaria are provided through two distinct systems, the social services system and the healthcare system. The different kind of allocation of the responsibilities (private/family/public), the different ways of organising the medical and social services, as well as the different legislation related to them, create the necessity to apply new models.

⁸ A new crisis in crèches and kindergartens in the capital, Dnevnik Daily, 4th March 2013. http://www.dnevnik.bg/detski_dnevnik/2013/03/04/2014986_otnovo_kriza_s_mestata_v_stolichnite_detski_gradini_i/

Considering the current condition of the system of services in Bulgaria, as well as the serious challenges to its development, a National Strategy for Long-Term Care was adopted by the Bulgarian government at the end of 2013. The strategy is aimed at the provision of accessible, high-quality and sustainable long-term care services for elderly people and people with disabilities.

In view of providing effective assistance to vulnerable groups (elderly people and people with disabilities), the main development areas in the social services system include continuing the reform initiated with the aim of deinstitutionalisation, improving the quality of provided services, and developing integrated intersectoral services (the focus being on the integrated provision of social care and healthcare). In order to improve the system of financing and achieve better effectiveness and efficiency of social services and improve their quality, an inter-departmental working group, with the participation of all stakeholders, has been established to develop a new Social Services Act.

2.2.4 Maternal/paternal leave schemes

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 by international comparison. With the mother's consent, when the child reaches 6 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% 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 2. 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. This may, however, according to some critics, have an adverse effect on the future incomes of low-waged mothers who are encouraged to stay out of the labour market longer.

The employment rate of women aged 20-64 (at 60.7%) is lower than the EU average (62.5%). The employment impact of motherhood is 4.7%.

Fathers are entitled to 15 days paid paternity leave following the birth of the baby. These are the first steps towards achieving family gender equality. There is also a special scheme entitling grandparents to parental leave.

2.3 Policy measures to address social and labour market exclusion

2.3.1 Unemployment benefits

Bulgarian unemployment benefits are fully contributory and are equal to 60% of the average daily wage of the insured person. The benefits are paid for 4 to 12 months, depending on the length of insurance.

Unemployment benefit is available to people who have been insured in the Unemployment Fund for at least 9 of the previous 15 months and are registered with the unemployment service. The Unemployment Fund is managed by the National Social Security Institute. The size of the unemployment benefit is equal to 60% of the average daily insurance income for the preceding 24 months. In the case of leave for childcare, non-paid leave for pregnancy and childbirth, or recognised insurance periods in other countries the average daily insurance income is calculated on the basis of the minimum wage.

The minimum amount of unemployment benefit is set each year by the State Social Security Act. In 2014 the daily minimum unemployment benefit was BGN 7.20.

The duration of receipt of unemployment benefit depends on the length of contribution prior to unemployment. The minimum is 4 months for less than 3 years of contribution, and the maximum is 12 months for 25 years of contribution or more.

In 2014, around one quarter of the registered unemployed was eligible for unemployment benefits. Some of the others are covered by the social assistance schemes after means-test. Participation in ALMPs is mainly limited by the availability of funding under the different programmes, not so much by the motivation of the potential programme participants.

2.3.2 Minimum Income

The Guaranteed Minimum Income (GMI) in Bulgaria is far below the official poverty line. The official poverty line de facto is the AROPE threshold of 60% of the equalised median income, although some other criteria are listed as well. In the 2013 SILC (reference year 2012) the poverty line for a single-person household was €1,754 per year⁹. The basic GMI rarely changes in Bulgaria. In the new century there has been only one update of the GMI – an increase from BGN 55 to BGN 65 (€5 increase). The actual social transfers are equal to the GMI multiplied by some factor usually larger (but not much) than 1, depending on the age, family and health status of the person. However, even the largest social transfers calculated by this method are barely enough to lift households out of poverty.

Another pillar of minimum income protection in Bulgaria is the heating allowance given to eligible families for the cold season (officially called “heating season”) from November till March.

2.3.3 Active labour market policies¹⁰

Job search assistance is provided by the Employment Agency through a network of labour offices at municipal level. The ALMPs (active labour market policies) in Bulgaria include various programmes funded by the state budget and the European Social Fund. Subsidised employment takes the main bulk of funding. In the first half of the year almost 105,000 vacancies on the primary labour market were filled through the mediation of government employment services. The number of unemployed depends on the balance between job creation and job destruction in the labour market. In the first two quarters of 2014 about 40,000 unemployed persons got jobs under active labour market programmes. Support for about 9,000 others has continued since 2013.

An indicator for the input resources is also the ratio between the cost of the active policy on the labour market, aimed at the unemployed (for the implementation of programmes, incentives and schemes by the European Social Fund), and the average number of registered unemployed at the labour offices, according to the report of the Employment Agency 2013. In 2013, for each registered unemployed person, BGN 933 was spent on active policy in the labour market, aimed at the unemployed, (this was BGN 436 more than in the previous year). The increase was possible because the overall budget for active labour market policies almost doubled from BGN 181.3 million in 2012 to BGN 346.6 million in 2013¹¹.

The ratio in the distribution of the funds spent on various initiatives in recent years shows a trend of steady increase of the ESF co-financing, whose share in 2013 amounted to 78.7% of all the active policy during the year (2009 5.0%; 2010 35.0%; 2011 57.5%; 2012 72.3%). The rapidly-shrinking amount and, accordingly, the share of funds for training under Art. 63 of the Employment Promotion Act (EPA), is compensated for by the activities of the Operational Programme, which are mostly aimed at training both the unemployed and employed.

In 2013, a total of BGN 394,726.0 thousand was spent on the active policy, including BGN 84,208.2 thousand from the state budget for the implementation of programmes, incentives and training (under Art. 63 of the EPA), and BGN 310,517.8 thousand for

⁹ National Statistical Institute, Poverty and Social Exclusion Indicators, <http://www.nsi.bg>.

¹⁰ For more detail see Zahariev B., Bogdanov G. Assessment of the Implementation of the European Commission Recommendation on Active Inclusion: A study of national policies - Country Report for Bulgaria 2012.

¹¹ Brief report about the Employment Agency in 2013. EA, 2014.

the implementation of the schemes of the Human Resources Development Operational Programme, co-financed by the ESF. The amount is BGN 174,266.4 thousand (79.0%) more than the amount spent in the previous year, increasing both the amount of funds from the state budget (in April by Decision No. 224 of the Council of Ministers an additional BGN 30.6 million was allocated on subsidised employment in NEAP 2013) and the amount of funding under the Human Resources Development Operational Programme.

According to the report of the Ministry of Labour and Social Policy on the implementation of ALMPs¹², the priority target groups for 2014 were young people aged up to 29 and persons over 50, unemployed persons with low qualification or qualifications which were not demanded on the labour market, people with disabilities, discouraged persons and inactive persons who wish to start working.

The programme "From Social Benefits to Employment" targets the most vulnerable and low-qualified unemployed persons on the labour market. The programme provides subsidised employment at local level, mainly related to typical municipal activities like street cleaning. This programme employs about 9,000 people each month and a total of 27,000 persons per year and costs €7.5 million.

Another pivotal programme is "Assistants for People with Disabilities". The total budget allocated for 2014 is about €3.9 million. For the first half of 2014 the programme employed a little more than 3,500 people. The so-called regional programmes had 2,000 beneficiaries. The regional programmes are meant to reduce regional disparities in employment and unemployment. Their scope is, however, too small for this ambitious goal.

Overall, the proposed measures in the area of ALMPs continue to be insufficient in terms of quality and variety of training and retraining courses for the unemployed. No information is available about the quality of these training services or the real achievements of unemployed people in their subsequent jobs. Another serious issue is that in the municipalities with the highest levels of unemployment no measures are taken in the long term by the Employment Agency for targeted projects and programmes in the field of social entrepreneurship, innovation and business environment to increase employment. In some of these municipalities, unemployment has reached over 55%. Another important issue is the centralised management of the labour offices at the local level by the Employment Agency, which plays the role of an intermediary service provider (as discussed in section 1 above).

2.3.4 Social services

Other social services that are outside the ECEC, LTC, and ALMP, are associated primarily with providing integrated services in support of the family. The development of these types of social services was launched by a project of the World Bank and the Child Protection Code in 2000. Such social services were unknown in Bulgaria and the development of such a network of services, involving counselling, mental health support etc. have not been recognised as necessary. With the development of the deinstitutionalisation projects financed by the structural funds, the focus was primarily placed on the residential services instead of the services related to prevention and integration of children in a family environment. According to the 2013 report¹³ of the Social Assistance Agency, as of 31 December 2013, 369 social services for children and families were in operation in the country, with a total capacity of 9,393 places, as follows:

- 94 community support centres, with a total capacity of 4,037 places
- 13 Centres for work with street children, with a total capacity of 231 places
- 14 Crisis centres for children, with a total capacity of 145 places

¹² National Employment Action Plan 2014, Report on the implementation of the National Employment Action Plan for the first three quarters of 2013, MLSP.

¹³ Report on the activities of the Agency for Social Assistance in 2013. MLSP, 2014. p. 14.

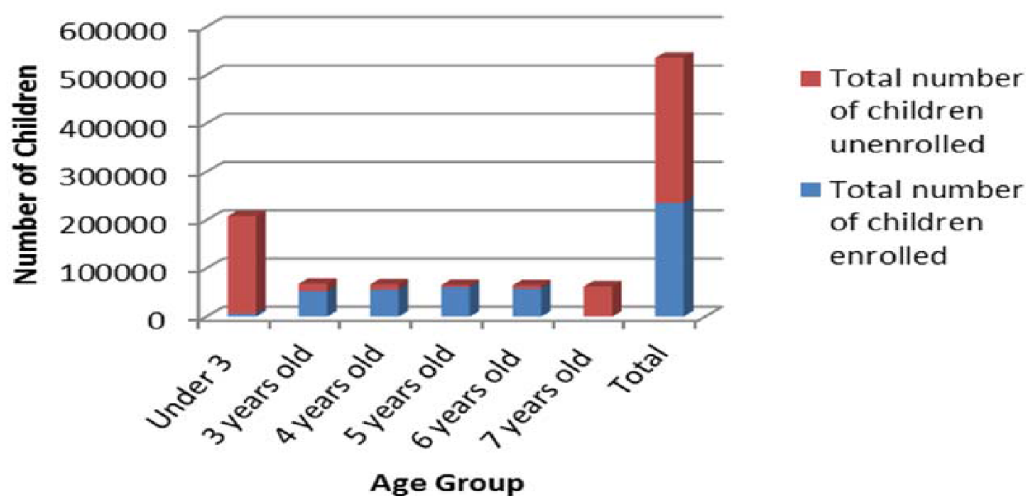
- 10 "Mother and Baby" units, with a total capacity of 75 places
- 4 shelters with a total capacity of 60 places
- 104 Centres for family-type accommodation for children, with a total capacity of 1,201 places
- 74 Day-care centres for children with disabilities, with a total capacity of 1,947 places
- 7 Day-care centres for children and adults with disabilities, with a total capacity of 358 places
- 16 Transitional homes for children, with a total capacity of 134 places
- 33 Centres for social rehabilitation and integration of children, with a total capacity of 1,205 places.

Although social services are generally established in the community, they have not yet reached the high-risk communities which are densely populated by Roma, and do not work actively to support the most marginalised families and children. Moreover, it is necessary, in these high-risk communities, to focus on on-site social work, including activities related to improving the living conditions of families, their employment, and the health of children and their parents.

As a positive step, it could be noted that non-governmental organisations can receive state-delegated budgets for social services for children and families. Undoubtedly, this is a step forward, given that some countries, such as Romania, Hungary, Czech Republic and others, have still not provided this opportunity for the delegated provision of social services to NGOs and external providers. A total of 20%, or 106 social services are managed by external providers, and 54 non-governmental organisations provide social services to children and families.

Appendix 1

Figure 1: Enrolment early childhood education and care age (2012/13)



Source: National Statistical Institute of Bulgaria

Table 1: Spending on child day care, All schemes, Euro per inhabitant (at constant 2005 prices), 2008-2012

	2008	2009	2010	2011	2012
European Union (28 countries)	86.27	92.36	94.03	95.5	92.76
Belgium	19.14	20.89	21.09	21.08	21.79
Bulgaria	3.73	4.1	4.13	4.09	4.3

Source: Eurostat - family/children function

Table 2: Percentage of children less than 3 years old in formal childcare by duration, 2012

	1 to 29 hours	30+ hours	Total
European Union (27 countries)	14	14	28
Bulgaria	0	8	8

Source: Eurostat SILC

Only 8% of children in Bulgaria are enrolled in formal childcare, all of them for 30 hours or more. Flexible arrangements for 1-29 hours seem unavailable.

Table 3: Percentage of children aged from 3 to the minimum compulsory school age in formal childcare by duration, 2012

	1 to 29 hours	30+ hours	Total
European Union (27 countries)	37	46	83
Bulgaria	5	92	97

Source: Eurostat SILC

Table 4: Percentage of children under 18 at risk of poverty or social exclusion (AROPE), 2008-2013

	2008	2009	2010	2011	2012	2013
European Union (27 countries)	26.6	26.3	27.4	27.3	28	27.6(e)
Bulgaria	44.2	47.3	49.8	51.8	52.3	51.5

Source Eurostat SILC

Bulgaria has the highest AROPE rating among all EU member states, followed closely by Romania. Since the start of the global economic crisis, every second child in Bulgaria lives at risk of poverty or social exclusion. The AROPE rate is substantially higher among children than among adults. In 2011-2013 it exceeded 28% every year.

Table 5: Percentage of children under 18 at-risk-of-poverty (AROP), 2008-2013

	2008	2009	2010	2011	2012	2013
European Union (27 countries)	20.4	20.2	20.8	20.8	20.7	20.3(e)
European Union (15 countries)	19.7	19.3	20.3	20	19.9	19.4(e)
Belgium	17.2	16.6	18.3	18.7	17.3	17.2
Bulgaria	25.5	24.9	26.7	28.4	28.2	28.4

Source: Eurostat SILC [ilc_li02]

The severe material deprivation rate helps explain the very high AROPE rate, and apparently overlaps with at-risk-of-poverty.

Table 6: Percentage of children under 16 in severe material deprivation, 2008-2013

	2008	2009	2010	2011	2012	2013
European Union (27 countries)	9.9	9.5(e)	9.8	10.1	11.7	11.0(e)
Bulgaria	40.8	43.6	46.5	45.6	46.6	46.3

Source Eurostat SILC

In 2013, the percentage of children living in households with very low work intensity was the highest in the EU at 18.2%. Not all age groups contribute equally to this very high overall rate. The rate of children aged up to 6 living in quasi-jobless households was 22.9% in 2013, while the rate among children aged 12-17 was 14.3%. This is some indication that there might be problems with the services for children and families in this age group, despite the fact that enrolment in pre-school education looks very high.

Table 7: Percentage of children under 18 at persistent risk of poverty, 2008-2013

	2008	2009	2010	2011	2012
European Union (27 countries)	10.4	10.9	12.6	12.7	12.8
Bulgaria		15.8	21.8	22.9	13.9

Source: Eurostat SILC

The persistent at-risk-of-poverty rate among children in Bulgaria is 1.1% higher than the average for the EU-27. This gap looks smaller when compared to gaps in other indicators measuring various aspects of poverty and social exclusion.

Table 8: Percentage of children under 18 in overcrowded households, 2008-2013

	2008	2009	2010	2011	2012	2013
European Union (27 countries)	24.5	24.1	23.7	23	22.8	23.2
Bulgaria	65.5	63.1	63.2	63.1	61.2	62.8

Source: Eurostat SILC

The percentage of children under 18 in overcrowded households is extremely high compared to most other EU countries, with the exception of Romania and Hungary. Almost 2 out of 3 children in Bulgaria live in overcrowded conditions. It should also be noted that the rate of overcrowding in Bulgaria (46.4% in 2013) among those aged 18-64, although still quite high, is much lower than among children. So there must be some specific disadvantages concerning families with children and specific targeted policies.

Appendix 2

Heating (energy) allowance

The equivalent of 385 kW is paid per month, which for the 2014-2015 heating season will mean about BGN 72 (€37). Thus, a family will receive BGN 361 (€184) for the whole heating season. 385 kW is the equivalent of a 2 kW heater enough to heat about 20 sq. m. working for little more than a week. More than 90% of the poor households receiving heating allowances are using solid fuel, which is much cheaper. Solid fuel is used in houses in rural and urban regions but also in small condominiums. The total number of energy benefits allocated for a heating season is 270,000. Applications are filed until the end of October.

Guaranteed Minimum Income

The GMI in Bulgaria is currently BGN 65 or about €33 (€1 = 1.955583 BGN). Each person has a specific differentiated minimum income, which also serves as a means test. If the person has an income below the differentiated minimum income he/she receives a benefit which compensates the difference. In the table below we can see some of the differentiated minimum incomes for monthly social benefits and the heating allowance¹⁴.

Type of family	Monthly benefit coefficient (%)	Differentiated minimum income (BGN)	Heating allowance coefficient (%)	Heating allowance (BGN)
Person aged 75 years or more living alone	165	107.25	311	202.2
Person aged 65 or more living alone	140	91	297	193.62
Person aged 70 or more	100	65	206	134.34
Each of two spouses living together	66	42.90	167	108.60
Person cohabiting with another person or family	66	42.90	224	146.04
Person living alone	73	47.45	233	151.50
Person with disability (constantly reduced ability to work) living alone	100	65	272	177.24

¹⁴ Information site of the Social Assistance Directorates, <http://pomosti.oneinform.com/> (in Bulgarian).

