

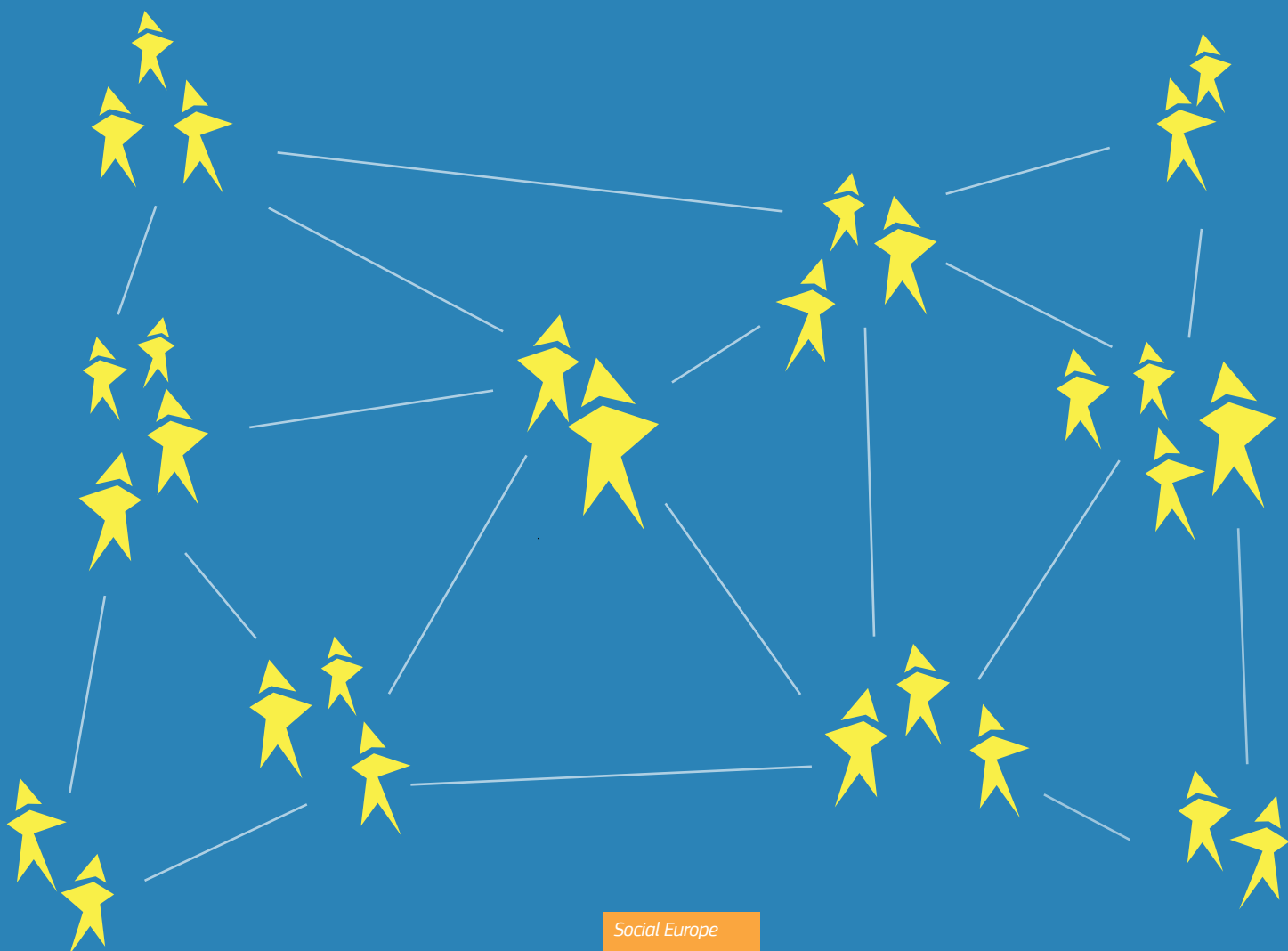


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

# Access to social protection for young people

## Bulgaria

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Social Europe

**EUROPEAN COMMISSION**

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**European Social Policy Network (ESPN)**

**ESPN Thematic Report:  
Access to social protection for  
young people  
Bulgaria**

**2021**

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## SUMMARY

The present report is about access to social protection for young employed, unemployed and inactive people aged 15-29 in Bulgaria, and covers five different benefits.

Bulgaria is among the EU Member States with high rates of young people aged 15-29 who are neither in employment nor in education and training (NEET): 18.1% in 2020 compared with the EU-27 average of 13.7%. Another feature of the Bulgarian labour market, which is particularly marked among young people, is that part-time and temporary work are quite uncommon. However, the incidence of atypical work may be under-estimated due to under-reporting.

The high incidence of NEET is due to a combination of low participation in post-secondary learning for many groups of young people and difficult access to the labour market, which leads to a large number of discouraged young people.

Social protection schemes of all types in Bulgaria do not include any explicit reference to people aged 15-29. When using age in selection criteria or rules for determining the amount of cash benefits, reference is made either to children or to older people. However, many selection criteria affect young people indirectly, typically to their disadvantage. Examples include: (i) favourable treatment of other age groups such those aged 65 and over (guaranteed minimum income – GMI – schemes); (ii) selection criteria which are particularly difficult to meet for young people (unemployment benefits and health insurance); and (iii) other rules which make young people likely to receive only minimal support (unemployment benefits).

The unemployment benefit scheme has requirements for a contribution history which start at a minimum of three years and then have further thresholds which determine the duration of the benefit. Successive episodes of unemployment lead to people receiving the minimum unemployment benefit for the shortest possible time (four months). As a result, young people who lose their jobs cannot easily qualify for unemployment protection, also failing to get access to the GMI schemes and thus falling out of the reach of any mechanism for social protection.

GMI schemes in Bulgaria apply to people with very low income who can pass means tests and meet some additional very restrictive criteria. In principle, employed people can also access the GMI schemes but the vast majority of recipients are long-term unemployed people or people not participating in the labour market. GMI schemes seem to discourage self-employment and entrepreneurship by including requirements such as not having savings exceeding around €250. In addition, the self-employed cannot participate in unemployment protection schemes. In recent surveys from 2019 and 2020, young people expressed significant interest in self-employment and entrepreneurship.

Access to sickness and healthcare benefits is strongly linked to labour market participation, and especially to the ability to contribute regularly and without breaks to the social security and health insurance systems. Access to health insurance is especially problematic as there are more than half a million people not covered. Many of them are unemployed or inactive/discouraged people – categories in which young people are over-represented.

In Bulgaria there are no housing allowances, with the exception of a very limited scheme targeting only people in social housing. Conditions for accessing social housing vary between different municipalities, but generally do not favour people with irregular incomes. This situation is a serious impediment for young people wanting to start independent lives.

# 1 KEY FIGURES ON THE SOCIO-ECONOMIC SITUATION OF YOUNG PEOPLE<sup>1</sup>

## 1.1 Distribution of young people (aged 15–29) by main activity status

**Table 1a: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Bulgaria, % 15-29 and 30-64)**

	BULGARIA											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	39.2	38.3	42.0	40.8	42.1	38.5	70.9	71.6	74.8	76.0	78.4	77.1
<i>Paid employment**</i>	94.1	93.6	93.1	94.2	94.2	94.5	87.2	87.7	87.7	87.8	88.8	88.5
<i>Self-employment**</i>	4.2	4.9	5.3	4.4	4.4	4.0	11.2	10.9	11.0	11.0	10.3	10.4
<i>Contributing family work**</i>	1.7	1.5	1.6	1.4	1.4	1.5	1.5	1.4	1.3	1.2	0.9	1.0
UNEMPLOYMENT***	14.4	12.2	9.9	8.3	6.9	8.8	8.2	6.8	5.5	4.8	3.8	4.7
INACTIVITY****	54.2	56.3	53.4	55.6	54.8	57.8	22.8	23.1	20.8	20.2	18.4	19.1
	EU-27											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	45.0	45.9	46.9	47.7	48.2	46.1	71.4	72.4	73.5	74.5	75.3	74.9
<i>Paid employment**</i>	91.8	92.2	92.4	92.6	92.8	92.5	83.0	83.3	83.7	84.0	84.1	84.2
<i>Self-employment**</i>	5.3	5.2	5.2	5.2	5.1	5.4	14.6	14.5	14.3	14.2	14.2	14.1
<i>Contributing family work**</i>	2.9	2.6	2.4	2.2	2.1	2.1	2.4	2.2	2.0	1.8	1.7	1.7
UNEMPLOYMENT***	17.3	15.8	14.2	12.8	11.9	13.3	8.5	7.7	6.9	6.1	5.6	5.8
INACTIVITY****	45.6	45.4	45.3	45.3	45.3	46.8	22.0	21.6	21.0	20.6	20.2	20.5

Notes: (\*) The employment rate is expressed as a share (%) of the total population in the age group. The 3 categories of employment (paid employment [i.e. employees], self-employment and contributing family work) are expressed as a share (%) of the population in employment in the age group. Contributing family work is a form of labour (generally unpaid, although compensation may come indirectly in the form of family income) that supports another member of the family to run an agricultural holding or another business. (\*\*) The unemployment rate is expressed as a share (%) of the active population, i.e. the population that is either in employment or unemployed (not the total population), in the age group. (\*\*\*) The inactivity rate is expressed as a share (%) of the total population in the age group.

Reading note: In 2020, in Bulgaria, 38.5% of people aged between 15 and 29 were in employment, compared to 77.1% of those aged 30-64. In the EU-27 as a whole, these figures were 46.1% and 74.9%, respectively. The share of people unemployed in the active population in Bulgaria was 8.8% of the 15-29 age group and 4.7% of the 30-64 age group (EU-27 average: 13.3% and 5.8%). The shares of people economically inactive in Bulgaria in the 15-29 and 30-64 age groups were 57.8% and 19.1%, respectively (EU-27 average: 46.8% and 20.5%).

Source: Eurostat, ESPN Network Core Team calculations based on LFS indicators [lfsa\_eegais], [lfsa\_egaps], [lfsa\_pganws] and [lfsa\_igan]. Data downloaded on 24 May 2021.

<sup>1</sup> Except where otherwise specified, the indicators presented in Section 1 of this report were computed by the ESPN Network Core Team on the basis of data coming from two data sources coordinated at the European level by the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>): European Union Labour Force Survey (EU-LFS) and European Union Statistics on Income and Living Conditions (EU-SILC). These indicators were computed for all the 35 ESPN countries for which the data needed were available. All these ESPN countries' estimates are presented in Annex B of the following Synthesis Report: Dalila Ghailani, Stéphanie Coster, Ramón Peña-Casas and Pietro Regazzoni (2021), "Access to social protection for young people. An analysis of policies in 35 countries", European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This Synthesis Report can be downloaded [here](#).

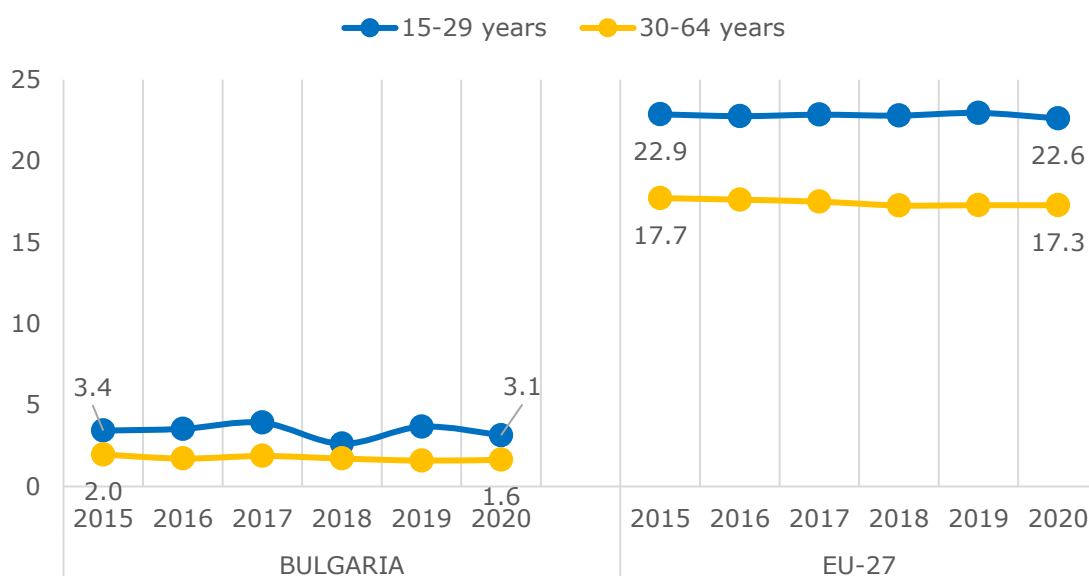
**Table 1b: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Bulgaria, ratios 15-29/30-64)**

	BULGARIA						EU-27					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	0.55	0.53	0.56	0.54	0.54	0.50	0.63	0.63	0.64	0.64	0.64	0.62
Paid employment**	1.08	1.07	1.06	1.07	1.06	1.07	1.11	1.11	1.10	1.10	1.10	1.10
Self-employment**	0.37	0.44	0.48	0.40	0.42	0.38	0.36	0.36	0.36	0.36	0.36	0.38
Contributing family work**	1.14	1.12	1.22	1.19	1.52	1.48	1.21	1.20	1.21	1.24	1.24	1.20
UNEMPLOYMENT***	1.76	1.80	1.79	1.74	1.78	1.89	2.04	2.06	2.06	2.09	2.10	2.29
INACTIVITY****	2.38	2.44	2.56	2.75	2.97	3.03	2.07	2.11	2.16	2.20	2.24	2.29

Notes: To obtain the ratio of 15-29 to 30-64, the 15-29 percentage is divided by the 30-64 percentage: a value below (above) 1 in a given activity status therefore means that 15-29-year-olds are proportionally less (more) numerous in that activity status than 30-64-year-olds. See also Notes to Table 1a above.

Reading note: In 2020, in Bulgaria, 38.5% of people aged between 15 and 29 were in employment compared to 77.1% of those aged 30-64 (see Table 1a) – i.e. a 15-29:30-64 ratio of 0.50. In the EU-27 as a whole (see table 1a), these figures were 46.1 and 74.9% respectively (ratio 0.62).

Source: See Table 1a.

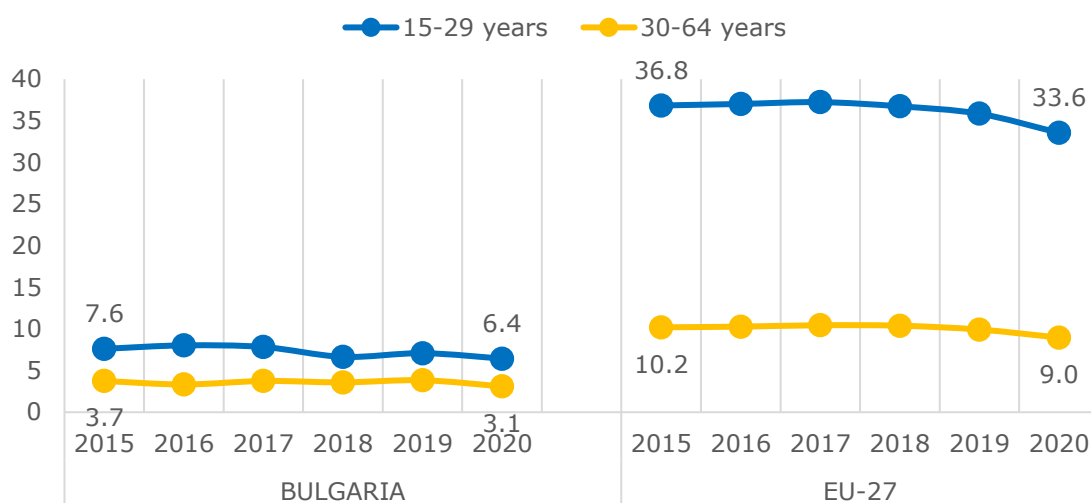
**Figure 1: Part-time employment as a share of the population in employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Bulgaria, %)**

Reading note: In 2020, in Bulgaria, the share of part-time employment in total employment was 3.1% for the 15-29 age group and 1.6% for the 30-64 age group. For the EU-27 as a whole, these shares were 22.6% and 17.3%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicator [lfsa\_epgn62]. Data downloaded on 24 May 2021.



**Figure 2: Temporary employment as a share of population in paid employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Bulgaria, %)**

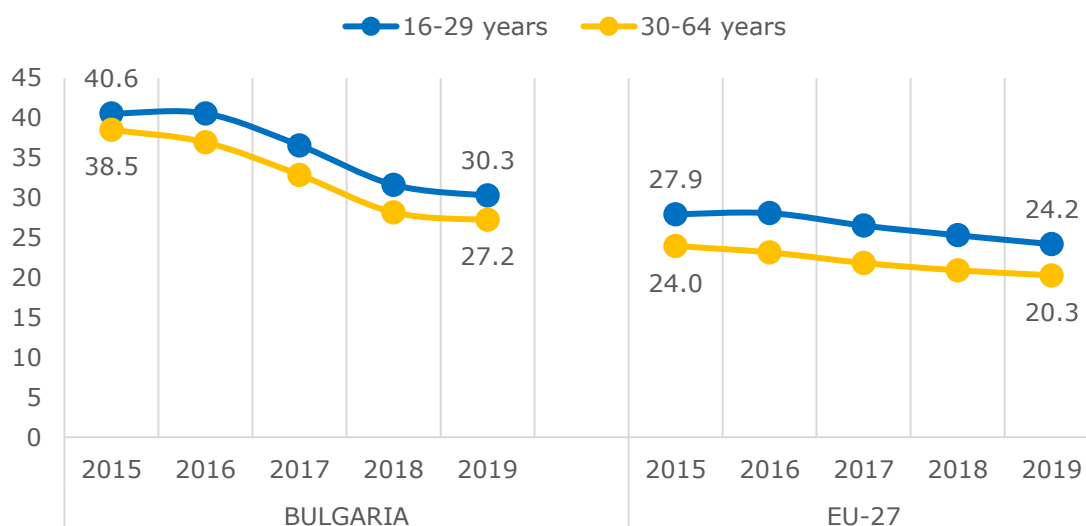


Reading note: In 2020, in Bulgaria, the share of temporary workers among employees was 6.4% for the 15-29 age group and 3.1% for the 30-64 age group. For the EU-27 as a whole, these shares were 33.6% and 9.0%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicators [lfsa\_epgn62] and [lfsa\_egaps]. Data downloaded on 24 May 2021.

## 1.2 Young people (aged 15-29) at risk of poverty or social exclusion

**Figure 3: People at risk of poverty or social exclusion - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Bulgaria, %)**

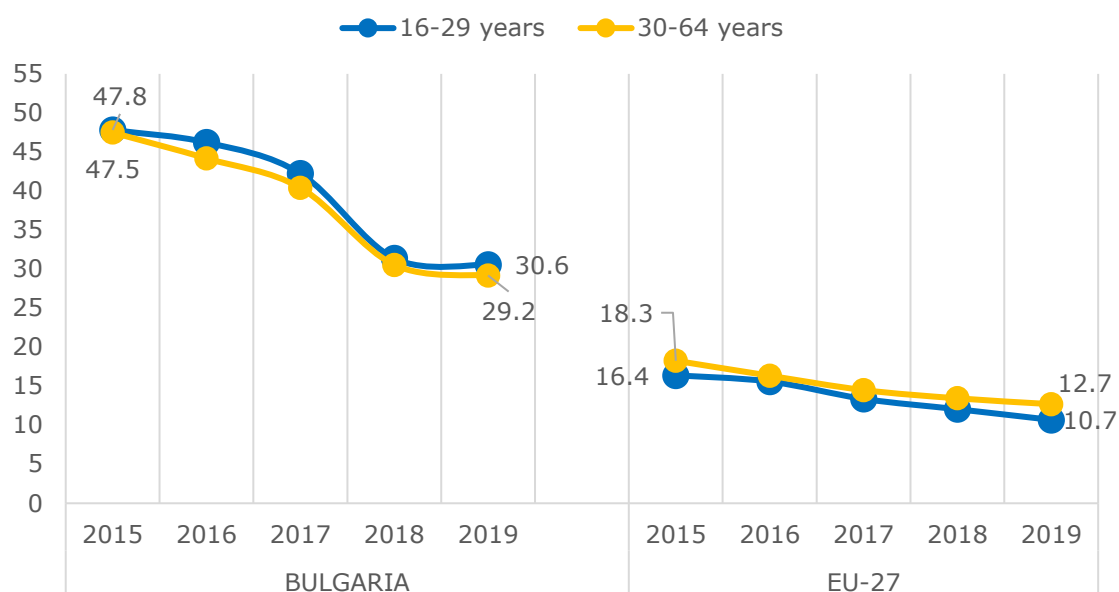


Reading note: In 2019, in Bulgaria, 30.3% of the 16-29 age group were at risk of poverty or social exclusion (i.e. they were living in a household that was at risk of poverty and/or severely materially and socially deprived and/or (quasi-)jobless according to the EU definition of these indicators) compared to 27.2% of the 30-64 age group. For the EU-27 as a whole, these figures were 24.2% and 20.3%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc\_peps02]. Data downloaded on 24 May 2021.

### 1.3 Young people (aged 15–29) materially and socially deprived

**Figure 4: People materially and socially deprived - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Bulgaria, %)**

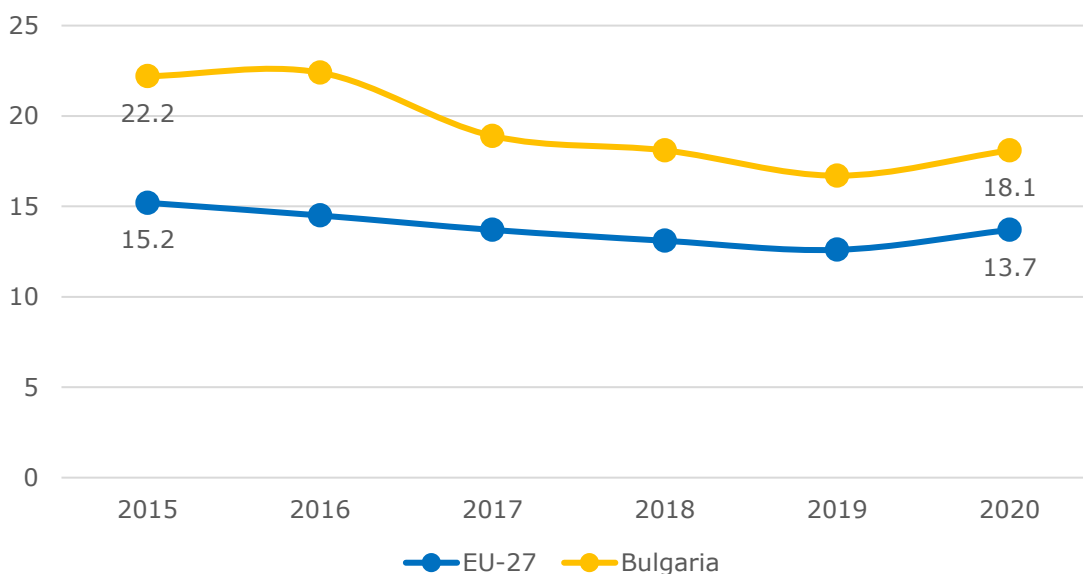


Reading note: In 2019, in Bulgaria, 30.6% of the 16-29 age group were materially and socially deprived (according to the EU definition of this indicator) compared to 29.2% of the 30-64 age group. For the EU-27 as a whole, these figures were 10.7% and 12.7%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc\_mdspd]. Data downloaded on 24 May 2021.

### 1.4 Young people (aged 15–29) neither in employment nor in education or training (NEETs)

**Figure 5: People aged 15-29 neither in employment nor in education or training (NEETs) (2015-2020, EU-27 and Bulgaria, %)**

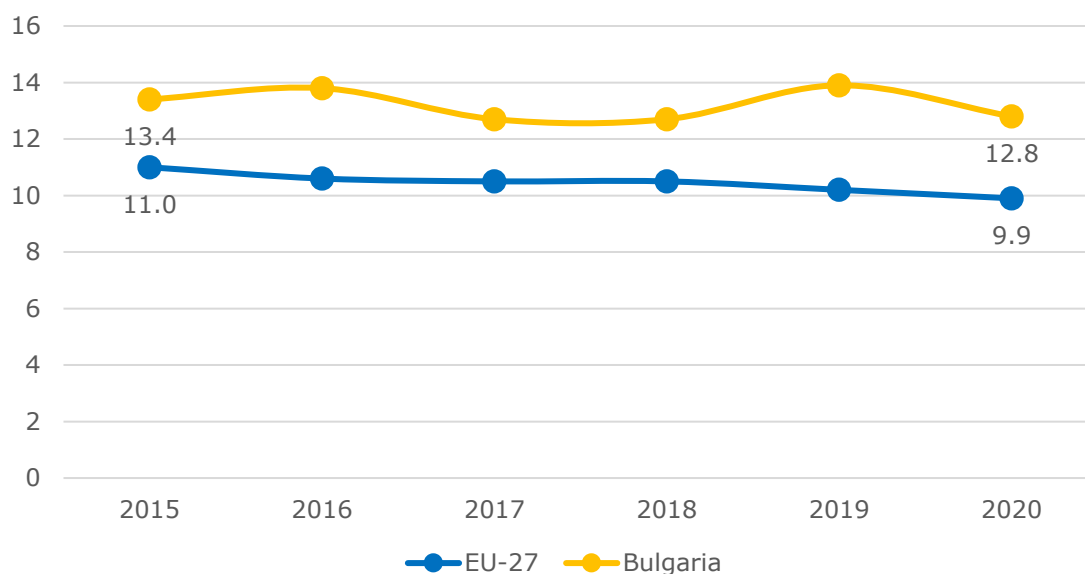


Reading note: In 2020, in Bulgaria, 18.1% of the 15-29 age group were neither in employment nor in education or training (NEET) compared to 13.7 for the EU-27 as a whole.

Source: Eurostat, LFS - indicator [lfse\_20]. Data downloaded on 24 May 2021.

## 1.5 Early leavers (aged 18–24) from education and training

**Figure 6: Early leavers from education and training for the 18-24 age group (2015-2020, EU-27 and Bulgaria, %)**

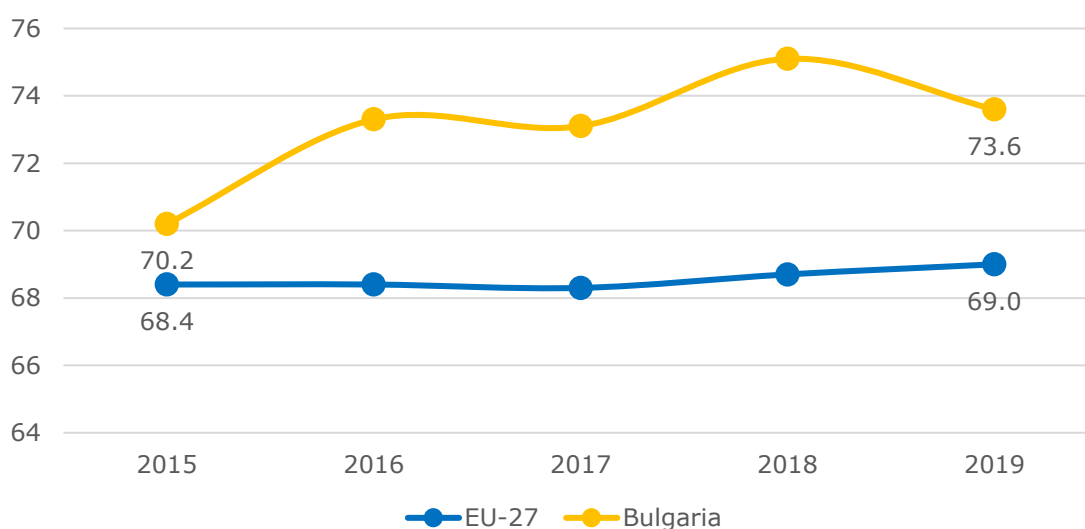


*Reading note: In 2020, in Bulgaria, 12.8% of the 18-24 age group were early leavers from education and training – i.e. they had completed, at most, lower secondary education and were not in further education or training. For the EU-27 as a whole, this figure was 9.9%.*

*Source: Eurostat, LFS - indicator [edat\_lfse\_14]. Data downloaded on 24 May 2021.*

## 1.6 Young people (aged 16–29) living with their parents

**Figure 7: Young people aged 16-29 living with their parents (2015-2019, EU-27 and Bulgaria, %)**



*Reading note: In 2019, in Bulgaria, 73.6% of the 16-29 age group were living with their parents, compared to 69.0% for the EU-27 as a whole.*

*Source: EU-SILC - indicator [ilc\_lvps08]. Data downloaded on 24 May 2021.*

## 2 ACCESS TO UNEMPLOYMENT BENEFITS

In this section we consider the unemployment benefit scheme, which is a contributory, non-means-tested scheme, and applies criteria related to work history and the amount of contributions paid.

### 2.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Bulgaria as far as young people are concerned are the following.

#### a) Age

Age is not a criterion for eligibility. Thus, eligibility conditions apply regardless of age.

#### b) Activity status requirement

Access to unemployment benefits for young people aged 15-29 is not different from that for other age groups, provided they can meet the criteria related to insurance/contributory history. Benefits depend on both the insurable income and the last two years of employment history. The calculation of insurable income is based on the salary of the employee. Contributions are counted even if for some reason they have not actually been paid, but just declared due by the employer. Part-time or seasonal workers are eligible for unemployment benefits to the extent that they can meet the requirement for an insurance history. There are no legal obstacles for trainees or apprentices to access unemployment benefits if they are part of an employment-based scheme and can meet the requirement for a contributory history. In practice, existing apprenticeship schemes in secondary dual education and in post-secondary non-tertiary education are a form of training and do not involve salaried employment. Student internships in tertiary education may involve employment relations and payment of social insurance contributions, but they are usually too short to provide the required contribution history.

#### c) Contributory history required to access the scheme

The contributory history required to access the scheme does not depend on age: to be eligible, people must have contributed for at least 12 months during the previous 18 months. The likelihood of having the required contributory history, however, does depend on age and increases with the length of work experience. Part-time work, or work for which the employee received less than the minimum insurable income, is counted proportionally (e.g. a person who worked half time in the previous 18 months would have nine months of contributory history during that period and therefore would not qualify for unemployment benefits). As a general consequence, under existing rules people who work less than two thirds of the time, or get less than two thirds of the minimum monthly insurable income, will not be eligible for unemployment benefits.

#### d) Waiting period

No waiting period is required.

#### e) Replacement rate / benefit level

Neither the replacement rate nor the benefit level is age-specific; they depend solely on the amount of insurable income prior to unemployment. The daily amount of unemployment benefit constitutes 60% of the average daily remuneration or the average daily insurance income (based on someone's salary) on which insurance contributions have been paid or are due to the unemployment fund for the 24 calendar months preceding the month of termination of insurance. Each year a minimum and maximum daily amount of unemployment benefits is set out in the annual state social insurance legislation. For 2021 the minimum amount is BGN 12 (€6.10) while the maximum is BGN 74.29 (€38).

## f) Duration

The duration of the benefit is less favourable for young people than for older groups. An important element of the unequal treatment of young unemployed people is the condition that all those who have acquired the right to unemployment benefits before the expiration of three years from the previous exercise of the right to benefits, receive the minimum daily amount of unemployment benefits for a limited period of four months.

The duration of unemployment benefit is determined as follows.

Contributory service for unemployment insurance after 31 December 2001	Duration of benefit (months)
Up to 3 years	4
From 3 years and 1 day up to 7 years	6
From 7 years and 1 day up to 11 years	8
From 11 years and 1 day up to 15 years	10
15 years or over	12

Source: National Social Security Institute (NSSI).

## 2.2 Gaps/obstacles in access for young people

The main gaps and obstacles in access for young people identified for this scheme in Bulgaria are the following.

### a) Main gaps in access for young people

Young people often do not have enough, or any, work experience, which automatically excludes them from access to unemployment benefits, as the system for receiving benefits takes into account both: (i) insurable income over the previous two years – to calculate the amount of the benefit; and (ii) the insurance experience over the last 18 months – to decide on eligibility. No special support is granted for young people as a group. The amount cannot be less than the minimum unemployment benefit determined by the state social insurance legislation for each calendar year, but the minimum is quite low (€6.10 per day in 2021). In addition, people who experience successive episodes of unemployment within a period of less than three years are only entitled to the minimum unemployment benefit, independent of their contributory history or insurable income.

These conditions put young people in a disadvantaged position compared with other age groups of the unemployed, given that their insurance record (as related to professional experience), and usually their income too, is lower than that of other groups.

### b) Main obstacles in access for young people

In 2020 Bulgaria had a NEET<sup>2</sup> rate among the 15-29 age group of 18.1%, as opposed to the EU-27 average of 13.7%.

Economic activity, and therefore the labour market across the EU, has been hit by the COVID-19 pandemic. There have been visible effects on employment, but people have also changed from being unemployed to being outside the labour force because their availability to work or their ability to seek work has been affected. Compared with other age groups, young people aged 15-24 saw the sharpest drop in employment during the health crisis on a European level, which is also the case for Bulgaria (Eurostat, 2021a). According to a report by UNICEF, apart from the state of the labour market, one of the most serious barriers to starting a job for NEETs is their lack of qualifications and low level of education. As the report's profile of the group made clear, 47% of NEETs were without secondary

<sup>2</sup> <http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:NEET>

education, and nearly 70% were without a specialty (without secondary education or with secondary general education) (UNICEF, 2015).

An eligibility rule for receiving unemployment benefits, which affects people who have experienced successive episodes of unemployment, concerns people's contributory history and the last time they received unemployment benefits. If people become unemployed before a period of three years has passed since they last received unemployment benefit, they are entitled solely to the minimum amount of the benefit defined in law for the shortest possible period (four months). In theory<sup>3</sup> this rule should affect both young people with little work experience and occasional and seasonal workers, even if they are employed in the formal sector and have their social security contributions paid. Everyone who is at risk of repeatedly falling out of employment would be at a disadvantage under this rule. But there is no empirical evidence to confirm these conclusions (e.g. it is not clear whether there are many young people doing non-standard work that takes the equivalent of less than 12 months of full-time work over any period of 18 months).

### **3 ACCESS TO SICKNESS AND HEALTHCARE BENEFITS**

#### **3.1 Sickness benefits**

This section describes the sickness benefit scheme, which is contributory and non-means-tested.

##### **3.1.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Bulgaria as far as young people are concerned are the following. People must:

- be insured at the time of claiming sickness benefit;
- meet specific requirements for contributory history; and
- have the required documents issued by an attending doctor or a medical panel for longer periods of incapacity for work.

##### **a) Age**

The general conditions for receiving sickness benefit apply to all workers regardless of their age, with the sole exception of very young workers under 18, who are exempt from the requirement for six months of contributory history.

##### **b) Activity status requirement**

Only people who are employed at the time they become sick or incapable of work can claim sickness benefit. The self-employed can also opt for access to sickness benefit if they choose to be insured for sickness and maternity. Unlike employees, the self-employed are not allowed to have any arrears in the payment of insurance contributions. As long as people (including those in non-standard work) can meet the contributory history requirement, they can access the sickness benefit scheme. The self-employed are allowed to opt in of the scheme (i.e. they can choose not to pay the contributions covering maternity and sickness, which under Bulgarian legislation are combined in a common fund). Self-employment is less common in the 15-29 age group (4% in 2020) compared with the 30-64 age group (10.4% in 2020; see Section 1). Apprentices and trainees are not prevented from accessing the sickness benefit scheme provided they are considered employed at the start of their temporary incapacity to work and have the required contributory history. Most apprenticeships are a form of training and do not involve employment relations so apprentices would not qualify for sickness benefit.

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<sup>3</sup> In theory means "as illustrated by a stylised example/profile". We don't know how often these profiles occur in reality.

**c) Contributory history required to access the scheme**

The required contributory history for accessing the scheme is six months of insurance coverage, both for employees and the self-employed: the contributory history does not have to be uninterrupted. People up to age 18 are exempt from this requirement. The contributory history includes paid leave and unpaid leave for child-rearing.

There are no differences between age groups.

**d) Waiting period**

There is no waiting period for sickness benefit.

**e) Replacement rate / benefit level**

During the first three days of sick leave, sickness benefit is paid by employers at a rate of 70% of the gross daily income for the current month. Thereafter, the cash benefit is paid by the NSSI at the rate of 80% or 90% of the gross income if the temporary incapacity for work is due to an accident at work or an occupational disease. The average gross daily income for the previous 18 months is taken as a reference for calculating the benefit paid by the NSSI.

There are no differences between age groups.

**f) Duration**

The period of primary incapacity for work that can be granted by an attending physician or dentist is a sequence of 14 days, or no more than 40 days during the year. After this period, the decision for allow further sick leave up to 180 days is taken by a special medical panel. Family members are allowed to have cumulative sick leave of 60 days per year to take care of a sick child up to the age of 18.

**3.1.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Bulgaria are the following.

**a) Main gaps in access for young people**

There are no specific gaps related to young people. Young trainees and apprentices normally do not have access to sickness benefit, due to the obstacles described below.

**b) Main obstacles in access for young people**

Young people in part-time jobs are less likely to qualify for sickness benefit, as only the actual time worked is taken into account when estimating their previous contributory history. However, there are relatively few young people in part-time employment in Bulgaria – not more than 4% in any given year. According to the latest available data (for 2020), 3.1% of young people aged 15-29 were in part-time employment as opposed to 22.6% in the EU-27 (see Section 1). People just over 18 have little chance in practice of meeting the requirement for six months of contributory history (which they are no longer exempt from).

**3.2 Healthcare benefits**

In this section, the focus is on the general rules related to the reimbursement of healthcare costs as they apply to young people. Health insurance in Bulgaria is a contributory system with compulsory participation for all employees and self-employed people. There is only one publicly owned National Health Insurance Fund (NHIF). Health contributions are 8% of insurable income, split 60:40 between employers and employees. The healthcare providers in out-patient care are private entities, many of which are single-person medical practices (i.e. GPs and many specialists in out-patient care), while others are organised in various small companies (health centres). Hospital care is both public and private; some of the largest hospitals are owned by the state, and some municipalities also own local hospitals. All insured people have access to the same basic package of health services independent of the contributions they have paid, which depend on their monthly income.

All services, consumables, medication and medical devices included in a clinical pathway are paid for by the NHIF, with the exception of some expensive (usually optional) items which have to be paid for by patients. Patients have to pay a small symbolic fee of less than €3 for each day they stay in a hospital, and a similarly small fee for each visit to a GP. The basic healthcare package covers almost no dental services, which are paid for by patients out of their own pockets.

### **3.2.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Bulgaria as far as young people are concerned are the following.

#### **a) Age**

There are no age-specific rules for access. The state covers all health contributions for children up to age 18, and for young people who continue their studies in secondary education and for university students up to age 26.

#### **b) Activity status requirements**

There are no requirements related to activity status. Unemployed people are insured by the state only for the time they are entitled to receive unemployment benefits – 4-12 months depending on their previous contributory history or if they do not qualify for minimum-income support, in which case they would be insured by the state. After that they are obliged to pay their health contributions even if they continue to be jobless and have no insurable income. If they don't pay for more than three months, unemployed people lose access to the basic healthcare package and have to pay for all medical services they may need. Accumulated arrears remain due and are potentially subject to forced collection. Once a person loses their health insurance rights, they have to pay all arrears due for the previous five years before they can regain access to the main package of health services covered by health insurance.

#### **c) Contributory history required to access the scheme**

People must have accumulated arrears of no more than three months over the previous three years. Otherwise, they cannot access the basic package of health services.

#### **d) Waiting period**

No waiting period is required.

#### **e) Replacement rate / benefit level**

The amount that can be reimbursed for the treatment of a patient depends on the diagnosis. Treatment procedures and interventions are described in 266 clinical pathways, which are costed in a standardised way. Reimbursement depends solely on the treatment course of each patient described in the relevant clinical pathway.

#### **f) Duration**

There is no limit to the reimbursement period.

### **3.2.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Bulgaria are the following.

#### **a) Main gaps in access for young people**

Young people are very vulnerable in the case of repeated episodes or long spells of unemployment. In such situations they may be left without any cash support, as well as losing access to free healthcare. Work in the informal sector usually results in employers not paying their share of healthcare contributions, thus putting a heavier burden on employees. Young people in Bulgaria are at higher risk of unemployment, including long-term unemployment.



## **b) Main obstacles in access for young people**

Despite health insurance being mandatory, the latest data published by the Ministry of Finance show that in the last quarter of 2020 there were more than half a million people without health insurance.

## **4 ACCESS TO MATERNITY, PATERNITY AND PARENTAL CASH BENEFITS**

In this section we provide an overview of contributory and non-contributory, monthly and one-time, benefits and allowances provided to parents during pregnancy and child-rearing.

### **4.1 Contributory maternity, paternity and parental cash benefits**

#### **4.1.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Bulgaria as far as young people are concerned are the following.

##### **a) Age**

Age is not a criterion for eligibility.

##### **b) Activity status requirement**

Cash benefits for maternity and paternity leave are paid to insured parents. There are no restrictions related to activity status, provided people meet the requirements for being employed/insured at the point they need maternity leave and have the required contributory history. Trainees and apprentices can access the scheme if they meet the requirements, but some forms of traineeships and apprenticeships (i.e. in dual secondary education and in tertiary education) are not a form of employment but a form of training: as such they don't lead to a contributory history. For self-employed people, participation in the scheme is optional: if they choose to not opt in, the self-employed are not entitled to a maternity leave. Maternity contributions are accumulated in the same fund as general sickness contributions (in case of sick leave).

There is also leave granted to fathers for the birth of a child for up to 15 calendar days, which is strictly fixed – from the day the child is discharged from the maternity hospital. This is the traditional paid paternity leave<sup>4</sup>. The condition for acquiring the right to this type of leave is that the mother and father are married or live in the same household and the father has legally acknowledged the child.

Additionally, there is a possibility for fathers to benefit from maternity leave. Subject to the mothers' consent, fathers have the right to use any leave remaining (up to 410 days) after the child reaches 6 months. In this case, the mother's leave is interrupted. Both parents cannot take maternity leave at the same time.

##### **a) Contributory history required to access the scheme**

The contributory history required to access the scheme does not depend on age. However, different contributory histories are required to access different components of the scheme. To be granted maternity leave and the related cash allowances, people must be employed/insured at the start of the leave and must have a contributory history of at least 12 months, which does not need to be uninterrupted. The procedure for granting and paying maternity cash benefits is regulated by the social security code. The state social insurance

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<sup>4</sup> As per OECD definitions in "OECD Family Database. Parental Leave Systems", available from: <https://www.oecd.org/els/family/database.htm>.

system also provides a variety of maternity<sup>5</sup> benefits related to specific situations such as the adoption of a child or giving birth to twins.

### **c) Waiting period**

No waiting period is required. Mothers insured for general disease and maternity are entitled to cash benefits for pregnancy and childbirth for up to 410 days, of which 45 days must be taken before the birth.

### **d) Replacement rate / benefit level**

Neither the replacement rate nor the benefit level is age-specific. The daily cash benefit for pregnancy and childbirth amounts to 90% of the average daily gross salary or the average daily insurance income on which social security contributions have been paid or are due. A period of 24 calendar months prior to maternity leave is taken into account when calculating the amount of the benefit.

### **e) Duration**

The duration for young people is the same as that which applies to older groups.

## **4.1.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Bulgaria are the following.

### **a) Main gaps in access for young people**

Young people who are not in employment or do not have the required contributory history are only entitled to a cash benefit equivalent to approximately €100 (i.e. much lower than the minimum wage) (see Section 4.2). Bulgaria is one of two EU Member States where the mean age at which women have their first child is below 27 (the mean age for the EU stands at 29.2) (Eurostat, 2021b).

### **b) Main obstacles in access for young people**

Paid maternity and paternity leave in Bulgaria remain among the longest in the entire EU. Some experts say it is difficult for women to return to the labour market after such a long maternity leave<sup>6</sup>, while other experts support long-term motherhood because the mother-child relationship is important in early childhood development. On the other hand, the lack of accessible and good-quality public services for early childhood development is also an obstacle.

## **4.2 Non-contributory maternity, paternity and parental cash benefits**

### **4.2.1 Eligibility conditions and benefit entitlements**

Women who are not insured or have an insufficient contributory record can access non-contributory schemes, which are set out under a different law and are managed by a different body – the Agency for Social Assistance (ASA). Two of the cash benefits are means-tested – the one-time cash benefit during pregnancy, and the monthly cash benefit for raising a child up to age 1; the one-time cash benefit given to all mothers at childbirth does not depend on income or activity status. In addition, there are some one-off benefits of marginal importance which concern specific situations such as raising twins, adoption of a child, and births to students in tertiary education.

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<sup>5</sup> It is important to note that although the legislator uses the term “motherhood”, it relates more to the term “maternity”: motherhood benefits can also be taken by fathers after a certain period, as explained above.

<sup>6</sup> These claims were made in a widely discussed and contested analysis of one of the largest employer organisations in Bulgaria, which insisted that maternity leave should be reduced to one year: <https://www.media-pool.bg/aikb-iska-da-otpadne-vtorata-godina-maichinstvo-news285624.html>.

The main eligibility conditions and benefit entitlements that apply to the scheme in Bulgaria as far as young people are concerned are the following.

**a) Age**

Age is not a criterion for eligibility.

**b) Activity status requirement**

Young unemployed, and economically inactive, people have access to the scheme.

**c) Contributory history required to access the scheme**

No contributory history is required.

**d) Waiting period**

No waiting period is required.

**e) Replacement rate / benefit level**

Neither the replacement rate nor the benefit level is age-specific. For the means-tested cash benefits, the average income per family member for the previous 12 months must be below a threshold set each year in the state social insurance legislation. For 2021 the amount is BGN 510 (€261). The one-time benefit during pregnancy in 2021 is BGN 150 (€77). The one-time benefit at childbirth, which is universal, is different for each successive birth: in 2021 the amount is BGN 250 (€128) for a first child, BGN 600 (€307) for a second child, BGN 300 (€153) for a third, and BGN 200 (€102) for each subsequent child. The amount of the monthly cash benefit for raising a child up to age 1 is BGN 200 (€102) in 2021.

**f) Duration**

The duration for young people is the same as that which applies to older groups. Two of the benefits are one-time, and the third is administered monthly for 12 months after the birth of the child.

#### **4.2.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Bulgaria are the following.

**a) Main gaps in access for young people**

No particular gaps in access for young people could be found.

**b) Main obstacles in access for young people**

Access to the non-contributory, means-tested, schemes is administratively more demanding and requires the completion of various forms containing complicated legal and economic terminology. In addition, applicants have to make statements about circumstances which are later verified administratively, and they can be held accountable for providing incorrect information. Among young parents who don't have social insurance there is a group with very low education. For such parents the application process must represent a significant administrative burden. To access non-contributory means-tested cash benefits, different types of documents proving income have to be presented to the ASA. The whole burden of providing the requisite documents and evidence, and the initiative to apply in the first place, rests with non-insured mothers.

#### **4.3 Overall gaps/obstacles in access for young people**

Despite being increased during the COVID-19 pandemic, the monthly cash benefit for raising a child up to age 1 is the equivalent of just €100 per month, even though in theory this amount is for both meeting the costs of child-rearing and replacing lost employment income.

## 5 GUARANTEED MINIMUM INCOME SCHEMES

### 5.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Bulgaria as far as young people are concerned are the following.

#### a) Age

Age is not a criterion for eligibility.

#### b) Activity status requirement

There are no requirements related to activity status for accessing the minimum-income schemes. There are no restrictions on access by trainees and apprentices to the scheme if they meet the eligibility conditions.

#### c) Other eligibility conditions

The main gap in access to the GMI schemes is the rather restrictive eligibility rules. The eligibility criteria that have an impact on the access of young people to the GMI scheme are the following.

- A requirement that people should not be registered as a sole trader or own any capital in a commercial company. This contradicts commitments to support youth entrepreneurship. A young entrepreneur with a small business who suffers temporary difficulties and needs some support will have to close the business before applying to the ASA. In Bulgaria (re)opening a business is a costly and time-consuming procedure.
- A requirement not to have any movable property. This is despite the fact that many items of immovable property, the car being a good example, are very empowering and helpful (e.g. in the process of looking for a job, or for small entrepreneurs). A person has to sell all immovable property and completely spend the proceeds before they can get access to the GMI scheme, making it even more difficult to re-enter the labour market or resume activity.
- A requirement not to have any savings beyond a minimum amount of BGN 500 (€256), even if that had been set aside to meet unexpected costs.

Young people may have the right to a heating allowance for five months during the year from November till March. To qualify for such a benefit, they must pass a means test (i.e. have an income less than a specific threshold called the "differentiated minimum income for heating"<sup>7</sup>), which takes into account the situation of the person concerned. The criteria relevant for young people are: being a single parent, having children and having a disability.

#### d) Benefit level

The amount of the GMI is very small, mainly due to the lack of an automatic mechanism for updating it. It is based on a discretionary decision by the government and is rarely updated<sup>8</sup>. The average amount of the monthly social benefit in 2018 was a bit less than BGN 100 (€51) (ASA, 2021). The GMI has not been increased since then, so the average amount must have remained approximately the same. This is also a sign that those who are entitled to the monthly social benefit usually have almost no other income, as the amount of BGN 100 is quite close to the theoretical maximum that could be received on average under the current provisions regulating the administration of the GMI schemes.

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<sup>7</sup> The use of this term shows that in Bulgarian social policy the heating allowance can be considered part of the GMI schemes.

<sup>8</sup> In June 2021 the Deputy Prime Minister responsible for EU funds management in Bulgaria's caretaker government announced that a commitment to introduce a mechanism of automatic annual indexation of the GMI will be included in the national recovery and resilience plan.

Young people would normally be entitled to much smaller amounts than other beneficiaries of the GMI scheme.

### **e) Distinctions between different groups of young people**

There are no distinctions between different groups of young people.

## **5.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Bulgaria are the following.

### **a) Main gaps in access for young people**

In Bulgaria, the minimum-income scheme is administered in the form of monthly social benefits. The amount of the benefit is determined on the basis of a differentiated minimum income (DMI), which is calculated on the basis of the GMI, multiplied by some factor. The DMI depends on people's age and health status (disability) and the composition of the household. The basic GMI is determined each year by the Council of Ministers but, in reality, it remains unchanged for long periods of time: in the period 2018-2021 the GMI was BGN 75 (€38.40) per month. The right to monthly assistance is granted to people or families whose income for the previous month is lower than their DMI. In general, the rules for calculating the DMI do not favour younger people. For example, parents raising a child up to age 3 are entitled to 120% of the GMI; after that, until the child is 18 (or 20 if they have not yet graduated from secondary school), parents are entitled to 100% of the GMI. By comparison, someone aged 75 or over living alone is entitled to 165% of the GMI.

### **b) Main obstacles in access for young people**

The eligibility rules limit the access to benefits and impose negative sanctions, which tends to lead to the demotivation and disengagement of young people<sup>9</sup>.

## **6 HOUSING BENEFITS**

In this section we describe the housing benefit scheme in Bulgaria. It is means-tested, available only to people in social housing, and conditional on additional criteria set out in the social protection legislation.

### **6.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Bulgaria as far as young people are concerned are the following.

#### **a) Age**

Age is not a criterion for eligibility.

#### **b) Activity status requirement**

There is no activity status requirement.

#### **c) Other eligibility conditions**

In Bulgaria there is one form of housing benefit, which applies only to people accommodated in municipal (social) housing. To qualify for the housing allowance, a person must have an income for the previous month that is less than 250% of the GMI. Since 2018, this has meant less than BGN 185 (€95).

The categories of young people who can access the housing (rent) allowance are: (i) orphans up to age 25 who received training at social vocational training centres; and (ii)

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<sup>9</sup> The link between limited benefits, negative sanctions and demotivation is explained in Colley and European Youth Research Partnership (2007).

single parents. Single parents are entitled to the benefit until their children reach 16, or 20 if still a student in secondary education. The children must also regularly attend mandatory pre-school or school classes; otherwise the benefit is not granted or is discontinued. Couples with children are not entitled to the benefit. The housing allowance for people accommodated in municipal housing has a very negligible coverage in general (i.e. very few young people have access to it). According to the ASA annual report for 2020, each month 136 housing allowances on average were given to households accommodated in municipal housing. Most of the households that need housing assistance remain in this situation for long periods of time. There is no official breakdown of the reported cases by age groups, but even if we assume that all cases were young people, the coverage of young people would still be judged inadequate even for a single big city.

#### **d) Benefit level**

The benefit covers the full amount of rent in the corresponding social housing unit, which differs across municipalities and types of units. The benefit does not cover the local garbage collection tax, which social housing tenants may have to pay on their own, depending on municipal policies.

#### **e) Distinctions between different groups of young people**

There is no distinction between different groups of young people.

## **6.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Bulgaria are the following.

#### **a) Main gaps in access for young people**

Rent allowances for municipal housing reach a very small proportion of the population, not least because the municipal housing stock is very small (less than 3% of the total housing stock) and part of it is used for non-social purposes such as departmental needs.

Two essential forms of housing support are completely missing in Bulgaria: (i) housing allowances for people and households who are not residents in municipal housing – Bulgaria has no housing allowances supporting the payment of rent on the free market, which is a huge obstacle for many young people wanting to start an independent life; and (ii) some form of allowance for improvements to people's own homes. Both these forms of missing support have the potential to significantly improve the living conditions of young people in Bulgaria. Home improvements can very positively affect the housing situation of some very marginalised groups such as the Roma. The fact that young Roma do not have adequate opportunities to start independent lives in their own homes is among the important drivers for overcrowding and the proliferation of informal housing<sup>10</sup>. Generally, a large proportion of young people in Bulgaria aged 15-29 live with their parents – 83.3% of males and 63.3% of females in 2019 (see Annex B in aforementioned Synthesis Report)<sup>11</sup>. This is due to a combination of economic constraints and cultural reasons.

#### **b) Main obstacles in access for young people**

The main obstacles are related to accommodation in social housing, as other forms of housing benefits are completely missing. People living in social housing are the only ones who are eligible for housing benefits.

Each municipality has a different practice in relation to the rules and procedures for accommodation in the very limited social housing stock. The practices are generally diverse and incoherent. In some municipalities a means test is combined with the requirement to

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<sup>10</sup> See chapter on housing by Nikolay Bliznakov in European Commission (2019). This report also contains a reference to other sources and provides general information on the housing market supporting this conclusion.

<sup>11</sup> The smaller proportion of females living with their parents is probably explained by young women being more likely to move to their husband's home than vice versa.



prove that tenants will be able to cover utility bills (i.e. to prove a stable source of income). As pensions and employment contracts are typically recognised as a stable source of income, this puts non-standard workers and younger people at a relative disadvantage. Other obstacles include: lack of support for overcoming the administrative barriers in the complex application process; long waiting lists generated by shortages; and lack of transparency in the way applicants are prioritised, which creates distrust in the system.

## **7 REFORMS, NATIONAL DEBATES AND RECOMMENDATIONS**

### **7.1 Reforms implemented since 2015**

Since the start of the Youth Guarantee, programmes to activate and provide employment to young people have grown in number and scope. In the national action plan for employment for 2020, as well as in previous years, young unemployed people up to age 29 and the sub-group up to age 25 are included among the priority target groups. NEETs who fall into this age group also represent a special target group.

In 2015, Bulgaria was the EU Member State with the highest rate of inactive NEETs. This conclusion was reflected in a report by the European Court of Auditors. The Employment Agency gradually developed a portfolio of special programmes targeting young people, most of which are funded from the European Social Fund (with co-funding from the government). These programmes, which include activation measures, are offered in addition to the standardised services offered by the Employment Agency – mainly mediation in job-searching. Since then, the inactivity rate among young people aged 15-24 has declined, but not significantly, despite the fact that the Employment Agency has put in place some instruments aimed at the activation of young people disconnected from the labour market.

For the third year in a row, the cash benefit for raising a child aged 1-2 remains at BGN 380 (€194) and will apply to 2021 as well. The cash benefit for maternity leave is only BGN 11 (€5.60) above the poverty line in Bulgaria, which since the autumn of 2020 has been set at BGN 369 (€188) – the amount has not been updated for three years.

The system for social assistance is not adequately designed to respond to social and economic shocks. In 2020 its coverage and spending remained basically the same as in 2019, despite the fact that COVID-19 affected incomes and livelihoods in a very dramatic way. According to the annual report of the ASA for 2020, both in 2020 and 2019 on average about 23,700 cases per month were provided with support<sup>12</sup>. The amount spent was also very similar – in the range of BGN 28-29 million (ASA, 2021).

However, there have been no important structural changes affecting the access of young people to social protection.

### **7.2 National debates**

Statements and analyses by EU institutions and the International Labour Organization concerning youth employment and social protection are quoted by the Confederation of Independent Trade Unions in Bulgaria (CITUB) – the largest confederation of trade unions in Bulgaria (CITUB, 2021) – and by employer organisations such as the Bulgarian Industrial Association (BIA, 2020); but they have not resulted in any concrete reform proposals relevant to Bulgaria.

The Bulgarian parliament displays sustained interest in the trends in youth policies, as reflected in EU documents and debates and in the situation of young people in Bulgaria. This includes many references to EU documents in parliamentary debates. In 2020, the parliament commissioned a large nationally representative survey among young people

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<sup>12</sup> This figure should not be much smaller than the total number of unique cases supported during the year, as most of the families who receive social benefits in a specific year receive support most of the time without a break.

with the obvious intention of grounding policies in up-to-date empirical information. Probably due to the economic and political instability caused by the COVID-19 pandemic and the end of the parliament's mandate, which was accompanied by massive civic protests, the parliament did not initiate, in 2020 or the first quarter of 2021, any changes in legislation or policies related to young people – so the results from this survey remained unutilised. In particular, the survey showed that 38.6% of respondents wanted to become entrepreneurs – have their own business or be self-employed – exceeding interest in working as an employee in either the private or public sectors (National Assembly of RB, 2020). At the same time, the Bulgarian social protection system is not supportive of self-employment in general and among the young in particular.

In Bulgaria, the Council Recommendation on Reinforcing the Youth Guarantee was popularised by the CITUB, which referred to statements and analyses from the European Trade Union Confederation. However, the CITUB did not generate any specific recommendations and demands tailored to the situation of young people in Bulgaria.

A document with policy proposals based on group discussions with young people was discussed with the participation of MPs and published on the website of the National Assembly (Economic Policy Institute, 2016), but does not seem to have had any practical consequences. Among others, the document contains multiple proposals concerning: (i) how youth apprenticeships should be organised, monitored and evaluated; (ii) incentives to be put in place for businesses to hire young people without professional experience; and (iii) the creation of a platform providing information about all available opportunities for training, apprenticeships and employment support for young people. There is no mention of social protection for the most vulnerable young people (e.g. access to housing benefits, GMI, and child benefits). The possible reason for that is the usual composition of youth discussion groups and any forms of youth participation, which usually manage to mobilise those with better education and better social connections.

There have not been any recent or ongoing public policy discussions about the inadequacy of minimum-income support in Bulgaria. This issue did not become part of the election campaign which took place before the regular parliamentary elections in April 2021. The manifestos of political parties that managed to get seats in the parliament did not contain any commitments related to social protection, while young people were mainly mentioned in the context of healthy lifestyles, sport, and support for employment and entrepreneurship. Social protection issues were not a primary focus in the early parliamentary elections that took place in July 2021. However, the new parliament had to consider urgent amendments to the state budget in an effort to respond to the increased number of beneficiaries of GMI schemes during the new wave of the pandemic.

Social inclusion is understood primarily as integration into the labour market, which can be facilitated by training, subsidised employment or incentives for people to start their own businesses. Most notably, access to social protection for young people does not appear in the national youth strategy for 2010-2020 and in the annual reports on the state of the youth in Bulgaria prepared by the Ministry of Youth and Sport and presented to parliament (Ministry of Youth and Sport, 2017-2020). For example, although supporting access to employment and offering subsidised jobs to young people is covered by youth policies, the question of access to adequate unemployment or social benefits is not considered at all. The report from 2017 explicitly recognises that the social protection system “*has not defined young people aged 18 to 25 as a separate risk group*”. They are supported under the generally established rules and conditions. The report goes on to say that the same conclusion holds for the policy for integrating people with disabilities (Ministry of Youth and Sport, 2017-2020). We must add that young people aged 26-29 are also not targeted by special provisions for social protection. None of the reports or analyses published by the government as part of legislation, strategies or mechanisms for monitoring and reporting raises the issue of whether the rules and provisions of general social protection provide adequate support to young people.

During the pandemic, the government revised the amount of the minimum unemployment benefit but did not revise the eligibility rules which affect access to unemployment benefits.



Among them, the most important eligibility condition is the contributory history – which is the same for all age groups but is much more difficult to fulfil for young people. In order to become eligible to receive unemployment benefit even for the shortest possible duration, people must have a contribution history of at least three full years. To receive unemployment benefit for the longest possible duration of 12 months, people must have a contributory history of 15 years or more. The self-employed, independent of their age, are not eligible for unemployment benefits.

The annual ASA reports also mention young people only in the context of the provision of social services. Social assistance does not receive much attention in the reports of the ASA, although among its strategic priorities the ASA mentions the drafting of opinions and proposals for improving legislation in the field of social assistance, envisaging social protection of the population with the lowest incomes (ASA, 2020).

### **7.3 Good practice and recommendations**

In the opinion of the authors of this report and a number of other experts, improved access to social protection for the young would require, as a minimum, some redesign of unemployment protection and the GMI schemes in order to level the playing field for the self-employed and small entrepreneurs. In particular, the GMI schemes have yet to become a tool for providing real protection against poverty and, at the same time, supporting initiative. This will require improved coverage and higher benefits.

More specifically, the experts suggest that the best way to improve access to the GMI for young people is to prioritise young people under the existing scope of the GMI. To improve access for young people, the following should be considered: (i) broadening the base of eligible people by relaxing some of the eligibility conditions; (ii) increasing the amount of the basic GMI; (iii) introducing an automatic mechanism for uprating the basic GMI; and (iv) allowing for a gradual withdrawal of the GMI when people start part-time or low-paid full-time jobs. Eligibility conditions are especially restrictive for young people and reduce the potential of the beneficiaries to look for a job or self-employment. They include several requirements which should be relaxed, namely: (i) not having movable property (e.g. a car); (ii) not having savings above a basic amount of about €250; and (iii) not being registered as a sole trader or having a share in a company.

Self-employed young people should receive more support from the government. The current system of social protection does not encourage entrepreneurship. The whole philosophy and eligibility rules of all schemes should be reviewed in light of the commitments to support youth employment and entrepreneurship.

In order to increase the access of young people to decent housing it is necessary to: (i) increase the municipal housing stock; (ii) introduce other forms of social housing; (iii) relax some of the eligibility conditions; (iv) combine the provision of municipal housing with other forms of support, in order to enable young people to have a sustainable income and be able to rent, buy or build their own homes; and (v) introduce universal housing allowances, which can be used to rent accommodation on the free market.

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