



Bulgaria

Analysis of the Situation in Relation to Minimum Income Schemes in Bulgaria

A Study of National Policies

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Executive summary

The social assistance system in Bulgaria has changed many times during the last 10 years in successive moves of centralization and decentralization. Currently the social benefits system is managed by the Social Assistance Agency (SAA) – a second level spending unit under the Ministry of Labour and Social policy, which has deconcentrated units at district and municipal (NITS-III and LAU-I) level. Reductions in the number of social assistance directorates have brought about a poorer and less accessible service to the beneficiaries of the system of social assistance.

Since the beginning of 2007 Bulgaria has an official poverty line, which is subject to change by the Council of Ministers every year. From January 1, 2009 the poverty line is defined at 194 BGN (around 99 euro). Another basic concept for the employment and social policy is the minimum wage, which is usually decided by the government once a year. The minimum wage for 2009 is set at 240 BGN (122.71 euro). After an increase by 5.11 euro, the monthly Minimum Income Guarantee (MIG) from the beginning of 2009 is 65 BGN (33.23 euro). The MIG is not legally linked to the minimum salary but its actual size happens to be currently 27% of the minimum salary – a ratio which seems rather low. Before that, the amount of the MIG set at 55 BGN had not been changed since the middle of 2005, while in the same period the minimum salary changed once every year. The Minimum Income Guarantee is used for the calculation of differentiated minimum income for different groups of beneficiaries. The differentiated minimum income is the amount protected by the system of social assistance.

Provision of social assistance to different vulnerable groups is based on four laws, many regulations and guidelines governing the rights, eligibility conditions, terms and timelines of assistance. The basic law, which regulates methods of payments and provision of social services, is the Law on Social Assistance (LSA) and its implementation rules. The other relevant laws are the Law on the Integration of People with Disabilities (LIPD), the Law on Family Benefits for Children (LFBC), Social Insurance Code (SIC) and the Law on Child Protection (LCP). Social workers working in the Social Assistance Directorates have to deal with huge volumes of legislation papers which are often very confusing when handling specific cases. Conditionalities and means tests, defining eligibility for monthly social benefits and the other types of benefits for income support, are complicated and restrictive. Eligibility criteria are based among others on the status of the applicant in terms of wealth, income, age, employment status, ability to work. If a person does not meet the formal criteria, but he/she is in need or at risk, practically the person has no access to social assistance. For instance, the description of the case of Kuncho in Annex 2 shows that he is not eligible for social assistance because he does not meet the formal criterion for a 9-month registration in the Labour Office. This case and a large number of other cases show that such people are practically excluded from the social assistance system because social reports are not considered a priority in deciding provision or refusal of social assistance. A positive example of well-targeted social benefits based on complex social assessment is provided by the child protection legislation and its implementation. It concerns a specific group of children at risk – those placed with relatives or foster families and children with disabilities.

The current government conducts one of the sternest policies so far in imposing sanctions and restrictions in the social assistance system. Over the past four years the period of payment of social benefits was reduced three times. Since the middle of 2006 the government has introduced

a time limit for the reception of monthly social benefits – first setting the limit at 18 months, then reducing it to 12 months and finally – to 6 months since the beginning of 2009. After a recipient gets monthly social benefits for the maximum period, the benefits are discontinued for 1 year and then resumed for a new period. Minimum Income Guarantee (MIG) by which social benefits are calculated has not been increased for the last three years and only now in 2009 the government increased the size of MIG. Imposition of sanctions to low-income families and suspension of monthly child benefits for school absences are described in Annex 2 - the case with a family having more than one child.

Highly placed government officials and especially the Minister of the Ministry of Labour and Social Policy Mrs. Emilia Maslarova resorted to sharp phrases aimed at the poorest strata of the population – those who have dropped into the last safety net of social protection. We believe that such messages were better be avoided at least because of the persisting negative attitudes and bias in society towards the Roma. Some labour market experts believe that enough preparatory measures have been done before the introduction of the limitations in the duration of the social assistance benefits¹ – like special labour exchanges for the Roma, the appointment of mediators with Roma language in some labour offices and the organization of training course for poor unemployed people in basic literacy and elements of professions. We disagree conceptually with the limitation of the duration of social benefits in any case. As regards the preparatory programmes we think that their scale was rather small, but most importantly we think that they suffer from a lack of long-term perspective to the issue, focusing on short-term training and quick insertion into low-skilled, low paid and unsustainable jobs. This whole approach has been advertised as an activation measure but the pros and cons have not been adequately analyzed – it is not clear how many social assistance recipients have been "activated" and how many were just left with no support from the latest safety net. There is no any available analysis of how many ex-recipients of the monthly social benefits have remained with an income below the differentiated minimum income for their group.

One of the structures established in Bulgaria is the Territorial Medical Advisory Board (TMAB) and the National Medical Advisory Board (NMAB). These structures are established at the regional and national level across the country. A series of independent experts, rights-protection organizations and associations of people with disabilities have been continually and insistently raising the issue of the prevailing "medical" approach applied to people with disabilities. This medical approach results in factual inequality and segregation of disabled people. According to this outdated concept, people with permanent physical disabilities are treated as sick, feeble and incapable to work. Thus, disability becomes a ground for discrimination - people with disabilities are rendered as incapable to work and the Medical Advisory Boards determine the patient's degree of working capacity. There are now plans to separate the medical assessment from the assessment of the ability to work, which will be an important step forward in the integration of the disabled people.

Access to health care continues to be the most problematic part of the social inclusion policy. There continues to be a large number of people who have no health insurance – more than 1 million people or around 13% of the residents. A special fund was created for the purpose of treating the uninsured to the amount of 5 million BGN, which is very small compared to the number of uninsured, but even this amount has never been used due to over-restrictive means tests. A recently published representative survey among the health uninsured in cities showed that

¹ Discussion with the SYSDM expert, Mrs Pobeda Loukanova, 15.05.2009.

most of the health uninsured are generally people who have lost access to the health care system due to poverty – around 45% of them had equalized incomes lower than the official poverty line for 2007. Most of them did not even try to seek help from the social system due to lack of confidence or feeling of stigma related to social disadvantage².

Finally, it is necessary to make a much deeper analysis of the social assistance system and to come up with effective decisions which will help people's integration in social life. In addition to the analysis, it is necessary to make structural and legislative changes for improvement of public services so that people who need them could receive it much more effectively and according to their needs.

² Markova, E., Kirov, V., Zahariev, B. et al. (2009). The Uninsured and the Health Insurance System in Bulgaria. OSI. Sofia.

1. Brief panorama and description of analysis of the situation in relation to minimum income schemes in Bulgaria

1.1 Governance arrangements

In the course of the transition from communism to market economy, policy in the area of social assistance has been developing rather rapidly. Over the period of transition there was a general movement to decentralization but it was unstable and sometimes incoherent. The social assistance system has been a number of times decentralized and then re-centralized and following the last changes introduced on 01.01.2003, the system was again centralized by the government of Simeon Saxe-Coburg-Gotha under the pretext of utilizing social benefits more efficiently. At that time the Social Assistance Agency (SAA) was established within the Ministry of Labour and Social Policy (MLSP) as a second level spending unit of budget credits and it started acting as a sole judicial entity after the adoption of the Agency Structure Regulation. During that period, SAA managed and controlled in a centralized way the activity of 272 Social Assistance Directorates (SAD) at LAU-I level and 28 Regional Social Assistance Directorates (RSAD) at NUTS-III level.

Three years later under Government Ordinance No 173 of 12 July 2006 a number of amendments were enacted in the social assistance system. Some of the changes included reduction of the number of Social Assistance Directorates from 270 to 137. Their structure incorporates the following departments – Child Protection Department, Social Protection Department, Disabled People and Social Services Units. Other 135 Social Protection Departments were established within the municipal territories where the former Social Assistance Directorates were restructured. However, the newly established departments continue to provide social services to the population as they have been doing before the amendment so the recipients of social services do not have to travel outside their settlements to get to the Social Assistance Directorates.

Nevertheless, the new changes in the structure of SAA brought about a certain public tension since the amendments were enacted without consultation and public discussion, and the personnel working within SAA and the citizens were unaware of the reforms within the system. The official standpoint of SAA with regard to the tension within the system was that the goal of the new structure is to improve the quality of services provided to the population by increasing the number of personnel, empowering them with managerial functions and at the same time reducing expenditures without diminishing the number of personnel whose number is 5,671 at present. According to an official statement made to BGNES Agency³ “The decision to restructure the Directorates was made by the government after making an analysis of certain criteria, such as establishing the number of social services recipients, assessing communication facilities, number and structure of the population and availability of other specialized institutions in each municipality across the country”.

³ A press release broadcasted by BGNES Agency on 7 August 2006
<http://www.econ.bg/news/news/article4682.html>

Indisputably, the enactment of structural changes without any preliminary discussion resulted in serious concussions within the social assistance system. These negative reactions could be seen in a series of publications and the internet forums⁴ and blogs used by social workers and other officials working within SAA.

1.2 Main policy regulations of social assistance

There are three main indicators related to social transfers with regard to provision of social services and social support in Bulgaria. These indicators periodically change their values following a decision enacted by the Council of Ministers and show the minimum levels beneath which state institutions should interfere to provide social assistance and protection. The indicators comprise the poverty line, minimum income guarantee and minimum wage.

Poverty line

According to government ordinance as of 31 October 2008⁵ the poverty line for Bulgaria was set to 194 BGN for 2009. The poverty line was calculated as 60% of the median net equivalent income in the country.

The poverty line is a monetary indicator for identifying poor people in the country. It has to guarantee and meet the so-called “minimum living needs”, which is the monetary equivalent of the factual expenditures for food products that cover the recommended daily norm of 2700 kilocalories. The percentage ratio between the expenditure level for food and non-food products and services has to correspond to the average ratio of 20% of low-income level households.

Poverty line is an important instrument in social policy. In 2006 a number of experts from the Ministry of Labour and Social Policy, National Statistics Institute and the Bulgarian Academy of Sciences, social partner organizations designed the methodology for setting and updating the size of the poverty line on an annual basis. The calculation of the size of the poverty line is based on data obtained from a survey on the household budgets in Bulgaria, which is conducted by the National Statistics Institute annually. The poverty line for 2007 was set to 152 BGN. In 2008 it was 166 BGN and since 1st January 2009 it is 194 BGN⁶.

By adopting of the official poverty line for 2009 the government fulfilled its commitment within the framework of the Tripartite Pact on Economic and Social Development of Bulgaria until 2009. The pact required that the poverty line “should be placed at the base of the system of social protection”⁷ The size of the poverty line was approved through consensus by social partner representatives within the National Council for Tripartite Cooperation.

⁴ A Social Workers' Forum:
<http://clubs.dir.bg/showthreaded.php?Board=socialwork&Number=1947514249&page=18&view=collapsed&sb=5&part>

⁵ Government ordinance as of 31 October 2008 available on
www.government.bg/cgi-bin/e-cms/vis/vis.pl?s=001&p=0175&n=3927&g, last visited on 17.05.2009.

⁶ Council of Ministers web-site on
<http://www.government.bg/cgi-bin/e-cms/vis/vis.pl?s=001&p=0175&n=3927&g>, last visited on 17.05.2009.

⁷ Tripartite Pact on Economic and Social Development of Bulgaria until 2009, 10.3.

Minimum income guarantee (MIG)

The Minimum Income Guarantee is defined by the government on a monthly basis and serves as the basis for defining the amount of all social benefits.⁸ The Social Assistance Law also provides a definition of the Guaranteed Minimum Income, which says that it is a “legally defined amount which is used as the basis for defining social assistance with the aim of guaranteeing a minimum income to meet the basic living necessities of the persons according to their age, family situation, health and wealth⁹.

The government approved an updated monthly amount of the Minimum Income Guarantee (MIG) as of 1 January 2009 to be 65 BGN in comparison to 55 BGN (for the previous year), which is almost a 20% increase. Before that the guaranteed minimum income had remained unchanged since the middle of 2005. The real target levels of income support are determined for the different groups of beneficiaries and types of benefits based on the use of coefficients. Thus the Minister of Labour and Social Policy claims that despite the fact that the guaranteed minimum income remained unchanged for a long time during an economic upturn, the social policy targeted at the lowest income segment of society was still in place because the government could change the coefficients determining the differentiated minimum income. We are not aware of any systematic assessment of the magnitude of these changes and the impact thereof on the beneficiaries of the minimum income policy. Following this differentiated approach the allocation of the updated MIG in 2009 provided for a priority increase of the amount of social assistance given to people of lowest social status – lone elderly people, people with disabilities, lone parents and people eligible for social integration benefits. In the course of the current rising world economic crisis certain groups of people, such as elderly people, people with disabilities as well as single parents who raise their children on their own, are likely to be highly exposed to poverty which obliges the Bulgarian government to take urgent measures to secure their social protection.

The government approved an updated size of the social pension for old age to be 92.53 BGN, while it was 84.12 BGN for the preceding year and 76.23 after October 2007. According to the provision of the Code of Social Insurance, right to social pension shall have those persons who turned 70 years of age when the annual income per member of the family by the date of turning the age is less than the sum of the guaranteed minimum income established for the country during the last 12 months¹⁰. The new size of the social pension in Bulgaria complies with the Law on the Budget of the State Public Insurance for 2009 which stipulates that the minimum size of length-of-service and old-age pensions is set to 124.84 BGN¹¹. This is a 10% increase in comparison to preceding year, exactly as much as the Council of Ministers decided to increase the social pension for old age. The size of the social pension for old age is the basis for the calculation of the size of the social pensions for disability. The increase of the size of social pension for old age results in a proportional increase of the minimum amounts of the other non-labour related pensions – the social pensions for disability, the civil disability pensions, the war disability pensions and the personal pensions. Legally the size of the social pension for old age is decided by the Council of Ministers every year based on a proposal by the Minister of Labour and

⁸ Social Assistance Law, art. 12(3).

⁹ Social Assistance Law, para 1.10 of the supplementary provisions.

¹⁰ Social Insurance Law, art. 89(1).

¹¹ Law on the Budget of the State Public Insurance, art. 9.

Social Policy and the National Social Security Institute¹² and it does not have to necessarily follow the increase in the size of the length-of-service and old age pensions.

Minimum wage

The “minimum wage” is a fundamental concept in the Bulgarian Labour Code. The monthly minimum wage is the other key indicator decided by the government together with the official poverty line. The weekly and daily minimum remuneration is calculated on this basis taking into account the number of working days. Lately the minimum wage is decided by the Council of Ministers on a yearly basis (before 2003 the minimum usually changed several times during the year). The government, by adopting an ordinance, sets the amount of minimum wage for a certain period of time. Also the Council of Ministers determines on a regular basis the minimum monthly wage and period after which it has to be updated (see Annex 3). Minimum wage plays an important role in implementing government programmes related to subsidized employment and in calculating tax and social insurance contributions to the health insurance and the pension fund. The minimum monthly wage for 2009 is set to 240 BGN or 122.71 euro. The minimum statutory salary in Bulgaria is thus the lowest in the EU. The amount of the MIG is not legally linked to the minimum salary and as a matter of fact during the period 2005-2008 the minimum salary increased every year, while the MIG remained unchanged. In 2009 after the increase with 5.11 euro the MIG is 27% of the minimum wage – a ratio which seems rather low.

1.3 Eligibility conditions

Provision of social assistance to different vulnerable groups is based on four laws, many regulations and guidelines governing the rights, eligibility conditions, terms and timelines of assistance. The basic law, which regulates methods of payments and provision of social services, is the Social Assistance Law (SAL) and its implementing rules. The other laws are the Law for the Integration of People with Disabilities, the Law on Family Benefits for Children, Social Insurance Law and the Child Protection Code. Social workers working in the Social Assistance Directorates have to deal with huge volumes of legislation papers which are often very confusing when handling specific cases. From the internet forums where social workers discuss many cases it is evident that social workers discuss problems related to implementation of the regulations concerning access or refusal of social assistance and estimation of the amount of social assistance.

The underlying principle of the Bulgarian social assistance system is the formal criteria which a person at risk should meet. Generally, these are related to person’s property, income, age, employment, working capacity¹³, etc. If a person does not meet the formal criteria, but he/she is in need or at risk, practically the person has no access to social assistance. For instance, the description of the case of Kuncho in Annex 2 shows that he is not eligible for social assistance because he does not meet the formal criterion for a 9-month registration in the Labour Office. This case and a large number of other cases show that such people are practically excluded from the social assistance system because social reports are not considered a priority in deciding

¹² Social Insurance Law, art. 89(2).

¹³ The term “Reduced working capacity” is typical of the Bulgarian practice. The term is widely spread and used and basically denotes a person’s capability or incapability to work, or whether a person has a reduced working capacity. The degree of working capacity is estimated by the Medical Advisory Boards.

provision or refusal of social assistance. What is more important to social services is whether these people have the required document issued by another administrative institution in the respective community.

Social Assistance Law

The Social Assistance Law is the basic law which stipulates main activities related to provision of social assistance and social services. The actual amount of social benefits received by each particular beneficiary is determined on the basis of a *differentiated minimum income*. The differentiated minimum income is a certain percentage of the minimum income guarantee, the size of which depends on the level of vulnerability and supposedly – on the cash needs of each specific group of beneficiaries. These groups are specified in accordance with their age, the type of household (lone elderly people are treated differently from couples), and the level of disability. The law defines the level of disability by the concept of productivity loss. The degree of disability is defined by special commissions which determine the working capacity degree in percentages. The Social Insurance Law distinguishes between people with a disability degree between 50% and 70% and above 70%.

This law stipulates the types of social assistance which are divided into monthly, targeted and one-time benefits. These benefits are allocated after taking into account the following parameters – income, property, family status, health status, employment, age and other relevant circumstances. In Annex 1 are described in detail the different types of social assistance, clients and amount of social assistance.

The main shortcoming of this law is that it restricts the social worker with applying formal criteria to clients' needs and practically no social work is done in supporting people in need. Social workers are busy with calculating the differentiated minimum income taking into account the parameters of each client and estimation of a specific minimum income guarantee.

Social Payments under the Law on Integration of People with Disabilities

This law stipulates primarily social benefits payable to people with disabilities, entitled to receive monthly supplements for social integration according to the type of integration and disability degree and on the basis of social assessment. The basis for calculating the monthly supplement for social integration is the minimum income guarantee, which is determined by the Council of Ministers under Art. 12, paragraph 3 of the Social Assistance Law. Thus, this law entitles people with disabilities, irrespective of their income, living conditions, employment, education, etc. to receive a monthly supplement, on the condition that the person is disabled. The degree of reduced working capacity is determined by the Medical Advisory Boards which issue the so-called "expert decision".

This law, unlike the Social Assistance Law, provides real opportunities to people with disabilities and is not restrictive in approach, but again it is based on the formal criteria of "percentage of reduced working capacity" without assessing the actual needs and capabilities of a specific person. Most often the provided monthly supplement is 9.75 BGN for transportation services, diet food and medication. Most of the persons supported under this law receive 2 monthly supplements, which is 19.50 BGN. The law allows the provision of up to 4 monthly supplements,

which is approximately 39 BGN. In Annex 1 in detail are presented the cases of people who are eligible for social benefits and the amount of social assistance they could receive.

A serious deficiency of the law is that it does not give rights and priority significance to integration with regard to opening cases and working them for achieving the objectives of independence. The role of the social worker is rather to make calculations to estimate the amount of monthly benefits.

Law on Family Benefits for Children

The last amendments and additions to the Law on Family Benefits for Children were made in 2009. This law regulates the eligibility conditions for family benefits for pregnancy, childbirth and raising children. The family benefits under this law are as follows:

- **One-time benefits** for pregnancy, childbirth, raising twins until they reach one year, raising a child until the age of one by a parent who is a full-time student;
- **Monthly child benefits** until completion of secondary education, but no later than 20 years of age and monthly benefits for raising a child up to the age of one.

Pregnant women who have Bulgarian citizenship are eligible to family benefits; also benefits are paid for children who are raised within the country, families in which one of the parents is a Bulgarian citizen and for children with Bulgarian citizenship.

In the present report in Annex 1 the different types of benefits and the conditions which have to be met by beneficiaries are given in detail. Annex 2 describes cases of a family having more than one child and a single parent, the methodology for calculating social benefits, sanctions and relation to other social payments.

Child Protection Code

Definitely, it should be noted that this law is a positive example in Bulgaria for social benefit payments since it is intertwined with the implementation of specific activities related to social work and management of cases. Under this law, one of the most important prerequisites for social assistance is to have an open case of a child at risk, which is accommodated in close relative family, a foster family or a child with disabilities. The assistance is related with the assessment and social report prepared by the social worker. There must also be an open case of a child at risk, so that the family would be supported in raising the child. The interviews conducted with social workers, presented in this report, indicate approval with the support provided to these families because it shows certain achievements of tangible results. In Annex 1 the specific parameters of the payments under this law are presented in detail.

1.4 MI schemes and the transition into employment

According to information collected in the third quarter of 2008 provided by the National Statistics Institute, a total of 3 544 million people is the economically active population in Bulgaria, aged 15-64. The number of economically inactive people, aged between 15 and 64, is 1,627.1 thousand or 31.5% of the population of the same age group. Nearly half of the inactive people (aged 15 – 64)

do not want to work or do not actively seek employment due to participation in different trainings or because of personal or family reasons, such as raising small children, etc. The group of the discouraged people (aged 15 – 64) is 143.5 thousand or 8.8% of the economically inactive people in the same age group.

The Ministry of Labour and Social Policy plays a major role in the implementation of the state employment policy through the Employment Agency, which bears the statute of an executive agency under the ministry. The Employment Agency has a network of deconcentrated structures at district and municipal level – the district employment services and the labour offices. Undoubtedly, the official statistics showed until recently a significant decline in the unemployment rate in the country. On the other hand, in 2007 an evaluation carried out by the Bulgarian National Audit Office¹⁴ indicated that the programmes for combating unemployment did not result in generation of sustainable jobs, but rather through its subsidized employment programmes the government artificially took certain groups out of the statistics of the unemployed, by providing them with minimum wages. This analysis was supported by independent experts and NGOs, which indicated that the impact of the programme on employment in the primary labour market was very small.

Prime Minister Sergei Stanishev made a statement at the opening of the Social Policy Week¹⁵ that Bulgaria has to find a smart way to integrate into European policy and labour market. The event was attended by Mrs. Maslarova, Minister of the Ministry of Labour and Social Policy and representatives of the European Commission and representatives of the then presiding Slovenian Chairmanship in May 2008. Mr. Stanishev emphasized the necessity for more qualification and prequalification courses which had to provide for additional manpower for the needs of the employers in Bulgaria. He also stressed on the fact that state-subsidized employment had exhausted its importance and potential and that Bulgaria strongly needs highly qualified workers¹⁶. He also stated that efforts of the government should be concentrated on the development of new employment policies, especially targeted at low income communities in Bulgaria.

It should be noted that the government social policy should be further improved and developed and it is logical to press the government to allocate more financial resources for social policy measures when it sustains a certain budget surplus. The government should also consider both the people who create the national income and the people who use the social transfers. In this way a reasonable government policy should be the reduction of taxes and re-allotment of the budget which would limit low efficient government programmes and expenditures.

1.5 Amounts of benefits, for different individuals and household types

National data show that poverty affects most households in the Roma community and households with people who live alone. The response of the State in this direction was that in 2007 under the Regulations for the Social Assistance Law a total of 253,648 people and families living in poverty were supported with monthly benefits, one-time social benefits and targeted benefits. The funds

¹⁴ National Audit Office of the Republic of Bulgaria. (2007). Report on the Results from an Audit of the Activities under the National Programme *From Social Assistance to Employment* of the MoLSP for the period 01.01.2004 – 31.12.2006.

¹⁵ http://www.lev.bg/view_article.php?article_id=17332

¹⁶ Opening Speech by the Prime Minister Stanishev to the Social Policy Week, 26.05.2008. Available on the official web-page of the government www.government.bg.

which were paid in 2007 amounted to 74,039.08 thousand BGN. This shows that a family or person living in poverty was supported by the government with the amount of 291.89 BGN for the whole year. This amount was rather insufficient especially for families having more than one child. It should be noted that the amount of 291.81 BGN is an average calculation; some people received only one-time benefits, while others received social assistance for a certain number of months. From the field work examples presented in the present report it is obvious that even some families, especially elderly people, receive benefits which are extremely low and even insulting to people in need.

The Confederation of Independent Trade Unions in Bulgaria (CITUB) makes its own measurement of the cost of living which indicates that in April 2009 cost of living soared to new record levels – 479 BGN per month per capita (four-member household - 2 adults with 2 children). Thus a household must have a total of 1916 BGN per month to meet expenses and comply with the calorie standards. The households in Bulgaria who could earn this amount of money are below 10%. Comparing the average amount poor people receive from the state and the monthly cost of living, calculated to be 479 BGN by CITUB, shows that de facto social benefits cannot contribute significantly to reducing the poverty rate in the country. Data from the NSI Budget survey support such a conclusion – in 2007 the share of the child benefits and other social benefits in household budgets was 0.6% and 2.6% respectively¹⁷.

The survey of CITUB shows that the average income in March 2009 increased by 70 BGN in comparison to March 2008. The survey of CITUB also forecasts a total of 6 000 people to remain without employment in May 2009.

1.6 Time duration of benefits

In Bulgaria, social assistance is paid on a monthly basis, one-time basis and in-kind. Annex 1 of this report specifies the period of each type of assistance. The problem here is that social benefits are not bound by social work, they are so low and unevenly distributed and the timeline does not have any significance for reducing poverty and social exclusion.

1.7 Conditionality rules, sanctions and exclusions

The current government conducts one of the sternest policies so far in imposing sanctions and restrictions in the social assistance system. Over the past four years the period of payment of unemployment benefits was reduced twice and presently it is six months. Minimum Income Guarantee (MIG) by which social benefits are calculated has not been increased for the last three years and only now in 2009 the government increased the size of MIG. Imposition of sanctions to low-income families and suspension of monthly child benefits for school absences are described in Annex 2 - the case with a family having more than one child.

Highly placed government officials and especially the Minister of the Ministry of Labour Social Policy Mrs. Emilia Maslarova resorted to extremely sharp phrases aimed at the poorest strata of the population, resulting in negative public attitudes to all those who receive social assistance.

¹⁷ NSI time series from the household budget surveys 1998-2007. Data ordered by the authors from the NSI database.

Frequent clients of the social services and unemployed people were sarcastically qualified as "practicing the profession of the socially weak" and "the lazy part of the population", etc.

I will not allow..., and I say it very responsibly, and let all these Roma leaders hear my words, they who instigate certain people against the government... I will not let people who lie all day on their left or right sides wait for the state to give them something... They condemn the government but, on the other hand, they rely on the government. They live off by rest of the other Bulgarian citizens ... But you should also give help (She is having in mind the mass media). I would be very happy if the first pages of the press describe what the government did, how many people we sanctioned, because these people lied to us. We sanction them and then they say we don't have money...We all should be a little bit more careful about what we do and what we say..."

**From an interview with Mrs. Emilia Maslarova --
Minister of MLSP, broadcasted on June 30, 2007 by Darik Radio¹⁸**

Undoubtedly, such statements addressing the public at large make certain people believe that those who live on social assistance should be regularly sanctioned so that they could learn to handle their problems and get out of poverty. Similar standpoints are so widespread that a number of internet forums, articles and broadcast programmes propagate anti-social views and attitudes which could be summarized in the following statement – "If you are poor, it means that you are lazy".

¹⁸ http://dariknews.bg/view_article.php?article_id=158529

2. Assessment of minimum income schemes

2.1 Coverage and take-up

Currently, subsidized employment programmes continue to be applied by the government and these programmes are more an impediment than an instrument for generation of sustainable jobs. Funding employment programmes seems to have an alternative facet and these would be the potential jobs which would have been created if the financial resources for subsidized employment were relocated in the hands of the private sector.

One of the most critical reports of the Institute for Market Economics (IME), whose experts analyzed 433 reports, prepared by the Bulgarian National Audit Office for the period 1998-2007, reached the conclusion that over 10 years over 20 billion BGN were spent on employment programmes with no clear result. One of the examples is that the Programme "From Social Assistance to Employment" spent 357,400 thousand BGN. In order to find work for some 801 people on the primary labour market the government spent under this programme the sum of 445.69 thousand BGN for each unemployed person. This survey covers the period 1998-2007 of the implemented employment policy of the last two successive governments¹⁹.

In recent years, the Employment Agency launched some initiatives to promote employment and social (labour market integration) integration of the Roma. In the 2008 National Employment Action Plan one of the active policies on the labour market is targeted mainly at the groups of the inactive persons, including the group of the discouraged people. The plan takes into consideration "the specific characteristics of each person of the target group on the labour market, paying particular attention to the accumulation of negative attitude to employment in each beneficiary". In this direction the government planned to implement activities aimed at unemployed people of Roma origin who are not active on the labour market, have low education and no qualifications. These people are less adaptable to employment and consider themselves as unfit to the labour market. It could be noted as undeniable success that the Employment Agency took the initiative to develop the Programme "Activation of Inactive People" and to include Roma mediators to work under this programme.

The main objective of the programme is to activate and include certain inactive and discouraged people in the labour market by using individual and administration tools and services. The programme is targeted at attracting and motivating these people to get registered at the Labour Office Directorates in order to qualify for inclusion in training or employment. The programme is implemented in 9 Regional Directorates of Employment Services and in 45 municipalities through the implementation of following three components:

- Working with inactive persons (appointment of Roma mediators);
- Job fairs;
- Promotion and development of local cooperation on employment issues.

Generally, this programme could hardly be called "a programme" since the financial amount of 219.23 thousand BGN of the programme is more close to a project funding rather than a

¹⁹ Institute for Market Economics. (16 December 2008). The Successes and Failures of Bulgarian Governments 1998-2007: Overview of the Audit Reports of the National Audit Office.

programme funding targeted at combating unemployment. It could be said that the programme budget is more appropriate for a major project of an NGO or a business organization running some project under the Operational Programmes of the European Union. Although the scope of this nationwide programme involves people across the country, it could be argued that the Programme "Activation of Inactive People" had a deep and multidimensional approach for eradicating unemployment among the Roma community.

2.2 Adequacy of Minimum income schemes

This part gives an assessment of the adequacy of MI schemes with respect to at-risk-of-poverty thresholds and other national indicators on average disposable incomes, household consumption, the level of prices and the legal minimum wages.

As it has already been mentioned in this report, one of the serious problems in the social assistance system is the requirement that people should meet certain formal criteria so that they could become beneficiaries. One of the structures established in Bulgaria is the Territorial Medical Advisory Board (TMAB) and the National Medical Advisory Board (NMAB). These structures are established at the regional and national level across the country.

The problems with the Medical Advisory Boards are numerous and they are recognized by the Government as a serious shortcoming of the system. In early April 2007 the professionals working in the Territorial Medical Advisory Boards organized one-hour warning protests²⁰. This was announced by Dr. Penka Georgieva, a member of a Medical Advisory Board in Sofia. The occasion of these protests were instigated by the offensive statement of Minister Emilia Maslarova, who stated that „Every second expert decision is false”. Actually, what is needed is a comprehensive approach in certification and assessment of disability degree and working capacity degree. Many independent experts and NGOs advocate for changing the system and the legislation framework respectively.

“A 56-old man from Gorna Oriahovitza remained without a disability pension after the local Medical Advisory Board decided that his inborn disability was self-healed. The left leg of Alexander Mitev is heavily deformed by birth and is shorter than his right leg by 5 cm. The last medical commission he attended found that his left leg has grown and his disability degree was reduced which automatically resulted in the suspension of his disability pension. Because of the decision of the Medical Advisory Board and the pertaining imperfections of the law, the man was denied his only income – 166 BGN from his disability pension. Now in order to survive, he has to collect iron and waste paper from the dust bins and sell them as scrap.”

DNES INFO 15 April 2009

<http://www.dnes.bg/article.php?id=69489&page=5>

A series of independent experts, rights-protection organizations²¹ and associations of people with disabilities have been continually and insistently raising the issue of the prevailing “medical” approach applied to people with disabilities. This medical approach results in factual inequality and segregation of disabled people. According to this outdated concept, people with permanent physical disabilities are treated as sick, feeble and incapable to work. Thus, disability becomes a ground for discrimination - people with disabilities are rendered as incapable to work and the

²⁰ <http://www.dnevnik.bg/bulgaria/2007/03/11/318068/>

²¹ European Rights – Plovdiv Eurorights
http://www.eurorights-bg.org/bg/categories/legal_doctrine/m_ekimdjiev/disabled_people_discrimination.html

Medical Advisory Boards determine the patient's degree of working capacity. These boards are primarily comprised of doctors who determine the degree of working capacity of disabled people on the basis of mathematical formulas. The boards issue an official document (expert decision) for each patient and this document plays a substantial role for accessing different kinds of public services. In this way about 2000 people with disabilities were denied access to various public services and the result was a series of public debates on this problem.

The restrictive measures the government passed are sharply criticized by a number of independent experts and social partners. Their standpoint is that the discussion and introduction of such restrictions for unemployed people denying them social assistance for a period of 6 months is a wrong approach at times of a severe stagnation on the labour market. The financial crisis would only increase unemployment rate and the eventual bankruptcy of the "Kremikovtzi" steel factory near Sofia would result in 6 000 unemployed people additionally. The Confederation of Labour "Podkrepa" officially declared that "The Government should first build a safety social net and then consider cutting down social benefits".

Quotes from an internet forum of single parents:

A single mother: I am single mother on maternity leave and I have a girl 1 year and 4 months old. The father does not pay support money and he doesn't even give us any money! A month ago I asked the social services to give me support as a single parent. They told me to submit a request for social assistance for heating, this is the only assistance they said I was eligible for... After filling in multitude of documentation, plus 3 times waiting at the queues... I felt rather humiliated but finally filed in a request for one-time assistance at the amount of 260 leva (BGN). After 3 days they called me and told me that my request was rejected because my income exceeded the threshold! Yes! I asked the question: what is the limit of this threshold and they replied I exceeded the 220 leva assistance for maternity. I was given 3 different answers! So I ask, hopefully someone here knows the answer: What is the amount of income a single mother with a baby should have, so that she could be eligible for assistance? Or should I refuse my maternity benefits to be eligible? What a paradox indeed! And they expect mothers to have more children...

Vesitod: It turns out that at present single parents should not receive more than 114+35 leva per month to have the right for monthly assistance for heating. And all this is after the loud announcement about the increase Maslarova is so proud of. Minimum income guarantee in Bulgaria is 55 leva. Single parents may use 208 percent of it, which makes 114 leva plus 35 leva for monthly heating assistance – a total of 149 leva, not more. Really, in practice you have to refuse to receive children allowances to be able entitled for heating assistance. It's rather surprising...

Internet forum of single parents:

<http://forum.samotniroditeli.com/index.php?topic=246.0>

Generally, the amounts of social assistance in Bulgaria are extremely low and insufficient to cover the basic needs of people. This is a serious problem which is evident not only from cases described in Annex 2, but in a series of conversations we had with a number of social assistance clients and social workers working within the system. The established Minimum Income Guarantee is so low and inadequate that it makes the provided support to people in need rather inefficient.

Another major problem in the system of social assistance, which was frequently discussed in this report, is that *social assistance* as such is not bound to modern social work on cases, as it is done under the Child Protection Code.

2.3 Effectiveness of MI schemes in terms of poverty reduction and incentives/disincentives to work

During the last four years Bulgaria has strong government policy towards reduction in the duration of social benefits and full employment. Some of these initiatives are in successive moves - the duration of the entitlement to social benefits was first reduced to 18 months, then 12, and finally – to 6 months. After this period the social benefits are discontinued for 1 year, after that the person can receive them for another 6-months period²². Some groups, which were found by the government and the legislature to leave the labour force for good reasons, are exempt from this limitation. These are parents who look after a child of 0-3 years, people with permanent disability, people who look after a sick member of the family - a relative or a person with permanent disability, people with acute mental disease. But the overall philosophy behind this reform was essentially a philosophy of the unworthy poor, who don't want to work. The inspiration for these reforms came from neoliberal think tanks and economists, who also advocated for the flat tax²³. These ideas were strongly supported by the Minister of Labour and Social Policy and the Prime Minister who coined the famous saying about putting an end to the "profession of socially disadvantaged"²⁴. Later this formula acquired an official status and became known as "the campaign to end up the profession of socially disadvantaged"²⁵. This approach continues even now that the financial and economic crisis has affected many more people who lost their jobs obviously for reasons of *force majeure* and not because they did not want to work. The logic here is probably that there will be some time lag before those people move first through the system of unemployment benefits, and then through the 6-months period in the last safety net. But it can also be assumed that there are already long-term unemployed receiving social benefits and they want to find a job but cannot do it in the situation of contracting demand for labour and rising unemployment. Such people would be additionally sanctioned by having their social benefits discontinued right through the financial and economic crisis. It is not clear how many social assistance recipients have been "activated" and how many were just left with no support from the last safety net. There is no any available analysis of how many ex-recipients of the monthly social benefits have remained with an income below the differentiated minimum income for their group.

During the crisis social benefits and pensions should normally be more stable than other incomes, which may fall. According to data of the National Statistic Institute the share of the income from social assistance in the total household income has started to increase in 2009 on a yoy basis. In February 2008 the share of this income was 2.8%, while in February 2009 it is 3.4%.

²² These changes were introduced through amendments to the Law on Social Insurance, art 12. The 18-months limit became effective from 1st July 2006, the 12-months limit was introduced since 1st July 2008 and the last amendment setting the limit to 6-months was introduced from 1st January 2009.

²³ This concept was developed in Bogdanov, L. & Angelov, G. (2006). The Integration of the Roma in Bulgaria: Pending Reforms and Economic Effects. Sofia. The report presented also the classic argument for the poor (Roma) household, which is getting enough benefits to make a low-paid job (e.g. at the minimum salary) unattractive. The conclusion is that the size of benefits for this household has to be reduced or (even better) the benefits have to be discontinued after some period.

²⁴ The idea behind this formula is that there is a category of people who don't want to work although they are able to and for whom getting social benefits has become a "profession". We believe that this wording illustrates the approach of the government to social benefits better than official documents.

²⁵ There are numerous media publications about "the campaign", including interviews and accounts given by the decentralized structures of the Agency for Social Protection, who explain the progress under the campaign and how many people they have officially notified that their social benefits will be discontinued. It is enough to google the Bulgarian formula „професията социално слаб" and numerous results from the web-pages of different media will appear.

However the non-active people have entered the crisis after several years of increasing poverty rates, which is a matter of deep concern.

Laeken indicator of poverty (at-risk-of-poverty-rate)

	2004	2005	2006	2007	2008
Non-working	19.3	19.5	20.2	20.5	21.4
Unemployed	33.8	34.2	35.8	37.9	43.3
Pensioners	14.8	16.4	16.9	17.5	17.0
Other inactive people	17.3	14.8	15.6	15.5	19.9

Source: NSI

What we can see that there is a steady rise in the poverty rates among all groups of non-working people including the pensioners with the exception of year 2008 and probably 2009. This can be explained by the two following reasons: 1) the political role of pensioners in the forthcoming Parliamentary elections is substantial because the pensioners traditionally play a significant elective role in comparison to the rest of the population. In 2009 due to the forthcoming Parliamentary elections the government increased the pensions; 2) against the background of falling incomes due to the economic crisis pensioners have more sustainable income in comparison to other strata of the population. This was possible because the pension fund retained a relative financial stability.

3. Link between minimum income schemes and the other two pillars of the active inclusion strategy

3.1 Support to minimum income recipients in terms of (personalised) employment and training programmes

The total number of people trained under programmes of the Ministry and Labour and Social Policy in 2008 was more than 70,000 people (73,961 according to the plan²⁶). The budget of the Ministry of Labour and Social Policy for 2009 envisages 185.753 thousand BGN²⁷ (94,974 thousand euro) for "qualification and programmes for the unemployed". This item is under the general programmatic heading of "activation of the unemployed and the inactive people and improvement of the quality of the labour force of the unemployed and the employed²⁸". This money will obviously be split among programmes for the unemployed and the inactive among them are mostly people with an income below the differentiated guaranteed minimum. In 2008 the amount planned under this heading was considerably smaller – 145,068 thousand BGN (74,172 thousand euro), so an increased focus on training is envisaged. But the problem here is that usually there is a significant underspending on training during the year. For example, up to the end of the third quarter of 2008, only 53,165 thousand BGN (i.e. slightly more than a third) of planned funds were actually spent. So the increased allocation will not make any difference in the actual absorption if the absorption rate is not increased²⁹.

The main argument of the government for setting a limit to the time that social benefits can be received was that this measure will activate some of the long-term unemployed and the discouraged by turning them into active job-seekers or by having them enrolled on a short-term training programme, where they can get for some time a small stipend and improve their employability.

3.2 Support to MI recipients in terms of access to quality services

Support for beneficiaries under MI schemes and their families (especially their children) to improve access to public services is a vital component of social integration. In this section we will look at two basic most fundamental public services – health care and education.

When looking at the macroeconomic and budgetary indicators related to the social assistance expenditures we should keep in mind that the Bulgarian government has adopted the so-called differentiated approach to the allocation of the main category of benefits in the last social safety net – the monthly social benefits. This is the category of benefits, which provide a general compensation for the low income of the recipients because of prolonged unemployment due to

²⁶ MLSP. (September 2008). The Achievements in the Fields of Employment and Social Policy during the Three Years of the Government 2005-2008.

²⁷ Excluding the programmes Beautiful Bulgaria, Jobs and the overheads for the management and administration of the programme.

²⁸ Budget of the Ministry of Labour and Social Policy for 2009 by Programmes.

²⁹ Quarterly Financial Report until September 30 2008 on the Implementation of Policies and Programmes Approved under the Budget of the Ministry of Labour and Social Policy.

various circumstances. The differentiated approach generally means that those potential recipients of monthly social benefits, who are unemployed, discouraged (i.e. already not looking for a job because they don't believe they would find one) or totally reluctant to work without "good reason"³⁰ must have their monthly social benefits discontinued after some period (currently 6 months). This is meant to be an activation measure, which will make those beneficiaries of the social system wish to work and look for a job, because otherwise they will have no any regular income at all for a year.

The differentiated approach to the monthly social benefits is actually targeted to reducing the number of beneficiaries. So performance is considered good when the actual number of beneficiaries has been smaller than planned as can be seen from the Report on the Achievement of Targets for 2008 of the Molls. Under the item "payment of monthly social benefits" the report quotes as preliminarily set target the average figure of 112,500 cases per month³¹. The actual monthly average was 42,804, which is found to be a full achievement of targets. This is important because under other types of benefits, as evident from the same report, the target is considered achieved if the actual take-up reaches or exceeds the planned. The reduced take-up of monthly social benefits can also be clearly seen from the budgetary data for 2008. By the end of the third quarter 30,829.73 thousand BGN (15,762.99 thousand euro) was spent for monthly social benefits, while the total amount planned for the year under the Law on the State Budget was 85,850 thousand BGN (43,894.41 thousand euro). So 37% of the planned budget was spent for three quarters³². For comparison the total budget of the Ministry of Labour and Social Policy for 2008 was 1,030,731.79 thousand BGN (527,004.80 thousand euro), of which 937,913 thousand BGN was for different programmes.

Access to health care continues to be the most problematic part of the social inclusion policy. There continues to be a large number of people who have no health insurance. A special fund was created for the purpose of treating the uninsured to the amount of 5 million BGN, which is very small compared to the number of uninsured, but even this amount has never been used due to over-restrictive means tests, which we have commented in details in our previous reports. The item "provision of hospital medical care for diagnosis and treatment" is one of the very few items for which the Report on the Achievement of Targets for 2008 says it was not acceptably achieved. Under this item, which especially relates to the provision of medical care to vulnerable groups 4,000 cases were planned for the year, but only 421 actually got it. Little has been done also to curb out of pocket illegal payments for medical care, which significantly increase the private costs for health care. Private share in the costs for prescribed medicines is also the highest in the EU exceeding 55%, while the National Health Insurance Fund pays for the rest, which must affect access to health care for the low income groups although we are not aware of any research, which provides some measurement of this effect.

³⁰ The term good reason is not used in the legislation or the official documentation of the government, only on the media. But we can understand what it means if we look at the groups of beneficiaries, which are exempt from the benefit discontinuation rule – disabled, those looking after a child, those looking after a sick relative etc. In general, those who are able to work but don't without being in some of the enumeration circumstances, should according to the government and the legislator not receive monthly social benefits no matter what the size of their income is. This means that according to the government and the legislature, the concept of guaranteed income is not universal – there are people who do not deserve such treatment.

³¹ MLSP. (2009). Report on the Achievement of Targets for 2008: Strategic Goal VI.Item 1.

³² Quarterly Financial Report until September 30, 2009 on the Implementation of Policies and Programmes Approved under the Budget of the Ministry of Labour and Social Policy.

The Report for the Achievement of Targets for 2008 also shows that the spending on monthly child benefits for children up to one year and for children up to the completion of the secondary education has been less than planned but since these benefits are universal it is difficult to assess why this difference emerged. The one-time benefits for starting first grade at school, which are means tested, also have an actual take-up at 2/3 of the planned, which was 45,000 cases. Despite the fact that school books are free up to the 7th grade, parents have to cover additional one-time and recurring private costs, which include the purchase of notebooks, pencils and other necessary items, costs for transport (in towns and cities) and costs for school lunch, which is often subsidized at some percentage but not fully covered.

Annex 1 -Type of social assistance, eligibility, beneficiaries and amount of social assistance

LAWS	TYPE OF SOCIAL ASSISTANCE	ELIGIBILITY PERIOD	CLIENTS	AMOUNT OF SOCIAL ASSISTANCE	NOTES
SOCIAL ASSISTANCE LAW	Monthly benefits	No more than 12 months; period could not be extended	Person at working age	Min 42.90 BGN Max 47.45 BGN	In case a person has other sources of income, such as child benefits, labour activity income or rent, the amount of the monthly social assistance is determined after calculation of the Differentiated Minimum Income, which is based on the Social Assistance Law and Minimum Income Guarantee (MIG) after subtracting the income of the person or the household in a given month. This means that a person could receive less money than the minimum amount of social assistance (42.90 BGN). Generally, people receive between 20 and 30 BGN, while in many cases people get less than 10 BGN.
		Up to one year, period could be extended	People at pension age	Min 65.00 BGN Max 107.25 BGN	In case a person receives a social pension of 106,07 BGN and he/she is older than 75 and lives alone, then he/she is entitled to receive a monthly social assistance of 1,18 BGN.
			Person with long-term reduced working capacity over 50%	Min 65.00 BGN Max 81.25 BGN	Example: A woman at working age of 28, with a disability degree above 51%, no income from work or rent, has a coefficient of 100% of the Minimum Income Guarantee (MIG). In this case she is entitled to receive the full amount of a monthly social assistance of 65 BGN.
	One-time benefits	Once per year or in case of incident (death, natural disasters, etc)	Bulgarian citizens	Minimum amount is not determined Max 325 BGN	The calculation of this type of assistance is based on a social report. The assistance is approved by the Director of the Social Assistance Directorates.
	Targeted benefits for transportation services	Once per year	People with 71% degree of reduced working capacity	According to ticket price	
			Mothers having more than 2 children are eligible for a free-of-charge round trip by train or bus within the country once per year.	According to ticket price	
	Ordinance № RD-07-5 as of 16 May 2008 for provision of targeted benefits for heating	Once per year	Persons or families whose average monthly income in the last six months is lower or equal to differentiated minimum income; these citizens are eligible for heating benefits according to Art. 10 and 11	Min 65.00 BGN Max 81.25 BGN	Example: The coefficient of two spouses living together and having a minimum income (each of them receiving a social pension of 106.07 BGN) is calculated to be 144% for each of them. The amount of the one-time social assistance for heating is calculated by the following formula $(144\% \times 2) \times 65 \text{ BGN} = 187.20 \text{ BGN}$. However, they would not be eligible to receive targeted benefits for heating if the income of one of the spouses exceeds the social pension, e.g. 106.07 BGN. If only of the spouses receives a social pension, while the other has no income from work or other sources, then they are entitled to receive targeted benefits for heating.

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LAW ON FAMILY BENEFITS FOR CHILDREN	Family benefits for pregnancy	45 days before estimated date of child delivery	Women who are not socially insured and the income of the members of their families does not exceed 350 BGN per capita	The amount of the benefit is 150 BGN	
	One-time benefit for bearing a live child according to Article 6	At childbirth but no later than 3 years after childbirth	Mother of a live born child	For first born child the benefit is 250 BGN. For second child - 600 BGN. For third child and every successive born child the benefit is 200 BGN.	The assistance is due to be paid irrespective of family income but in cases when a child is accommodated in a specialized institution, then assistance is suspended.
	Monthly benefits (child benefits) according to Article 7 for a child until completion of secondary education	One calendar year	For a child until completion of secondary school	35 BGN per child	The amount is paid provided that the income of each member of the family is lower or equal to 350 BGN.
			For twins until completion of their secondary education	52.50BGN for each of the twins	
		One calendar year	For a child accommodated with close relatives or foster family	35 BGN per child	The income of each member of the family is not taken into consideration when children are accommodated with close relatives or a foster family.
	One calendar year	For a child with a permanent disability	70 BGN (doubled amount)	The income of each member of the family is not taken into consideration when the family has a child/children with disabilities	
	Monthly benefits for raising a child	Up to one year	Mother who is not socially insured	100 BGN	Permanently resides in the country
			Socially insured mother	Receives assistance according to Social Insurance Code, which is 90% of the net income	In case the mother does not start working after her child completes one year of age, she receives monthly assistance under Social Insurance Code, which is the amount of the minimum wage, e.g. 240BGN for 2009.
Monthly benefits for raising a child with disabilities	Up to 2 years	Mother or adopter of child	The amount of assistance for a mother who is not socially insured is 100 BGN	Irrespective of the family income	
Monthly benefits for raising twins	Up to 2 years	Mother or adopter of child	Socially uninsured mother receives 100 BGN per child	This is a new type of assistance which allows monthly benefits for each live born child (twins and triplets)	

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	One-time targeted benefits for children enrolled in first grade (Art. 10)	One-time	Mother or adopter of child	150 BGN, where 20% is in cash and 80% in kind	The assistance is paid on the condition that the income of each family member does not exceed 350 BGN. When the child is accommodated with close relatives or a foster family, the family income is not taken into consideration according to the Child Protection Code. Until 2007 this was an in-kind social assistance, e.g. provision of clothes and shoes which had the logo of MLSP. After protests organized by discontent mothers this practice was terminated. Since 2008 20% of the assistance has been given in cash, while the remaining 80% has been given in-kind in the form of shoes and clothes. If the child is not enrolled at school then social assistance is due to be returned back to the social services.
LAW ON INTEGRATION OF PEOPLE WITH DISABILITIES	Monthly supplement for transportation services	On a monthly basis until expiration of the timeline of social assessment	Person with disabilities having an expert decision for over 50% reduced working capacity, issued by the Medical Advisory Board	9.75 BGN	15% of Minimum Income Guarantee (MIG)
	Monthly supplement for information and telecommunication services	On a monthly basis until expiration of the timeline of social assessment	Person with disabilities having an expert decision for over 90% reduced working capacity and personal assistance, issued by the Medical Advisory Board	13.00 BGN	20% of MIG
	Monthly supplement for training	On a monthly basis until expiration of the timeline of social assessment	Person with disabilities having an expert decision for over 50% reduced working capacity and personal assistance, issued by the Medical Advisory Board	9.75 BGN	20% of MIG
	Monthly supplement for balneological treatment	On a monthly basis until expiration of the timeline of social assessment	Person with disabilities having an expert decision for over 90% reduced working capacity, issued by the Medical Advisory Board	9.75 BGN	15% of MIG

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	Monthly supplement for diet food and medication	On a monthly basis until expiration of the timeline of social assessment	Person with disabilities having an expert decision for over 71% reduced working capacity, issued by the Medical Advisory Board	9.75 BGN	15% of MIG Typically, this assistance is permitted if and certified personal doctor that he needs food dietary regime or the existence of pharmacy book where medicines are paid partly by the health insurance fund
	Monthly supplement for access to information	On a monthly basis until expiration of the timeline of social assessment	Person with disabilities having an expert decision for over 71% reduced working capacity, issued by the Medical Advisory Board	9.75 BGN	15% of MIG Mostly given to people who have disabilities of hearing and eyesight
	Monthly supplement for rent of a municipal domicile (apartment)	On a monthly basis until expiration of the timeline of social assessment	Person with disabilities having an expert decision issued by the Medical Advisory Board	According to regulation of any municipality is granted the full amount	Eligible for single living persons with reduced working capacity. The rental contract should bear the name of the person.
	Monthly supplement for a child with permanent disability, according to Art.43	On a monthly basis until expiration of the timeline of social assessment	Child with a disability degree above 51%, having an expert decision, issued by the Regional Medical Advisory Board	168 BGN	The amount of the assistance is 20% of the minimum wage until completion of secondary education but not later than 20 years of age.
	Targeted benefits for purchase and repair of disability aids and accessories	On a monthly basis until expiration of the timeline of social assessment	Person with disabilities having an expert decision issued by the Medical Advisory Board and the Medical Consultative Commission	The amounts are determined by a list of disability aids prepared by the Minister of the Ministry of Labour and Social Policy	According to a list of disability aids and accessories prepared by the Minister of MLSP
	Targeted benefits for purchase and adaptation of a vehicle and a parking space	One-time	Person with a disability degree above 90%, having an expert decision issued by the Medical Advisory Board	1200 BGN	<u>Condition:</u> The monthly income of each family member in the last 12 months should be lower or equal to the threefold amount of MIG, e.g. 195 BGN. Family members should be either working or studying and they should not have used tax alleviations in importing personal vehicles.
	Targeted benefits for reconstruction of a domicile	One-time	A person with a disability degree above 90%, using a wheel-chair and having an expert decision issued by the Medical Advisory	600 BGN	<u>Condition:</u> The monthly income of each family member in the last 12 months should be lower or equal to the threefold amount of MIG, e.g. 195 BGN.

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			Board		
	Additional financial support for travel expenses within the country or purchase or repair of disability aids and accessories	Depending on the needs of the client	Person having an expert decision issued by the Medical Advisory Board	Full coverage of the price of used tickets when presented at the Social Assistance Directorates	The person should travel second class by train or bus. An official document, issued by the person who constructs or repairs disability aids or accessories, should be presented.
CHILD PROTECTION LAW	For children subject to reintegration, foster care and accommodation with close relatives	Monthly benefits	For children accommodated with close relatives and foster families if the average monthly income of the families and minority age children is lower than the 5 times the amount of MIG	For children aged up to 7 – the amount of the benefits is up to 195BGN. For children aged between 7 – 14 – up to 227.50 BGN For children aged between 14 - 18 – up to 260 BGN	The assistance is paid on a monthly basis per calendar year only if there is an open case for prevention, reintegration, foster care and accommodation in a close relative family. If the family has more than one child, the assistance is paid for each child separately. A monthly supplement is paid for children with disabilities, which is 75% of MIG, irrespective of the amount of the family income.
	For children subject to reintegration, foster care and accommodation with close relatives	One-time benefits	Irrespective of the family income	The total amount of the one-time assistance per year is up to the 5 times the amount of MIG, e.g. 325 BGN.	This social assistance is paid to meet certain specific needs which have occurred by incident and it is not related to child benefits. The sum could be paid once or it could be divided into equal sums payable for several months.

Annex 2 - Case study of field work with different types of families eligible to social assistance

A single parent

Tania is a single parent who raises her child by herself. The name of the child is Natalia and she is 8 years old. Natalia regularly attends her school classes³³. This family has two coefficients because the family consists of two members. The coefficients are constant and are determined by the Social Assistance Law (SAL).

Being a single parent who raises her child by herself, Tania's coefficient is equal to 100% of the Minimum Income Guarantee (MIG), which is 65 BGN. The coefficient of Natalia according to SAL is 91% of MIG because she is below 16 years of age and she is a student. The calculation of the differentiated income of the family is done in the following way: (for Tania 100% + for Natalia 91%)X65BGN. MIG = 124.15 BGN. Tania receives a 60 BGN additional income from labour (she works as a cleaner) and family benefits for her child – 35 BGN. The total income of the family is 95 BGN, which are subtracted from 124.15 BGN, thus she receives a monthly assistance of 29.15 BGN.

A family having more than two children

Ivan and Christina have 5 children, of whom Maria is the youngest child aged ten months, Elena is two years old, Krassimir is four years old and Kamen and Tania are twins at the age of 12. Kamen and Tania are students at the local school but they have many absences because they are ashamed of their shabby clothes and they do not have pocket money to buy breakfasts at school. Elena and Krassimir are not enrolled in a kindergarten.

The father has been registered as unemployed at the local Labour Office for 4 months because he was dismissed from the canning factory where he used to work. He receives compensation benefits of 70 BGN per month. The mother is on a maternity leave, because takes care of Maria (10 months old) and she receives 100 BGN under the Law on Family Benefits for Children (LFBC). In April the twins Kamen and Maria had 10 unexcused absences from school. The monthly social assistance of 105 BGN³⁴, which the mother used to receive for her twins, was suspended in accordance to LFBC because of a school note verifying the twins' absences from school classes. For the remaining 3 children the mother receives a total of 105 BGN as monthly child supplements.

³³ This is an important condition that "the child regularly attends schools classes", because otherwise her coefficient for calculating the monthly social assistance would be decreased.

³⁴ The amount of 105 BGN is calculated in accordance with LFBC. Because Kamen and Tania are twins their mother used to receive 52.50 BGN for each of them.

The income of the seven-member family should have been **380 BGN**, but it is reduced by **105 BGN**, which is a sanction for the children who do not attend school, thus in **April 2009**, this family received a total income of **275 BGN**.

The family will apply for monthly assistance under the Social Assistance Law and the coefficients of each family member is calculated as follows:

Family Members	Coefficient under the Regulation of the Social Assistance Law (SAL)	Sums in BGN
Ivan – Father	He has no coefficient because SAL requires that he should have at a 9-month registration with the Labour Office	0
Christina – Mother	100% of Minimum Income Guarantee (MIG)	65.00
Maria (10 months)	91% of MIG	59.15
Elena (2 years)	91% of MIG	59.15
Krasimir (4 years)	91% of MIG	59.15
Kamen (12 years)	91% of MIG	59.15
Tanya (12 years)	91% of MIG	59.15
	Differentiated minimum income of the family is calculated by the following formula: [[5Children X 91%+100%) X65(MIG)] =	360.75
	Family income in April	- 275
	Monthly assistance under Regulation of SAL	85.75
	Total family income in May 2009 would be	360.75 BGN

The monthly social assistance of this 7-member family would be 360.75 BGN, which is **51.54 BGN monthly per capita**.

An unemployed person

Kuncho is a 45-year-old man and he is in a good physical condition. The last time he had a job was 10 years ago. Since then he has been living on his mother's pension who died a year ago. After his mother's death he registered with the local Labour Office after recommendation of the village mayor. He filled in an application for monthly social assistance at the Social Assistance Directorate but his application was overruled since he did not have a 9-month-long registration with the Labour Office as the law requires. He basically relied on charities from his fellows and, in spite of his troubles, every month he managed to show up at the Labour Office and sign the necessary papers. He also participated in some of the programmes run by the local Labour Office but he is not efficient because he has lost his working skills. He is a humble man and his fellows consider him to be "mentally retarded". After his ninth signature at the Labour Office Kuncho again visited the Social Assistance Directorate and filled in an application for social assistance. Now for the last three months he has been supported by the social services with 47.45 BGN according to formula (73%X65 MIG), while at the same time he is obliged to work at least 5 days per month in the village municipality. Kuncho is eligible to receive this amount of money for a period of 12 months and at the end of the period he has to find a job. Otherwise, this social assistance would be terminated for the next 12 months and he would not be eligible to have it.

A single elderly woman

Velika is a 76 year-old woman who has been living alone since he husband died. She breeds 2 goats to meet some of her needs. She is a talkative and nice looking old woman. Her children live in other regions in the country. The amount of her pension is 105.25 BGN. She applied for a monthly social assistance at the social services. According to the Regulation of the Social Assistance Law (SAL) her coefficient is 165% of MIG, which makes a 107.25 BGN. Her pension is subtracted from her differentiated income $[(165\% \times 65 \text{ BGN}) = 107.25]$, thus the woman is entitled to receive a monthly social assistance of 2.00 BGN.

Frequently, the increase of the size of the pensions in Bulgaria is related to increasing to the size of the lowest pensions by 2 – 5 BGN, which subsequently reduces the chances of pensioners to apply for social assistance.

Annex 3 - Minimum Monthly Wage

Year	Period	Minimum Monthly Wage (BGN)	Minimum Hourly Wage (BGN)	Normative Basis (approved under government ordinance)
2000	1.01.2000 - 31.01.2000	67	0.39	
	1.02.2000 - 30.09.2000	75	0.45	№ 12/14.02.2000
	1.10. 2000 – 31.12.2000	79	0.47	№ 213/9.10.2000
2001	1.01 2001 – 31.03.2001	79	0.47	
	1.042001 – 31.09.2001	85	0.50	№ 64/16.03.2001
	1.10.2001 – 31.12.2002	100	0.59	№ 209/21.09.2001
2003	1.01.2003 – 31.12.2003	110	0.65	№ 1/3.01.2003
2004	1.01.2004 – 31.12.2004	120	0.71	№ 7/16.01.2004
2005	1.01.2005 – 31.12.2005	150	0.89	№ 12/21.01.2005
2006	1.01.2006 – 31.12.2006	160	0.95	№ 8/20.01.2006
2007	1.01.2007 – 31.12.2007	180	1.07	№ 324/06.12.2006
2008	1.01.2008 – 31.12.2008	220	1.30	№ 1/11.01.2008
2009	1.01.2009 – 31.12.2009	240	1.42	№ 1/10.01.2009