



# **Exploratory study: filling in the knowledge gaps and identifying strengths and challenges in the effectiveness of the EU Member States' minimum income schemes**

Country Fiche - Republic of Bulgaria

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Written by George Bogdanov  
February 2022



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## Summary

2021 was marked by a severe political crisis and three parliamentary elections in quick succession, resulting in the deferral of much-needed comprehensive reform of the Bulgarian minimum income (MI) scheme.

However, the Bulgarian caretaker government issued a series of ministerial decrees to initiate certain changes. For example, compensation was envisaged for those who dropped out of certain targeted support, such as the targeted heating aid. In August 2021, an amendment to the Regulation on the Implementation of the Social Assistance Act saw an increase in the individual percentages that determine the differentiated minimum income (DMI). That amendment was aimed at increasing both the threshold and, above all, the benefits received by the most vulnerable groups (the unemployed, people with disabilities, children, and older people). The revision of the coefficients will also increase the number of recipients of monthly social assistance allowances. The Bulgarian Recovery and Resilience Plan (October 2021) sent to the EU envisages social service reform, including a gradual increase in DMI to up to 30% of the poverty line by 2024. The Plan notes this as a separate reform, including adoption of a Social Assistance Code. The European Commission approved the Plan in the beginning of April 2022.

Reform of the MI scheme requires a working parliament and regular government. As yet, general minimum income (GMI) continues to serve as the basis for the calculation of monthly social assistance allowances, despite not reflecting the economic situation in the country. When interviewed for this study, the Deputy Minister of Labour and Social Policy indicated that serious work is underway to replace the GMI, and these efforts should be continued by a regular stable cabinet. The Ministry furthermore indicated that in the current draft amendments to the Social Assistance Act foresee to link the social assistance benefits with the poverty line<sup>1</sup>.

According to observers, the eligibility criteria for monthly social assistance allowances (*Месечни социални помощи*) continue to be restrictive, while the labour market activation and supplementary social services offered to MI benefit recipients remain unclear and unsystematic. According to the Ministry of Labour and Social Policy (a stakeholder interviewed) "*the measures for activation are clear, normatively regulated and linked to the Employment Promotion Act*". According to the Social Assistance Agency (*Агенция за социално подпомагане*), each year, an average of only 63 000 people a month receive social allowances. The number of households receiving benefit was 23 699 per month in 2019, and 23 702 in 2020. Monthly social assistance allowances are failing to achieve the desired results of wider labour market inclusion and significant poverty reduction.

The following sections, first, outline the features of the MI support in place; secondly, describe the eligibility criteria and coverage and consider the adequacy of the financial support provided and the links with other benefits; thirdly, examine the extent of integration with labour market measures to help those supported into employment; fourthly, consider the access provided for the people concerned to social services; fifthly, summarise the governance mechanisms in place; and, finally, review the evidence on the impact on reducing poverty and assisting beneficiaries to find work.

An annex outlines the underlying situation in terms of the relative number of people at risk of poverty or social exclusion and the changes that have occurred over recent years, as well as the characteristics of the people concerned – their gender, age, employment status, education level, country of birth and the structure of the households in which they live. As such, it provides the context in which MI support is operating and indicates the groups on which support needs to be targeted.

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<sup>1</sup> The draft amendments have not been made public as of May 2022 when this report has been revised.

## **1 Description of national schemes providing minimum income support**

Monthly social assistance allowances (*Месечни социални помощи*) are granted to people who have exhausted all possibilities for self-support and for subsistence under Article 140 of the Family Act (allowances from children and parents, spouse, ex-spouse, grandchildren and great-grandchildren, siblings, etc.). Those whose income for the preceding month is lower than the determined differentiated minimum income (DMI) have a right to monthly social support in cash. The entitlement to the support is determined on a per-household (family) basis.

Monthly social assistance allowances are income-tested and based on entitlement to the General Minimum Income (GMI). According to the Social Assistance Agency (*Агенция за социално подпомагане*), an average of 63 000 people currently receive monthly social allowances. The number of households receiving monthly social assistance allowances was 23 699 in 2019 and 23 702 in 2020. The draft budget for 2022 (not yet approved by the Bulgarian Parliament) aims to increase the average monthly number of households (families) under the programme to 34 800 in 2022. Nearly 35 000 cases of assistance are expected in 2022, covering some 76 000 people, or just over 1% of the Bulgarian population.

Official 2020 data for the Social Assistance Agency reported the departmental and administrative costs of administering monthly social allowances as BGN 31 112 000 (around EUR 15.9 million) a year. The Agency's reports give a general figure rather than a detailed breakdown of administrative costs. An official from the Ministry of Labour and Social Policy interviewed indicated that administrative costs are not included in the amounts shown in the reports.

Bulgaria's social assistance has been criticised by both the European Commission and the local non-governmental sector for being insufficient, poorly targeted, and failing to reduce poverty and inequality. In 2021, an increase of 10% was approved by the Government for 2022, 36.5% for 2023, 22.4% for 2024. This implies an increase of 84% in the DMI by 2024. In defence of this *de lege lata* system of benefits, an official from the Ministry of Labour and Social Policy interviewed argued that : "The assessment here is based only on the effect on reducing poverty and inequalities, but this is not the aim of Social assistance. In addition, the effect of heating alloweness is not taken into account." Additional expenditure of BGN 6 million has been proposed in the draft State budget for 2022.

When interviewed for this report, the Deputy Minister of Labour and Social Policy agreed that the assessment criteria are inefficient. The non-governmental organisation (NGO), Institute for Market Economics (IME), has suggested doubling the GMI from BGN 75 to BGN 150 from 2022 onwards. This would put the GMI at about 20% of median net household income in the country, or one-third of the poverty line. That scenario would see the number of beneficiaries of monthly social assistance allowances increase to about 280 000, over 4% of the population. Other stakeholders interviewed noted that fixing the GMI to median income is not an appropriate solution, however, as the latter is not under government control. The Deputy Minister of Labour and Social Policy indicated that work is ongoing to replace the GMI with more effective schemes (e.g. harmonised criteria for monthly social assistance allowances and targeted heating benefits). That work will be considered by the regular government, which was formed and underwent parliamentary approval on 13 December 2021.

In defence of this *de lege lata* system of benefits, an official from the Ministry of Labour and Social Policy interviewed argued, as follows: *"It tends to be the case that the assessment, conclusions and recommendations made here regarding the monthly benefit provided under the Social assistance act do not take account of their purpose and the beneficiaries targeted, as clearly defined in the Social assistance act. Social assistance benefits are not the sole means of tackling poverty. They are only one of*

*the measures that are in place which are intended to do this. Their purpose is to meet the basic vital needs of people who cannot cope on their own. They are provided to families not individuals, so the specific characteristics of people need to be considered. In doing this, no form of discrimination is allowed."*

No changes were introduced to the scheme of monthly social assistance allowances since the outbreak of the COVID-19 pandemic.

## **1.1 Eligibility**

The monthly social assistance allowance is means-tested. Some other benefits (such as family benefits) are explicitly excluded from the income considered when assessing entitlement to monthly social assistance.

Income from all sources is taken into account when determining the entitlement to benefits (including labour, activity in agriculture, forest and water farms, sale of chattel or real estate, sale of stocks/shares/trade, rent and lease, copyright and licences, dividends and income from shareholding, bonuses and awards, indemnifications and benefits, pensions, scholarships, benefits for children, alimony). The claimant should not possess movable property that can be a source of income, except for the assets serving the usual needs of the family (agricultural land, small agricultural equipment, household goods, handicraft tools and farm animals, where the resulting income serves to meet the daily living needs of individuals and families). Company ownership and shares, civil law claims, bank accounts and securities over BGN 500 (EUR 256) per family member (including children) are excluded from the means test. Combined earned income is possible provided the person still meets the conditions for entitlement. Some earned income (cultivation of land, participation in programmes for the promotion of employment, etc.) is explicitly excluded from the income taken into account when assessing entitlement.

An age criterion is set in the determination of the differentiated minimum income (DMI). For instance, for individuals aged 75+ living alone, the DMI amounts to 165% of the GMI; for persons 65+ living alone, it is 140% of the GMI, etc. Applicants' residence is also taken into account, for example whether they live alone or in a household, whether they own any real estate, etc.

The evaluation of needs is done by qualified social workers employed by the regional offices of the Social Assistance Agency. Claimants must first submit an application for monthly social assistance allowances, then, within 20 days, a social worker carries out a social evaluation and prepares a 'social report'. The social evaluation takes into account all declared and other economic, social, family and health circumstances related to applicant's ability to provide themselves with the necessary subsistence means.

The director of the local Social Assistance Agency office receives the social report and decides on the applicant's eligibility, within seven days. The applicant has the right to appeal the decision before the regional director and the relevant administrative court.

The property and living conditions of individuals or families are subject to a social inquiry by a representative of the regional Social Assistance Directorate. Applications must contain the following information:

- Personal and address details of the applicant;
- Reasons for applying for benefits;
- Family status ;
- Economic status, i.e. employee, unemployed, student, pensioner;
- Health status;
- Personal details of all adults living in the same household;
- Personal details and health status of children under 18 years of age living in the family;
- Whether the children attend school;



- Income from all sources;
- Information on movable and immovable property, and other assets;
- Declaration that the applicant meets the means-related conditions;
- Declaration that the applicant is aware of the consequences of providing incorrect information.

Beneficiaries are obliged to declare all changes in their incomes, property, family status, health condition, professional and educational activity, etc., no later than one month after such changes. Failure to do so results in a one-year suspension of their monthly social assistance allowances.

Anyone in Bulgaria can apply for monthly social assistance allowances, but the income criterion is quite narrow. The main eligibility criterion is income, which excludes a large number of those below the poverty line. For example, people retired typically receive pensions (with some rare exceptions) and that small income almost always exceeds the very restrictive criteria for monthly social assistance. Even the social pension (the smallest possible pension) exceeds the DMI for one or two adults, automatically excluding pensioners' households from monthly social assistance allowances. In defence of this *de lege lata* system of benefits, an official from the Ministry of Labour and Social Policy interviewed argued that *"There are no regulated main and secondary criteria. All have equal importance, making any assessment complicated. Giving priority to income is to view the system through the prism of poverty, without taking account of the specific circumstances in Bulgaria."*

The recipients of monthly social assistance allowances are not comprehensively targeted, nor are they offered adequate tailored social care to support them to escape poverty. Such support tends to be *ad hoc* and depends entirely on the efforts of an individual social worker. These issues have prompted calls for urgent reform in the structuring and provision of monthly social assistance allowances. As against this, the official interviewed from the Ministry of Labour and Social Policy insisted that *"Social assistance is not a question of the subjective efforts of social workers, but legally regulated procedures under clear conditions and rules, compliance with which is also subject to legal control. This guarantees citizens' rights."*, as well as emphasising that escaping poverty is not the aim of the Act.

## **1.2 Coverage**

The application process itself is not considered overly burdensome by relevant stakeholders (e.g. IME), but the evaluation criteria are strongly criticised. Official data on the implementation of the Ministry of Labour and Social Policy's budget in 2020 showed that the costs of monthly social assistance allowances did not increase during the COVID-19 crisis, but, rather, fell by more than 3%. For example, in 2020, an average of 23 702 individuals and households received monthly social assistance allowances, compared to 23 699 in 2019. This points to eligibility criteria so restrictive that even a serious labour market shock prompts no increase in the numbers of individuals and families supported. That restriction stems directly from the use of the GMI as the primary eligibility criterion for monthly social assistance allowances.

In 2020, monthly social assistance of BGN 75 was paid to under 1% of the Bulgarian population. At the same time, Eurostat data showed over 22% of the population below the poverty line, with about 10% in deep poverty (income below 40% of the median income). Data from the Ministry of Labour and Social Policy (Preliminary Assessment of the Impact of a Draft Decree of the Council of Ministers amending the Regulation for the Implementation of the Social Assistance Act) were published on the strategy.bg portal in 2021 and showed a continuous downward trend in the number of recipients of monthly social assistance allowances, due to the lack of update to the GMI (2020 annual report of the Bulgarian Social Assistance Agency). In defence of the *de lege lata* system of benefits, an official interviewed from the Ministry of Labour and Social Policy argued

that "This conclusion does not take account of one major fact, that social assistance benefits are granted only when they are requested."

The official argued as well that the amount of benefit received should also be considered in the light of the monthly social benefit assistance targeted at families with children under the age of 14, introduced in connection with the pandemic.

Bulgarian State reports do not differentiate between different social groups (sex, age, ethnicity, gender, social status, etc.) receiving monthly social assistance allowances, nor is that information collected or published by the Bulgarian National Statistical Institute.

In 2019, 3 751 applications for monthly social assistance allowances were rejected, rising to 4 504 in 2020. As of 31 October 2021, 3 589 were rejected. No information was obtained on numbers of applications lodged. This study found no estimates of non-take-up of monthly social assistance allowances, nor are any such figures produced by the authorities.

### **1.3 Adequacy**

The amounts payable under the monthly social assistance allowance scheme are not adequate to reduce poverty in Bulgaria (as argued by the Ministry, the latter is not the specific purpose of the Social Assistance Act). Social Assistance Agency data for 2020 showed a total number of beneficiaries (including family members) of about 76 000 people - 45 000 adults and 31 000 children, just over 1% of the population. In 2020, monthly allowances were received by an average of 23 702 individuals and households, totalling BGN 28.4 million, significantly lower than amounts set aside for other social programmes.

The monthly social assistance allowances in Bulgaria are granted on the basis of the DMI, which is determined by multiplying the individual coefficient for each person or household by the GMI. The GMI is currently BGN 75, while individual coefficients vary depending on age, marital status, health and property status. In the most common cases, the coefficients for each person vary from 0.66, for a person of working age living with other people, to 1.65, for a person 75+ living alone. The coefficients for determining the DMI are to be increased annually, as follows: for 2022, by a coefficient of 1.1; for 2023, by a coefficient of 1.365; for 2024, by a coefficient of 1.224. Almost 35 000 cases of assistance are expected in 2022, covering some 76 000 people, again just over 1% of the population.

### **1.4 Links with other benefits**

The monthly social assistance allowances can be combined with the following benefits that are available to everyone (not solely GMI recipients):

- Other social assistance benefits;
- Non-contributory benefits for people with disabilities, provided on a monthly basis;
- Single birth grants;
- Death grant (*помощ при смърт на осигурено лице*).

Additional healthcare, housing and cash supplements are available to claimants that meet certain criteria (see examples below). The same eligibility criteria apply in all municipalities.

**One-off benefits under Articles 16, 16a and 17 of the Regulation for the implementation of the Social Assistance Act.** In 2020, 14 463 one-off benefits were granted, totalling BGN 6 486 448. In 2019, 7 156 individuals and households received a total of BGN 2 390 973. This one-off aid is intended for: 1) meeting incidental health, educational needs, utility needs and other vital needs of individuals and households (granted once a year, up to five times the amount of the GMI);

- 2) issuance costs for an ID card – granted once, up to the amount of the GMI;
- 3) vital medical treatment abroad.

**Monthly targeted assistance for parents with children up to 14 years of age in cases of declared state of emergency or an emergency epidemic situation, pursuant to Article 16b of the Regulation for the implementation of the Social Assistance Act.** This assistance is provided to parents who are not able to perform their work duties remotely, are not able to use paid leave, or do not receive cash benefits for temporary incapacity for work due to illness and maternity (independent benefit from the GMI). The monthly targeted assistance is also provided to parents who have lost their jobs for reasons stemming from a declared state of emergency or an emergency epidemic. As of 31 December 2020, a total of BGN 18 596 995 had been directed to 22 854 households.

**Targeted social benefits for rental support (under Article 14 of the Regulation for the implementation of the Social Assistance Act).** The latter are intended for the payment of rent for municipal housing for single parents, elderly people living alone (aged 70+), and orphans up to 25 years of age, who have graduated from a social training and vocational centre. In 2020, an average of 136 people were supported per month for the whole year, and the amount paid was BGN 68 569. In 2019, an average of 149 people were supported per month for the whole year, totalling BGN 95 633.

**Targeted benefits for diagnosis and medical treatment.** These benefits cover the costs of hospital medical care for diagnosis and treatment of people without an income and/or personal property allowing them to hold health insurance (benefit exists independently of the GMI). The funds for the payment of hospital treatment are provided from the budget of the Social Assistance Agency and paid to hospitals through the National Health Insurance Fund. In 2020, this benefit covered 4 529 people, with BGN 3 613 041 transferred to the medical establishments for hospital care through the National Health Insurance Fund. In 2019, BGN 3 305 725 was used to provided medical care for 4 252 people.

This study did not find any comprehensive national assessment of whether these overall supports met or fully covered recipients' needs.

## **2 Links with labour market activation**

The Bulgarian state does not submit detailed statistics on the recipients of monthly social assistance allowances, limiting the accuracy of estimates of the proportion of MI recipients subject to activation requirements.

The activation requirement applies to individuals deemed 'fit for work', which is related to the established working age in Bulgaria (up to 61 years and six months for women, and 64 years and three months for men, in 2020). Recipients of monthly social assistance allowances who are within the working age group cannot decline mandatory work envisaged in the benefit scheme.

An unemployed person must have been registered with the Employment Office Directorate for at least six months before submitting their claim. Within that time, they must not have rejected any jobs or training (literacy, professional qualifications, key competencies) or programmes/projects financed with EU and other international funds. The following categories of people are exempt:

- A parent caring for a child under the age of three;
- A person with disabilities and permanently reduced capacity of 50% or more;
- A person caring for a sick member of the family;
- A person with psychiatric illness;
- Over-18s engaged in full-time education;
- Pregnant women after the third month of pregnancy.

Until their sixth consecutive month of uninterrupted registration with the Employment Office Directorate, no DMI is determined for the unemployed person.

Since 2002, the labour participation of unemployed candidates or recipients of monthly allowances is an essential assessment criterion. More specifically, unemployed people who are eligible for monthly allowances are obliged to join employment programmes. In 2010, the Social Assistance Act added employment and training to its assessment criteria (joining property, income, age, health and family status) in order to ensure the inclusion of children from poor families in the education system. Where an unemployed member of a household is not registered with the Employment Office Directorate, monthly social assistance allowances can be granted only after a detailed social evaluation of the actual household situation. Statistics on individual assessments are not maintained. Unemployed working-age recipients of monthly social assistance are activated through inclusion in employment programmes (under Article 12b of the Social Assistance Act) or the organisation of mandatory work under municipal programmes for community service (e.g. provision of social services, environmental programs, programmes for improvement and sanitation of settlements, other programmes for public benefit activities).

Sanctions and penalties for non-compliance with this requirement include immediate termination of the aid.

No information could be found on the possible combination of benefits and employment, or any potential tapering scheme. Similarly, there is no detailed public information on how policies to integrate/reintegrate beneficiaries into the labour market affect the activation of monthly social assistance allowance recipients.

Some 34 459 people participated in activation measures in 2020, 24 335 of whom were unemployed. As of end-September 2021, there were 30 526 participants (including 21 435 unemployed). In 2020, the number of unemployed people actively seeking work and supported by monthly social assistance allowances amounted to 22 920. According to Social Assistance Agency data, as of end-September 2021, that figure was 19,096. These were people receiving monthly social assistance allowances.

This study did not find any evaluation of the effectiveness of activation measures to facilitate monthly social assistance beneficiaries to transition into employment or social integration.

### **3 Links to social services and integrated provision of targeted social services**

There is no regulation focusing solely on recipients of monthly social assistance allowances. Adopted in 2019, the Social Service Act sets out 10 main types of social services available to all residents in Bulgaria:

- Informing and counselling;
- Advocacy and mediation;
- Community work;
- Therapy and rehabilitation;
- Training for acquiring skills;
- Support for acquiring work skills;
- Day care;
- Residential care;
- Providing shelter;
- Assistant support.

The Social Service Act states that cooperation is organised between the municipalities in the district, the district administration, the territorial structures of the Ministry of Labour and Social Policy, the Ministry of Health, the Ministry of Education and Science, the Ministry of the Interior and other state bodies, private providers of social services

on the territory of the municipality and the district, non-profit legal entities for public benefit, individuals using social services, and higher schools, training social workers on the territory of the municipality and the district. No information was found on how such cooperation takes place in relation to recipients of monthly allowances. Decisions of municipal councils are used to establish so-called public councils to manage the implementation of activities in the field of social benefits. These public councils assist in the implementation of municipal social benefit policy, as well as in the development of district strategies, municipal programmes, plans and projects related to social benefits.

Bulgaria did not share any public information on the provision of targeted social services or integrated services, nor are there any publicly available assessments of monthly social assistance recipients' need for social supports.

## **4 Governance mechanisms**

The Social Assistance Agency is the state body with the competence to administer and control MI monthly benefits. It is established at national level and has its own regional structures. Services are provided directly to MI recipients at regional level by the Social Assistance Directorates, specifically their Social Protection Departments.

The Social Service Act states that cooperation is organised between the municipalities in the district, the district administration, the territorial structures of the Ministry of Labour and Social Policy, the Ministry of Health, the Ministry of Education and Science, the Ministry of the Interior and other state bodies, private providers of social services on the territory of the municipality and the district, non-profit legal entities for public benefit, individuals using social services, and higher schools, training social workers on the territory of the municipality and the district. The relevant institutions do not make public how that cooperation takes place in practice for recipients of monthly allowances.

Decisions of municipal councils are used to establish so-called public councils to manage the implementation of activities in the field of social benefits. These public councils assist in the implementation of municipal social benefit policy, as well as in the development of district strategies, municipal programmes, plans and projects related to social benefits.

Official data from the Social Assistance Agency showed departmental and administrative costs for the monthly social allowances in the amount to BGN 31 112 000 in 2020.

The number of individuals and households (statistics obtained from the Social Assistance Agency contain summarised numbers for individuals and households) who received monthly social assistance allowances in bad faith was 146 in 2020 and 57 from January-end-September 2021.

The Bulgarian system for monitoring and reporting social security, social assistance and social transfers is quite fragmented. It is difficult to determine whether data are reported because of statutory requirements (e.g. as per Article 2, para. 2 of the Statute of the Social Assistance Agency), for transparency, or to monitor certain indicators, boundary values, achievement of targets, etc. Article 2, para. 2 of the Statute of the Social Assistance Agency requires the Agency to build, administer and maintain an integrated information system on the implementation of programmes and activities in the field of social assistance, social services and child protection. Only a limited amount of information from all reporting/monitoring frameworks is made publicly available. Information on internal procedures and practices for monitoring expenditure within different government agencies in Bulgaria is not easily available and related research is scarce.

## 5 Impact of MI schemes

In 2020, the BGN 75 monthly social assistance allowances covered only 76 000 individuals, or about 1% of the Bulgarian population. At the same time, Eurostat data suggest that over 22% of the population was below the poverty line, with about 10% in deep poverty (i.e. income below 40% of the median income). This shows a clear need for a urgent reform of Bulgarian MI schemes.

The Bulgarian state perceives that reform as encompassing the following:

MI assessment criteria that are **less restrictive** in their income thresholds, thus opening the MI schemes to **a larger percentage of the population**;

**Replacing the GMI with a different instrument** that takes into account **the real socioeconomic situation**, reflects economic changes (e.g. inflation), and further **boosts the uptake** of the MI scheme;

**A working multidimensional institutional mechanism for short-term and long-term social work** with recipients of monthly social assistance allowances. That mechanism would be tailored to the individual and emphasise **the dynamics of individual needs and challenges**;

**Adequate measures for labour market activation**;

**More comprehensive, open, transparent, and accountable** provision of targeted social services, integrated social services, and support to access general services;

More **detailed information** within the annual reports of relevant authorities.

The current Ministry of Labour and Social Policy has indicated its commitment to these proposed reforms. However, Bulgaria's severe political crisis must first be resolved, so that a stable regular cabinet, supported by a united parliamentary majority, can implement such proposals. After three parliamentary elections in quick succession (April, July and November 2021), a regular cabinet was finally formed and approved by the Bulgarian Parliament on 13 December 2021. The coalition agreement between the four participating parties does not detail any new policies for monthly social assistance allowances and it remains to be seen how the new government will approach such social supports.

## 6 Sources

The bibliography of all the reports and other material drawn on to prepare this country fiche ought to include, as follows:

- the Annual Reports of the Bulgarian Social Assistance Agency (2019, 2020);<sup>2</sup>
- Annual Reports of the Ministry of Labour and Social Policy (2018, 2019, 2020, 2021);<sup>3</sup>
- Regulation for the implementation of the Social Assistance Act (with its 2021 amendments);<sup>4</sup>
- Public Consultations Portal of the Council of Ministers - Section "Social Policy and Employment";<sup>5</sup>
- The Bulgarian National Recovery and Resilience Plan (as submitted to the EU in October 2021);<sup>6</sup>
- Expert analyses accompanying the public consultations preceding the 2021 amendments in the Regulation for the Implementation of the Social Assistance Act;<sup>7</sup>
- National Plan for Employment Action in 2021;<sup>8</sup>

### Interviews:

- Interview with the stakeholder Mrs Nadya Klisurska-Zhekova, Deputy Minister of Labour and Social Policy;
- Interview with Lyudmil Dimitrov - State Expert in the Directorate "Policy for People with Disabilities, Equal Opportunities and Social Assistance" at the Ministry of Labour and Social Policy;
- Interview with experts from the Social Assistance Agency, by whom written answers were presented, pursuant to the Access to Public Information Act;
- Decisions of the administrative courts on appeals against orders of the Social Assistance Directorate concerning monthly social assistance allowances;
- Government Finance Statistics | National statistical institute [WWW Document], n.d. URL <https://www.nsi.bg/en/content/2385/government-finance-statistics> (accessed 11.14.21);
- Atanasov, A., 2020. Effectiveness of anti-poverty measures for the period from 01.01.2015 to 31.12.2018. Performance Audit Report.

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<sup>2</sup> See <https://asp.government.bg/bg/za-agentsiyata/misiya-i-tseli/otcheti-i-dokladi>.

<sup>3</sup> See <https://www.mlsp.government.bg/programen-byudzheta-na-mtsp-i-otcheti>.

<sup>4</sup> See <https://www.lex.bg/laws/ldoc/-13038592>.

<sup>5</sup> See <https://strategy.bg/PublicConsultations/List.aspx?lang=bg-BG&sortDirection=Descending&sortExpression=OpeningDate&typeConsultation=1&typeCategory=24&docType=0&obshtiniValue=0>.

<sup>6</sup> See <https://nextgeneration.bg/>.

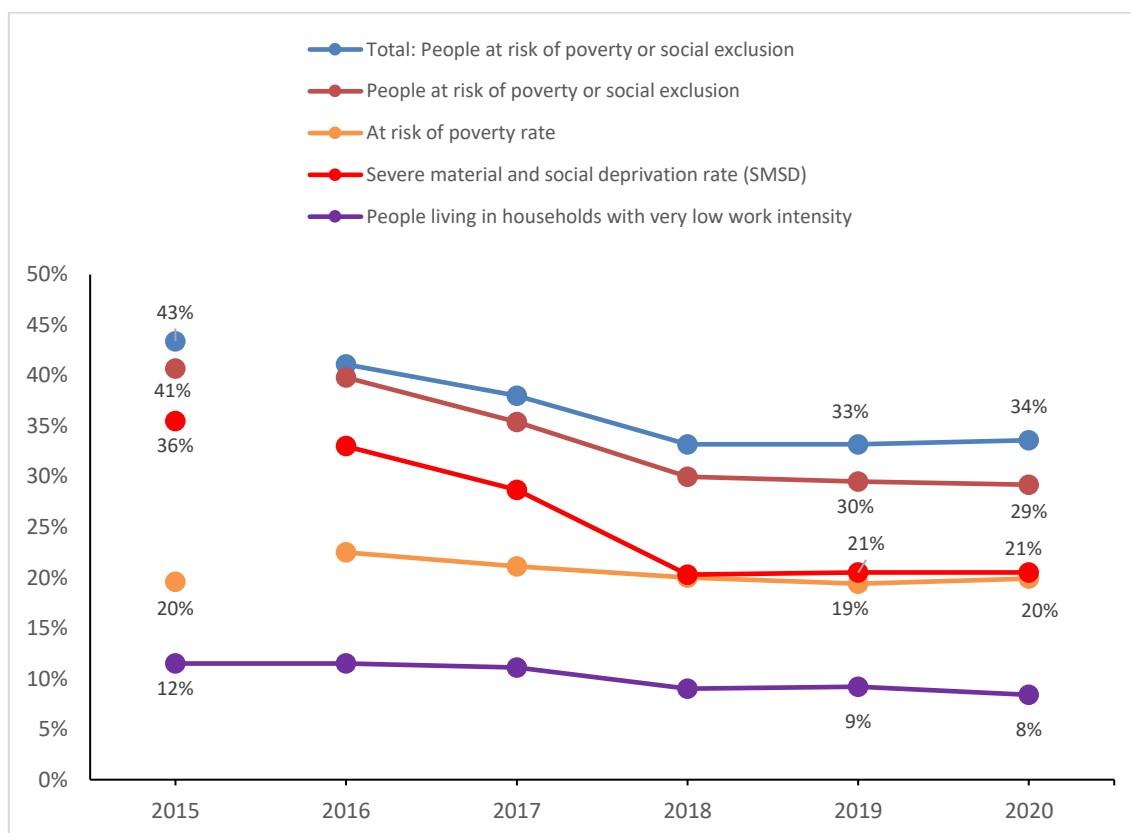
<sup>7</sup> See <https://strategy.bg/PublicConsultations/View.aspx?lang=bg-BG&Id=6181>.

<sup>8</sup> See <https://www.strategy.bg/StrategicDocuments/View.aspx?lang=bg-BG&Id=1397>.



## 7 Annex

Figure 1. AROPE indicator and components, Bulgaria, 2015-2020 (%)



Note: The line for "Total: People at risk of poverty or social exclusion" indicates the trend for the overall population, while the other lines show the figures for individuals aged 0-64. There is a break in the series for the at-risk-of-poverty and severe material and social deprivation rates in 2016, and therefore for the AROPE rate, so the figures for this and the following years are not directly comparable with those for 2015.

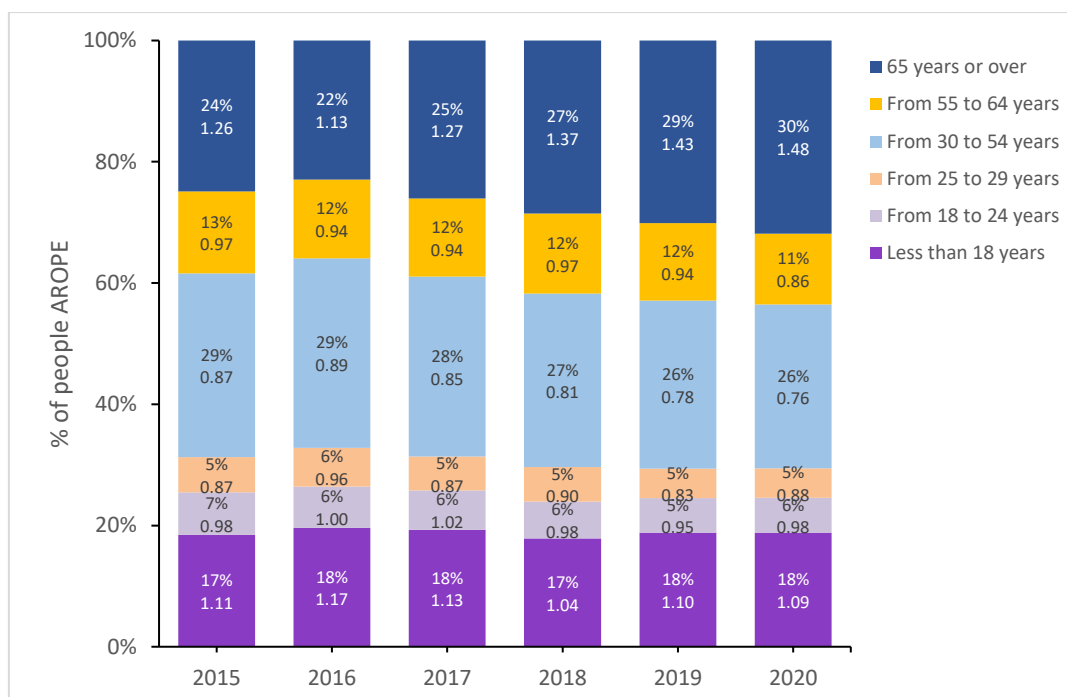
Source: Eurostat EU-SILC indicators [ilc\_peps01n], [ilc\_li02], [ilc\_mdss11] and [ilc\_lvh11n]. Data downloaded on 14/02/2022.

- In 2020, the share of total population at risk of poverty or social exclusion (AROPE) in Bulgaria stood at 33.6%, while that of those aged 0-64 was lower at 29.2%, reflecting the significantly higher rate for those of 65 and over. Over the period 2016-2020, there was a marked reduction in the share, especially for those aged 0-64.
- Most of the people at risk of poverty or social exclusion (19.9 % of those aged 0-64) had household disposable income of below 60% of the median (I.e. they were at risk of poverty). The share was much the same in 2020 as 5 years earlier.
- Most of those at risk (70%) were also affected by severe material and social deprivation (20.5% of those aged 0-64). This share declined markedly between 2015 to 2018 (by around 15 percentage points), but remained unchanged over the following two years.
- 29% of those at risk of poverty or social exclusion lived in households with very low work intensity (8.4% of those aged 0-64). The share of the total aged 0-64



living in such households declined between 2015 to 2018, but by less so (by around 3 percentage points).

**Figure 2.** Division of people aged 0-64 and in AROPE by age group, Bulgaria, 2015-2020 (%)



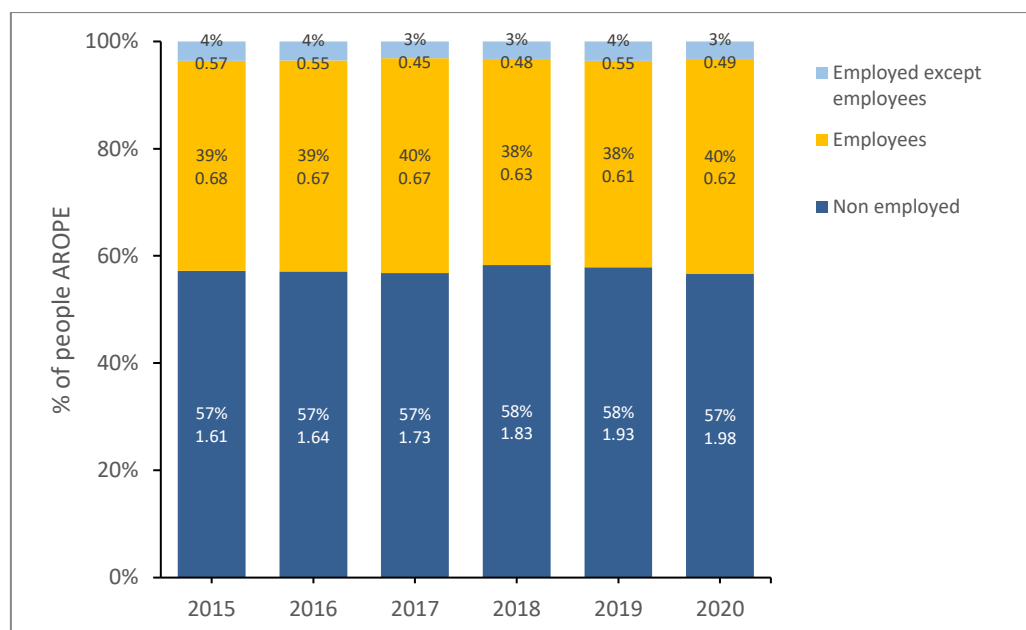
*Note: There is a break in the series in 2016, so the figures for this and the following years are not directly comparable with those for 2015.*

*Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps01n], own calculation. Data downloaded on 14/02/2022.*

- Marginally more men than women aged 0-64 were at risk of poverty or social exclusion in 2020, but this is in line with the slightly larger share of men in total population, so the likelihood of men being at risk was much the same as for women.
- Older people aged 65 and over are considerably more likely to be at risk of poverty or social exclusion than those in younger age groups. The likelihood increased between 2016 and 2020 and this allied with the growing share of people in the older age group led to those aged 65 and over accounting for 30% of the total at risk in 2020, up from 22% 4 years earlier.
- Children under 18 were also more likely to be at risk than adults, especially of those of working age.
- Those aged 18-24 were more likely to be at risk than older age groups to, as were those aged 25-29, but less so.

**Figure 3. Division of people aged 18-64 in AROPE by most frequent economic activity status, Bulgaria, 2015-2020 (%)**



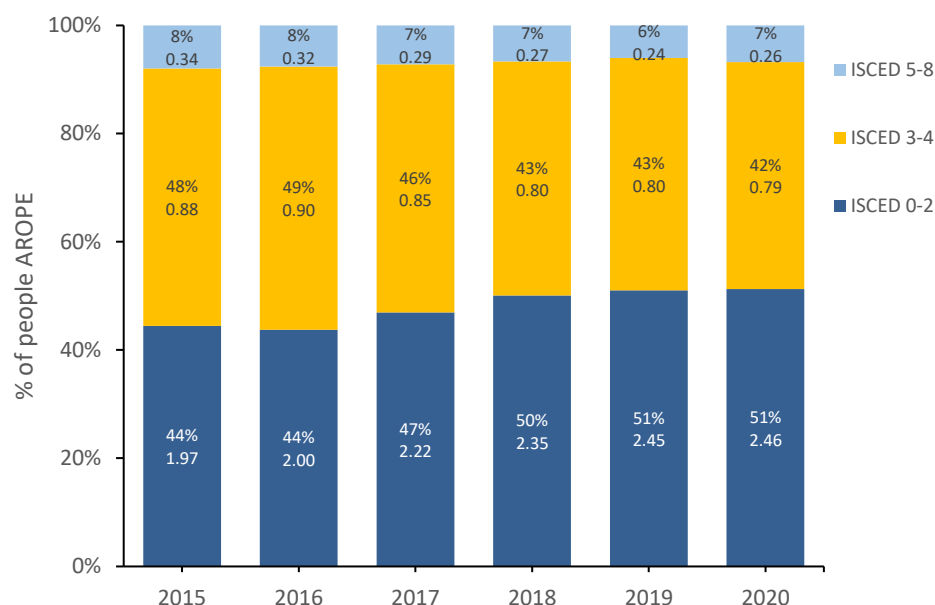
*Note: There is a break in the series in 2016, so the figures for this and the following years are not directly comparable with those for 2015.*

*Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps02n] and [ilc\_lvhl02], own calculation. Data downloaded on 14/02/2022.*

- People of working age who are not in employment were twice as likely as those in employment to be at risk of poverty and social exclusion in 2020
- The likelihood increased significantly between 2016 and 2020, the increase offsetting the decline in their numbers, so that they made up 57% of the total at risk in the latter year, the same as 4 years earlier.
- On average, employees were more likely to be at risk of poverty or social exclusion than others in employment, who are predominantly the self-employed, though also family helpers.

**Figure 4.** Division of people aged 18-64 in AROPE by education level, Bulgaria, 2015-2020 (%)



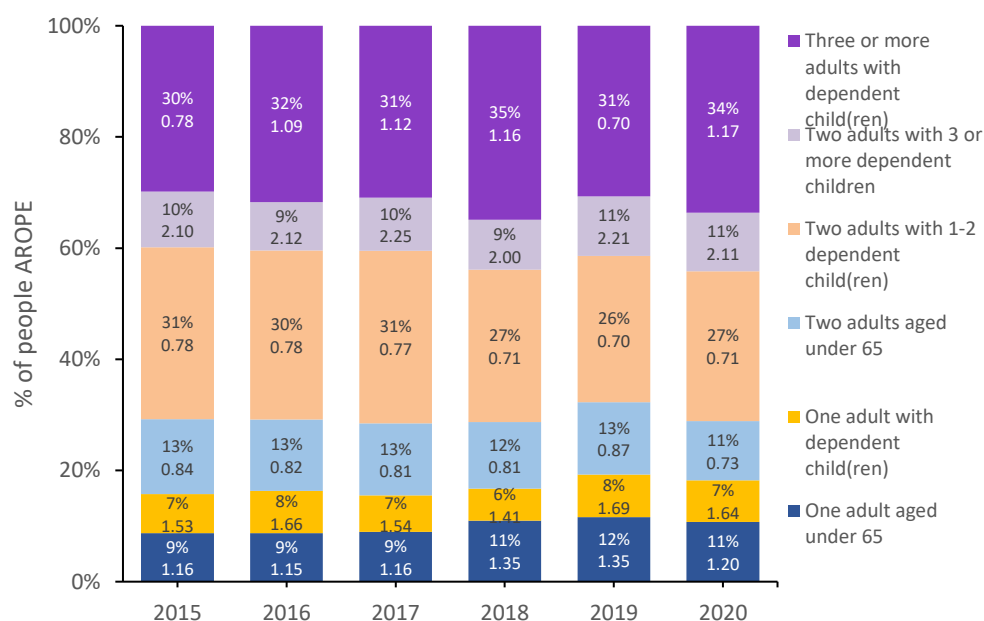
*Note: There is a break in the series in 2016, so the figures for this and the following years are not directly comparable with those for 2015.*

*Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps04n] and [ilc\_lvps04], own calculation. Data downloaded on 14/02/2022.*

- People aged 18-64 with only basic schooling (i.e. with lower secondary education or less) accounted for over half of the total at risk of poverty or social exclusion and are considerably more likely to be at risk than those with higher education levels. The likelihood, along with their share, increased significantly between 2016 and 2020.
- Those with tertiary education have a very low probability of being at risk and made up only 7% of the total at risk in 2020.

Figure 5. Division of people in AROPE by household type, Bulgaria, 2015-2020 (%)



Note: There is a break in the series in 2016, so the figures for this and the following years are not directly comparable with those for 2015.

Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.

Note that the chart does not include all household types. In particular, it excludes those aged under 65 living in a household with three or more adults without children, who are difficult to distinguish in the published data.

Source: Eurostat EU-SILC indicators [ilc\_peps03n] and [ilc\_lvps02], own calculation. Data downloaded on 14/02/2022.

- Couples with three or more children are most likely to be at risk of poverty or social exclusion but accounted for only 11% of the total aged 0-64 at risk in 2020.
- People living alone, especially those with children, were also more likely than others to be at risk in 2020, though again they made up a relatively small proportion of the total at risk (only 18%).
- Couples with 3 or more children were also more likely to be at risk than other households types, in this cases substantially so, though making up a relatively small share (11%) of the total at risk in 2020 too.
- By contrast, households with three or more adults and dependent children also had a higher probability of being at risk than others but accounted for over a third of the total aged under 65 at risk in 2020.

*Table 1. At risk of poverty rate before and after social transfers, excluding old age benefits, for those aged 0-64, Bulgaria, 2015-2020*

	<b>Before social transfers, excl. old-age benefits (%)</b>	<b>After social transfers (%)</b>	<b>Effect of social transfers on arpop rate (%-point change)</b>
2015	27.1	19.6	-7.5
2016	28.3	22.5	-5.8
2017	27.8	21.1	-6.7
2018	28.7	20.0	-8.7
2019	27.1	19.4	-7.7
2020	26.2	19.9	-6.3

*Note: There is a break in the series in 2016, so the figures for this and the following years are not directly comparable with those for 2015.*

*Source: Eurostat EU-SILC indicators [ilc\_li02] and [ilc\_li10]. Data downloaded on 14/02/2022.*

- Social transfers had the effect of reducing the at-risk-of-poverty (arpop) rate by just 6 percentage points in 2020, reducing the number at risk by less than a quarter (24%).

*Table 2. At risk of poverty rate and persistent at risk of poverty rate for those aged 18-64, Bulgaria, 2015-2020*

	<b>At risk of poverty rate (%)</b>	<b>Persistent at risk of poverty rate (%)</b>	<b>Persistent rate as % of annual rate</b>
2015	18.0	11.6	64.4
2016	20.0	11.9	59.5
2017	18.9	12.4	65.6
2018	18.2	12.7	69.8
2019	17.1	12.9	75.4
2020	17.5	12.9	73.7

*Note There is a break in the series in 2016, so the figures for this and the following years are not directly comparable with those for 2015.*

*Source: Eurostat EU-SILC indicators [ilc\_li02] and [ilc\_li21]. Data downloaded on 14/02/2022.*

- Almost three-quarters (74%) of people of working age (18-64) at risk of poverty in 2020 were at persistent risk, i.e. they were consistently at risk for a number of years rather than being at risk for only one year, or temporarily.

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