



REPUBLIC OF BULGARIA

National Social Report of the Republic of Bulgaria 2013-2014

(Adopted by the Council of Ministers of the Republic of Bulgaria on 30.04.2014)

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LIST OF USED ABBREVIATIONS

APD – Agency for People with Disabilities
CM – Council of Ministers
CPA – Child Protection Act
EA – Employment Agency
EC – European Commission
EPA – Employment Promotion Act
ERDF – European Regional Development Fund
ESF – European Social Fund
EU – European Union
EUROSTAT – Statistical Office of the European Union
EU-SILC – The European Union Statistics on Income and Living Conditions
FAA – Family Allowances Act
GDP – gross domestic product
HICP – harmonized index of consumer prices
IPDA – Integration of Persons with Disabilities Act
LOF – Labour Office Directorate
MES – Ministry of Education and Science
MF – Ministry of Finance
MH – Ministry of Health
MLSP – Ministry of Labour and Social Policy
MS – minimum salary
NAMRB – National Association of Municipalities in the Republic of Bulgaria
NAS – national accounts system
NGO – non-governmental organizations
NHIF – National Health Insurance Fund
NRP – National Reform Programme of the Republic of Bulgaria
NSI – National Statistical Institute
NSSI – National Social Security Institute
OP HRD – Operational Programme Human Resources Development
OP RD – Operational Programme Regional Development
RILIPD – Rules for the implementation of the Law on the Integration of People with Disabilities
RISAA – Rules for the implementation of the Social Assistance Act
SAA – Social Assistance Act
SAA – Social Assistance Agency
SACP – State Agency for Child Protection
SAR – State Agency for Refugees
SIC – Social Insurance Code
WS – Workforce Surveillance
YICC – Youth Information and Consultation Centre

The Republic of Bulgaria's National Social Report 2013-2014 represents the progress made since the second half of 2013 on the three pillars of the European Open Method of Coordination (OMC) for social protection and social inclusion: social inclusion, pensions, health and long-term care, by highlighting also the future priorities and key reforms to be undertaken. The present report is a continuation of the adopted in 2012 – National Social Report of the Republic of Bulgaria (2011-2012). The National Social Report of the Republic of Bulgaria 2013-2014 is closely related to the National Reform Programme (NRP) of the Republic of Bulgaria (2013-2020) given that a large part of the aims and measures presented within it are enshrined in the Programme. The reported measures and reforms are in full balance with the priority guidelines of policies implemented in the field of social inclusion and social protection, namely:

- **Active inclusion on the labour market;**
- **Development of intersectoral services for social inclusion;**
- **Ensuring sustainability and adequacy of social payments;**
- **Ensuring equal access to high-quality education;**
- **Ensuring equal access to high-quality healthcare;**
- **Improving housing conditions of vulnerable groups.**

The thematic focus of the Report is **the provision of access to social protection for young unemployed persons** being a specific vulnerable group and especially given the fact that encouraging youth employment is a key priority in the political agenda both on the European and on the national level.

Introduction

The political situation in the country during 2013 was particularly dynamic and tense. It was accompanied by the civil protests and the ensuing resignation of the Government in February 2013. Parliamentary elections were held on May 12th 2013, and as a result the 42nd National Assembly was formed and appointed the 89th Government of Bulgaria. The dynamic events in the political situation in the country did not lead to drastic changes in the structure and the management of the social policy, neither to a change in the distribution of competences and powers in the field of social protection policy both on the national, and on the local level.

The rapid decrease and ageing of Bulgaria's population, the deepening of demographic imbalances and of social inequalities between large groups during recent decades have led to a risk of stagnation and a drop in the economic development and growth of the country and of deepening of poverty in the long run. At the same time, in the second half of 2013, the refugee problem related to the inflow of refugees mostly from Syria, lead to an increase in the social tension in the country. This imposed the undertaking of measures to provide economic, social and humanitarian support in view of ensuring protection, quality of living, equal access to services and promotion of social inclusion.

In view of the multifaceted nature of social protection and social inclusion, policies are aimed at implementing a long-term and integrated approach that unites the resources and the means of different spheres. Each of them makes its contribution to the accomplishment of the goals of better social protection of citizens and proper social inclusion of vulnerable groups in society. It should be noted that the development and the implementation of the social protection policy is based on the main principles of equality between women and men, equal opportunities and avoidance of discrimination. In accordance with these principles, efforts are aimed at providing complex support to vulnerable groups in view of creating opportunities for

their full-fledged participation in society. Those include belong children, young people, people with disabilities, elderly people, unemployed persons, the Roma, etc.

In view of the complex and multifaceted nature of social protection, the circle of the institutions involved in the implementation of this policy on the national and the local level is wide. In that regard, the development and the implementation of the policy in the field of social policy falls within the competences of all institutions involved in areas such as social insurance, social support, social inclusion, labour market, health care, education, etc. The Ministry of Labour and Social Policy (MLSP) is the executive power's body which manages, coordinates and controls the implementation of the national policy in the field of income and living standards, social insurance, employment promotion, labour migration, social investments, social protection, social inclusion and other activities in the field of social policy. Other key institutions on the national level involved in social protection and inclusion are the Ministry of Health (MH), the Ministry of Education and Science (MES), the Ministry of Finance (MF), etc. Extremely important are the functions and the competences of regional and local authorities in the process of developing policies in support of vulnerable groups and the provision of high-quality social protection.

The improvement of the management and decision-making process within the social protection and inclusion policy includes several main elements. Firstly, the purpose is to actively involve all stakeholders in the process of drafting and making decisions. In this way, the interests of all parties are taken into account on all stages of policy management. For example, all questions related to labour and insurance relations and the issues about living standards are coordinated within the National Council for Tripartite Cooperation with Social Partners. In parallel to social partners, representatives of all stakeholders within the network of different national, regional and local advisory councils also take part in the process of decision-drafting and making. Examples in that regard are the National Council on Social Inclusion under the Council of Ministers (CM), the National Council on the Integration of People with Disabilities under CM, the National Children Protection Council, etc. These councils include representatives of national institutions, agencies, social partners, local authorities, non-governmental organizations (NGOs), academic communities, etc.

In view of achieving better transparency in the process of management and decision-making, public consultations are held with stakeholders, apart from consulting within various structures. Thus stakeholders, as well as all citizens, can freely comment and make suggestions for the improvement of the draft documents' quality.

Building partnership and consultation with all stakeholders is also part of the process of preparing and elaborating the National Social Report of the Republic of Bulgaria 2013-2014. MLSP established an interdepartmental working group including ministries and agencies, social partners, NGOs, as well as representatives of the National Association of Municipalities in the Republic of Bulgaria (NAMRB). The consultation process allowed for the clear identification of political priorities, measures, results and target groups of social protection policy and in particular the provision of access to social protection for young unemployed persons. The active involvement of all stakeholders in the drafting of the National Social Report served to generate valuable ideas and suggestions for the improvement of the implemented policy.

- *Key macroeconomic data presenting the overall economic situation*

The development of the Bulgarian economy since the beginning of 2013 continued to be upwardly directed, but it was characterized by certain changes as regards the structure of the economic growth. The speed of increase of the gross domestic product (GDP) in 2013 reached 0.9% in actual terms, whereby the main contribution to the growth

was that of net exports, while domestic demand remained limited. During the period in question, the actual increase in the export of goods and services accelerated to 8.9 %, and that of import amounted to 5.7%. The negative development of domestic demand was conditioned by the downward dynamics of end-consumer expenditures of households which dropped by 2.3% while governmental consumption actually increased by 2.5%

In 2013 there was a **clear-cut trend of decrease in the inflation in the country**. The average annual speed of growth of the harmonized index of consumer prices (HICP) slowed down to 0.4% whereby the main factors that conditioned the dynamics of consumer prices in the country were the downward development of international prices of petrol and foodstuffs in BGN, as well as the reduction of administrative prices.

In 2013 the labour market was characterized by stabilization of employment and continuous increase in the number and level of unemployment. The average annual number of employed persons ¹ continued to drop, but the negative dynamics was reduced to 0.4% compared to a drop of 2.5% during the previous year. Despite the improvement reported on the labour market, especially during the second and the third quarter of the year, **the level of unemployment increased reaching 12.9%² in 2013**. This was due both to the still limited possibilities for hiring, and to the increase in the workforce whereby the **coefficient of the population's economic activity amounted to 53.9%** A factor which also influences the increase in economic activity, is the increase in the number of self-employed people and the number of registered unemployed people.

In 2013 there was acceleration **in the speed of increase in the average salary ³ in the economy up to 10.5% in nominal terms** compared to 6% of average annual growth during the previous three years. In parallel to this, the decrease reported for consumer prices in the country helped **increase the purchase power of the population's income too** whereby the real growth of the indicator⁴ accelerated to 10.1%. The main contribution to the current development came from the upward dynamics of salaries in the private sector (12% and 11.6% in nominal and real terms respectively). The reported improvement in the dynamics of people employed in the context of a limited economic activity led to a slow-down in the speed of increase in labour productivity. The GDP's actual increase per an employed person⁵ dropped to 1.3% for the first nine months of 2013.

• **Table 1: Main macroeconomic indicators**

Indicators	Unit	2012	2013
GDP, permanent prices	Change on an annual basis (%)	0.6	0.9
Inflation (HICP), average annual	Change on an annual basis (%)	2.4	0.4
Unemployment coefficient, level	Level (%)	12.3	12.9
Employed persons (CHC)	Change on an annual basis (%)	-2.5	-0.4

Sources: NSI, MF

The expectations about the development of the Bulgarian economy in 2014 are related to the acceleration of the actual GDP growth up to 2.1% with the positive contribution from

¹ According to data from the System of national accounts (SNA).

² According to data from the Monitoring of the Workforce (MW) for people above 15 years of age

³ According to data Annual Monitoring of Labour Expenses.

⁴ Deflated HICP.

⁵ According to data from the System of national accounts (SNA).

domestic demand, mostly with regard to consumption. The improvement of the perspectives for the European economy will be realized by the actual growth of Bulgarian export, but the net export is expected to contribute to the economic growth to a limited extent.

In 2014 it is expected that the main labour market indicators will be insignificantly improved. The number of employed people will stabilize and will increase by a speed of 0.1% compared to the previous year, and the recovery of employment will be realized in a reduction in the unemployment coefficient by 12.8%. **It is expected that increase in the economic activity** during the period in question will also contribute to the speeding-up of the growth in labour productivity, and with the gradual increase in employment, the growth in the average salary is expected to reach a level close to 5%.

- *Main social indicators that represent the social situation*

In the conditions of serious social consequences from the economic crisis that lead to deepening poverty and inequalities, as well as the negative demographic trends related to the population's ageing, the country's social situation is faced with serious challenges which will accompany its development. The dynamics in the development of demographic processes and the changes in the structures of the population significantly affect and pressure the social protection system. According to data of NSI, as of December 31st, 2012 Bulgaria's population was 7 282 041 people. As a result of the negative natural growth due to low levels of childbirth which cannot compensate the high levels of the death rate, the population decreased by more than 40 000 people with the natural growth coefficient being minus 5.5‰. At the same time, in the end of 2012, persons at the age of 65 or more were 1 395 078, or 19.2 % of the country's population. Compared to 2011 the share of the population in this age group increased by 0,4 percentage points, and compared to 2005 the increase was 2.0 percentage points. The natural reproduction of the working-age population is damaged which is best characterized by the coefficient of demographic replacement which shows the ratio between number of people entering working age (15-19) and number of people coming out of working age (60-64). In comparison, in 2001 every 100 people coming out of working age were replaced by 124 young people. Since 2008 this ratio was vice versa – 100 people coming out of working age were replaced by 91, and in 2009 – by 82, in 2010 – by 74, in 2011 0 by 68, and in 2012 – already by 64 young people. In view of these negative factors, the greatest risk of poverty face children, young people and elderly people, as well as working people with low income. Given the complex character of poverty as a phenomenon, efforts must be directed towards prevention of the reasons causing poverty and social exclusion.

Bulgaria is one of the countries **where the risk of poverty or social exclusion for the population is above the average for EU**. According to data from the survey "The European Union Statistics on Income and Living Conditions" (EU-SILC) or 2011⁶ **the share of people living in poverty or social exclusion was 49.3, and for young people between the age of 15 and 24 years that percentage was 51.3%, and for the age group between 15 and 29 it was 48.7%**. People living at risk of poverty were **21.2% or 1.558 mln. which represents a reduction by 1 percentage point compared to 2010**. With people aged between 15 and 24 that percentage was 22 whereby there was a reduction by 1.7 p.p. or 30 456 people less than in 2010. With age group 15-29 the reduction was by 1.9 p.p. (from 22.1% in 2010 to 20.2% in 2011) or by 47 141 people. **The Bulgarian people living in material deprivation are 44.1%**, which is an increase by 0.5 p.p. compared to 2010. **With people aged between 15 and 24, the percentage of those living in material deprivation was 45.5%** (increase by 1.2 p.p.), and with people aged between 15 and 29 it was 43% (increase by 0.4 p.p.). 473.8

⁶ EU-SILC 2012 cwith referent year 2011, NSI.

thousand people aged between 18 and 59 years lived in **households with very low work intensity** and they accounted for **11.2%** of the totality of the whole population aged between 18 and 59. Compared to 2011 their share increased by 1.1 p.p. With young people aged between 15 and 24 this percentage was 10.9% and with young people aged between 15 and 29 it was 11.8% from the totality. **In terms of age groups the risk of poverty was highest for children aged up to 18 years (28.2% or a decrease by 0.2 p.p.) and for the population above the working age (28.2% or a decrease by 2.9 p.p.).** Another important trend reported is that **poverty among households with children was much more common** (22.9% in 2011) compared to households without children (19.2% in 2011). In addition, there is a clear **relation between the size of a household with children and poverty** which is confirmed by the fact that the share of poverty in households with one child was 14.6%, in households with two children it reached 16.7% and in households with three or more children it reached 61.0%. Inequality in the distribution of income was 6.1⁷ times and despite the fact that there was a certain reduction compared to 2010 (when it was 6.5 times), the amount remained too high and above the average for the EU. **The impact of social transfers** (without including pensions) to reducing the risk of poverty **was 4.7 p.p.** which was nearly twice as low as the average for the EU – 9 p.p. In response to this, in 2013 specific steps were adopted to increase the effectiveness and the scope of social transfers.

Social consequences from the economic crisis had a negative impact on groups facing inequality on the labour market. According to data from the Employment Agency (EA) **in 2013 the number of unemployed people registered in labour offices was 371 380 (on average a year)** or by approximately 6800 more than in the previous year. In the two groups of **registered young people – up to the age of 24 years inclusive, and to the age of 29 years inclusive, there was a trend of reducing/ retaining the average monthly number and a reduction of their relative shares. The registered unemployed young people up to the age of 24 years in labour offices in 2013 were 35 286 people on average per month.** Their number was reduced by 553 compared to data for 2012. The share of unemployed young people up to the age of 24 years in the total number of unemployed people was also reduced – from 9.8% in 2012 to 9.5% in 2013. The long-term continuous trend was retained with the **highest relative share among unemployed young people up to the age of 24 years being those without any qualification – 63.5% (compared to 64.0% in 2012) and with primary or lower education who were 48.8% (compared to 48.1% in 2012)** with an increase compared to the previous year. Unemployed young people up to the age of 24 years having higher education in 2013 accounted for 6.3% (being 6.3% in 2012) out of all unemployed people with higher education registered in labour offices, and 6.7% (being 6.8% in 2012) out of all registered young people up to the age of 24 years.

The group of unemployed young people up to the age of 29 years in 2013 included 74 720 people averagely per month marking a minimum reduction in their number – by 59 persons. **The share of unemployed young people up to the age of 29 years in the total number of unemployed people was also reduced – from 20.5% in 2012 to 20.1% in 2013.** There was a continuous trend whereby the highest relative share belongs to unemployed young people without any qualification who were 60.4% (being 60.8% in 2012) and those with primary and lower education whose share increased minimally – by 0.2 percentage points from 46.7% in 2012 to 46.9% in 2013. Unemployed young people up to 29 the age of years with higher education in 2013 accounted for 23.6% (being 23.1% in 2012) out of all unemployed people with higher education registered in labour offices and 11.8% (being 11.9% in 2012) out of all registered young people up to the age of 29 years.

⁷ Ratio between the income of the poorest and of the richest 20% of households.

As a result of the economic crisis, for the period between 2009 and 2010 the amount of the minimum salary (MS) was frozen. With the development of positive trends in the economy in September 2011, the amount of MS was increased to 270 BGN. For the period between 2011 and 2014, MS was increased annually, as follows: 2011 with 4.17%; 2012 with 13.32%; 2013 with 9.42% and in 2014 with 9.7%. **In 2014 the amount of MS reached BGN 340 which accounted for a growth of 41.7% for the period between 2009 and 2014.**

In recent years one of the measures undertaken by the government to reduce the share of “working poor” has been the annual increase in the amount of the MS whereby its net amount must be higher than the amount of the official poverty line for the country. As a result of the measures adopted to reduce poverty in 2014, the net amount of MS is BGN 266.50, and the official poverty line is BGN 251⁸.

In view of limiting the risk of poverty the tax system in the country is also important depending on the degree in which it benefits the attraction of investments and accumulates the creation of jobs.

1. Impact on the eradication of poverty and social exclusion. Reforms in the field of social inclusion policy

In a situation where Europe is lagging behind in the accomplishment of the goal of reducing the number of people living in poverty or social exclusion with 20 million by 2020 (there is an increase with 6.6 million), **Bulgaria manages to achieve partial progress in the accomplishment of the National Target of reducing the number of people living in poverty by 260 000 people by 2020.** Compared to the base value of EU-SILC 2008, the number of people living in poverty has dropped by 73.3 thousand which is mostly contributed to by the decrease in the number of people living in poverty in the country as a result of migratory processes, the decrease in the number of people living in poverty, at the age of 65 years or more by 58.3 thousand and the number of people living in poverty in age group 18-64 by 32.4 thousand. At the same time there is a slight increase in the number of people between the age of 0 and 17 years living in poverty – by 17.5 thousand more compared to the base value of EU-SILC 2008.

In the beginning of 2013 the Council of Ministers adopted a **National Strategy for Reducing Poverty and Promoting Social Inclusion 2020** (protocol decision No. 5 of 06.02.2013). The strategy is aimed towards building and implementing a unified, consistent and sustainable policy in the field of social inclusion, improving the quality of living of vulnerable groups in the Bulgarian society, and creating conditions for their appropriate realization. A key accent is put on **active inclusion on the labour market, development of intersectoral services for social inclusion and ensuring sustainability and adequacy of social payments.** An important place in the Strategy is given to measures aimed at **encouraging employment among young people as well as at providing special support to young people leaving specialized institutions.**

⁸ It should be noted that pursuant to Eurostat’s methodology, poverty lines account for 60% of the median equivalised disposable income, using data from EU-SILC. MLSP, for the purposes of the social policy implemented, uses another methodology whereby the leading factor is the structure of consuming foodstuffs and non-food products (distribution of the first two deciles) and 2700 kilo-calories per day. The line of poverty is the median general net equivalised income which satisfies these criteria. The data used are from the Monitoring of Household budgets performed by NSI and are from the previous year.

- *Progress on the implementation of EU Council's Specific recommendation 3 to Bulgaria in that part related to the National Target for reducing the number of people living in poverty by 260 thousand by 2020*

A number of measures were adopted in performing Specific Recommendation 3 of the Council of EU (SR 3) in that part related to the National Target for reducing the number of people living in poverty by 260 thousand by 2020⁹.

In response to the recommendation to **revise the minimum insurance thresholds** MF made an analysis of the development of the labour market, competitiveness and the impact of the minimum insurance thresholds published on the Ministry's official webpage¹⁰. One of the conclusions from the report is that "on the national level there is clear evidence that the dynamics of the minimum insurance thresholds affects negatively low-paid workers. Calculations showed a slight negative correlation during the crisis between the increase in the thresholds for low-qualified persons and the dynamics of insured persons in terms of economic sectors. There is a more substantial negative correlation on the regional level in cases where the increase in the share of minimum threshold compared to average salaries is larger than the average for the country, the reduction in the number of employed persons also tends to be larger than the average for the economy."

The fight against informal economy with the help of the minimum insurance income¹¹ (MII) is particularly important in a crisis and with limited public resources. The main purpose of the application of a minimum insurance income in terms of economic activities and qualification groups of professions is to prevent an unfavourable trend of perfunctory insurance for the minimum salary and non-regulated payment of a larger salary. Also, minimum monthly amounts guarantee minimum amounts of the revenues of the national public insurance from insurance contributions and help allocate the resources in the revenue. In addition, MLSP is getting ready to perform a study of their impact on employment, the first result being expected by the end of April 2014. The results concerning the minimum social security thresholds' impacts on employment will be presented on a national and regional level, and in terms of economic activities and size of enterprises.

A key element in supporting vulnerable groups is **providing accessible, quality and effective services** aimed at supporting and expanding vulnerable people's possibilities of social inclusion, life in a supportive community and proper realization. Bulgaria's social services system has significantly expanded during recent years thanks to the reforms aimed at improving the planning, deinstitutionalization and provision of social services provided in the community and within the family. There is a trend of **continuous increase in the number of community-based social services provided**– as of December 31st, 2013 **the number of community-based social services was 781** (369 for children and 412 for adults) with a total capacity of **17 843 places**, which represents an increase with 62 services compared to December 31st, 2012. As of the end of February 2014, the number of social services in the

⁹ Council Recommendation of 9 July 2013 on the Bulgaria's National Reforms Programme for 2013 and containing Council Opinion on Bulgaria's Convergence Programme for the period between 2012 – 2016, http://ec.europa.eu/europe2020/pdf/nd/csr2013_bulgaria_bg.pdf: "Undertake a review of the minimum thresholds for social security contributions to ensure that the system does not price the low-skilled out of the labour market. Ensure concrete delivery of the National Strategy for Reducing Poverty and Promoting Social Inclusion 2020 and the National Roma Integration Strategy. Improve the accessibility and effectiveness of social transfers and services, in particular for children and older people."

¹⁰ Ministry of Finance, <http://www.minfin.bg/en/page/547>.

¹¹ Concerning the amount of MII one of the conclusions within the Tripartite Cooperation Analyses, prepared for the Bulgarian Palace of Trade and Commerce, is related to the need of developing a methodology for identifying MII in terms of economic activities and groups of professions which shall include economic indicators and criteria.

community was 792 (378 for children and 414 for adults), with a total capacity of **18 089 places**. The number of **specialized institutions dropped with 16 compared to the end of 2012¹²** and as of the end of 2013 their number was **237** (77 for children and 160 for adults). In view of the functioning of sufficient and needs-adequate social services, the **resources allocated in the state budget for social services (community-based services and specialized institutions) as activities delegated by the state for 2014 amounted to BGN 183 205 800**, whereby **compared to the amounts for 2013, these resources are BGN 6 168 200 more**.

The provision of social services and childcare services is one of the most successful instruments in support of children and the family. In recent years the policy of providing support to children and families has been focused on introducing an entirely new approach to childcare aimed at prevention, early intervention, support of families and providing a family or close to family environment to every child. In the context of the continuous reform of care for children placed in specialized institutions, **deinstitutionalization** is one of the key priorities aimed at providing long-term and sustainable solutions. In that regard it should be noted, that currently **deinstitutionalization of childcare is at a crucial stage** and the implementation of the **five projects set in the Action Plan under the National Strategy “Vision for deinstitutionalization of the children of the Republic of Bulgaria”** is now giving specific results.

One of the key projects is **“Childhood for All”** aimed at the deinstitutionalization of care for children and young people with disabilities. Within the project, **all 1797 children and young people were assessed** and now the **first Centres for Family-Type Accommodation** have been established in **14 municipalities** and **staff trainings at the newly-established services** have been organized. In 2013, 23 children were accommodated in the 2 newly-opened Centres for Family-type Accommodation in Karnobat Municipality, and so far the total number of accommodated children is 29. As of March 2014, a total of 67 children have been placed in 10 centres for family-type accommodation in 6 municipalities under the “Childhood for All” project and a total of 12 young people have been placed in 3 Protected Homes in 3 municipalities. Under the **project “DIRECTION: Family”** there have been prepared **assessments of 201 children from pilot homes** and the construction and renovation works at the larger parts of the Homes for medico-social care for children have been finished. Results have been achieved under this project also concerning the provision of appropriate alternative childcare in the target group. Significant results have also been achieved within another extremely important **project “I have a family too”**. As of the end of February 2014 **a total of 954 foster families were approved and a total of 1122 children used the service**. Particular results have also been achieved under **project “Enhancing the capacity of the Social Assistance Agency for increasing the quality and efficiency of social work”**. Under this project, as of February 2014, **383 social workers were recruited at all the Social Assistance Directorates** in the country. In view of the need for effectively planning social services, there is also the project **“Development of the system for planning and providing social services on the regional level”** whereby it has been identified that **92 settlements need to have social services created in them** for the persons leaving homes for children deprived of parental care, people with physical and mental disabilities, waiting to be placed. As of February 2014, under Operation “Living in the Community” there were being implemented 20 contracts, and it is planned that 24 services will be established for these target groups, that will include 305 users in total. Social services include: 5 Monitored Homes (36 people); 4 Protected Homes (39 people); 9 Centres for Family-type Accommodation (120 people); 4 Centres for Social Rehabilitation and Integration (90 people) and 2 Day centres for elderly people with disabilities (20 people).

¹² According to data from the Social Assistance Agency (SAA).

The provision of **special support to young people leaving specialized institution** is extremely important during the transition from institutional care to care in a family or close to family environment. A key role in that regard is played by social services provided in the community. Social services in the community which are provided as a priority to children/young people under a risk who have dropped out of school as well as those leaving specialized institutions, are social rehabilitation and integration centres, community support centres, and centres for working with children from the street. Children and young people can obtain social and legal support and assistance for social inclusion, as well as early vocational advice. Resident-type services providing shelter to young people leaving specialized institutions as well as support to children/ young people under a risk of dropping out of school are transitional homes, monitored homes, centres for family-type accommodation centres, crisis centres, protected homes and centres for temporary accommodation.

The network of social services in a family or close to family environment is a basic condition for encouraging active living of elderly people and people with disabilities. Examples in that regard are the social services **personal assistant, social assistant and home assistant**. Since 2003 the National Programme “Assistants to People with Disabilities” has been implemented on the territory of the whole country and is aimed at providing care in a family environment to people with permanent disabilities or severely diseased lonely people by providing employment to unemployed people as personal and social assistants. Under this programme employers hire unemployed people to perform the services of “personal assistant” and “social assistant”. In **2013**, under the programme, **personal assistants provided support to more than 4500 users**. In view of satisfying the need for such services, they are also provided through a number of Schemes and projects within OP HRD 2007-2013. Examples in that regard are: **project “Support for dignified living” under “Alternatives” Scheme¹³, “Help At Home” Scheme¹⁴, etc.**

A particularly common form of social services in Bulgaria are the **public canteens**. A public canteen project has been successfully implemented since 2009. Since then public canteens have been functioning on the territory of the whole country with this social service reaching also small settlements. By 2013 this service was provided within seven months a year, during autumn and winter when it is most difficult for people with low income. Due to the service’s proven efficiency, by Council of Ministers’ Decree no. 85 of 5 April 2013, under the budget of Fund “Social Protection” were granted **additional financial resources to the amount of BGN 5 500 000 for the expansion of the scope of the “Public Canteen” social service for the period from May 1st and December 31st, 2013**. Since March 2014 this service has been provided by 181 public canteens in all the 27 districts and in Sofia city, in 682 settlements, including 525 villages, and the number of the users is 13 252.

At Executive Agency “Military Clubs and Military Recreation” – a second level spending unit under the minister of defence, 23 more public canteens function on the territory of the country and are used by war veterans war invalids and retired servicemen from the Ministry of Defence, the structures subjected directly to the Minister of Defence and the Bulgarian Army (about 500 people), who experience financial difficulties or have poor health. Public canteens are established in settlements where the Agency has its structural units

¹³ The project’s beneficiary is the Social Assistance Agency and partners representing 260 municipalities and 23 regions of Metropolitan Municipality. The purpose is to apply a new approach to the provision of services in a family environment by introducing the principle of “individual budget for a personal assistant” on a national scale. As of the end of December 2013, under this project, more than 11 300 people with permanent disabilities used the personal assistant service, and the personal assistants hired were 10 800.

¹⁴ Under the scheme, existing domestic social patronages were allowed to expand their activities or to create new units for services in home-environment that in an innovative way shall provide services for personal assistance, social support and help for domestic activities. As of the end of December 2013, support under the scheme was obtained by 11 560 people, and the hired unemployed people were 5400.

established and are aimed at creating better living conditions to these vulnerable groups of the society.

In view of providing effective assistance to vulnerable groups the main development areas in the social services system include **continuing the reform initiated with the aim of deinstitutionalization, improving the quality of provided services, developing integrated intersectoral services** (the focus being on the integrated provision of social and health care), that meet the people in need's particular needs, **providing maximum access through mobility and flexibility of services**. The provision of intersectoral services creates the need for applying an integrated approach which unites the resources of individual public sectors and includes active coordination on all levels between institutions involved in the implementation of these policies. In addition, in view of improving the system of financing and achieving better effectiveness and efficiency of social services and improving their quality, changes to the mechanism of providing social services are also required. In order to introduce legislative changes in that area, an interdepartmental working group was created with the wide participation of all stakeholders' representatives with a view to developing a new **Social Services Act**.

Guaranteeing adequate and sustainable social payments is yet another important element in the support of vulnerable groups in society and of the social protection policy. The provision of material support is related to social protection and social inclusion: through better targeting social benefits and the benefits for people with disabilities; supporting families with children; increasing efficiency, effectiveness and sustainability of programmes that apply a differential approach depending on the specific needs of supported persons and families.

A significant dimension of the priority to ensure adequate and sustainable social payments is the provision of material support and the **support for families with children**. In implementation of Council of Ministers' Decree no. 85 of 05.04.2013, **an additional amount of BGN 10 500 000¹⁵ from the budget was provided as a lump-sum allowance to persons and families**.

In view of enhancing social solidarity and reducing poverty, **by Decision of June 19th, 2013** the National Assembly adopted the **Stabilization and Emergency Measures for improving the social situation of Bulgarian citizens and of the business environment and democratization of management** proposed by the Council of Ministers. In the social sphere, one of the approved measures was **increasing the amount of compensation for maternity leave for raising a child between the ages 1 and 2 from BGN 240 to BGN 310** (adopted on June 20th, 2013 by the Act amending the Act on the Budget of the National Public Insurance for 2013, published in State Gazette, ed. 57, effective as of 29.06.2013). **As of January 1st, 2014, the amount of the compensation is BGN 340**.

On June 21st, 2013, the Council of Ministers adopted an Ordinance setting the **targeted allowances to schoolchildren (for first-grade students at a national or municipal schools) for the academic 2013/2014 to the amount of BGN 250** (nearly 67% increase). Through this support, the families of 48 845 first-grade students were supported so that they can have an equal start at school.

In 2013, nearly 80% of children in Bulgaria were supported with different kinds of allowances. Under FAA, **as of December 31st, 2013 BGN 503 800 715 were paid, with BGN 13 669 709 more compared to the same period in 2012. Monthly family allowances were provided to 537 325 families for 797 903 children on average per month**.

It should be noted that an increase by **BGN 69 497 440** is planned for the 2014 Budget of the resources provided under the Family Allowances Act. The total amount of the resources shall become **BGN 556 397 462**. In the national budget for 2014 was introduced differentiated

¹⁵ The detailed allocation of the funds is presented in Annex 1.

amounts of monthly allowances for children until graduation from high school, but not later than reaching the age of 20, whereby by amending FAA **a right to identify higher amounts of monthly allowances** is introduced for:

- **a second child in the family – BGN 50;**
- **a child with permanent disabilities in the amount of 200 % of the second-child allowance – BGN 100;**
- **a twin child in the amount of 150% of the second-child allowance – BGN 75.**

In view of achieving more adequate support of families raising a child with permanent disabilities, in 2013 the monthly allowance for children with permanent disabilities was increased from BGN 189 to BGN 217. Since the beginning of 2014 **the amount of the monthly allowance for children with permanent disabilities has also been increased – from BGN 217 to BGN 240.**

In addition, in 2014 **monthly allowances for pocket expenses** in the amount of BGN 33 **will be obtained by all students placed at specialized children institutions** (homes for children deprived of parental care, homes for children with physical disabilities, homes for children with mental disabilities), **as well as in residential-type social services** – transitional home, crisis centre and a centres for family-type accommodation.

In view of the better social protection of people from most vulnerable groups, some of them being children and the elderly, during the heating season in 2013 were introduced a number of **legislative changes to the mechanism for allocation of the target benefit for heating**¹⁶.

For heating season 2013/2014 there were allocated target benefits for heating for 251 876 cases, for which as of 31.12.2013 there were paid **BGN 31 134 990**. For heating season 2012/2013 there were allocated target benefits for 210 711 cases, and as of 30.06.2013 there were paid BGN 43 598 434.

On February 27th, 2014, CM adopted an **Ordinance for approving additional expenses related to granting a lump sum allowance to individuals and families**. The provision of additional BGN 8 387 300 from MLSP's budget was regulated. They will be allocated to lump sum allowances amounting to BGN 30 for the most vulnerable groups of individuals and families that have been included in the programme for target electricity support during the current heating season, as well as for those who have already been refused due to going insignificantly above the income limit – not more than BGN 10, including unemployed people who met all the conditions and requirements, but who did not have the minimum 6-month regular registration at a labour office. There is also an opportunity for people who have not submitted an application but who meet the conditions for target electricity support and their income goes above the set income limit by not more than BGN 10 to obtain such a lump sum support.

By CM Ordinance of November 18th, 2013, additional funds were approved in the amount of BGN 53 500 000 **for an additional lump sum payment for pensions for December, 2013**. An amount in addition to their pensions for December, 2013 was obtained by 1 046 577 pensioners.

Despite the fact that social protection and social inclusion policy cannot rely only on social transfers, their role is crucial for overcoming the social consequences from an economic crisis. This is evidenced by the number of persons and families receiving monthly social assistance benefits. From the start of 2013 to the end of December, pursuant to the Regulations for implementation of the Social Assistance Act, **lump sum, targeted and monthly social assistance benefits were provided to 57 905 on average per month**. The benefits' total amount (as of 31.12.2013) is **BGN 56 784 998**. Compared to 2012 there is an

¹⁶ Detailed information of the legislative changes introduced is presented in Annex 2.

increase in the number of supported persons and families by 315, and in the amount paid by BGN 1 235 808.

Providing social benefits is one of the instruments **in support of people with disabilities being a specific vulnerable group** in society. In 2013, in the Regulations for the implementation of the Integration of Persons with Disabilities Act the scope of nationally represented organizations providing target benefits for attendants of people with mobility difficulties was expanded, thereby expanding the scope of beneficiaries who may benefit from the target benefit. It should be noted that **in the budget for 2014, for people with disabilities under People with Disabilities Integration Programme there have been planned BGN 12 402 560 more compared to 2013.**

Social protection of vulnerable groups in society is expanded in view of the target benefits allocated monthly to military men, retired military men, war invalids and those injured at war, war veterans and civil servants facing financial difficulties or having poor health. During 2013 the Material Support Commission under the Ministry of Defence granted benefits in the amount of BGN 650 000. Moreover children of military men, who died during or due to performing war services are allocated additional lump sum benefits during Christmas and/or Easter holidays and/or at the start of the school year, following a name list approved by the Minister of Defence.

In support of persons from vulnerable groups and in view of providing humanitarian aid to those most in need, in 2013, for the sixth successive year, the EU's "Food Distribution programme for the Most Deprived Persons of the Community", funded by the European Commission, was implemented. The programme is implemented in wide partnership between different institutions and the municipalities and pursuant to) Ordinance No. 18/ 22.10.2007 of MLSP, MH and Ministry of Agriculture and Food (MAF. The logistics under the programme and the provision of foods to all municipalities in the country are performed by the Bulgarian Red Cross. In 2013, 16 165 745 kg of foodstuffs for the total amount of **BGN 24 417 343** were supplied. According to data from the lists compiled by the Social Assistance Agency, the number of authorized beneficiaries under the programme for 2013 was **332 791**.

In view of the current nature of the problem related to the flow of refugees to the territory of the Republic of Bulgaria, different measures are adopted in the field of social support, child protection, employment, etc. According to existing legislation and in view of the provisions of the Social Assistance Act (SAA), **the right of people/children who are refugees to social assistance and social services is not limited** and they have equal rights to those of Bulgarian citizens. Besides, it should be noted that social services for children up to their 18th year and up to graduating from high school, but not later than their 20th year, are for free. In accordance with the provisions of the Child Protection Act (CCA) and the Regulations for its implementation, if it is established that children who are foreign citizens, including refugees, are under a risk on the territory of the respective municipality and if it is deemed necessary, **protective measures** are adopted, for example placement with the family of relatives, close ones or in a foster family, placement in existing social services: Crisis centre, Centres for Family-type accommodation or Home for children deprived of parental care, etc. At the same time, depending on the particular case, refugee children who are identified as facing a risk may also benefit from financial support for children and families provided pursuant to the Regulations for the Implementation of the Child Protection Act, the support aimed at prevention and reintegration, raising the child with close ones and relatives, and in foster families.

- *Active labour market policy as an instrument to encourage social inclusion*

Active labour market policy in Bulgaria is aimed at the social and economic integration of disadvantaged groups on the labour market being at risk of social exclusion and poverty. They include unemployed young people up to the age of 29 years of age with a subgroup of up to the age of 24 years, unemployed people of more than the age of 50 years, registered unemployed people with permanent disabilities, unemployed people with low qualifications or such that are not demanded on the labour market and with insufficient key competences, incl. unemployed people with low education (including Roma), inactive persons willing to work, including discouraged persons. Within the policy actions to ensure conditions and opportunities for productive and quality employment for working-age persons are implemented. They include **activation, individual services on the labour market, in order to better combine professional and personal life, better employment flexibility and security, prevention of the dropping-out of the labour market.**

The provision of **services for the activation of young people** who are neither in education, nor in employment, nor actively look for a job, is an important instrument in helping the fulfilment of their job potential. Different elements of communication and information channels are used: common and youth-specialized job fairs, electronic job fair, information and consultation lines, workplaces in the open, etc.

In order to activate and include inactive and discouraged people on the labour market, the **National Programme “Activating inactive persons”**¹⁷ is implemented. In 2013 the programme was complemented and further developed, adding the component “Psychological help, motivational education and consultation for unemployed people”. With a view to providing quality services of psychological support and motivational education to unemployed people, 27 psychologists have been employed at the labour offices after having been educated and received professional qualification as part of the job “Mediator on the job fair”¹⁸. Young people are also supported by consultations with 10 newly-hired case managers who act as mediators between persons and institutions providing social, health, educational and other services¹⁹.

In view of limiting high youth unemployment in the country, in July 2013 there were introduced **amendments to the Employment Promotion Act** whereby new encouragement measures were introduced. **Possibilities for flexible part-time employment were provided to long-term unemployed people up to 29 years of age** by finding employers’ labour expenses.

By CM Decision of December, 2013 amending and complementing the National Employment Action Plan, **conditions were created in 2013 for opening additional workplaces for young people up to 29 years of age** who have secondary or higher education and no labour experience. The resources provided to employers (between 6 and 18 months) who have hired young people for positions which fit their qualifications, amount to 30 per cent for the first six months, 50 per cent for the period between the 7th and the 12th month and 75 per cent for the remaining period.

Access to the labour market through a new encouragement measures is also provided to unemployed young people with primary or lower education and without qualifications. This measure provides opportunities for training at a particular workplace

¹⁷ As a result of the measures adopted under the programme, in 2013 4743 unemployed young people up to the age of 29 years were registered at labour offices.

¹⁸ Between September and December 2013, at Labour Market Directorates there were held individual psychological consultations with 1097 job seekers, 289 of whom were young people up to the age of 29 years. 95 group psychological consultations were held with 1238 unemployed persons, 915 of whom were young people up to the age of 29 years. 438 Job Search Seminars (JSS) were implemented. JSS were attended by 2525 unemployed persons, 1311 of who were young people up to the age of 29 years inclusive.

¹⁹ Between September and December 2013 case managers at LMD performed individual consultations with 1686 persons, 600 of whom were young people up to the age of 29 years.

under mentorship. For each new job opened for which an unemployed person up to the age of 29 years is hired full time or part-time as an apprentice, the employer is provided state budget funds for 12 months maximum. Funds from the state budget are provided to fund the employment of persons and the salary of the mentor. With regard to the support of unemployed young people in the transition to their first job, a proposal was devised in 2013 which regulated the apprenticeship contract and the proposal was enshrined in a Draft Act amending and complementing the Labour Code. The Act amending and complementing the Labour Code was published in the State Gazette, ed. 27/25.03.2014 and became effective on March 29th, 2013. It is planned that employers may sign a labour contract for apprenticeship with young people up to 29 years who have secondary or higher education and no labour experience in the qualification or subject they have acquired for a period between 6 and 12 months.

Encouraging young people's economic activity and career development and improving their access to information and quality services are two of the goals of the **updated National Youth Strategy** approved in the end of 2013 (by CM Decision No. 807/ 19.12.2013). The document has a long-term scope of effectiveness – by 2020 and sets the main frameworks, the visions and the development priorities for young people in the country. It is aimed at young people aged between 15 and 29 years. In addition, in support of young people in the country, the **National Youth Programme (2011-2015) is being implemented** which supports projects of NGOs registered for public benefit with resources from the state budget. The programme also creates opportunities for providing free services to young people from all regions of the country through Youth Information and Consultation Centres (YICC)²⁰. The programme is administered by the National Centres “Youth European Programmes and Initiatives”, a second level spending unit of the Ministry of Youth and Sports. An updated **National Youth Programme (2014-2015)** was adopted by CM Decision No. 48/31.01.2014. A new goal has been formulated in the programme – activating young people who are neither in education, nor in employment, and motivating them to get involved in education, training and employment. An application procedure for projects under the 2014 programme is about to start. The priorities for the 2014 programme's implementation are encouraging youth employment, youth labour and youth volunteering.

In implementing the Council of EU's Specific Recommendation in 2013, a **National Action Plan for the implementation of the European Youth Guarantee 2014-2020** has been adopted. It has been adopted by CM Protocol Decision No. 51/18.12.2013. The Youth Guarantee stipulates that each young person aged between 15 and 24 will receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education. Bulgaria's National Youth guarantee will be implemented in stages. Young people registered in labour offices will be made an offer by the end of the 4th month of their registration. Young people who neither study, nor work, will, within one month of receiving their individual data and contact address at the institution or the organization that will ensure their activation be informed of the available services which might be used upon registration at the labour offices. Each unemployed young person registered at a labour office will have an individual action plan drafted where his or her profile will be set too. According to this profile, the young person will receive a job offer or an education offer. Apart from that there will also be offered career orienteering, career advice and motivational training. It is planned that 28 youth job fairs will be held in 2014 to support young people in their search for jobs by meeting employers directly. Funding in the amount of BGN 21.9 mln. is planned within the funds for active

²⁰ Currently on the territory of the country there are 31 Youth Information and Consultation Centers functioning. In 2013 they provided advice services to 142 941 young people. 73 788 of them are aged between 15 and 24, and 69 153 are aged between 25 and 29.

labour market policy under NEAP-2014 in order to ensure subsidized employment, internship, apprenticeship of 7 thousand young people and training of 4 thousand young people. In 2014 the implementation of three Schemes under OP HRD 2007–2013 aimed at young people is continued – “New Workplace”, “First Job” and “Creating Employment for Young People by Providing Internship Opportunities”. BGN 25 mln. will be spent under these Schemes.

In conditions whereby the share of unemployed women is higher than that of unemployed men, the **measures for the protection of women’s involvement in the labour market** are of significant importance **including through access to public care for children and persons in need of permanent care, increasing the education resources and professional qualification programmes.** Combining professional and family responsibilities is one of the key purposes of the National Strategy for Encouraging Equality between the Sexes. The measures in this area include: developing and implementing more effective policies for combining women and men’s professional and family responsibilities both in the public and in the private sector; encouraging the use of parental leave by fathers; developing flexible forms of employment and flexible working time which is convenient for workers with family responsibilities; improving and expanding the scope of social services for children and dependent family members.

Scheme **Back to Work** was successfully implemented within OPHRD by 31.09.2013. By supporting both parents’ involvement in the labour market, it contributes to achieving a better balance between the professional, family and personal life of families with small children. The Scheme can be joined by unemployed people registered at Labour Office Directorates who take care of children aged up to 3 years. The salary and insurance contributions of hired baby-sitters are funded with resources under OP HRD. Working parents with small children aged up to 3 years are included in the Scheme²¹.

In order to expand the conditions of active inclusion of vulnerable groups of society and achieving flexibility and security in employment, the Government has adopted an **Action Plan for Social Economy for 2014-2015** (by CM Decision 43 / 30.01.2014). It has been adopted in implementation of the **National Social Economy Concept** and contains measures which in the following two years will contribute to a better environment for the development of social economy entities, will improve the recognition of social enterprises and will encourage social innovation. The implementation of the Plan will help improve vulnerable groups’ employment and living standard.

In support of the social economy’s development and the provision of employment and activity of persons from risk groups, Scheme BG051PO001-5.1.02 “New Opportunities” under OP HRD was successfully implemented. As a result from the Scheme’s implementation, protected employment has been provided to persons from vulnerable groups, new workplaces for them have been equipped and adapted, the disadvantaged people have undergone training in a specialized working environment in view of acquiring active behaviour and independence skills, and jobs have been opened for social economy specialists. In 2013, under the Scheme there were opened and are functioning 20 social enterprises where 518 persons are appointed – 330 women and 188 men, including persons from vulnerable groups and staff from enterprises – managerial staff and specialists. The largest number of persons involved in various social economy measures includes people in active working age, between 35 and 44 –140 persons and between 45 and 54 – 137 persons followed by persons aged between 55 and 64 years who were 110. Out of all 518 persons, the most were those who identified themselves as having a minority ethnic origin – 160, out of them 127 Roma people followed by disadvantaged persons – 93 and people with disabilities - 91.

²¹ Since the beginning of the project Babysitter – a chance for realization with education towards employment which is implemented within the scheme, 3552 families have been included and have been provided with a babysitter.

Encouraging labour employment and proper career fulfilment is also one of the forms of supporting refugees in Bulgaria. Consistency in the policy on the integration of people who have obtained protection in the country is fulfilled by implementing **the National Refugee Integration Programme in the Republic of Bulgaria** (2008–2010) and (2011-2013). Currently a National Refugee Integration programme in the Republic of Bulgaria (2014-2016) is being developed.

In addition, pursuant to EPA's legislation²², foreigners who have obtained a status of refugees or a humanitarian status may register as job seekers at each territorial unit of the Employment Agency. After having registered themselves as unemployed, they can use the following mediation services: information about job vacancies; information about programmes and measures for preserving and promoting employment; mediation in informing and recruiting; psychological support; psychological orienteering; adults' involvement in training; involving in employment and training programmes and measures. They are entitled to training scholarships, transport funds and an accommodation during training²³.

In view of increasing the professional qualification and employment among refugees in Bulgaria, the **Programme for employment and education of refugees** was initiated as of 28.02.2014. The programme is funded from the state budget with a total value of BGN 370 600, and includes teaching Bulgarian as a second language to 200 unemployed persons who have obtained a refugee or humanitarian status; training for obtaining professional qualification to 100 of them and subsidized employment to 100 persons from the target group pursuant to their fields of qualification, for a period of 6 months, working full-time. In view of improving refugees' access to labour activity and professional realization, a new Cooperation Agreement between EA and the State Agency for Refugees (SAR) is to be concluded in 2014 concerning the implementation of joint initiatives. In addition it is planned to hold information meetings and information job fairs for refugees from SAR.

- *Improving the access to early childhood education and care and their comprehensiveness and quality*

Education and early childhood care are the foundation of successful lifelong learning, social inclusion, personal development and professional realization. They make a significant contribution to the accomplishment in particular of two leading goals of Europe 2020 Strategy: reducing the share of early school leavers to less than 10% and reducing the share of people living at risk of poverty and social exclusion by at least 20 mln. people. In that regard, providing access to education and care for all children, including children from vulnerable groups, as well as increasing the quality of education and care through well-integrated intersectoral services, is an important policy priority. In following this priority, specific measures are implemented in the field of pre-school, school and higher education, and the services for early child development, within national programmes and under various programmes and projects implemented under OP HRD and other sources.

- **Pre-school education and training:**

With the start of 2012/2013 school year, there was introduced mandatory two-year pre-school education for children from the year they turn five until they go in the first grade. In

²² Art. 18, para. 3, it. 3 EPA.

²³ As of 31.12.2013 in LMD in the country, 18 people having a refugee or a humanitarian status, were registered as job seekers pursuant to Art. 18, para. 3, it. 3 EPA. Since the beginning the year, 6 people received support in starting a new job or joining adult training. Four people were placed to work on the primary labour market, 2 of whom started working during the fourth quarter of 2013, and one person was placed to work under an employment programme also during the fourth quarter. One person joined professional qualification training during the fourth quarter of 2013.

2013, more than 500 kindergarten and school projects concerning additional activities for the adaptation of children, especially those whose mother tongue is not Bulgarian were funded under **National Programme “Caring for each student”, module “Providing additional education for children from preparatory groups”**. In addition, the state budget provides resources for inclusion in the groups of mandatory pre-school education of children aged 5-6, living in a settlement where there is no kindergarten or school.

- **School education:**

There is a close correlation between early school leaving and the increase in the risk of youth unemployment, poverty and social exclusion. In that regard, and in implementing the National target for reducing the share of early leavers of the educational system to less than 11% by 2020, with Protocol CM Decision No. 44/30.10.2013 a **Strategy for the reduction of the share of early leavers of the educational system (2013-2020)** was adopted. The Strategy includes a number of measures aimed at providing access to education and increasing education quality for children and students under a risk of dropping out, including those from vulnerable ethnic communities; creating appropriate conditions for reintegrating early-leavers back in the educational system; applying early warning systems, etc.

The implemented policy for students' equal access to education during the mandatory school age is also found in the annual update of the lists of central and protected schools; providing scholarship to students above primary education; additional funding of day-long organization of the school day for students between the first and the last grade from their primary level of education; free textbooks for primary level education; applying forms of school education/ training different from daily ones, etc.

Annually, the Government approves national programmes for the development of secondary education aimed at additional funding for policies and activities which are not planned or are minimal compared to the resources from delegated budgets of schools and kindergartens. **National Programme “At School without Absences”** funds measures for reducing the risk of dropping out of students due to accrued absences. For the second year now students for whom the monthly allowance for a child until graduation from high school, but to not after the age of 20 was stopped due to accrued absences, have been receiving support in the form of textbooks and learning tools, transport cards for high school students; specific information campaigns and meetings with parents of those students, and other activities aimed at keeping them at school and continuing their education/training.

Special attention is also paid to the elaboration and implementation of specific professional education and training policies. In 2013 36 professional high schools joined **National Programme “Modernizing the System of Professional Education”** with projects for business co-funding of a modern professional education environment in the Republic of Bulgaria; for acquiring professional competences in a real labour environment; for ensuring a direct link between students and employers.

Work on projects under OP HRD continues for example under project **“Improving the quality of high schools by introducing a day-long school day organization”** whereby additional activities for the day-long organization (food, transport, etc.) in those schools are funded. Thus students are provided with social protection while commuting to high schools and the risk of poverty and social exclusion due to low education is reduced.

In addition, by implementing **Project BG051PO001-3.3.07-0001 “Student practices”** students are ensured additional knowledge and skills in a real working environment aimed at their better adaptation to the labour market. In 2013, through the project's web-based systems, 390 schools from professional education and training were registered. The practices involved more than 11 000 students, 10 000 of whom finished them successfully. There were more than 8000 registered partner companies, with more than 4000 business mentors.

Project BG051PO001-4.2.05 “Making the school attractive to young people. A school of self-affirmation and training at European horizons – SUCCESS” under OP HDR is also being implemented. The main purpose of the project is making the spare time of students at national and municipal schools useful, including that of students under a risk of dropping out and/or manifesting aggression and/ or violence, by participating in out-of-class and extracurricular activities.

The development of strategic documents related directly to improving the access to education and services for children, pupils and students continues, for example: **Concept for the development of professional education and training by 2020** aimed at improving the link between professional education and training in accordance with the business and the labour market requirements; **Plan for implementation of the Strategy for reducing the share of educational system’s early leavers (2013-2020)**; **National development programmes for high school to be funded in 2014** aimed directly at policies and measures improving the access to education and training; **Plan for the implementation of the National Life-Long Learning Strategy (2014-2020)**, **Strategy for the development of higher education in the Republic of Bulgaria (2014-2020)**. In view of creating conditions for high-quality employment, social inclusion and ensuring accessible and quality education, the Council of Ministers is about to adopt a **National Strategy for the development of teaching staff (2014-2020)**, whose public discussion revealed all stakeholders’ full support of the document. A plan for the implementation of this strategy by 2016 is also being developed.

Improving the access of refugee children to adequate educational opportunities is a serious challenge. Refugees’ children can continue their education at Bulgarian schools upon successfully completing a course in Bulgarian language at SAR and after being referred by commissions to the Regional Education Inspectorates. These people have the rights of Bulgarian citizens to education in national and municipal schools in the Republic of Bulgaria²⁴.

Early childhood development programmes and policies are yet another key instrument in the prevention of poverty and social exclusion. They are an important prerequisite for preventing the transfer of poverty between generations. The main emphasis is put on the earliest age – 0 years up to completing pre-school year. Thus the impact is most effective.

Bulgaria’s efforts at elaborating and implementing integrated early childhood development policies are supported by the **Social Inclusion Project** funded by the International Bank for Reconstruction and Development (World Bank). On 30.10.2013 the National Assembly ratified the amendment to the Loan Agreement under the Social inclusion project whereby the loan’s term was extended from 31.10.2013 to 30.09.2015. By extending the loan agreement’s term, the project’s beneficiary municipalities were given an opportunity to start providing early childhood development services. As of 31.12.2013, 17 municipalities had already put into practice crèches and kindergarten groups established under the project – a total of 1107 new vacancies at crèches and kindergartens (74 vacancies at crèche and 1033 at kindergarten groups) – and the service “Integrating children at kindergartens and in pre-school groups/ classes” has also been put into practice.

- *Homelessness and housing inclusion*

Providing adequate living conditions to vulnerable groups of society and fighting homelessness is an important priority of the social protection and social inclusion policy. The nature of the problem related to access to housing and its multi-factor conditionality implies

²⁴ Pursuant to Art. 3 of Ordinance No. 3/27.07.2000 on the order of enrolling refugees at national and municipal schools in the Republic of Bulgaria.

putting an emphasis on implementing a complex and an integrated approach in view of achieving quality and sustainable results in this area.

The analysis of the conditions of the Bulgarian housing system revealed a number of problems and challenges which require the creation of an adequate legal, institutional and strategic framework conformed to European standards. In that regard the efforts are aimed at **elaborating new legislation in the field of housing policy, as well at updating the existing National Housing Strategy**. This is aimed at expanding the application scope of housing sector legislation and strengthening the positive impact of this legislative framework in this field. It is planned for legislative changes to include fields such as: expanding the opportunities for public authorities to take action in support of citizens and to reduce housing-related expenses; building, maintaining and managing housing by focusing on the role of social housing in meeting vulnerable groups' housing needs; encouraging the use of the potential of all applicable sources of funding and co-funding, etc.

When updating the National Housing Strategy, it is planned to focus on the housing needs of various vulnerable groups in society (families with low income, young families, lonely elderly people, refugees, homeless persons, etc.); the condition of the housing census and the housing environment; reinforcing the institutional and the administrative capacity for implementing housing policy, etc. The need for studying the needs for providing appropriate housing is also accounted for in the **National Strategy for reducing poverty and promoting social inclusion 2020, and in the National Reform Programme of the Republic of Bulgaria 2013-2020**. In implementing one of the priorities of the strategy **“Improving the housing conditions of vulnerable groups and supporting homeless persons”** particular measures have been planned to be undertaken in that regard: **provision of access to housing; creation of integrated intersectoral services for the homeless, including begging children and adults**.

The measure funded within Operational Programme Regional Development 2007-2013 (OP RD), included in the National Reform Programme **“Improving the housing conditions of vulnerable groups and supporting the homeless”** was also implemented in the period between 01.07.2013 and 30.06.2014. Three grant contracts under **Scheme BG161PO001/1.2-02/2011 “Supporting the provision of modern social housings for vulnerable, minority and socially disadvantaged groups of the population and other disadvantaged groups”²⁵** are being implemented within Priority Axis 1 “Sustainable and Integrated Urban Development”, Operation 1.2 “Housing Policy” under OP RD²⁶. The Scheme's main purpose is to contribute to the social inclusion of disadvantaged people by increasing their living standard and by a total improvement of urban communities' housing quality. The financial resource under the Scheme is BGN 15 659 106.46. The particular goals are:

- Providing modern social houses for housing vulnerable, minority and socially disadvantaged population groups and other disadvantaged groups;

²⁵ The scheme also has a main contribution in the implementation of Goal 6 “Building and providing social housing” from “Housing Conditions” priority of the National Roma Integration Strategy of the Republic of Bulgaria 2012 – 2020

²⁶ The interventions planned within the concluded contracts are as follows:

Vidin Municipality – the project is aimed at reconstructing 50 houses in 9 existing one-storey blocks of flats and building 30 new apartments in 4 new two-storey semi-detached buildings for 280 representatives of disadvantaged groups, including Roma. Total value of the project: BGN3 992 592.19;

Dupnitsa municipality – the project is aimed at building 150 apartments within 15 single-family and multifamily blocks of flats for 460 representatives of disadvantaged groups, including Roma. Total value of the project: BGN 4 905 947.82;

Devnya Municipality – the project is aimed at reconstructing 33 apartments in an existing building for 165 representatives of disadvantaged groups, including Roma. Total value of the project: BGN 1 406 112.76.

- Providing social inclusion, spatial integration and equal access to appropriate housing conditions for disadvantaged and vulnerable people.

A **procedure for the provision of “INTEGRA” grant under OP HRD** has been implemented since the second half of 2013. “INTEGRA” Scheme complements the interventions within procedure BG161PO001/1.2-02/2011 “Supporting the provision of modern social houses for the placement of vulnerable, minority and socially disadvantaged groups of the population and other disadvantaged groups” under OP RD 2007-2013. The so called “social package” has been ensured – complementary services in four main areas – Access to Employment, Access to Education, Social Inclusion and Measures for Permanent Desegregation.

In addition, a number of Schemes are implemented under OP RD for the provision of grants to infrastructural activities aimed directly or indirectly at the Roma, related to repairing, reconstructing and renovating the **educational, social and cultural infrastructure**²⁷. Between January 1st and September 30th, 2013, the following projects were finished under these Schemes, whereby particular results were achieved:

- Building/ reconstructing educational infrastructure sites. Between January 1st and September 30th, 2013, 57 projects were finished within which a total of 248 educational sites were reconstructed and 8407 representatives of the Roma community benefitted from them.
- Building/ reconstructing cultural infrastructure sites. Between January 1st and September 30th, 2013, 2 projects were finished within which a total of 2 cultural sites were reconstructed and 123 representatives of the Roma community benefitted from them.

It should be noted that the efforts to improve vulnerable groups’ housing conditions will continue during the new programme period 2014-2020 too through the utilization of the European Structural Funds’ resources and the implementation of various programmes and projects. In addition to this, during the new programme period it is also planned to carry out a study in view of compiling a statistical database of homeless persons, including for the reasons that cause the phenomenon of homelessness.

- *Fight against discrimination*

The fight against discrimination against disadvantaged people, among them people with disabilities, is an important dimension of the policy in the field of social protection and social inclusion. The Integration of Persons with Disabilities Act (IPDA) ensures that there must be created such an environment where people with disabilities can be as independent as possible, while at the same time maintain their rights to social protection, adequate social services, integrated education and training, suitable working environment, possibilities for participating in cultural and sports events, etc. In 2013 there was established a Unified System for the management of the overall process of implementing state policy on people with disabilities with funding under OP HRD pursuant to IPDA. The purpose is to improve the process of developing and increasing implementation’s efficiency and implementation control on the state policy on the integration of people with disabilities.

A biennial Action plan including measures for the Republic of Bulgaria’s aligning its legislations and disability policies with the provisions of the Convention the Rights of People with disabilities (2013-2014) is also being implemented. The main purpose of this plan is to undertake specific and real steps for the implementation of the Convention on the

²⁷ Detailed information is presented in Annex 3.

rights of people with disabilities which will contribute to the improvement of people with disabilities' quality of living, non-discrimination and encourage their participation in all the areas of public life.

The Agency for People with Disabilities (APD), which is an executive agency at the Ministry of Labour and Social Policy implementing the state policy on the integration of people with disabilities develops and funds' various rehabilitation programmes and projects and the social inclusion of people with disabilities. In 2014 one of the programmes for funding non-governmental organizations implemented by the Agency was amended by expanding the scope of direct beneficiaries – people with permanent disabilities including also foreigners with a permanent residence permit for the Republic of Bulgaria. In view of improving the quality of education for people with disabilities, under the programme pursuant to IPDA there have been introduced new rules which provide that training may be performed only by applying non-governmental organizations which have a suitable license issued by the National Agency for Vocational Education and Training.

An important prerequisite for the successful fight against discrimination is the **provision of an accessible architectural environment for people with disabilities**. The State Budget of the Republic of Bulgaria Act for 2013 required that all first level spending units spare resources for creating accessible architectural environment for people with disabilities. Resources amounting to BGN 800 000 have been provided under **National Programme “Creating Accessible architectural environment”** to the Ministry of Education and Science, the Ministry of Agriculture and Food, the Ministry of Culture and the Ministry of Youth and Sports for the construction of ramps, elevators, platforms, adapted bathrooms and repairs of the applicable infrastructure. In addition to that, a number of projects aimed at providing accessible infrastructure to people with disabilities are implemented under OP RD²⁸.

In order to provide accessible public car transport to people with disabilities and people with reduced mobility, as of March 1st, 2013 there has been implemented Regulation (EU) No. 181/2011 concerning the rights of passengers in bus and coach transport and amending Regulation (EC) No. 2006/2004 (the Regulation). Chapter III of the Regulation contains a detailed list of the rights of people with disabilities and of people with reduced mobility when traveling by public car transport. Amendments have been made to the Car Transport Act related to the introduction of national measures for the implementation of the Regulation.

On July 28th, 2013, Bulgaria joined the Marrakesh Treaty of the World Intellectual Property Organization concerning the facilitation of the access to published works to blind or visually impaired people and people with other visual impairments which prevent them from reading published texts. The Treaty will be ratified and will become a part of our legislation by the end of 2014. In view of improving of the railroad transport conditions in Bulgaria, in September 2013 the Minister of Transport, Information Technologies and Communications approved a Strategy of incorporating technical specifications for interoperability with the conventional railroad system in the Republic of Bulgaria (2013-2030)”, which includes under

²⁸ Under educational infrastructure projects, during the period concerned there were constructed 60 ramps for people with disabilities, 4 bathrooms, 2 platforms, 3 specialized software applications for people with disabilities and a metal railing; under schemes for building and improving social infrastructure – 2 elevators and 9 ramps for people with disabilities; under health infrastructure schemes there was built one platform for people with disabilities and an existing elevator was reconstructed; under a scheme for the establishment and promotion of innovative cultural events – 11 ramps for people with disabilities and 1 bathroom; under schemes for urban environment improvement – one vertical lift, 8 external platforms, 7 ramps for people with disabilities, 3 complex play facilities for children with disabilities were supplied and installed, accessible environment has been created for people with disabilities in streets and parks; under schemes for improving tourist infrastructure there were constructed 7 ramps for people with disabilities' access to tourist attractions, one stair platform and three elevators have been supplied and installed.

Annex No. 9 a “Strategy of incorporating technical specifications for interoperability related to people with reduced mobility in the trans-European conventional and high-speed railroad system pursuant to European Commission Decision No. 2008/164/EC of December 21st, 2007“.

Improvements were made in 2014 to the programme implemented by APD pursuant to IPDA for the **provision of access to people with disabilities to cultural, historic and sports sites**. The changes were aimed at expanding the scope of the organizations which own or maintain such sites and can be funded under the programme. The limits to the granted resources were also raised.

Providing protection against discrimination to people with disabilities in the working environment is another important element. The Protection Against Discrimination Act and IPDA have an express provision which requires that the employer adapt the workplace to the needs of a person with disabilities upon hiring him/her or when the person acquires his/her disability after being hired, except for when the expenses for this are unjustifiably huge and would create serious difficulties to the employer. The programme for funding regular employees implemented by APD, aimed at adapting and equipping workplaces for children with permanent disabilities in a regular working environment was amended in 2013. The scope of the target group was expanded and the limits to the granted resources under the programme pursuant to IPDA were raised. The amount of the resources provided to people with permanent disabilities for starting-up and expanding their individual businesses pursuant to the Law was also increased. The following changes were introduced in the programme for subsidizing specialized enterprises and cooperatives of people with disabilities in 2013: the application rules and the maximum amount of the subsidy which may be granted to micro companies were made more precise, financial incentives were introduced for applicants who planned new jobs under the programme pursuant to IPDA.

In addition, in view of not allowing any discrimination, racism, extremism and xenophobia, **measures have been adopted to ensure the rights of minorities** aimed at increasing the capacity of enforcement bodies, preventing the committing of crimes based on racism and propaganda against ethnic minorities, as well as at penalizing the committers of such crimes. Innovative methods are implemented in the process of elaborating and applying a modern training methodology²⁹. Together with the Prosecutor’s Office of the Republic of Bulgaria there have been developed measures against persons who manifest or preach violence and disruption of ethnic peace and anti-democratic ideology based on hatred of groups of people or ethnicities.

Six pilot municipalities implement project “Let’s approach the inapproachable – fighting with traditional and new anti-Roma stereotypes” funded by the European Commission under programme “Fundamental Human Rights and Civil Involvement”, the partner being the Social Assistance Agency. The purpose of the Project is creating a model for the Roma’s effective use of public services, of cooperation with the Roma community and involving them in inter-community activities.

- *Contribution of the European Structural Funds to Ensuring High-Quality and Adequate Social Protection*

European Structural Funds have a significant contribution to the implementation of high-quality and effective measures for the provision of adequate social protection of vulnerable groups. The European Social Fund (ESF) through Operational Programme Human

²⁹ For the implementation of good practices in that area, a Police without Discrimination guideline has been issued as a result of the implemented project “European Police and Human rights” under the specific programme of the European Commission “Preventing and fighting crime”.

Resources Development 2007-2013 (OP HRD) is still an important instrument of the social protection and social inclusion policies. More than 175 mln. Euro (European and National Co-funding) were paid in 2013 under the operational programme aimed at integrating economically inactive and unemployed people in the labour market; providing accessible social services for children, elderly people and people with disabilities; supporting social economy development initiatives and improving the access to healthcare for the prevention of socially significant diseases. Compared to 2012 this represents a nearly 97%–growth which is due mostly to the accelerated utilization of the ESF funds for the labour market stabilization measures. In 2014, as far as in the end of 2013 the level of contracting resources under OP HRD 2007-2013 got near 100%, the strategy of utilizing the resources will be aimed at the accelerated implementation of the already concluded contracts. No starting-up of new operations is planned.

In view of the start of the new programme period 2014-2020 the first half of 2014 will be devoted to the preparation of the new Operational Programme Human Resources Development 2014-2020. In accordance with the requirements of Regulation (EU) No. 1304/2013, no less than 20% of the ESF funds must be used for initiatives to reduce poverty and encourage social inclusion thus the new operational programme will mobilize a significant resource in support of the social protection and social inclusion policies. It is planned that the integration of the most marginalized communities, the provision services in in the community and in the family environment for people with disabilities, the provision of access to high-quality services, including integrated intersectoral services for children and families, the support for the reforms in the field of deinstitutionalizing childcare and care for the elderly and the development of social economy, will be one of the priorities in the utilization of ESF funds in the period between 2014-2020

From the second half of 2014 onwards, for the implementation of the National Plan for the implementation of the European Youth Guarantee 2014-2020 there will also be used the funds under the Youth Employment Initiative under which Bulgaria will receive about 55 mln. EUR (European funding) and will procure additional 63 mln. EUR (European and national co-funding) under ESF.

2. Reforms for the provision of adequate and sustainable pensions

The adequacy and the sustainability of the pension system are important factors for guaranteeing social protection and encouraging active ageing of elderly people. The changes introduced in the pension system as of January 1st, 2012, were long-term ones and their implementation continued in 2013 too.

Early retirement

1) As of January 1st, 2014 (SG, De. 111/27.12.2013) the additional early-retirement condition of for servicemen, namely upon coming of a particular age, introduced as of 01.01.2013 dropped out. Thus, since January 1st, 2014, the only condition for being entitled to servicemen pension has been having worked a total of 27 years and paid insurance contributions, out of which two thirds (18 years) of actual services as serviceman pursuant to the Republic of Bulgaria Defence and Armed Forces Act, regardless of their age.

The expected financial effect of the introduced change (pursuant to the legislation effective as of 2013) is an increase in the number of newly-granted pensions by about **800** more and additional resources for their expenses in the amount of **BGN 2 700 000**.

2) The required age for retirement of the persons who have worked in difficult and harmful labour conditions, reached for 2013, has been retained. With the adopted amendment (SG, De. 111/27.12.2013) by December 31st, 2014, inclusive, the persons who have worked for 10 years in the conditions of the first-category of labour or 15 years in the conditions of

the second category of labour, may retire upon reaching the age of 47 years and 8 months for women and 52 years and 8 months for men under first-category labour or 52 years and 8 months for women and 57 years and 8 months for men under second-category labour, and if the sum of their contribution years is 94 for women and 100 for men.

The expected financial effect of the introduced change (pursuant to the legislation effective as of 2013) is an increase in the number of the newly-granted pensions in 2014 by about **3200** and additional resources in the amount of approximately **BGN 9 500 000** for 2014.

Retirement Age

The changes introduced to the pension system as of January 1st, 2012, were long-term ones and their implementation continued in 2013 too. Pursuant to these change, the retirement age for all people was increased regardless of the category of their labour by four months for each calendar year till 2020. With these changes, the difference between women and men's retirement age was reduced from three to two years, and currently no equalization is planned in our legislation.

As of January 1st, 2014 (SG, De. 106/10.12.2013) the gradual increase in the required age for becoming entitled to retirement by workers in the conditions of third-category labour was suspended by preserving the levels reached in 2013. As a result, in 2014 men become entitled to retirement pension at 63 years and 8 months, and women – at 60 years and 8 months. After December 31st, 2014, the age will continue to increase from the first day of each following calendar year by 4 months for women and men until reaching 63 years for women and 65 years for men.

The suspension in 2014 of the increase in the age required for obtaining the right to retirement pension by workers in the conditions of third-category labour allows time for searching a more balanced solution concerning retirement criteria.

Contribution period

1) The changes introduced (SG, De. 106 /10.12.2013) as of January 1st, 2014, put a stop to the increase of the contribution period required for obtaining the right to retirement pension by workers in the conditions of third-category labour. As a result, men acquire the right to retirement pension if they have a contribution period of 37 years and 8 months, and women – if they have contribution period of 24 years and 8 months in the third-category labour.

The suspension in 2014 of the increase in the age required for obtaining the right to retirement pension by workers in the conditions of third-category labour allows time for searching a more balanced solution concerning retirement criteria.

2) As of January 1st, 2014, the right to retirement pension for servicemen pursuant to the Law on Defence and the Armed Forces of the Republic of Bulgaria, shall be granted regardless of their age upon having 27 years of total contribution period, 18 of which were actually spent working as servicemen pursuant to the Republic of Bulgaria Defence and Armed Forces Act. The changes introduced (SG, De. 111/ 27.12.2013) helped retain the requirement for minimum contribution period that servicemen should have in order to be entitled to retirement pension.

3) In 2014 men and women who have worked in difficult and harmful labour conditions may retire upon coming to a certain age, if they have worked 10 years in the conditions of first-category labour or 15 years in the conditions of second-category labour. The changes introduced (SG, De. 111/ 27.12.2013) helped retain the requirement for minimum contribution period that people who have worked in difficult and harmful labour conditions should have in order to be entitled to retirement pension.

4) As of January 1st, 2014 (SG., ed. 111 / 27.12. 2013) it was decided that by December 31st, 2020 inclusive, teachers would be entitled to retirement pension upon reaching a

contribution period of 25 years and 8 months for women and 30 and 8 months for men. Thus the level of the required teacher's contribution period for the entitlement to early teacher's retirement pension was retained.

The expected financial effect (pursuant to the legislation effective as of 20130) of "freezing" the age and the contribution period for the retirement of workers in the conditions of third category is an increase in the expenses for pensions by BGN 45 500 000 and an increase in the number of the newly-retired people by 15 300 in 2014

Level of pensions

1) The Act on the Budget of National Public Insurance for 2014 (SG, De. 106/10.12.2013) provides for the following policies related to increasing the pensioners' income:

- **Increasing, as of July 1st, 2014, the minimum amount of the retirement pension** according to the pensions update rules from **BGN 150.00 to BGN 154.50** which in turn leads to an increase in the minimum amounts of all pensions related to labour activity, which are dependent upon this amount. The resources planned for the increase in the minimum pensions amount to BGN 16 200 000.
- **Increasing, as of July 1st, 2014, of the maximum amount of one or more pensions received** without their allowances (for newly granted pensions and sickness pensions) from **BGN 770 to BGN 840**. Actual amount of the pension will be granted to 15 600 persons out of approximately 52 000 whose pension amount was limited as of the end of 2013. The resources planned for the increase in the maximum amount of pensions are BGN 18 000 000.
- **Increasing, as of July 1st, 2014, of the social old-age pension from BGN 110.00 to BGN 113.30**, thus leading to a change in the minimum amounts of all pensions not related to labour (social invalidity pension, military invalidity pension, civil invalidity pension and personal pension), as well in the pension allowances which are calculated as a percentage of the social old-age pension.

The three measures for increasing pensions are aimed at increasing the adequacy of pensions and improve the social protection of affected persons.

2) The Public Social Insurance Budget Act for **2014** (SG, De. 106/10.12.2013) as of January 1st, 2014 extended by five years, up to 31.12.2018, the period in which pensions in a certain maximum amount are allocated. The effect of extending this period is the reduction in the expenses for pensions by about BGN 12 mln. for 2014 and 3000 new pensioners who will receive the actual amounts of their pensions. Also, a change was made to the date (**July 1st each calendar year**) when the maximum amount of one or more pensions received, their allocations excluded, is determined as 35 per cent of the maximum insurance income for the same calendar year defined by the Public Social Insurance Budget Act. The measure is aimed at ensuring the system's sustainability.

3) The Public Social Insurance Budget Act **for 2014** (SG, De. 106/10.12.2013) of January 1st, 2014 brought about changes related to the amount of the pensions and allowances paid from the Teachers' Pension Fund. As of the same date, teachers have been paid a limited-term early retirement pension whose amount was reduced by 0.1 per cent for each month that the person is lacking to reach the required age pursuant to Art. 68, para. 1 of the Social Insurance Code. Before introducing this change, each month shortage used to take 0.2 per cent of the pension. The measure is aimed at increasing the adequacy of teachers' pensions.

The measures adopted in the field of pensions' adequacy affect positively their level. It is expected that in 2014 the average amount of one person's pension will increase from **BGN 293.96 to BGN 307.64** or by 4.7 per cent compared to 2013.

4) In addition to the legally set instruments for the increase in pensioners' living standards, at the Government's Decision there were paid lump-sum allowances in addition to the pensions:

- As mentioned under Section 1, by CM Ordinance of November 18th, 2013 (SG, De. 101/22.11.2013), additional resources amounting to **BGN 53 500 000** were approved as a **lump-sum payment in addition to the pensions for December 2013** (the so called "Christmas supplement"). The additional amount was BGN 50 and was paid to pensioners whose pension or sum of pensions including their supplements and compensations for December 2013, amounted to BGN 251.00 inclusive. **1 046 577** pensioners received an additional amount to their pensions for December 2013.

This measure is aimed at increasing the social support and adequacy of the pensions for people receiving relatively small pensions.

- Except for the abovementioned measures, CMO No. 60 of 2014 also approved an additional transfer of BGN 57 700 000 for the Public Social Insurance Budget for 2014 at the expense of restructuring the central budget expenses for 2014 for the lump-sums paid in addition to the pensions for April 2014. The amount of the lump-sum supplement is defined depending on the amount of the pensions for April 2014, as follows:

- 1) For pensioners, whose pension or sum of pensions together with their supplements and compensations amounts up to BGN 150.00 – BGN 40;
- 2) For pensioners, whose pension or sum of pensions together with their supplements and compensations amounts from BGN 150.01 to BGN 251,00 – BGN 30;
- 3) For pensioners, whose pension or sum of pensions together with their supplements and compensations amounts to more than BGN 251.00 – BGN 20

The measure is aimed at increasing the pensions' social support and adequacy.

Pensions Indexation

In order to reduce pensioners' risk of poverty, the pensions, excluding those not related to labour, were updated as of April 1st, 2013 (SG, De. 99/14.12.2012). All labour pensions were updated by averagely 8.4 per cent. This increase was aimed at compensating for the temporary termination of their update for the period between 2010 and 2012 which was part of the measures to limit public expenditure during the economic crisis. Pension indexation percentages were different depending on the year when the pension was granted:

- 1) Granted as of December 31st, 2009 at the latest – by 9.8 per cent;
- 2) Granted as of January 1st up to December 31st, 2010 – by 8.8 per cent;
- 3) Granted as of January 1st up to December 31st, 2011 – by 5.7 per cent;
- 4) Granted as of January 1st up to December 31st, 2012 – by 2.2 per cent.

This indexation compensates for the inflation accrued between the second half of 2009 up to the end of 2012.

As a result of the measures adopted in 2013, the number of pensioners whose pensions' monthly amount ³⁰ was up to BGN 200, the **official poverty threshold being BGN 241** for the calendar year, has decreased to 660 681 or 30.2% of all pensioners as of 31.12.2013 (2 186 570 pensioners). In comparison, the number of pensioners as of 31.12.2012 whose pensions' monthly amount was up to BGN 200, the official poverty threshold being BGN 236 for the calendar year was 827 890 or 37.5% of all pensioners (2 208 446 pensioners).

³⁰ The basic amount of the main pension, the amount to be paid for the rest of the pensions and the pension supplements are included in the monthly amount of the pensions

As a continuation of the measures adopted in 2013 under the Public Social Insurance Budget Act for 2014 (SG, De. 106/10.12.2013) it is planned to resume, as of July 1st, 2014, the update of the pension following the so called “Swiss rule” – 50/50, whereby the percentage by which pensions get updated, depends on the inflation level and the average insurance income during the previous calendar year. The pensions (allocated up to December 31st in the previous year) are planned to be increased by 3 %, for which BGN 119 500 000 are planned in the Public Social Insurance Budget Act for 2014.

After applying the pension update policies in 2014 it is expected that the net **replacement rate** will increase to 57.9 per cent compared to 2013 (57.8 per cent).

Pensions indexation is a measure aimed at increasing pensions’ adequacy.

Facing budget consequences from the ageing of the population

Some incentives to a longer working life were reinforced. As of 01.01.2014 (SG, De. 106/ 10.12.2013) the amount of the allocation paid from the Teachers’ Pension Fund, for delayed retirement of teachers was increased from 0.2 per cent to 0.33 per cent from the pension for each month for which a contribution had been paid to that fund upon obtaining the right to early retirement pension on the part of teachers.

3. Accessible, high-quality and sustainable health and long-term care

The provision of high-quality and sustainable health and long-term care is an important element of the policy in the field of social protection. At the same time, the health system in Bulgaria is facing serious challenges whose addressing depends on the achievement of a high level of education and quality of health services. In that regard innovations in healthcare play an important role in the facing of the challenge related to the stability of the health sector in the context of demographic changes, and in order to achieve inclusive growth it is important to work towards diminishing health inequalities.

In implementation of the Government’s Programme and in view of providing more high-quality and accessible healthcare, a number of measures were adopted in 2013 aimed **at supporting hospitals in smaller settlements by establishing a Methodology on the Order and the Criteria for subsidizing municipal hospitals in difficult-to-reach and remote regions** in coordination with NAMRB. A Subsidy Methodology and a list of hospitals have been prepared, and will receive a subsidy for the total amount of BGN 6 000 000.

In view of guaranteeing a high-quality social insurance system and access to high-quality medical help and healthcare the Council of Ministers approved a **National Health Strategy 2014-2020** (by Decision No. 27/ 21.01.2014) after a wide public discussion, including with the World Health Organization and the World Bank. An Action Plan has been elaborated for its implementation which lists the specific measures under each policy together with their deadlines and responsible institutions, as well as funding sources. The proposed measures meet the conditions of economic sustainability, stimulation of efficiency and cost-effective concentration of resources. Their implementation will facilitate the access to healthcare services.

A **Draft Act complementing the Health Act** has been elaborated in view of regulating integrated health and social care at home. It is planned to establish centres providing such care that will support families and elderly people in need of help when doing their daily activities, as well as physically or mentally disabled people. The care, the medical monitoring and other health care for elderly people and for people with problems will be provided in their homes. The Draft Act complementing the Health Act is to be introduced to CM by mid-2014.

In view of ensuring the population access to timely and quality medical help, a Strategy for the Development of High-Quality Medical Help in the Republic of Bulgaria 2014 – 2020 has been developed. The strategy is supported by society. The Action Plan will be initiated upon its adoption by the Council of Ministers before mid-2014. Nine priorities have been developed within the strategy, and preparatory actions have been started for building 24 emergency rooms and a national emergency hospital, including the provision of equipment for them as well as staff training.

A National programme for the prevention of chronic non-contagious diseases 2014-2020 has been adopted. The programme's strategic goal is to improve the population's health and to increase the quality of living by reducing premature death, morbidity and the health consequences of main chronic diseases (cardiovascular diseases, malignancies, chronic lung diseases, diabetes), related to risk factors – smoking, alcohol abuse, unhealthy diet and low physical activity. In addition, **National Programme “Preventing Suicides in the Republic of Bulgaria”** is being implemented, its main purpose being to reduce the frequency of suicide attempts and of suicide death-rates. **Update has been made of the medical standards** established by ordinances by the Minister of Health in view of aligning the requirements for hospital structures' competence levels with the needs of the population using the services, in order to ensure basic medical help, enough staff and equipment. A procedure has been initiated of updating the **National Health Card** in view of creating prerequisites for satisfying the population's needs on the national, regional and municipal level for various types of medical help (outpatient care; emergency care; hospital care).

By Ordinance of December 27th, 2013, CM ruled that the persons who exercise their right to retirement pension, shall pay for each doctor visit, dentist visit or hospital visit a consumer fee in the amount of BGN 1 (almost twice as low as the fee before that).

Legislative changes are developed to allow doctors who are members in the Expert Territorial Medical Commission and the Expert National Medical Commission to practice medicine too. This is a way to “unclog” the system and to shorten the periods in which hundreds of people await for decisions because only 20% of the current commission members are not at retirement age. The medical research packages for the purposes of medical expertise paid by the National Health Insurance Fund (NHIF) are optimized – examinations could be valid for one year.

A National Medicine Policy Concept has been devised and is in the process of a public discussion. The general goals of the Medicine Policy Concept are ensuring quality, safety and efficiency of all medicines, sufficient availability and accessibility of basic medicines and their reasonable use.

An amendment to Ordinance No. 34 on acquiring a specialty in the healthcare system is being prepared. The basis for performing activities under this measure is the implementation of the best practices in human resources management achieved by EU countries and conformed to its regulations and directives.

In view of improving the health culture of people from vulnerable groups, including Roma people, and of improving their health status, Regional Health Inspectorates have performed various activities such as: delivering talks and lectures, playing videos and audios, holding explanatory campaigns on the importance of medical checks, vaccinating the population with the mandatory immunizations according to the National Immunization Calendar, informing the Roma population of their health-insurance rights and obligations as patients, on topics related to the damage that the most common health risk factors cause and the benefits of healthy way of living³¹.

³¹ On the topics specified, in 2013 there were held 119 trainings of more than 1280 persons; 9 discussions with 113 persons, 1034 talks and lectures covering 4435 persons; 94 explanatory campaigns covering more than 3650 persons; 43 films and videos on health topics were played; 21 presentations; 20 889 health information materials

Using mobile consulting rooms and teams provided by the MH, medical checks have been performed on uninsured Roma persons and of persons with poor accessibility to hospitals. The consulting rooms are placed in regions with concentrated Roma population so as to cover the maximum amount of people who have poor accessibility to health services. The activities are implemented with the support of health mediators, regional health inspectorates, obstetricians, general practitioners and paediatricians from local hospitals. The campaigns are organized with the assistance of the National Network of Health Mediators and the National Council for Co-operation on Ethnic and Integration Issues under CM. The mobile consulting rooms of general practice, gynaecology, paediatrics and the diagnostic mobile consulting rooms for clinical laboratory, echography, fluorography and mammography performed in 2013 a total of 11 154 checks and 2333 people (21%) were diagnosed with diseases. 905 immunizations were done to children between 0 and 18 years having incomplete immunization status in accordance with the National Immunization Calendar.

In the context of the social consequences of the economic crisis and the negative demographic changes, the **provision of accessible, high-quality and sustainable long-term care services**, is a crucial political priority which, with the adoption in early 2014 of the **National Strategy for Long-Term Care** (by CM Decision No. 2 of January 7th, 2014)³² is also a long-term priority for the next twenty years. The strategy provides for building a **network of accessible and quality services in the community and at home** which shall allow for the preparing and removal of elderly people and people with disabilities from specialized institutions and at the same time shall have a preventive role in the institutionalization of these persons. This vision is based on the concept that protecting elderly people and people with disabilities' dignity and creating possibilities for them may be achieved by providing high-quality, accessible and effective intersectoral services for long-term care in compliance with the actual needs of the people and the community. A part of the vision is also **the closing within the following twenty years of all specialized institutions for the elderly and people with disabilities that are functionally obsolete and do not meet the target groups' actual needs**. The strategy's implementation will also help ensure complex support to families taking care of people with disabilities and elderly people.

In addition, **project "Developing the system of planning and providing regional-level social services"** is being implemented with funding under OP HRD. The project is implemented by the Social Assistance Agency in partnership with the State Agency for Child Protection and the National Association of the Municipalities in the Republic of Bulgaria. Its purpose is to improve the sustainability of the processes of planning, managing, providing and controlling the quality of social services. The project will support the reform in the field of social services initiated in Bulgaria, which has in recent years put the main priority on deinstitutionalization and the change in the management of existing institutions towards their restructuring and transformation into community-based services.

Two activities are planned to be initiated under the project, aimed at supporting the implementation of the measures enshrined in the National Strategy for Long-Term Care. The activities are aimed at performing an analysis of the condition of specialized institutions for elderly people and for people with disabilities. All 160 homes for the elderly and for people with disabilities in the country will be studied and pursuant to the results, they will be defined

were handed-out; 229 prescriptions by general practitioners at RHI Montana and RHI Dobrich were given for covering children up to the age of 15 with incomplete immunization status; 1151 epidemiological studies were performed; 666 medical checks; 879 health information events were held; 63 individual consultations; 2 polls in Burgas covering 200 persons; 9 interactive sessions, 20 radio and 12 TV-broadcasts; 63 web releases and 40 press releases.

³² The adoption of the Strategy was introduced as a measure in the National Strategy for Reducing Poverty and Promoting Social Inclusion 2020.

as specialized institutions that must immediately be closed-down, and as ones to be restructured or gradually closed-down during the period of the Strategy. In addition, the extent to which the functioning of specialized institutions is in accordance with existing regional and municipal strategies for the development of social services will be monitored. At the same time, the social services criteria and standards applied in Bulgaria will be studied, and service quality measurements will be developed. It is expected that the development of service quality measurements will directly affect the reformation and modernization of the long-term care system and will lead to the provision of high-quality, various and sustainable forms of services at home and in the community which meet the complex (health, psychosocial, educational, etc.) needs of elderly people, people with chronic diseases and people with disabilities.

On the basis of the analysis made and in order to achieve actual deinstitutionalization of the care for elderly people and people with disabilities, an **Action Plan under the National Strategy for Long-Term Care** is to be elaborated, that will be adopted by the Council of Ministers during the next year. The Plan will include specific measures, projects and activities, as well as institutions to be responsible for them, the deadlines, sources and amount of funding, including EU Structural Funds.

Implementing CM Decree No. 85 of 05.04.2013 on the lump-sum support for individuals and families

The additionally provided BGN 10 500 000 were allocated as follows, for:

1. Providing a lump-sum financial support:

- a. to children with permanent disabilities, whose families are entitled to family allowances under Art. 7, para. 8 FAA for at least one month from January 1st, 2013 until the Decree's coming into effect, in the amount of BGN 50 – 25 445 children in total received the benefit;
- b. to individuals and families who had filed an application for target benefits for heating for heating season 2012-2013, to whom a refusal order has been issued only on the basis of Art. 2, para. 1 of Ordinance No. RD 07-5 of 2008 for the Terms and Conditions for providing target benefits for heating due to determined average monthly income for six months, higher by an amount less than or equal to BGN 10.00 than the individually determined differentiated minimum income for heating, in the amount of BGN 65.72 – 8 095 persons in total received the benefit;
- c. to individuals and families who had not filed an application form for receiving target benefit for heating in the heating season 2012-2013 and who meet the conditions of the Ordinance under item 2, and whose income for six consecutive months is not higher by an amount less than or equal to 10.00 BGN than the individually determined differentiated minimum income for heating, in the amount of BGN 65.72 – 7 035 individuals and families received the support;
- d. to individuals insured for common disease and maternity leave who have received cash benefits for child-care for child between the ages of 1 and 2 according to article 53 of the Social Insurance Code for at least one day during the period from January 1, 2013 until the entry into force of the Decree and to persons who are entitled to family allowances under Art. 7, para. 1 of the Family Allowances Act for the period from January 1, 2013 until the entry into force of the Decree, in the amount of BGN 50 – 29 170 individuals in total received the support.

2. Expanding the social service “Public canteens” between May 1st, and December 31st, 2013. As a result of the adopted measures for the implementation of the Council of Ministers' Decree, the following results were achieved:

- The service is provided year-round, and not only between January and April, and October and December;
- The number of users of the service in terms of the service providers' possibilities and capacity was increased. Between December 2009 and May 2013 the beneficiaries were 9 734, and as of July 2013 additional 2 198 persons were included;
- The meals of all users during the 6 holidays on the occasion of Easter in May were ensured;
- The value of one person's meals per day was increased (from BGN 2.20 to BGN 2.50)
- An application procedure was opened for new providers of the social service “public canteen” and 48 new providers were approved;
- The number of the public canteen service providers was increased from 133 to 181;

- The new approved public canteen cover 3518 people, to whom additional 1532 people were included;
- As of the end of 2013 the service was provided by 181 public canteens in all 27 regions and in Sofia city, in 682 settlements, incl. 525 villages

Legislative amendments to the mechanism for granting target benefits for heating

1. In May 2013, with Ordinance No. RD 07-4/22.05.2013 amending and complementing Ordinance No. RD-07-5/ 2008 for the Terms and Conditions for providing targeted benefits for heating the Minister of Labour and Social Policy guaranteed through raising of the corrective coefficient from 1.104 to 1.212 that **the increase in the pensions as of April 1st, 2013, will not be an obstacle for pensioners who had received target benefits for heating during the previous heating season, to be included in the target energy support programme** during the current heating season.

2. In June 2013 with Ordinance RD-07-5/27.06.2013 amending and complementing Ordinance No. RD-07-5 of 2008 for the Terms and Conditions for providing targeted benefits for heating **the scope of the target energy support programme was expanded**. The percentages which serve for defining the differentia minimum heating income were increased. The aim was to provide social protection during the winter period to a larger scope of persons and families who face serious difficulties regarding their heating during the winter. By maintaining the differential approach principle, the income limit of all 16 risk groups, including elderly people and children, was increased by BGN 15 which helped increase the scope of the target energy support programme by a quarter.

3. In October 2013, Ordinance No. ПД 07-6/25.10.2013 amending and complementing Ordinance No. ПД-07-5 of 2008 for the Terms and Conditions for providing targeted benefits for heating created a **legal opportunity to preserve the amount of the benefit from the last heating season despite the reduced price of electricity based on which the benefit's amount was defined**. The aim is to ensure better social protection of the most vulnerable groups included in the target energy support programme. The application of the hitherto mechanism for determining the benefit involved reduction in the amount of the provided benefit by more than 6 BGN per month for the current heating season. Thus this amendment was actually a real increase in the target heating benefit for the current heating season.

Schemes for the provision of financial grants under Operational Programme Regional Development 2007-2013 for infrastructural activities aimed directly or indirectly at the Roma

Educational Infrastructure Schemes:

Scheme BG161PO001/1.1-01/2007 “Support for the provision of appropriate and cost-effective national educational, social and cultural infrastructure contributing to the development of sustainable urban areas”, Component 1 “Educational Infrastructure”;

Scheme BG161PO001/1.1-02/2008 “Support for the provision of appropriate and effective public educational infrastructure contributing to the development of sustainable urban areas”;

Scheme BG161PO001/1.1-09/2010 “Support for implementation of energy efficiency measures in the municipal educational infrastructure in urban agglomerations”;

Scheme BG161PO001/4.1-01/2007 “Support for the provision of appropriate and cost-effective educational infrastructure contributing to sustainable local development”;

Scheme BG161PO001/4.1-03/2010 “Support for the implementation of energy efficiency measures in the municipal educational infrastructure of 178 small municipalities”.

Social Infrastructure Schemes:

Scheme BG161PO001/1.1-01/2007 “Support for the provision of appropriate and cost-effective educational, social and cultural infrastructure contributing to the development of sustainable urban areas”, Component 2 “Social Infrastructure”;

Scheme BG161PO001/1.1-03/2008 “Support for the provision of appropriate and effective public social infrastructure contributing to the development of sustainable urban areas”;

Scheme BG161PO001/1.1-04/2008 “Support for the provision of appropriate and effective labour office infrastructure contributing to the development of sustainable urban areas”.

Cultural Infrastructure Schemes:

Scheme BG161PO001/1.1-01/2007 “Support for the provision of appropriate and cost-effective educational, social and cultural infrastructure contributing to the development of sustainable urban areas”, Component 3 “Cultural Infrastructure”;

Scheme BG161PO001/1.1-05/2008 “Support for the provision of appropriate and effective public cultural infrastructure contributing to the development of sustainable urban areas”.

Between January 1st and September 30th, 2013 the following projects were completed and specific results were achieved under these schemes:

- Construction/reconstruction of educational infrastructure sites. Between January 1st and September 30th, 2013, 57 projects were completed whose verified expenses amounted to BGN 89 429 152.86 under which 248 educational sites were reconstructed and 8407 representatives of the Roma Community have benefited;
- Construction/reconstruction of cultural infrastructure sites. Between January 1st and September 30th, 2013 2 projects were completed whose verified expenses amounted to BGN 1 186 332.00, under which 2 cultural sites were reconstructed and 123 representatives of the Roma Community have benefited.

ANNEX 4

Social Inclusion Expenses represented as percentage of GDP

State Budget of the Republic of Bulgaria Act (SBRBA)	Programme Report	Programme Report	SBRBA /CMD 3
	2012	2013	2014
GDP			
Active labour market policy expenses	67 627 866	93 924 454	73 000 000
Pensions Expenses (Public Social Insurance Budget Act) (Teachers' Pension Fund Excluded)	7 217 334 787	7 746 096 409	8 161 078 300
Delegated Healthcare Expenses	91 687 698	99 450 683	102 260 002
Delegated Social Activities Expenses	239 760 833	265 527 005	183 205 870
Social Assistance Expenses	142 336 386	157 673 182	169 787 800
Expenses for family allowances	490 131 006	503 800 715	556 397 462
Expenses for people with disabilities	163 626 920	185 491 129	173 323 360
Total social inclusion expenses	8 412 505 496	9 051 963 577	9 361 352 794
Total social inclusion expenses as % of GDP	10.8%	11.6%	11.6%

	2012	2013	2014*
GDP, current prices	78 089 273 000	78 115 279 300	80 699 018 615

* GDP value for 2014 is an estimate

** It should be noted that besides expenses under SBRBA and the Public Social Insurance Budget Act, social inclusion policies are also funded from other sources such as various Operational Programmes, international programmes, etc.