

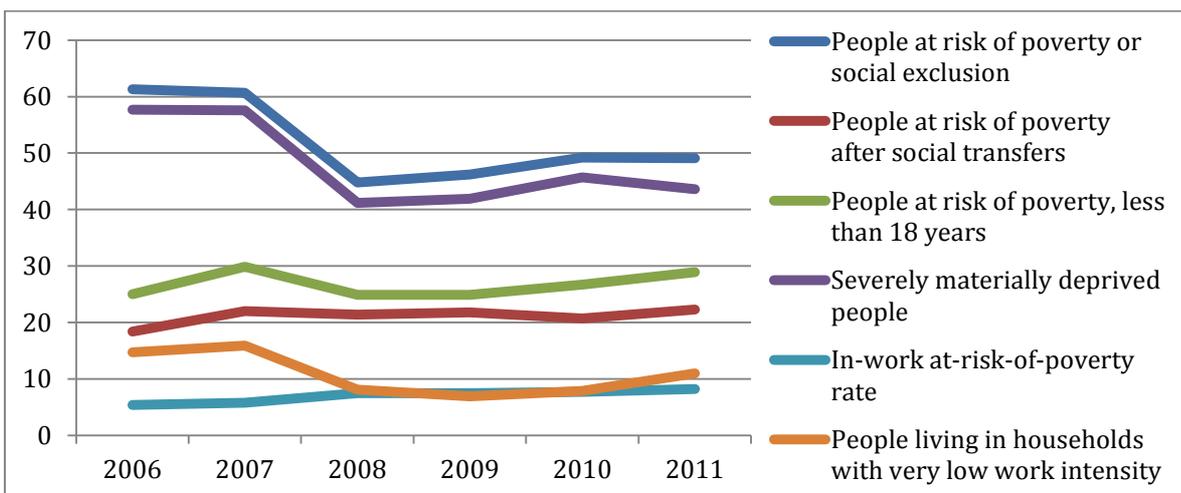
1. POVERTY

1.1. Recent trends

Developments of poverty and social exclusion in Bulgaria based on Eurostat:

- The rate of **severe material deprivation** remains almost five times the EU average, the highest in the EU (44.1% in 2012, EU average: 9.9% In 2012 **almost every second person (49.3%) was at risk of poverty and social exclusion** - by far the highest rate in the EU (EU average 2012: 24.8%).
- **People older than 65 are at highest risk of poverty** (30.9% in 2011), followed by children (52.3% in 2012). Women continue to be at a higher risk of poverty (23.6% in 2011) than men (20.8% in 2011).
- **In-work at-risk-of-poverty** rose from 7.5% in 2008 to 8.2% in 2011, however it remains the only poverty indicator below EU average (8.9%).
- **The highest proportional increase occurred in the rate of people living in households with very low work intensity**, which rose from 8.1% in 2008 to 12.4% in 2012.
- Despite a slight drop of 2.4 p.p. in the **overcrowding rate for children**, the rate remains by far the highest in the EU: 63.1% in 2011 (EU average: 22.7% in 2011)
- **Total expenditure on social protection is 9 times less than the EU27 average** (for 2010 Bulgaria 864.07 euro, EU27 average 7,184.69 euro)

Poverty trends in Bulgaria (% of population):



Further observations by Caritas organisations and NGO networks in Bulgaria give a better understanding of the severity of the problems:

- The number of people living at risk of poverty and social exclusion differs for large and small municipalities. The **impact of the economic crisis and budgetary cuts is most prominent in rural and small town areas**. In order to optimise the social protection system the government has started to close hospitals, schools and social service centres in these areas. However, the transport system does not meet the new requirements (lack of or insufficient bus or train lines – some of them closed because of the crisis) and people from small villages cannot receive adequate medical and social services. Thus the “optimisation of budgetary expenditure” **deepens the urban-rural gap and actually increases absolute poverty of people living in small towns and villages**.
- According to observation by Caritas mobile centres working in Sofia and Burgas, the **number of homeless people has increased recently**. There are no official statistics on homeless people but in

2006 the estimated number was about 500,000¹ (representing **6.8% of the total population**), which is likely to have increased since then. Most of homeless people asking for help in Caritas centres are educated and aged between 40 and 60 years. Reasons for their homelessness are usually unpaid home mortgage, loss of job and income or family conflicts.

- The Eurostat rate of **8.2% in-work poverty seems rather optimistic**, as it does not take into account people carrying out undeclared work. Compared to other EU countries, most of the people working in this sector are actually low-paid.
- According to a recent study by the National Network for Children², **51.8% of children in Bulgaria live at risk of poverty and 28.9% children are poor**. 78.2% of families with three and more children are poor. 98.1% of children living in care homes had one or two parents.
- Furthermore, Caritas organisations in Bulgaria have observed an **increase in the number of children and elderly people asking for assistance**. According to Caritas mobile care centres, the number of street children is also growing: there are no official statistics on street children but the estimated range is from several hundred to several thousand.
- There is a lack of understanding and coordination in the juvenile justice system. The governmental support is more moral than real. There is **lack of judges, prosecutors and investigators who are trained to deal with children** and young people breaking the law.

Recent statistics from the Bulgarian National Statistics Institute³ provide additional data on the reality of elderly poverty:

- According to the National Statistics Institute, 18.8% of the population are older than 65; by 2050 this number is expected to reach 30%. By the end of 2012, **31% of people aged over 65 were poor and 61% of households with only one adult over 65 lived in material deprivation**.
- According to the National Centre for Public Health, **34.9% of people aged over 60 are certified as permanently disabled**.
- The minimum pension in Bulgaria is 150 BGN (approx. 75 euro) while the average pension is BGN 293.57 BGN (approx. 150 euro). Monthly fees for retirement homes amount to 500 BGN.
- **Social services for the elderly are insufficient**. At the end of 2012, there were 389 community social services for the elderly with a capacity of 11,000 while the number of elderly living at risk of poverty is 7 times as much.

1.2. Recent policy developments

Since last year the following policy developments have been registered:

The political crisis that started at the beginning of 2013 has slowed down the discussion and adoption process of important political documents as well as the implementation of the measures set out in the NRP 2013. For example, the **National Strategy for Reducing Poverty and Promoting Social Inclusion 2020** (NSRPPSI) was adopted by the Council of Ministers in February 2013 but there is a lack of an action plan and clear monitoring mechanisms for the strategy's implementation. The development of the action plan and the strategy's implementation has been **stopped**. Recent political discussions concern a revision of the 2013 budget, including also social expenditures. The **National Concept for Active Ageing of the Elderly** was adopted at the end of 2012. It also **lacks an action plan**. The discussions and preparation of the **National Strategy for Long-Term Care** is continuing, however more **slowly** than needed. The consultation process on drafting the **Strategic Framework for Policies for Health/Improving the Health of the Nation 2014-2020** has been **stopped**.

¹ Home Amnesty, quoted in: novinite.com/Sofia News Agency, 2006, Over 500,000 Homeless in Bulgaria. URL: http://www.novinite.com/view_news.php?id=71448%20http://bg.wikipedia.org/wiki/%D0%91%D0%B5%D0%B7%D0%B4%D0%BE%D0%BC%D0%BD%D0%B8%D0%BA

² National Network for Children/Национална мрежа за децата, 2013, БЕЛЕЖНИК 2013: КАКЪВ Е СРЕДНИЯТ УСПЕХ НА ДЪРЖАВАТА В ГРИЖАТА ЗА ДЕЦАТА? URL: http://nmd.bg/wp-content/uploads/2013/04/belejnik2013_web.pdf

³ Bulgarian National Statistics Institute, URL: <http://www.nsi.bg>

In March 2013, the government adopted a roadmap with measures for the implementation of the **Policy Concept in the Area of Child Justice**. An inter-institutional working group with the participation of NGOs has been set up. Up until now, only conceptual documents have been discussed.

The adoption procedures for the **New Law on Child Protection** and discussions on the new **Law for Preschool Education** have been **stopped**. Both documents are very important for the process of combating poverty among children.

Last year, the **Ministry of Social Affairs started an evaluation of the situation of homeless people**. NGOs and municipalities were asked to send data concerning the number of homeless people who are beneficiaries of their various programs. Unfortunately this **process was stopped due to the political crisis**.

Assessment of Bulgaria's NRP and policies it refers to:

The Bulgarian NRP refers for policies on social inclusion to the **National Strategy for Reducing Poverty and Promoting Social Inclusion 2020** (NSRPPSI) that was approved in early February 2013 (see above). The strategy aims to **improve the quality of life of vulnerable groups** in the society and to create conditions for their full-fledged realisation. Furthermore, the document confirms that the already started processes of des-institutionalisation of children and implementation of the **National Strategy for Roma Integration** will be continued. The NSRPPSI lists priorities such as providing employment opportunities, increasing income through active labour market participation, providing equal access to quality pre-school and school education, providing equal access to quality healthcare, improving access to quality social services for children and the elderly, development of cross-sector social inclusion services, improving capacity in the spheres of education, healthcare, employment, and social services. Furthermore, the document envisages measures for an analysis of the causes of homelessness and the development of a strategy to fight homelessness. These measures are intended to start in 2014. Up until now, there are only two types of regulated social services for homeless people.

The strategic documents mentioned in the NRP cannot be considered as sufficiently tackling the problem of poverty in Bulgaria. While the family is still considered as a primary source of security, one of the **main challenges for reducing poverty remains the development of policies and measures focused on family support**. The measures proposed in the NRP do not sufficiently address this problem. Measures proposed in the above mentioned NSRPPSI could be considered adequate, however, the adoption of the strategy and the following process of **developing specific programmes for its implementation have been delayed due to the political situation in the country** (see above). Regarding the des-institutionalization of children, it has to be noted that the prevention services for child abandonment are still inadequate and not sufficient. The NRP further fails to actively include NGOs and social service providers in the process of actual provision of social services, which is still mainly being implemented by local authorities (municipalities). An active participation of civil society would guarantee a quality improvement and sustainability of social services.

Assessment of Bulgaria's Country Specific Recommendations (CSRs) adopted in 2013:

CSRs 3, 4, 5 and 6 can be considered adequate for achieving a reduction of poverty and social exclusion as well as employment in Bulgaria. However, the following CSR is likely to have a negative impact:

CSRs that could have a negative impact	Possible negative impact
<ul style="list-style-type: none"> • CSR 2: Phase out early retirement options, introduce the same statutory retirement age for men and women and implement active labour market policies that enable older workers to stay longer in the labour market. Tighten the eligibility criteria and controls for the allocation of invalidity pensions to effectively limit abuse. 	<ul style="list-style-type: none"> • Currently, the youth unemployment rate is very high and increasing. In this context, it does not seem appropriate to increase the retirement age for the next few years. Furthermore, the statistical data shows that 34.9% of people over 60 are certified as a permanently disabled – a situation that will additionally complicate the process.

1.3. Recommendations

- **Adopt family-friendly social policies** that also consider single parent families. **Increase the resources of youth welfare** to be used for measures aimed at helping children as well as their families.
- Adopt **measures to fight in-work poverty**.
- Adopt an integrated approach concerning the budgetary optimisations to **prevent the deepening of the urban-rural gap**.
- **Speed up the adoption of an action plan** and a clear mechanism for monitoring the implementation of the **National Strategy for Roma Integration 2020**.
- **Prioritise child poverty in the political agenda**: adopt the new Law on Child Protection and return to discussions on the new Law on Preschool Education. Develop a system of social and psychological support to prevent child abandonment. Speed up the implementation of measures concerning child justice.
- **Develop affordable and comprehensive services to the elderly** and people with disabilities, supporting their independent living. Speed up the development of the National Strategy for Long-term Care for the Elderly and People with Disabilities. Develop an **affordable and comprehensive mobile home care scheme** (medical and social) as part of long-term care policies. Ensure access to quality healthcare for all by **returning to discussions on the Strategic Framework for Policies for Health/Improving the Health of the Nation 2014-2020**.

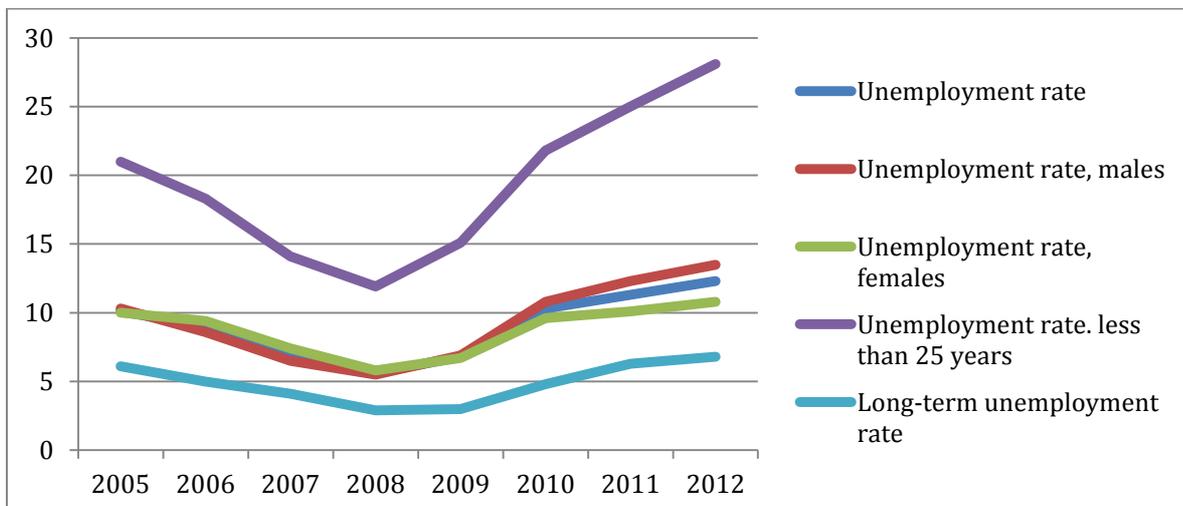
2. EMPLOYMENT

2.1. Recent trends

Developments of the employment situation in Bulgaria (2008-2012):

- **Youth unemployment more than doubled** during the observed period, increasing by 16.2 p.p. from 11.9% in 2008 to 28.1% in 2012.
- The rather low **unemployment rate of 5.8% in 2008 also more than doubled** during the observed period, reaching 12.3% in 2012. In 2012, unemployment hit considerably more men (13.5%) than women (10.8%) compared to 2008 (5.5% m, 5.8% f).
- **The highest proportional increase occurred in the long-term unemployment rate**, which rose from 2.9% in 2008 to 6.8% in 2012 and particularly hit men (7.7% in 2011).

Employment trends in Bulgaria (% of population):



- While in May 2013 the Eurostat harmonised unemployment rate registered 12.7% of unemployment, the **National Employment Agency**, whose statistics are based on the number of people registered as unemployed in the labour offices, the **unemployment rate was 11% in May 2013**. Youth unemployment for the same month stood at 26.2%.
- **Employment in rural areas is significantly lower than in urban areas**, with a difference of about 12.8 pp.

2.2. Recent policy developments

Since last year the following policy developments have been registered:

The measures addressing access to employment through an **ESF Operational Programme on Human Resource Development**, together with programmes proposing new employment opportunities for young people (employment markets, financially supported internships, foreign languages and computer skills training) continue to be implemented. The **activities targeted at unemployed people 50+ and at the Roma community also continue** but there are no visible positive results. The set of measures taken to **monitor and control the legality of employment are not being implemented**. The positive trend to include all of the stakeholders in the overall processes of preparation of the Structural Funds operational programmes for the new 2014-2020 period is being continued.

Assessment of Bulgaria's NRP and policies it refers to:

Analysis of the achievements of previous measures as well as new measures to reduce unemployment are discussed to a different degree in all parts of the NRP, especially in Chapter 3. Creating more jobs and further investment in human resources are defined as key objectives for 2013. The measures and actions for their achievement are set out in the National Action Plan for Employment (NAPE) adopted at the end of 2012. The vision of the NAPE 2013 is the support of sustainable employment by providing a quality workforce and offsetting some of the costs of employers for hiring unemployed from disadvantaged groups. The five target groups defined in the NAPE are: (1) unemployed youth up to 29 years, (2) unemployed persons over the age of 50, (3) unemployed persons with skills that are no longer in demand or with low education (including Roma), (4) people with disabilities, (5) inactive persons wanting to work. For each group the NRP foresees measures to improve their chances of finding a job.

The NRP states that the achievement of the employment target depends on regaining confidence in an improving global economy and restructuring the overall investment activity as well as foreign investment into Bulgaria. This focus on external impulses for reaching the employment target does not sufficiently address the necessary measures for a domestically independent job creation.

In general, the proposed measures addressing the employment target appear to merely have a programming character while their long-term perspectives do not seem clear. Furthermore, last year's experience demonstrates that delays in funding, together with insufficient financial management, continues to let the proposed measures have little impact.

Assessment of Bulgaria's Country Specific Recommendations (CSRs) adopted in 2013:

See Poverty chapter.

2.3. Recommendations

- **Evaluate the implemented measures** and analyse what can be improved in order to avoid failure.
- Design and implement appropriate **measures for people with disabilities**.
- Develop **partnership mechanisms with NGOs, especially in career planning and youth centres** in order to improve the match between supply and demand on the labour market.