

Harmonizing services for inclusive growth

Improving access to essential services for
vulnerable groups in Bulgaria

Technical report
2019



Social Protection & Jobs Global Practice
Europe and Central Asia Region

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Abbreviations

AROP	At risk of poverty
AROPE	At risk of poverty and social exclusion
ASA	Social Assistance Agency
BFC	Benefits for Families with Children
BGN	Bulgarian National Currency (Lev)
EU	European Union
EU SILC	European Union Statistics on Income and Living Conditions
FTAC	Family Type Accommodation Center
GDP	Gross Domestic Product
GMI	Guaranteed Minimum Income
HA	Heating Allowance
MoLSP	Ministry of Labor and Social Policy
NEET	Young people neither in employment, nor education or training
NUTS	Nomenclature of Territorial Units for Statistics
RbF	Results-based Financing
SIB	Social Impact Funds
RSA	Revenu de solidarite active
SRIC	Social Rehabilitation and Integration Center
SSA	Social Services Act
SSI	Supplement for Social Integration
VMI	Minimum Inclusion Income (for the Romanian Acronym)

Executive summary

Improving the effectiveness of essential services and social benefits is high on the European policy agenda. Following the European Union (EU) Social Investment Framework and in line with the European Pillar of Social Rights, European countries increasingly focus on enhancing access to and strengthening explicit linkages between benefits and essential services to create synergies, avoid dependency of low income families on allowances, and promote labor market participation of the inactive and vulnerable population. In order to facilitate access to support people need, Member States are advised to work on better coordination of social benefits and services to reduce poverty and support social and labor integration. This report defines essential services as education, health, and social, child protection and employment services, and social benefits as non-contributory cash allowances.

At the core of its efforts to invest in human capital and promote inclusive growth, Bulgaria has developed a comprehensive system of essential services and social benefits to improve the quality of life of all Bulgarians. Education and health in Bulgaria are universal sectoral policies, considered essential for the welfare of all individuals. Social, child protection and employment services along with social benefits provide support to specific groups of the society and are aimed at reducing inequality and social exclusion of vulnerable groups.

Available evidence suggests that there is substantial scope to improve the effectiveness of essential services and benefits in Bulgaria, and that only partial coverage of vulnerable groups and limited progress in poverty reduction have been achieved. Many families are not accessing available services and benefits, or the support they are offered is not necessarily adequate to their needs. As a result, the extent to which services and benefits contribute to reduce poverty is substantially lower in Bulgaria when compared with the EU average. Existing regulation and legislation have failed to adapt the system of services and benefits to the emerging challenges that Bulgaria faces as a result of an aging population, internal and outmigration, a sluggish labor market and high levels of at risk of poverty and social exclusion. The system is overregulated and fragmented, and is supported by a management scheme that lacks incentives for coordination or integration. It has substantial quantity and quality gaps in coverage, especially for the bottom 20 percent of the population. The essential services and benefits provide unbalanced responses to different vulnerabilities, and are particularly unsuccessful in offering the poor population an adequate level of support.

The main findings of the analysis are the following:

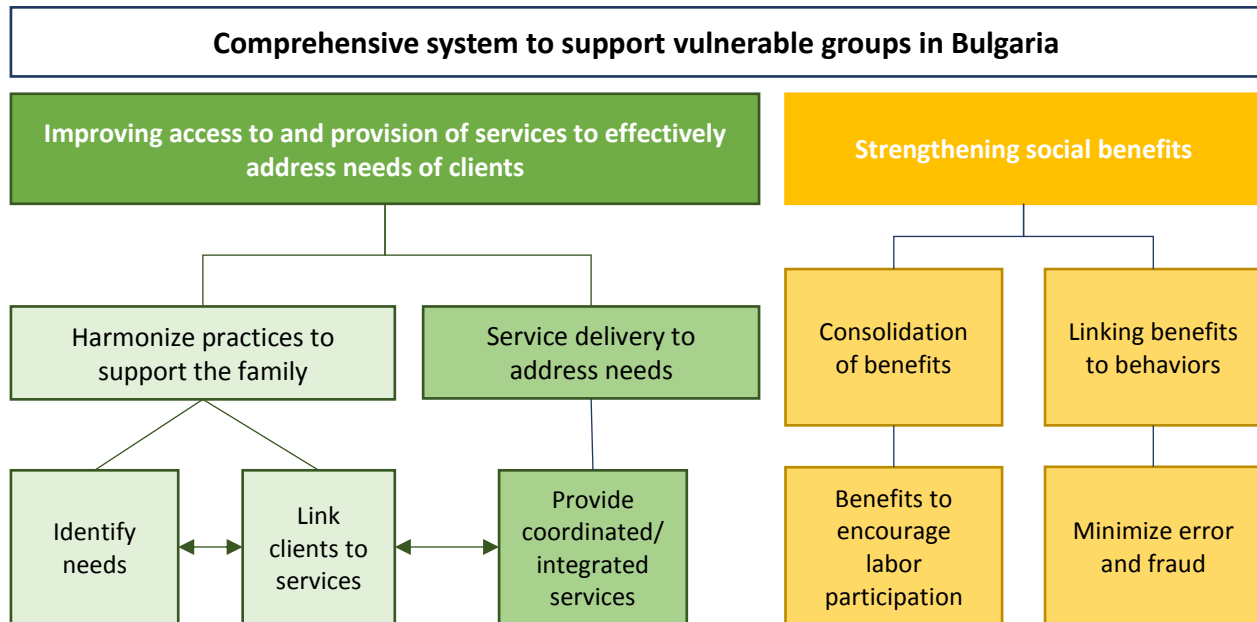
- **Coverage gaps are more prominent among poor and socially excluded population, suggesting that both services and benefits are regressive.** About 75,000 households belonging to the poorest 20 percent of the population receive no social benefits at all. Coverage gaps are also evident in terms of services. For instance, more than half of the children from the poorest 20 percent of the households receive no formal (provided by the state or certified agents) or informal care (provided by family or relatives other than the parents). In education, over 1 out of 4 poor 16-18-year-old youths are not attending school and 10 percent have completed only primary education. While there are no notable coverage gaps in health services, among the population 65 and over living in the bottom quintile, 37 percent report having poor or very poor health; this stands in sharp contrasts with just 16 percent among the top quintile.
- **Existing social services have not been developed systematically, and in some cases some municipalities and settlements are unable to provide adequate support.** For example, there are considerable medium and small size municipalities without any services for people with disabilities, and in many cases support is limited to residential type with no option for day care or consultation services. In other localities, available capacity is lower than demand, and long waiting periods may be common before users receive any kind of service.

- **Some services provide support only to a proportion of the target group because of the way eligibility is defined.** For example, employment promotion mostly targets registered unemployed, while inactive individuals remain without support. Contrastingly, while the number of registered unemployed is about 240,000, there are over 1.5 million inactive individuals between 15 and 64 years of age.
- **Case management and the role of social workers - both at the core of service provision - are fragmented and limited to certain groups and for certain services, leaving others without support.** Case management is limited to children at risk, children at school and registered unemployed. Therefore, other vulnerable groups such as persons with disabilities or other groups such as discourage workers or individuals who would join the labor market were it not for barriers such as transportation, childcare, etc. are not supported by these important services.
- **Services or benefits for marginalized or socially excluded families are very limited,** usually restricted to rather small housing programs.
- **There is scope for improvement in the system of social benefits.** The benefits system seems to lack adequate incentives to promote labor participation among beneficiaries. Its low generosity and progressivity, as well as gaps in coverage – particularly among the poorest - undermine its impact in reducing poverty and social exclusion. Furthermore, the system lacks effective mechanisms to avoid dependency, abuse and fraud, and promote labor participation. Consequently, effectiveness of social benefits to prevent increase in the rate of population at risk of poverty (AROP) in Bulgaria (6.4 percentage points) is well behind the average of EU28 (8.7 percentage points).
- **In general, management, financing and delivery of services have evolved in a way that makes it difficult to provide a combination of services and benefits tailored to the specific needs of users, particularly those with multiple vulnerabilities and exposed to several risks.** Service providers have limited opportunities and incentives to develop intersectoral coordination and integrated service delivery (social and employment services, social benefits education, health), not only because of the administrative and budgetary processes in social service provision, but also because local authorities lack the instruments to combine or improve coordination of interventions to better tackle detected risks through a comprehensive approach, resulting in quality gaps in service provision.

Improving the system of essential services and benefits in Bulgaria is necessary to achieve better outcomes on poverty reduction, social inclusion and human development, in line with EU policies and guidelines. At the core of this system, social and employment services and social benefits would play a key role in complementing universal services (education and health) in promoting collaboration and integration to support vulnerable groups to move out of poverty and be socially included. The need for further improvements of the system of essential services and benefits in Bulgaria is driven by (a) the high fragmentation of service delivery, (b) coverage gaps in quality and quantity of services and benefits, which prevent a substantial number of families and individuals from accessing available support, and (c) limited options of integration and coordination of service delivery, undermining the ability of the system to address emerging needs and support the most vulnerable. The Government is aware of these challenges and in response is leading the discussions and drafting a number of key new regulations and policy initiatives.

This report is a contribution to efforts by the Government of Bulgaria to better address emerging needs from vulnerable groups of the population and to raise the awareness of the imbalances at the system level. It presents findings, conclusions and policy recommendations based on analytical work carried out in 2016 and 2017. The analytical work includes (i) a quantitative analysis aiming to identify the potential demand for essential services in Bulgaria, based on existing Eurostat data (Chapter 2 and Annex II), and (ii) a qualitative assessment of the supply of essential services, focusing on social and employment services and social benefits (cash allowances) as well as their links with education and health services (Chapter 3).

Based on this analysis, and in line with European policies and guidelines and international best practices, the report proposes a comprehensive set of policy and programmatic options as well as operational practices to improve the effectiveness of essential services and social benefits (Chapter 4 and Annexes III, IV, V and VI). The proposed policy and program options follow the principle that improving effectiveness of essential services and social benefits requires a holistic approach and better coordination at two levels: among essential services and between services and benefits. Accordingly, and based on available evidence as well as lessons learned from European and OECD countries, providing effective support to vulnerable groups and improving the living standards of all Bulgarians requires the implementation of a comprehensive model in which services and benefits are closely linked to create synergies for better impacts (see diagram below).



In this framework, recommendations are focused on two broad but interlinked policy and program areas: improving access to and delivery of services and strengthening the social benefits system.

- Policy and program options to **enhance access to and delivery of services** are focused on (i) achieving better harmonization of procedures to facilitate identification of users and their need, and efficiently link them to adequate services; and (ii) ensuring that service provision is flexible, coordinated and, as necessary, integrated to enhance access and tailor service delivery to the emerging needs of vulnerable groups, including through integration of services. To achieve this objective, the Government may consider introducing the following measures:

- There are three general areas in which *harmonization of service provision* can be improved: (i) selection and registration of users to ensure that those families and individuals living in poverty and social exclusion have access to services and benefits, (ii) better identification of the needs and risks families and individuals face through effective case management, and (iii) effective intermediation to facilitate access to the right (coordinated / integrated) essential services at the right time also linked to case management. The proposed options to harmonize the system of essential services and benefits in these three areas is based on the family as a target unit. This is expected to provide a comprehensive approach to the family situation and dynamics and help adjust service delivery to address specific needs (at both family and individual levels).

- To enhance *integration and coordination for better delivery of services*, the report suggests the gradual adoption of results-based practices at different levels, as has been increasingly used in European and OECD countries. In order to better integrate and/or improve coordination of services, there is need to ensure that the building blocks for such an approach are in place, including, planning and budgeting, adequate funding options, flexible service provider, and a balanced distribution of roles and responsibilities between levels of government.
- The option to **improve the effectiveness of social benefits** seeks to better contribute to reducing poverty and social exclusion, create incentives to avoid dependency, and minimize error and fraud. The proposed reforms to the social benefits system follow recent EU guidelines to target the most needed, enforce stricter eligibility criteria, promote labor participation and reduce dependency, increase efficiency through simplification of fragmented schemes and reorganization of roles between central and subnational administrations. In this framework, the proposed policy options offered by the report are focused on consolidation of selected benefits, linking benefits to users' behaviors (including utilization of essential services), encouraging labor participation and minimizing error and fraud.

This analysis proposes a framework to capture and represent the needs of available services and benefits with emphasis on vulnerable groups. While the system of essential services and social benefits targets all Bulgarians, the analysis and recommendations pay particular attention to the poor and socially excluded population. The reasons for this approach are, among others: (i) the emphasis of existing policies are mostly categorical focusing on specific vulnerability but not on poverty and social exclusion, leaving substantial proportion of poor population out of benefits and difficult access to services; (ii) poverty reduction is a priority for the Government given limited progress in Bulgaria when compared with the EU average, and focusing on the bottom 20 percent of the population will provide the necessary information to adjust policies accordingly; and (iii) the needs and demands of the different age groups among the poorest vary, which in turn requires tailored support.

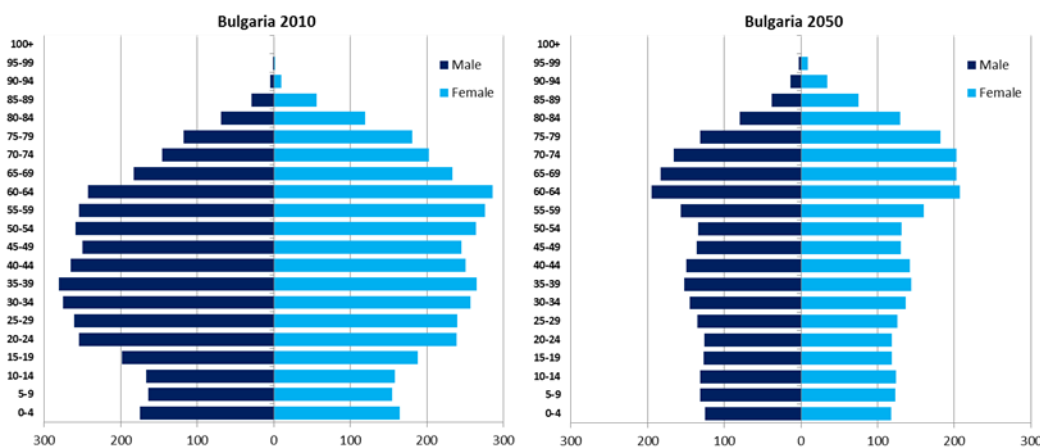
1. Introduction and background

1.1. Drivers of social policy reform in Bulgaria

Bulgaria achieved the highest recorded growth rates between 2000-08 on the back of exceptionally high capital inflows, structural reforms, sound fiscal management and the prospects of EU accession. Employment boomed and poverty fell steeply. Since the global economic crisis, growth has been sluggish, poverty on the rise and income gains of the bottom 40 percent meagre. As a result, after years of strong performance in the run-up to European Union (EU) accession, Bulgaria is facing the combined effect of economic growth below potential, a rapidly aging population and shrinking labor force, a still relatively large number of poor and marginalized groups and increasing migration at both levels (out migration and within migration from rural to urban areas).

Bulgaria's aging and shrinking population dynamics mean fewer workers and a rising dependency ratio. As a combined result of higher mortality, lower birth rate and net emigration, it is expected that by 2050 Bulgaria's working age population will shrink by as much as 30 percent (the highest drop in the EU). This tendency will also dramatically change the age distribution of Bulgaria's population (**Figure 1**). Emigration continues to be a key reason for the population decline in Bulgaria. Since the 1990s emigration reduced Bulgaria's population by 6 percent, and the country lost 10 percent of its economically active population (WB 2013). Between 2012 and 2016 net emigration is responsible for 11 percent in the total population decline (Eurostat 2017). The aging and shrinking population in Bulgaria will put pressure not only on the pensions system but is also expected to increase demand for health services and long term care for the elderly and in general lifelong learning strategies.

Figure 1: Age distribution in Bulgaria (2010 and 2050)



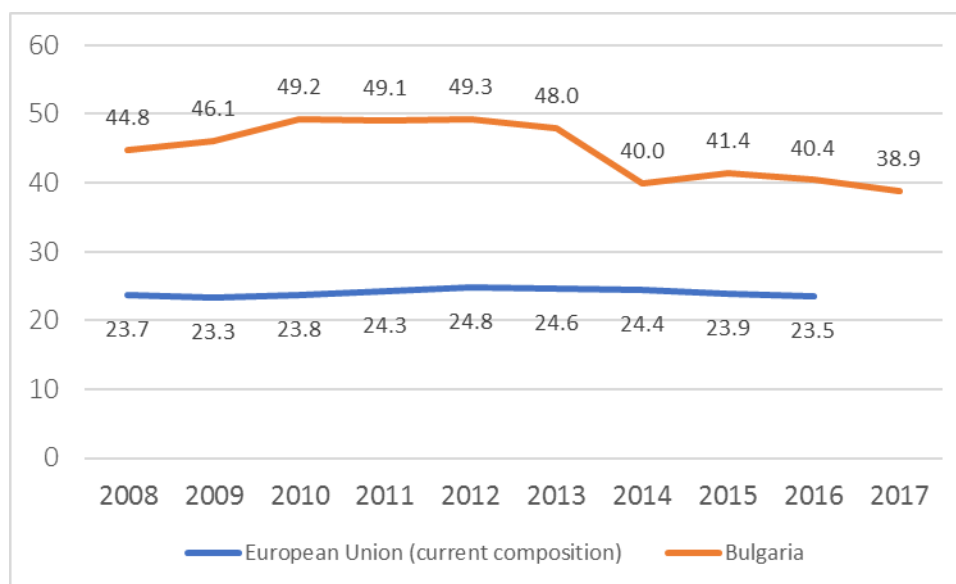
Source: The World Bank, 2013.

Poverty in Bulgaria remains the highest in the EU. Despite recent progress since 2013, the proportion of households being poor or living at risk of poverty and social exclusion (AROPE) in Bulgaria is over 40 percent. The risk of poverty is higher among children and youth (about 50 percent) and the population above the working age (60 percent among people 65 and older), and as expected poverty is more common among households with children. Poverty and deprivation is more prevalent among Roma families living in marginalized communities: about half of Roma children live in households in the lowest decile of the income distribution¹, compared to fewer than one in ten Bulgarian non-Roma children. Roma families also tend to

¹ World Bank (2012).

have less access to basic social services, and face exclusion and discrimination in education, employment and housing.

Figure 2: Share of Bulgarians at risk of poverty or social exclusion



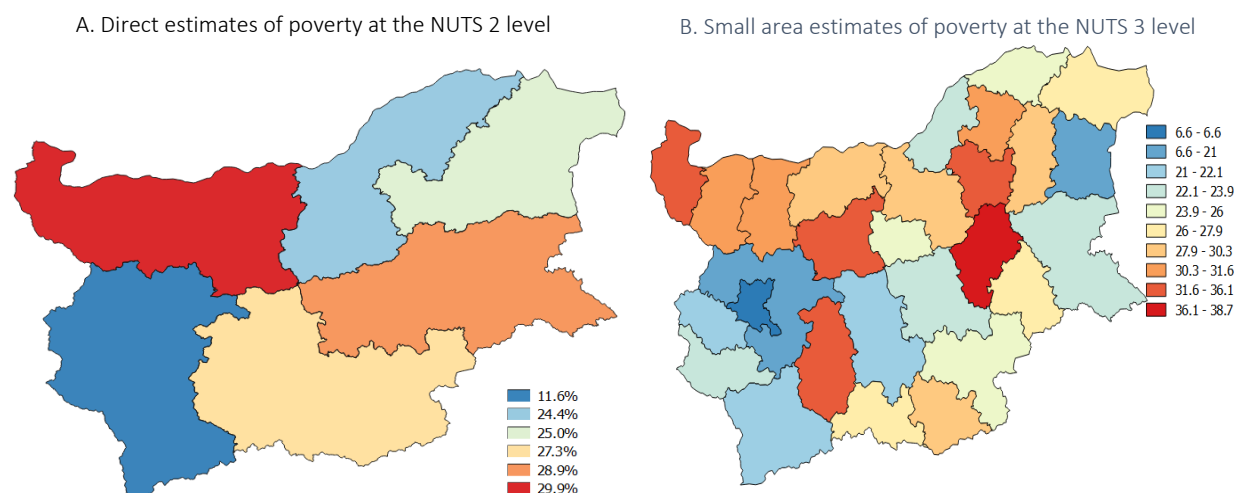
Source: Eurostat.

Bulgaria also shows clear geographical patterns regarding concentration of poverty mainly due to internal migration. As a result, pockets of poverty are created and poor households are more likely to be found in the rural areas of the country. This trend is creating pressure on service provision in urban areas while leaving groups in small and remote rural areas underserved. At the Nomenclature of Territorial Units for Statistics (NUTS) 2 level (**Error! Reference source not found.**, panel A), poverty reaches nearly 30 percent in the northwestern region of Severozapaden and the eastern region of Yugoiztochen, compared to just 11.6 percent in Yugozapaden (EU-SILC 2012 estimates).² However, recent small area estimates of poverty³ also reveal pockets of poverty within lower poverty NUTS 2 regions. As can be seen in **Error! Reference source not found.**, panel B, nearly all NUTS 3 regions within Yugozapaden have poverty rates higher than 20 percent – the relatively low poverty rate of this region is explained by poverty rates of just 6.6 percent in the city of Sofia. Within the region of Yugoiztochen, the Sliven province stands out with poverty rates higher than 36 percent.

² The national at-risk-of-poverty rate based on EU-SILC 2012 was 22.7 percent.

³ Conducted by the World Bank with the National Statistical Institute of Bulgaria and the European Commission.

Figure 3: At-risk-of poverty rates, Bulgaria



Structural issues persist in the Bulgarian labor market. While unemployment is down to 7.2 percent (compared to the EU28 average of 8.6), youth unemployment stands at 11.4 percent (EU28 average: 10.2). Furthermore, the proportion of young people neither in employment, nor education or training (NEET) in Bulgaria is high (19.3 percent) compared with the EU28 average (12 percent). Labor force participation is particularly low among women, the elderly and youth when compared with the EU28 average. In addition, the labor market attachment of unemployed and inactive adults is weak and individuals face a multitude of barriers that hinder their entrance to the labor market.⁴ These barriers include low education, health limitations, scarce employment opportunities, low recent work experience, and care-giving responsibilities.

Bulgaria is facing a growing demand for essential services. An increasingly complex set of needs is emerging among Bulgaria's most vulnerable as a combined result of demographic transition, persistent risk of poverty and social exclusion (AROPE), and a sluggish labor market. For example, some of the needs - that are most prominently experienced by vulnerable groups at a higher risk of poverty than the general population in Bulgaria - are the following:

- a.) *Population over 65 years of age.* This group is putting pressure not only on health services but requires also long-term care, including home-based care, poverty alleviation measures to reduce the risk of poverty at old age, as well as rehabilitation of conditions associated with old age.
- b.) *Households living in or at risk of poverty and social exclusion.* Poor households are likely to demand a combination of multiple services to address diverse issues related to child care and protection, joblessness, homelessness, disability, access to education or other family risks (e.g., single parenting, drug abuse, domestic violence).
- c.) *Unemployed and inactive population.* Addressing the needs of the unemployed from all ages and inactive youth and boosting labor force participation involves a combination of supporting access to the right skills enhancement opportunities and to the labor markets. Essential services should be able to reach and support vulnerable jobseekers who are middle-aged and above. About one in

⁴ World Bank (2017) *Portraits of Labor Market Exclusion 2.0. – Country Policy Paper for Bulgaria.*

every four working-age individuals with no or weak labor market attachment was between 56 and 64 years old.

- d.) *Individuals with disabilities.* Persons of all ages with disabilities require support to ensure they are included in society, are as independent as possible, and live with dignity. These groups need a combination of health, social services, education and skills development, and employment services, depending on age and type of disability.

There is need for a more comprehensive and integrated approach of services management and delivery, to ensure timely identification of vulnerable groups, rapid assessment of needs, and tailored provision of services. Vulnerable groups usually represent weak demand because they tend to live in marginalized areas, lack information about available services, have difficulty reaching the proper providers, and are not always aware about the type or intensity of support they may need. Households usually require more than one service, and require access to a coordinated set of services to mitigate risks of vulnerability, (re)enter the labor market, minimize dependency, and avoid falling into the intergenerational cycle of poverty and social exclusion.

Bulgaria is in the process of modernizing the provision of essential services, wherein enhancing access under a more integrated and harmonized approach is a key part of the agenda. Under the leadership of the Ministry of Labor and Social Policy (MoLSP), the Government is preparing a new Social Services Act aimed at improving the quality, effectiveness, financing and monitoring of social services and delivery mechanisms. The Act is expected to introduce mechanisms to assess the effectiveness and efficiency of the services, taking into account the outcome of their activities and the resources used. These efforts aim at developing methodologies and guidelines for service provision and service integration, information and management systems requirements, and quality standards⁵.

1.2. Supporting the reform agenda of essential services in Bulgaria

The objective of this report is to inform the Government of Bulgaria in improving access to essential services and social benefits under a more coordinated system approach to adequately respond to the emerging and increasingly complex needs of vulnerable groups in the country. This analysis defines essential services as education, health, social assistance, and social and child protection and employment services, and social benefits as non-contributory cash allowances. This approach is consistent with recent analysis and assessments carried out in the European Union and OECD countries⁶. This scope is also consistent with the Government of Bulgaria's perspective regarding integration on services⁷. Education and health in Bulgaria are universal sectoral policies, considered essential for the welfare of all individuals and are under the responsibility of the Ministry of Education and Science, and the Ministry of Health (respectively). Social, child protection and employment services along with social benefits provide support to specific groups of the society and are aimed at reducing inequality and social exclusion of vulnerable groups, through providing needs-oriented support under the principles of continuity, timeliness, flexibility and comprehensiveness. Those services and benefits are under the responsibility of the Ministry of Labor and Social Policy and its respective agencies⁸.

The report is focused on access and delivery of social and employment services, social benefits (cash allowances) as special services targeting vulnerable groups, which complement and as necessary integrate with education and health policies as universal services. To achieve this objective, the report follows a

⁵ Simultaneously to this effort, the Ministry of Health is coordinating a work activity related to planning the development of an integrated approach of services between the health and social domains. At the same time, the Ministry of Education is implementing a cross-sectoral approach based on case management services to improve equity in service access.

⁶ See, for instance, Lara Montero, et al. (2016); OECD (2015); Scharle, A. (2015); Budapest Institute, et al. (2018).

⁷ Republic of Bulgaria. (2013)

⁸ Agency for Social Assistance, Employment Agency, Agency for People with Disabilities, and Child Protection Agency.

conceptual framework comprising three elements: (i) *social benefits*, to provide an inclusive, progressive and effective mechanism providing income support and addressing family behaviors; (ii) *essential services* to respond to clients' demand in quality and quantity; and (iii) *case management and social intermediation services*, wherein case workers or intermediation agents are at the core of the system to support families, rationalize service utilization, support targeting and eligibility, and link benefits to services. Access to essential services among the vulnerable households in the country and the provision of adequate support (i.e., integration/ combination of benefits and services) is largely based on the interaction of these three elements. The analysis reviews the current availability and identifies areas for improvement among these three elements as well as in the coordination between them.

This analysis proposes a framework to capture and represent the needs of and available services/benefits for vulnerable groups following the lifecycle approach. Accordingly, the analysis follows key challenges throughout the lifecycle of a family to observe the status of current needs for support (demand side) and existing mix of service provision (supply side) to identify existing gaps of essential services. While the system of essential services and social benefits targets all Bulgarians, the report's findings and proposed options for discussion pay special attention to the poor and social excluded population equivalent to roughly the bottom 20 percent. The reasons for this approach are, among others: (i) the emphasis of existing policies are mostly categorical focusing on specific vulnerability but not on poverty and social exclusion, leaving substantial proportion of poor population out of benefits and difficult access to services; (ii) poverty reduction is a priority for the Government given the situation of Bulgaria when compared with the average of EU, focusing on the bottom 20 percent of the population will provide necessary information to adjust policies accordingly; and (iii) the needs and demands of the different age segments among the poorest are different and as such support should be tailored.

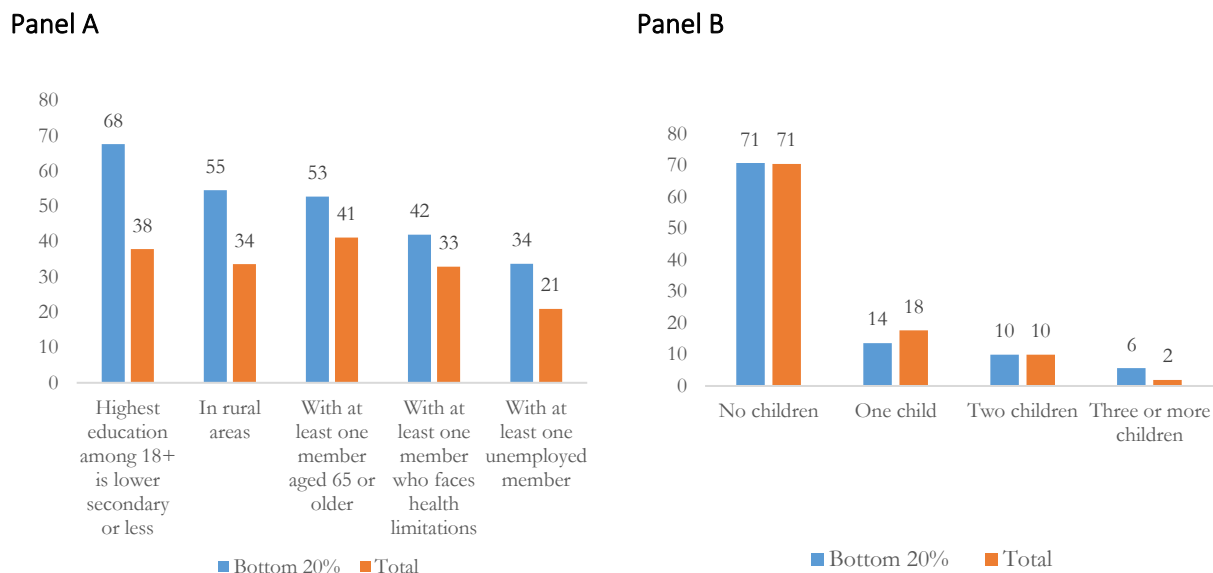
Based on this framework, the report comprises three main sections in addition to this introduction. Chapter 2 identifies potential demand for essential services in Bulgaria. It positions existing vulnerabilities along the life cycle with particular emphasis on the needs of the poor population. The analysis provides a description of poverty profiles, along with a vulnerability and risk assessment of different population groups. Chapter 3 summarizes the findings of the review of essential services and social benefits in Bulgaria. Chapter 4 concludes with a set of recommendations to improve efficiency and effectiveness of essential services and social benefits in the country. Annex 1 provides a preliminary set of specific activities to be carried out in the next few years to operationalize the proposed options presented in Chapter 4. Some of these activities may support the development and drafting of the new social services act; others are necessary to implement new approaches and practices to improve effectiveness and efficiency of services and benefits.

2. The clients of essential services

2.1. Profiling the population – the case of poorest and most vulnerable Bulgarian households

Poor households, or those living in the bottom 20 percent of the income distribution,⁹ amounted to 589 thousand households in 2013,¹⁰ representing 1.46 million individuals. These households tend to face several human capital (e.g., employment, education, health) and connectivity constraints (living in rural and remote areas), hindering their potential to overcome poverty (see **Figure 4**, Panel A). Households with low-educated members¹¹ make up an overwhelming proportion of the poor (68 percent) compared to only 38 percent among the total population. Over one-half of poor households living in rural areas, where income generating activities are scarce. Poor households are also much more likely to have at least one elderly household member (aged 65 or older). Among poor households, it is more common to have at least one member who faces health limitations or one member who is unemployed. Finally, households with three or more children are also more likely to be poor compared to households with fewer children (see *Error! Reference source not found.*, Panel B). Low education, rural residence, old age, unemployment and health limitations are all aspects that are also associated low earning potential.

Figure 4: Percent of households according to different household characteristics among the bottom 20 percent and the total population in Bulgaria



2.2. The lifecycle of poor and vulnerable households in Bulgaria

The Government of Bulgaria has developed a system of essential services and social benefits aimed at addressing risks and vulnerabilities faced by families and individuals across their lifecycle, from pregnancy to old age (Diagram 1). This section presents a summary of the main findings of a risk and vulnerability

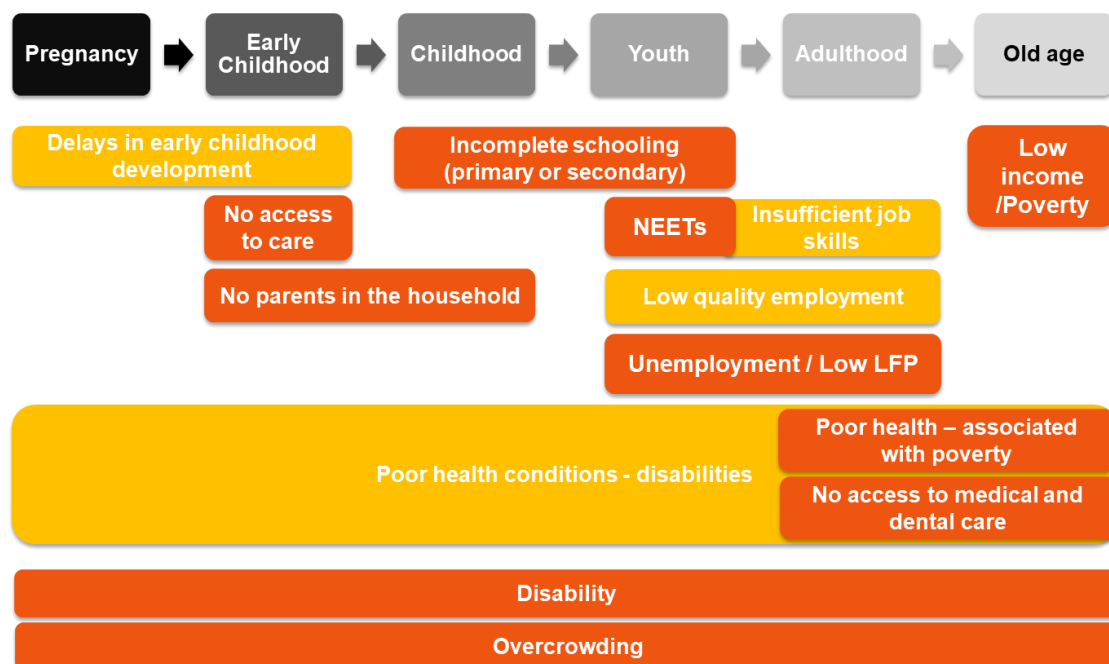
⁹ Throughout the analysis this report refers to five income quintiles. The poorest income quintile is labelled as “bottom 20 percent” or “bottom 20” and represents households belonging to the poorest quintile. The other quintiles are referred to as Q2, Q3, Q4, and the “top 20 percent” (or Top 20). According to EU-SILC 2013, 21 percent of the Bulgarian population was at risk of poverty (AROP). For this reason, the bottom 20 percent is also interchangeably referred to as the “poor.” We focus exclusively on monetary poverty (i.e., AROP) rather than on the broader concept of at risk of poverty or social exclusion (AROPE). The AROPE population represented 48 percent of the Bulgarian population in 2013. Focusing on monetary poverty only (and thus a smaller subset of the population) means that starker inequalities can be singled out, bringing to light the circumstances faced by the most vulnerable. This population, according to 2013 EU-SILC data, represents 1.46 million people, or 589 thousand households.

¹⁰ World Bank staff calculations based on EU-SILC 2013.

¹¹ Low education here refers to education levels of lower secondary or less among household members aged 18 and older.

analysis following the lifecycle approach using EU SILC data. The analysis is focused on those risks and vulnerabilities faced by the population living in the bottom 20 percent of equivalized disposable income in the country compared to the overall population (i.e. across the five quintiles of income). This analysis is expected to provide an approximate estimation of the demand for essential services in Bulgaria and coverage gaps, based on the available data.

Diagram 1: Lifecycle analysis of current demand for support and services in Bulgaria



Source: World Bank staff representation.

Diagram 1 presents the general framework to conduct a lifecycle analysis of current demand for support and services in Bulgaria. The upper part shows the different lifecycle stages of a family/individual from pregnancy to old age. The below part depicts different risks and vulnerabilities. Some risks and vulnerabilities are specific to a certain stage of the life cycle; others, such as poor health conditions, are present at all stages. The yellow boxes indicate risks that are common among all countries such as the risk for delays in early childhood development throughout pregnancy and early childhood or the risk of insufficient job skills training during youth which might translate into low quality employment. The orange boxes show Bulgaria-specific issues which are a result from the analysis described in more detail below.

The life cycle approach identifies the main risks different groups face. The review (see Appendix 1 for full review) is focused on the major risks that, if not addressed properly, have the potential to become permanent barriers for families/individuals to leave poverty and social exclusion. For instance, delays in early development of young children are likely to undermine their learning capacity, increasing the risk of early school leaving and/or lower skills, and low productivity (and earnings) as adults.

2.2.1. Four main risks in early years and in childhood (ages 0 to 16):

- **Low access to formal care** - Among the population in the bottom quintile, 58 percent of children aged 0 to 6 were not receiving any form of formal care,¹² versus 38 percent in the top quintile.¹³ There is ample evidence showing that formal childcare for young children, especially preschool attendance, has a significant effect on early child development, leading not only to better academic performance during school years, but also to better labor market outcomes (Tanner et al., 2015).
- **Overrepresentation of single-parent households** – Among poor households, children aged between 0 and 15 are more likely to live with a single parent or with no parents at all. Single-parent families have fewer resources both in terms of income and time to devote to their children (OECD 2011). In addition, these families are more vulnerable to income shocks as they rely on one potential source of earnings.
- **Declining school enrollment rates** – Net school enrollment rates among pre-primary, primary, and lower secondary schooling have fallen in recent years in Bulgaria. The steepest fall was seen in net enrollment for primary education, having fallen from 95.8 percent in 2011/12 to 92.1 percent in 2016/17. Lower secondary exhibits the lowest net enrollment rate among all four levels, at just 78.2 percent in 2016/17. The level is particularly low considering that lower secondary is considered part of compulsory education. School enrollment and income are related to each other: just 87 percent of all children aged 5 to 16 in the poorest income quintile were enrolled in 2016/17, versus 93 percent of children in quintile 4.
- **Overcrowding** – The homes where children and youth tend to live are more susceptible to overcrowding, particularly in the bottom quintile. Overcrowding, which is considered a risk due to its association with ill health, psychological stress and anxiety, and domestic violence, is strongly associated with both poverty and the lifecycle: among the bottom quintile, overcrowding reaches up to 84 percent (for children aged 7 to 15).

2.2.2. Two main challenges for the youth (ages 16 to 24):

- **Low education enrollment** – There is a strong association between poverty and school dropout. Individuals aged 16 to 18 are expected to be enrolled in upper secondary education¹⁴ but over 25 percent in the poorest quintile were not in education and over one-tenth have only completed primary schooling or less. School dropout is also associated with poor quality of education, learning difficulties, or health problems, all of which are in turn associated with social exclusion and poverty.
- **Higher share neither in education, employment, or training (NEET)** – Among the general population, close to one-third of all youth are NEET, while for the poorest quintile the proportion is well above 60 percent. In addition, there is a severe gender difference. While almost all male NEETs report being unemployed, female NEETs are more likely to engage in domestic tasks, especially if they belong to the poorest income quintile. Not engaging in education, nor employment or training at a young age can have significant negative consequences for future employability and earning potential (Ruhm, 1991 and Clark et al., 2001). The high inactivity rate among poor women may

¹² Formal care includes childcare at a day-care center; childcare by a professional child-minder at child's home or at child-minder's home; education at pre-school; education at compulsory school (for school-aged children); and childcare at center-based services [childcare at center-based services outside school hours (before/after)].

¹³ Considering also informal care (i.e., care by relatives, other household members not including the parents, friends, or neighbors) non-coverage of the bottom quintile only falls to 51 percent.

¹⁴ The official age at which children should finish primary education is age 10, lower secondary should be finished by age 14, and upper secondary by age 18 or 19. Compulsory education starts at age 5 (pre-primary) and ends at age 16.

signal a lack of access to childcare services that would otherwise enable them to participate in the labor market.

2.2.3. Two main sources of vulnerability in adulthood (ages 25 to 64):

- **Unemployment** – Adults in the bottom income quintile are disproportionately affected by unemployment: Both men and women in the bottom quintile aged 25 to 64 are more than twice as likely to report being unemployed compare to the average rate among individuals of this age (men: 43 percent versus 16 percent, women: 38 percent versus 14 percent). In addition, poor women are also more likely to report being inactive than their non-poor counterparts (27 versus 17 percent). Unemployment carries with it not only the risk of becoming long-term unemployed, it can also lead to ill mental and physical health, along with isolation, stigma, homelessness, among other deleterious effects. Inactivity of women is mostly related to being engaged in domestic activities¹⁵ and might be partly related to lower access to childcare services of poor households.
- **Poor health and low access to health care** – While the share of adults declaring to have bad or very bad health is negligible for those in the top income quintile, this share increases to 14 percent among the adults in the poorest income quintile. However, these adults do not declare being restrained on their activities because of health issues and the incidence of bad health is larger than the one of very bad general health conditions. Even if conditions are not debilitating during adulthood, untreated health issues and lower levels of monitoring and prevention can lead to worse health status later in life (O'Donnell, 2007).

2.2.4. Three main risks for the elderly (ages 65 and above):

- **Higher poverty rates** – The elderly are more likely to be poor than individuals aged 19 to 64: 25 percent of the population in the bottom quintile is over 65 years old, versus 20 percent of the overall population. The elderly are particularly vulnerable to poverty due to their limited earning potential and reliance on fixed old-age pensions which, as the survey data show, is often not enough to bring an individual above the poverty line, i.e. out of the lowest income quintile.
- **Single households** – Elderly who live alone are much more likely to be poor: 33 percent of elderly households in the bottom quintile are single households, compared to just 14 percent in the overall population. Gender plays a significant role in monetary poverty and living alone among the elderly: 74 percent of elderly single households are female – a reflection of women's higher life expectancy. This is partly related to lower old-age pensions received by women (due to their shorter work histories and lower wages) due to which elderly women living alone are more likely to be poor than their male counterparts.
- **Poor health status** – Old age brings with it physical and mental health deterioration, hindering a person's ability to take on daily activities. Ill health disproportionately affects elderly in the poorest income quintile. Of the poor individuals above 65 years of age 37 percent report having poor or very poor health, compared to only 16 percent among the highest income quintile in the same age group.

¹⁵ Over 80 percent of women who are out of the labor market report dedicating their time to domestic activities.

3. On the supply side: benefits and services

This section summarizes the findings of a supply side assessment carried out under the analytical work and is structured in three parts. After a brief overview of the scope and size of essential services and social benefits, it presents a summary of services assessment—focused mostly on social, child protection and employment services—followed by an analysis of social benefits, partially based on existing assessments.

3.1. General overview of the supplied benefits and essential services

As described in section 1.2 above, the scope of the analysis of essential services include education, health, social assistance, social and child protection and employment services, as well as social benefits including non-contributory cash allowances.

According to Eurostat data, the total expenditure in essential services and social benefits in Bulgaria is equivalent to over 20 percent of the GDP. In 2015, a substantial proportion of expenditures in essential services corresponds to contributory services and benefits. Specifically, contributory social protection (mostly contributory pensions) is about half the total expenditure in essential services and over 85 percent of the social protection expenditures. In contrast, non-contributory social benefits represented less than 1.5 percent of the GDP, while delegated social services provided by municipals is about 0.6 percent of the GDP (Table 1).

Table 1: Expenditure in Essential Services and Benefits

(% of the GDP)	2012	2013	2014	2015	2016
Health	4.4	4.5	5.5	5.5	5.0
- Social Security Funds	3.0	3.3	3.8	3.6	3.6
- Non contributory health benefits	1.0	0.7	0.6	0.6	
Education	3.3	3.7	4.1	4.0	3.4
Social Protection	12.4	13.5	13.4	13.3	12.7
- Social Security Funds	10.5	11.4	11.3	11.1	10.9
- Non contributory social benefits	1.3	1.3	1.4	1.4	
Total	20.1	21.7	23	22.8	21.1
Source: Eurostat, ESSPROS					

The supply side analysis is focused on those social, child protection and employment services as well as social benefits as they are targeted to particularly vulnerable groups (as opposed to education and health policies, which are universal). The assessment also refers to the links between targeted services and universal policies to support specific vulnerable groups (e.g., health programs to complement social care for elderly or disable; special education to complement child protection to support children with special education needs and disabilities, etc). Specifically, these services and benefits include the following:

- *Social services*, which consist of (i) community-based social services, including residential (e.g., family-type and temporary accommodation, crisis centers, sheltered homes, etc.) and non-residential services (e.g., day care centers, mother and baby units, centers for social support, etc.); (ii) home-based social services; and (iii) social services in specialized institutions for children (e.g., homes for children deprived of parental care) and adults (e.g., homes for elderly with mental disabilities).
- *Employment services* include employment intermediation services, which support all working-age population, and employment services for the registered unemployed. The intermediation services include (i) information and guidance to jobseekers and employers; (ii) psychological support to jobseekers mostly provided through workshops; (iii) support to encourage active behavior in the labor market, (iv) referral to appropriate employment programs, measures and training; and (v) guidance in starting a job.

- *Social assistance benefits*, which comprise a number of non-contributory¹⁶ regular and one-off as well as categorical and means-tested cash allowances, target different groups (individual and families). At the core of the social transfer system there are (i) the means-tested (on income and assets) Social Benefits (GMI) and Heating Allowance (HA), and (ii) regular categorical benefits for child protection through the Benefits for Families with Children (BFC) and the disability allowance through the Supplement for Social Integration (SSI). However, there are at least two additional sets of non-contributory transfers: First, additional regular benefits, one-off and temporary transfers for these three groups (poor families, children and disabled). Second, pension allowances not related to labor activity, which include social pensions for poor elderly and (military) invalidity pensions. (A detailed analysis of the social assistance benefits system is included in section 3.2)

A central element to accessing essential services in Bulgaria is the intermediation role of key professionals to detect risks and vulnerabilities, and to support users in connecting with services. This role is provided by a variety of staff depending on the sector and function. Most commonly they are the social workers that carry out case management activities.¹⁷ Generally their role is to identify vulnerable, at risk or individuals with special needs to provide specific support and, in some cases, refer to other specialized centers. The approach for providing case management activities in the different sectors varies, as they are regulated by different – sectoral – laws and ordinances.

3.2. Challenges and opportunities for Bulgaria in social service access and delivery

According to the current legislation, Bulgaria is investing in the provision of a universal approach to education and health, and addressing diverse vulnerable groups of the population through specialized employment, social and child protection services, as well as social benefits (cash allowances). The provision of essential services is delegated to municipalities. The existing service delivery systems are intended to create a direct link between service providers and users to enhance the capacity to timely identify poor and socially excluded families, detect the risks and vulnerabilities households are exposed to, and deliver services and assistance tailored to beneficiaries needs at the different stages of their life cycle. (Annex 2 presents a table with a summary of the essential services organized by group age following the life-cycle approach).

The findings of this analytical work suggest that there is considerable scope for improvement of the existing social and employment services delivery system. Not all vulnerable groups are adequately supported by the available supply, while emerging and more complex needs are not always properly addressed by existing services and benefits. Provision of social, child protection and employment services have followed practices which have exposed weaknesses, preventing the services to fulfill their role of assisting the most vulnerable through tailored and timely provision of support. These practices are related to three areas, namely: (i) targeting of beneficiaries and access to services; (ii) case management services and the role of social workers; and (iii) planning, budgeting and delivery of services.

Targeting of beneficiaries and access to services. Access to services in Bulgaria is based on the combination of the *demand-for-support* (walk-in) and *categorical targeting* at the individual level. Under this approach, vulnerable groups and marginalized households are more likely to be out of the system and access to services is more difficult, contributing to wider coverage gaps. Access to services is mostly based on demand-for-support practices, which means that individuals are expected to seek support from available

¹⁶ Non-contributory social transfers are cash allowances entirely funded by the state budget (e.g., family and children allowances, heat benefit, social pensions, etc.). Contributory transfers are those (partially) funded by individual's contributions mostly done during their work life (e.g., contributory pensions, unemployment insurance, etc.).

¹⁷ Case management, implemented by social workers, is also referred to as casework in different sectors or services. Social workers themselves are also referred to as case managers, mediators or personal advisors. For the purpose of this analysis all of these options are referred to as case management implemented by social workers.

services. This approach has two consequences. On the one hand, social services are usually delivered at a fixed place and require beneficiaries to visit that place and apply to access the service. Most community-based social services have been set up and operate in areas where large populations reside. However, those living outside the immediate settlement may not be even aware of the available support they are entitled to or access may be difficult and expensive. No systematic mechanisms have been developed to deliver social services through subsidiaries or outreach groups in smaller settlements where the demand is not enough to justify the introduction of a standalone service. Furthermore, potential beneficiaries usually face difficulties due to lack of summarized and precise information rendered in an easy and understandable manner about services offered and the support activities associated with them.

On the other hand, the demand-for-support practice to access available services also reduces the options to implement a preventive approach to support vulnerable groups. When individuals access the Social Assistance Directorate to apply for service support, it is usually because the risk has already affected the individual or family, making the necessary support more “taking actions only after the problem is present”, which is usually longer, service-based and more expensive. The absence of a preventive approach limits providers’ ability to (i) proactively reach users and identify potential issues that may increase their vulnerability and risk exposure; (ii) make early and accurate detection of risks; and (iii) implement actions to prevent risks and potentially reduce the systematic (and sometimes unnecessary) utilization of services.

At the same time, categorical selection to support individuals at risk means that different services and benefits target individuals rather than families as a unit. This practice is partially responsible for making access and use of services cumbersome and expensive. At the same time, categorical selection of beneficiaries may fail to ensure that available services and benefits reach all poor and marginalized families, and/or that families as units are properly supported to address all risks they are exposed to. Regardless of how many benefits an individual or a family is entitled to, for each of them a separate process is carried out (including application, registration, assessment, regular verification of eligibility, etc.). This practice puts additional burden on families and service’s staff (increasing administrative costs), without necessarily providing support to all family members at risk, because services and benefits target specific needs for specific individuals.

Case management and social work. Case management and social intermediation services are key elements in ensuring that essential services delivery is accessible to vulnerable groups that support specific needs. According to existing regulation, services should be based on social work and be delivered in a manner that preserves individuals' dignity, while applying a personalized approach on the basis of an integrated needs assessment of individuals and families. Under this framework, the role of staff responsible for case management and social intermediation services – mostly social workers – is crucial in linking users to benefits/services and matching users’ needs to tailored services. Case management and social work have the potential to (a) make substantial contributions to facilitate access of poor and socially excluded groups to available services and benefits; (b) implement a preventive approach for service delivery; (c) facilitate coordination of service provision to better address needs of users, and (d) implement a support system focusing on the family as a unit rather than the individual. In order to improve performance and service delivery, case management and social work need to pay attention to some practices undermining efficiency and effectiveness, which are summarized as follows:

- Case management, intermediation services and in general the role of social workers is regulated by different laws, and therefore provided by different staff in different services and for separate groups of the population. There are three main areas in which the practice of case management is recognized: (a) as part of the child protection activities, (b) in the system of pre-school and school education as one of the measures for general and complementary support for personal development, and (c) in the employment services supporting the Activating the Inactive Persons’ program (Annex V presents a summary description of case management and the role of social work

in the delivery of essential services in Bulgaria). Coordination between these three main modalities is weak¹⁸. Therefore, not only some vulnerable groups, such as disabled adults, inactive people and the elderly are not formally supported through case management, but also the practice is focused on the individual and not the family, resulting in the exclusion of many poor and marginalized households. Furthermore, this approach limits the ability of service providers to develop adequate instruments to reach and provide support to some groups, such as families living in poverty or social exclusion.

- In most situations, case management and the activities of social workers are not outreach-based: on the contrary, potential users should seek support themselves. This practice may prevent case management to carry out key activities to improve the effectiveness of service delivery, such as: (a) systematically reach users living in marginalized areas and more prone to be left out of the social services system, and (b) to achieve the goal of early detection of risks and the advantages this practice has in terms of family welfare and utilization of available services. Mobile services for beneficiaries living in remote and marginalized areas do exist within the legal regulation, but are underdeveloped and not systematically implemented.
- The scope of case management is largely restricted to the reception of applications to access services, assessment of individuals and referral to specific services, missing some key elements of the practice. On the one hand, case management does not consider ongoing personalized support at the family level to jointly identify risks, agree on options to proceed, define specific targets, and provide direct support and counseling. On the other hand, despite social workers being responsible for referring individuals to specific services, their relation with the user stops when they issue the referral, leaving users without a focal point they can refer to in case of issues with service provision.

In sum, Bulgaria has accumulated extensive experience in developing case management services for certain groups of the population exposed to specific risks. However, as observed in other essential services and benefits, coverage gaps, and certain operational practices leave important segments of vulnerable groups excluded from this key element of service provision and coordination.

Planning, budgeting and service delivery. The provision of universal services (education and health) for specific vulnerable groups requires an additional layer of public care (social service, cash or in-kind transfers) to help link such groups to available services; however, the fragmentation of existing policies is limiting these connections. The assessment suggests that provision of essential services (this is valid also for social benefits) is rather fragmented in terms of procedures, with little incentives to collaborate between providers. This approach has led to a delivery system in which sectors and services operate independently from each other, following rather strict rules and definitions but without mechanisms to promote coordination and integration or introduce innovative approaches adapted to the characteristics of specific target groups. Specifically, in many cases social services lack the flexibility and tools to provide adequate combination of support among themselves or as a complement with other essential services (education, health and employment) or social benefits to the right groups of the population in a timely manner. For example, there is weak service response to the complex needs of the poorest and most vulnerable families, which in turn leads to additional burden to the specific sectors services (i.e. education, health) when an individual finally reaches the system in serious social, emotional or health condition.

One of the outstanding reasons explaining this situation is related to the existing concept of separation of policies for each service. This approach eventually leads to developing different and in many cases

¹⁸ The recent launch of the intersectoral mechanism for targeting and sustaining the enrollment of compulsory school age children in Bulgaria demonstrates that systems may apply and coordinate common actions in response to specific vulnerable groups. What is important is to use this first step as a platform to gather and share information between sectors, to refer to relevant services and benefits, to monitor beneficiary developments and to develop and sustain the pro-active approach as a key element of the new system targeting essential services.

uncoordinated legislation and regulations, as well as planning, management and budgetary processes of services, exacerbated by two additional issues: lack of existing coordination mechanisms, and barriers to entry for non-governmental services providers.

Social services and benefits policies have evolved in a way in which every measure or action should be expressly listed in a law or policy and each possible exception should also be set by legislation. This has resulted in dozens of pieces of legislation and regulations, as well as several policy strategies with very limited consistency: Annex IV presents a list of regulations and strategies currently ruling the essential services and social benefits.

In general, the system of social policies abounds in administrative requirements and procedures, which are not aligned with each other, but on the contrary often lead to duplicating requirements for users and overlapping activities for suppliers, as well as gaps in the provision of services. For instance, the Rules of the Implementation of the Social Assistance Act defines 11 types of community based social services, some of them with “variations” (e.g., day care, family care residential centers, etc.). As a result, 11-defined type of services increase to over 30 variations. This does not help to improve clarity of services definition, purpose as policy instrument, or target groups and specific needs to be addressed, and thus access to potential users.

Fragmentation of services is exacerbated by the way planning and management for scaling up and funding social services are in practice. The planning process to expand services is, in principle, based on the needs identified at local and regional levels. New services eligible to receive state funding are planned in compliance with the classification of services set out in the Rules of Implementation of the Social Assistance Act. Expansion of services is part of regional strategies and actual implementation and delivery requires availability of premises (buildings) for service operation, which are under responsibility of the municipalities, and approval at the regional level. As a result, approval for new services in any given municipality depends on three different administrative levels: inclusion of the new service in the regional strategy (regional), quality of the premises to deliver the services that must be procured by municipalities prior to the approval of funds (local), and availability of funds from the state to cover service operation (central).

The social services planning system has also evolved in a manner that makes innovation and integration difficult, restricting the capacity of municipalities and external providers to improve delivery of services. First, expansion of services funded by the state is limited to those defined in existing legal documents – such as the Social Rehabilitation and Integration Centers, day care centers, family type accommodation – limiting the option to include alternative approaches. Second, according to the law, local authorities should provide social services in their own territory and to their own inhabitants, undermining possible partnerships and associations between local authorities. Third, despite the existence of regional strategies and even possible options to provide services in partnership, introducing a new service is a closed process at the municipal level making it difficult to accommodate partnership and interaction between local administrations.

Expansion of services, when required, is difficult because funding follows a uniform expenditure standard, which is based on existing capacity (input-based), rather than demand (results-based). The capacity of any given service is based on the number of places within the service and the existing staff to operate facilities and assist beneficiaries, which is expected to be adjusted based on the number of users. Therefore, based on allocated funds, services have a pre-determined approved capacity and the number of users is limited to it. Budgetary allocation for social services follows the amounts set forth in the uniform expenditure standard, which are defined through a resolution from the Council of Ministry every year. These standards are the same regardless of the region where services are provided. The resolution applies equally to all delegated services and the funding is allocated by the Ministry of Finance.

Furthermore, budgetary allocation of services creates barriers to adapt services to actual demand. Because the budget is mostly allocated on an input-based fashion, each separate service has its own budget and a

municipality may not reallocate funding from one delegated service to another, even where a budgetary surplus with one service may offset excessive spending in another. Therefore, in the case of overspending, municipalities should co-finance service operation with local budgets, whereas a surplus is carried over to the subsequent year for the spending of which the municipality may use wider discretion for investment and capital expenses.

Delegated social services can be organized directly by municipalities or through outsourced providers. This assessment, as well as previous analyses¹⁹, suggest that participation of external providers in the delivery of services is not always straightforward, which may undermine efficiency and effectiveness of service delivery and limit innovative approaches. Non-public providers are usually subject to different requirements for registration and licensing (e.g., training organizations are licensed by the National Agency of Vocational education and training, providers of social services to children are licensed by the State Agency for Child Protection, and other social service providers are registered at the Ministry of Labor and Social Policy).

Coordination between social services and other sectors is limited. Links between social services and the rest of the sectors -notably Education, health and Employment- are managed by the Social Assistance Agency (ASA) in the MoLSP, which refers beneficiaries, regulates eligible activities and monitors the delivery of services. As one of the main suppliers of services, municipalities have limited opportunities to develop intersectoral coordination because of reasons related to budget, governance and regulations, existing regional structures within ASA and existing local capacity for service delivery. Furthermore, coordination between social services on the one hand and education and health on the other is also difficult due to the fact that responsibilities of municipalities with respect to the educational and healthcare sectors concerns mostly to infrastructure and not management and provision of services.

3.3. Assessment of the social benefits system

Bulgaria's system of social benefits (non-contributory cash allowances) involves categorical benefits (i.e., those provided to population segments regardless of their income status or prior contributions to social security) and means-tested cash payments (i.e., those made available for individuals or families whose income or wealth is below a certain threshold), plus small one-off transfers and financial benefits granted for various social purposes and regulated by various laws. The Agency for Social Assistance (ASA) is responsible for the organization and disbursement of most social benefits which are implemented by a network of territorial structures—the Social Assistance Directorates. There are two exceptions: Social Pensions, which are under responsibility of and paid by the National Social Security Institute, and some disability allowances, falling under the responsibility of the Agency for Persons with Disabilities.

Regarding administration of social benefits, ASA's social assistance directorates are structured in a standard organization based on specialized departments. Funds for benefits and administrative operations are allocated to each department responsible for their own assessments and procedures for access and provision: the Child Protection department to support children at risk and with disabilities and responsible for risk assessment and implementation measures; the Social Protection department, responsible for granting family allowances (for pregnant women and children), social assistance and heating benefits (families) and funds for hospital treatment for people without insurance (elderly).

In principle, the cash benefits system supports all vulnerable groups in Bulgaria. From the life cycle approach, social benefits support groups at risk from pregnancy to old age. Family and child benefits support families with children younger than 18 as well as pregnant women. Working age population is supported by a variety of benefits depending on the risks they are exposed to (e.g., low income, so they are supported by social benefit (GMI) or heating allowance) or specific vulnerabilities (e.g., disability). Social pensions (non-

¹⁹ Jeliazkova, M. (n.d)

contributory component) support population 65 years of age and older. These benefits are complemented by a set of benefits to support persons with disabilities.

Table 2: Social assistance benefits in cash and in kind, 2015 (millions of BGN)

	Means tested	Categorical	Total
Social Pensions	6.41	312.50	318.92
Benefits for Family and Children	392.59	172.07	564.66
Social Assistance (including heating allowance)	157.43	0.38	157.81
Social integration of people with disabilities	0.01	195.40	195.41
Active employment measures		41.59	41.59
Social scholarships	20.03	1.56	21.59
Non-contributory health care		22.75	22.75
Services provided by municipalities		516.23	516.23
TOTAL	576.47	1,262.49	1,838.96

Source: ESSPROS

The social benefits system in Bulgaria comprises many cash payments, granted mostly on a stand-alone basis but not always as part of a broader coherent approach to support individuals or families. There is weak or no coordination between cash benefits themselves, or with social services. Organized into four broad categories, the benefits system has no fewer than 15 different transfers created through different laws and operated under different rules: there are three different allowances under the social benefits, nine under child protection, four under disability and a heating benefit. (Annex III illustrates the high level of fragmentation of the social benefits system in Bulgaria.) Each social benefit has its own specific procedures, target group and eligibility criteria with little or no integration to facilitate access and receptions.

Given the increasing diversity and multiple conditions for the allocation of benefits, the current system comprises categorical and means-tested, as well as periodical (monthly) and lump sum benefits. This is the case, for instance, of the family benefits, the largest set of benefits in terms of coverage and budget. Under this set of benefits there are at least nine different categories (excluding additional exemptions depending on the family's and child's situation) which are allocated based on means-tested assessments or categorical selection and can be monthly or one-off benefits.

Table 3: Family and child-related benefits, 2015 (millions of BGN)

	Categorical	Means tested	Total
Periodic			
- Parental leave benefit	0.14	22.06	22.2
- Family or child allowances	121.15	392.59	513.74
- Other cash benefits			
> Via ASA	9.22	7.17	16.39
> Via Ministry of Education	1.56		1.56
> Via delegated services to municipalities	0.95		0.95
Lump sum			
- Birth grant	25.95		25.95
- Other cash benefits			
> Via ASA	14.98		14.98
> Via Ministry of Education		20.02	20.02
Benefits in kind			
- Child care (delegated)	88.12		88.12
- Accommodation (delegated)	54.23		54.23
<i>Total</i>	<i>316.3</i>	<i>441.84</i>	<i>758.14</i>

Source: ESSPROS.

A recent notable exception regarding fragmentation is the delivery of several benefits for children with disabilities. For the first time in 2016, all transfers aimed at a specific target group -children with disabilities- were aggregated. Under this approach, several types of supplements were combined into one monthly benefit, provided as a single transfer in accordance with a unified procedure. The introduction of this aggregate benefit in January 2017 put an end to the payment of integration supplements to children with disabilities. Once introduced, the single benefit for raising a child with a disability made it possible to achieve uniformity and extend the period of time for which the benefit is granted. Such an approach has a number of advantages; it reduces the administrative burden for both the users and the executive agency and also the costs for managing the disbursement of benefits. Moreover, it is now possible to keep track of benefit levels as the new type of transfer does not entail an actual increase (except for a small group of users) and only consolidates discrete transfers owed under identical circumstances to the same group of beneficiaries.

Because of high fragmentation of benefits and the diverse targeting methods to select beneficiaries, it is common that the same group of people may be entitled to different benefits established under different legislation (Table 4). Even though most services are institutionally organized under ASA, each benefit requires a specific and independent procedure (usually supported by a specific piece of legislation). Therefore, the same individual must apply for different benefits (for which supporting documents are likely to be different), and as such be subject to different assessments (required for the allocation of allowances to beneficiaries) as well as different payment schemes.

Table 4: List of current procedures/assessments to access social benefits

Procedure	Description
Benefits for children	
Risk assessment	Application, document checks, social inquiry, meetings and home visit, document review
Procedure for granting family allowances	Application-declaration and attached documentary evidence, document checks Social assessment of underage mothers.
Procedure for granting prevention and reintegration benefits	Declaration with attachments; the plan serving as protection measure must also be attached.
Procedure for granting monthly or one-off social benefits	Application with attachments; social assessment and inspection visit
Procedure for granting targeted benefits for the integration of people with disabilities	Application-declaration and attached documentary evidence, document checks, social assessment,
Procedure for granting heating benefits	Application-declaration and social inquiry
Benefits for adults and the elderly	
Procedure for granting social pensions	Application with attachments, optional expert medical assessment if necessary
Procedure for granting monthly or one-off social benefits	Application with attachments; social assessment and inspection visit
Procedure for access to integration supplements and targeted benefits for people with disabilities	Application-declaration and attached documentary evidence, document checks, social assessment,
Heating benefits	Application-declaration and social inquiry
Procedure for access to social services	Application with attachments, social assessment.
Procedure for access to hospital treatment allowances for poor persons without health insurance	Application filed by the person and the hospital providing the treatment; social assessment of the circumstances.

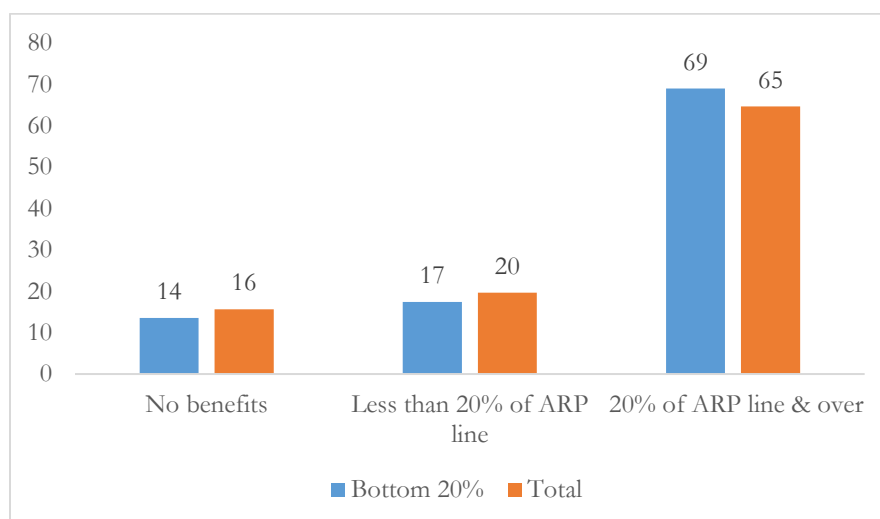
Source: WB staff analysis based on existing legislation and regulation.

Size and coverage of social benefits are rather low, undermining their impact in reducing households' vulnerabilities. Overall, total cash benefits (contributory and non-contributory) amount to less than 13 percent of GDP, a small share compared to the EU28 average of 18 percent social protection spending in relation to GDP²⁰. In 2014, total non-contributory cash benefits were equivalent to 1.4 percent of GDP, out of which about 45 percent were means-tested. Half of the cash benefits consist of allowances under family and child benefits (both categorical and means-tested as well as periodical and lump sums). About 75 percent of the categorical cash allowances are old-age pensions and disability allowances. Spending on means-tested benefits in Bulgaria is also rather low when compared with EU Member States. Amounting to about 0.8 percent of the GDP in 2014, Bulgarian spending corresponds to a quarter of the average of the Euro area (3.1 percent of GDP) and is only higher than that of Romania, Hungary, Estonia, Latvia, and Lithuania.

The social benefit system shows considerable gaps in coverage. In Bulgaria, about 16 percent of households do not receive any social benefit (see **Error! Reference source not found.**5) and 14 percent of households belonging to the bottom income quintile are not recipients of any cash allowance. This means about 75,000 poor households or about 300,000 individuals) are out of the social benefit system. Additionally, about 17 percent of poor households receive transfers equivalent to less than 20 percent of the at-risk-of-poverty line (ARP), meaning that these households may be highly vulnerable to shocks affecting their income. While the average share of social benefits in household's consumption is over 65 percent among the poorest 20 percent of the population, it falls to 14 percent when excluding social pensions and survival allowances are excluded.

²⁰ Bulgaria has one of the lowest level of social protection benefits (contributory and non-contributory) in the EU, only higher than Estonia and Romania (Bogdanov, G, B. Zahariev & L. Georgieva (2015)).

Figure 5: Proportion of households receiving non-contributory and contributory social benefits



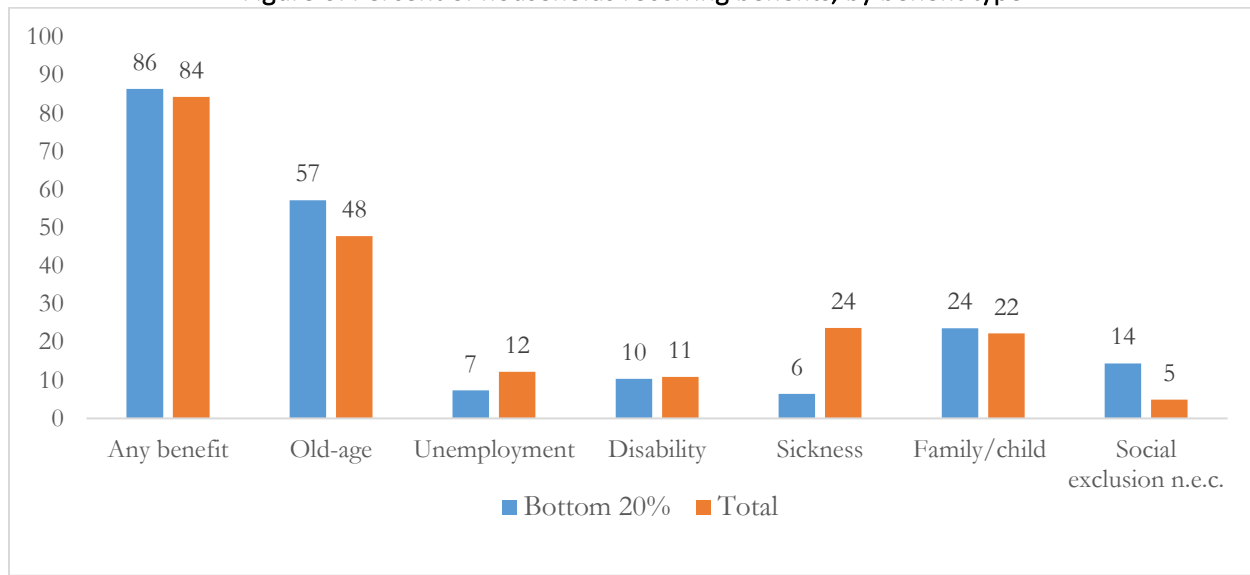
Source: WB staff calculations on EU-SILC 2013.

In general, the Bulgarian benefit system shows that there is scope to improve its *progressivity*, as the average proportion of all Bulgarian households receiving any kind of support (84 percent) is fairly similar to that found among the poorest income quintile (86 percent) (Figure 6). Moreover, with the exception of old-age pensions and social exclusion n.e.c²¹, benefits, cash allowances are either neutral (with the same share of the bottom 20 percent receiving disability and family / child benefits as those in the general population) or regressive (with a lower share of the bottom 20 percent receiving unemployment and sickness benefits than average). Furthermore, while the proportion of households from the poorest 20 percent of the population receiving only one social benefit is higher than the average (60 vs 52 percent), the opposite is true for households receiving more than one benefit where the proportion of poorest families is below the average (27 vs 32). It is estimated that over 40 percent of social benefits are received by households from the three top income quintiles.²² As a result, the average amount of social benefits per household in the bottom 20 percent of the population is equivalent to only 70 percent of the average annual benefit in Bulgaria, meaning that poorer households generally receive a lower level of support from cash benefits.

²¹ Not elsewhere classified.

²² World Bank (2015).

Figure 6: Percent of households receiving benefits, by benefit type



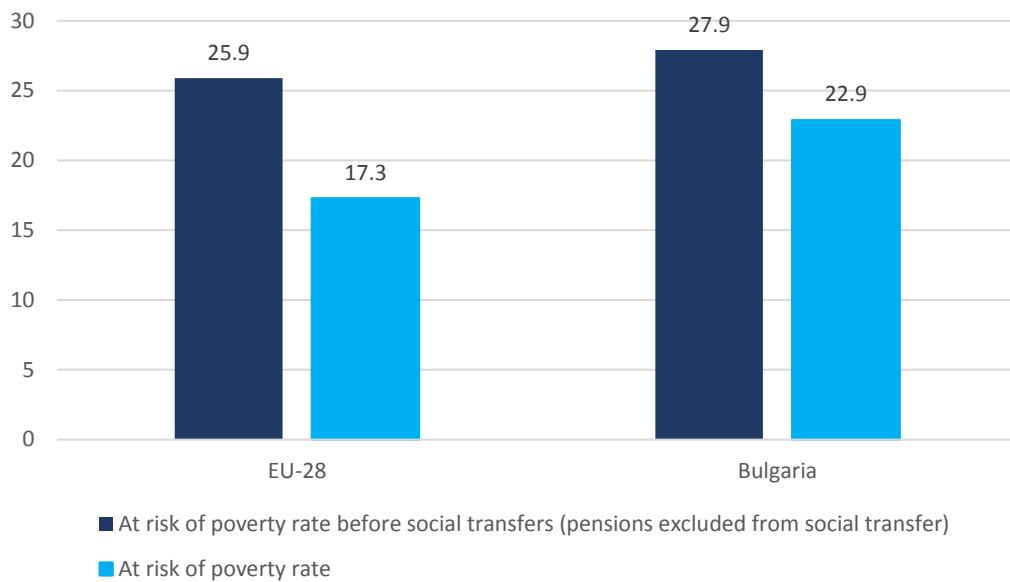
Source: WB staff calculations on EU-SILC 2013.

Additionally, the social benefits system lacks strong and adequate mechanisms to link cash benefits with services and labor market participation. Regarding possible links with essential services, some benefits have conditionalities to promote school attendance - as is the case with school attendance being linked to some family and child benefits. However, compliance with conditionalities is both not monitored and enforced and lacks assessment to inform policy decisions. Regarding possible synergies between social benefits and labor market participation, there is no evidence that the social benefits system is either linked to active labor market policies or include measures to (at least temporary) support in-work poverty to avoid disincentives to find jobs or income generating activities.

As a result of low generosity and progressivity as well as gaps in coverage particularly among the poorest, the impact of social benefits in reducing poverty or at-risk of poverty is consistently lower and well behind the average of the EU (Figure 7). While in the EU28 social transfers are estimated to have prevented an increase of the rate of at-risk-of-poverty (AROP) by about 8.7 percentage points in Bulgaria the impact of social transfers on the AROP rate is only 6.4 percentage points. According to Eurostat data, in terms of contribution to reduce AROP(E), Bulgaria has the third least effective social benefits system (only better than Italy and Greece)²³.

²³ Bogdanov et. al. 2015.

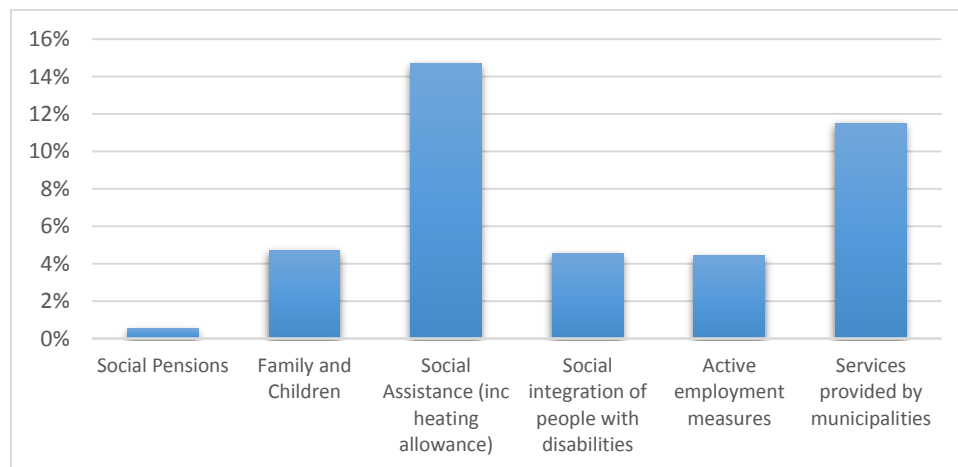
Figure 7: At risk of poverty rate EU28 and Bulgaria, 2016



Source: Eurostat

Finally, there appears to be room to improve the cost-efficiency of the existing structure of benefits for both users and administration. On the one hand, the private cost of accessing social benefits (that is, the cost eligible families must incur to receive specific benefits) is likely to be rather high and the process burdensome. As discussed above, the same family (or individual) is subject to different assessments to be eligible for different benefits that in most of the cases collect the same information from the beneficiaries. On the other hand, the administrative costs of non-contributory social benefits range from an average of 3 percent for allowances related to disability to 11 percent for those related to social exclusion. In total, expenditures in different than benefits (in kind and cash) reach almost BGN 120 million in 2015 (Figure 8). Regardless of how high they are, there is scope for reduction of administrative costs. The level of fragmentation of benefits, along with the fact that they are ruled by different laws and guidelines, implies that each set of benefits has separate administrative costs even if they target the same group (e.g., children), as well as parallel processes for assessment, eligibility determination and selection of beneficiaries.

Figure 8: Non- benefit expenditure, 2015



Source: ESSPROS

To summarize, while in principle the social benefits system in Bulgaria is designed with a scope to address all groups in need and those with specific vulnerabilities, it shows significant gaps in coverage, as well as fragmentation and duplication of benefits. It is also rather regressive, and there is room to improve cost-efficiency both for the government and for the client. As a combined result of the aforementioned issues, the social benefits system has a lower impact compared with other systems in the EU, which points to a considerable scope to improve efficiency and effectiveness and be a tool to support families to escape poverty and social exclusion. Finally, the social benefit system is not always straightforward for the users which might create difficulties in accessing it, burdensome for both administration and beneficiaries.

4. Improving access and outcomes of essential services and social benefits: Options for Bulgaria

Bulgaria has developed a system of services and social benefits intended to support all vulnerable groups in the country and substantially contribute to reduce poverty and social exclusion. However, the findings of this analytical work suggest that neither of these two goals have been fully achieved. Many families are not accessing available services and benefits or the support they are offered is not necessarily adequate to their needs. As a result, the extent to which services and benefits reduce poverty and social exclusion is substantially lower in Bulgaria when compared with the average of the EU countries. The findings of this report suggest that because of multiple and overlapping legislation and regulations, a set of operational, managerial and budgetary practices have been triggered making the system of essential services and social benefits fragmented, with weak coordination mechanisms and little incentives to integrate and innovate to improve service delivery. On the contrary, the system of essential services and social benefits have become increasingly difficult to access by users, unresponsive to emerging complex needs and ineffective in reaching some groups of the population. This leads to substantial coverage gaps and shortages in service provision.

The Government is aware of these challenges and is currently working in a number of initiatives to improve access and provision of services²⁴. Nevertheless, while these legislative and regulatory initiatives may help to tackle some aspects of fragmentation, they are being developed without effective coordination mechanisms between the ministries responsible (Ministry of Labor and Social Policy, Ministry of Health, Ministry of Education). Improving access to and delivery of essential services and social benefits requires a holistic approach, therefore, the current moment constitutes a unique opportunity for the Bulgarian government to improve access to and quality of benefits and services, in line with EU recommendations²⁵. According to the EU Social Investment Framework, services and benefits have the potential of empowering population throughout their life cycle so they can enhance their capability to address risks and adapt to different options and working conditions and therefore enhance their opportunities to be socially included.²⁶

²⁴ The Government is leading discussions around two key new regulations (i) a new standalone Social Services Act (SSA) as part of measures to improve efficiency and effectiveness of service delivery and an opportunity to consolidate the legislation and develop a coherent regulation of social services for better provision; and (ii) an Ordinance to regulate the provision of integrated medical and social services. Additionally, the Ministry of Education is also leading an initiative to support young children access education through a multi-disciplinary intervention, and the Authority for Employment under the Ministry of Labor and Social Policy is scaling up an integrated approach to support unemployed and inactive population through integrated employment and selected social services.

²⁵ The European Commission's 2018 Country Specific Recommendations reiterate that social service provision in Bulgaria continues to be weak, and shows incomplete integration with other services.

²⁶ Kozovska, K. (2012)

EU Social Investment Framework Pillars

Pillar 1 –sustainability and adequacy of social systems is based on (i) better targeting policies on benefits and services, (ii) simplification of administration for benefits and services to facilitate access to users, (iii) improving efficiency of social spending, and (iv) increasing efforts to reduce error and fraud

Pillar 2 -seeking to activate and enable policies through targeted, conditional and more effective support, is based on the approach of integrating benefits and services to enhance people’s capacity to participate in the social and economic life of the society.

Pillar 3 -support individuals throughout the life cycle by targeting policies to the various risks that people face during their lives.

(Kozovska, K (2012) and Fransen, L (2012)

There is an increasing trend across Europe to explicitly link benefits and essential services to create synergies, avoid dependency on low income families’ allowances, and promote labor market participation²⁷.

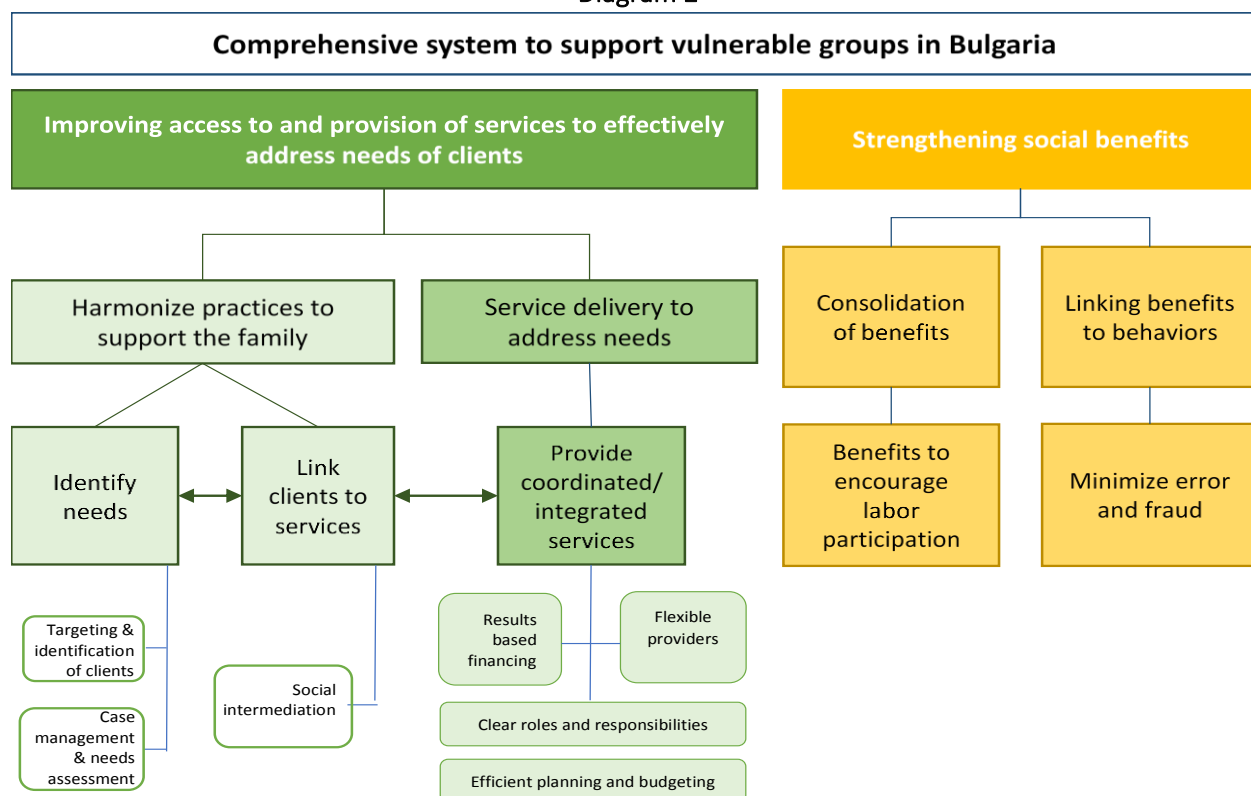
A recent review of service provision in the EU indicates that in order to facilitate access to support people needs, member states are advised to work on better integration of social benefits and services to reduce poverty and support social and labor integration²⁸.

This section proposes a set of policy options, measures and approaches aimed at informing Government’s efforts to address the main challenges and barriers preventing essential services and social benefits from assisting all vulnerable groups with the right support in a timely manner. The policy and programmatic options suggested in this chapter follow the approach according to which there are clear synergies at two interlinked levels: (i) between social and other essential services (education, health and employment) and (ii) between essential services and social benefits (Diagram 2). This is in line with the European Pillar of Social Right’s emphasis of access to social and other essential services and the integrated approach of the EU Social Investment Framework.

²⁷ Some countries which has moved towards the integration of services and benefits at different levels include, inter alia, Portugal’s Social Integration Benefit, UK’s Universal Credit and Job Center Plus, Norway’s NAV reform; Italy’s Guarantee Minimum Income or the proposed Romania’s Minimum Inclusion Income. For a recent review of European experiences in service integration involving recipients of minimum income, Budapest Institute (2018)

²⁸ Lara Montero, et. al (2016)

Diagram 2



Even though the options proposed below seek to improve access and provision to all vulnerable groups, the report pays particular emphasis on services and benefits for the poor and marginalized population because these groups are usually the most difficult to reach and support, and therefore are at the core to achieve the European target to reduce poverty and social exclusion. As discussed in Chapter 2 and Annex II, coverage gaps of both services and social benefits usually affect these groups disproportionately and therefore it is the main reason why the impact of social benefits in poverty reduction is lower in Bulgaria than the EU average.

4.1. Improving access to and delivery of services

The overall objective of the essential services reform is ensuring that vulnerable groups have access to the adequate set of services and benefits to address their specific needs²⁹. International experience shows that this approach may require actions in two interlinked broad areas: (i) Harmonizing access to services and benefits to support the family as a unit and effective link users to services, and (ii) providing services tailored to the needs of vulnerable families and individuals.

²⁹ As discussed above, the authors of this report are fully aware that under the existing legislation, provision of essential services should be accessible to all Bulgarians and not only for poor and marginalized households. However, as the report demonstrates in previous sections, poor and marginalized families are more likely to be among those without adequate access to services. Therefore, the recommendations of the report, where appropriate, are focused on improving access to poor and marginalized population without detriment of access to all individuals. According to the Ministry of Labor and Social Policy, changes envisaged in the Social Services Act (in particular, the needs assessment and planning of normative criteria at the state and municipal level, which is done in conjunction with the development of a National Service Map) will identify the needs of all communities, including those of the most marginalized and vulnerable groups.

4.1.1. Harmonization of services and social benefits: enhancing access and integration

As part of the efforts to improve effectiveness of service delivery and social benefits to better address the needs of the Bulgarian population, the Government may consider introducing *measures to harmonize service management and delivery* at different levels from identification of users to direct ongoing support and service delivery focusing on the family as a “client unit”. There are three general areas in which harmonization of service provision can be improved: selection and registration of users to ensure that those families and individuals living in poverty and social exclusion have access to services and benefits, case management to better identify the needs and risks families and individuals face, and effective intermediation to facilitate access to the right (coordinated / integrated) essential services at the right time.

The proposed options to harmonize the system of essential services and benefits in these three areas is based on the family as a target unit. This will provide a comprehensive approach to the family situation and dynamics and help adjust service delivery to address specific needs (at both family and individual levels).

Targeting and registration. Harmonization of services requires the implementation and institutionalization of two key practices. The first suggested practice would be shifting the focus of identification of service users and needs assessment from the individual (e.g., children at risk, adults with disabilities, unemployed, etc.) to the family as a unit. This approach may provide a comprehensive view to better detection of risks and vulnerabilities for the family and its members. Usually, risks faced by different family members are interrelated and therefore addressing them may require a single but comprehensive assessment of the family. Using the family as a unit for identification and assessment have the potential to contribute to a more efficient process of identification of needs, linking families and individuals to adequate services and social benefits as appropriate, and in general providing a more effective support to the family as a unit as well as individual needs family members may have. To achieve these goals, the role of social workers and the scope of case management will be at the core of the strategy³⁰.

The second set of practices suggested as part of making targeting and registration more effective, is related to the introduction of a systematic and active approach to identify users through proactively searching for families needing support from essential services³¹. This practice would complement the current registration process based on the demand-for-support (or walk in) at the individual level. This approach will allow essential services and social benefits to assist all groups with vulnerabilities, by using diverse tools (for example, combining poverty maps with case management and means tested mechanisms). This practice will also facilitate early detection of risks, which may help to provide better and less expensive support, including preventing the actual happening of risk.

Moreover, actively searching for users of services will allow providers to better reach the most vulnerable and marginalize families, who usually face more difficulties in accessing services. This will allow the Government of Bulgaria to develop an effective tool that will facilitate reaching the Europe targets by supporting the poorest and marginalized groups and promoting social inclusion³². Specifically, to reach the

³⁰ Targeting families instead of individuals has been a common practice in European countries to provide a better and tailored support. Some examples are the Troubled Families program in the UK (Department for Communities and Local Government (2012)), the Family center approach in Norway, Sweden and Denmark (Kekkonen, M., et al (2012)). Similar approaches have been developed in Poland, Italy and Canada (OECD, 2015). A more general approach for the EU can be found in the Parenting support approach (European Commission (2013)).

³¹ The recent launch of the intersectoral mechanism for targeting and sustaining the enrollment of children in compulsory school age in Bulgaria demonstrates that systems are matured to apply and coordinate such approach. What is important is to use this first step as a platform to develop and sustain the pro-active approach as a key element of the new system targeting essential services.

³² Poverty reduction is a key policy component of the Europe 2020 strategy, particularly through the European Platform Against Poverty and Social Exclusion Flagship Initiative. (<https://portal.cor.europa.eu/europe2020/Pages/Flagship%20Initiatives/European-Platform-against-Poverty-and-Social-Exclusion.aspx>)

poorest and marginalized, the implementation of an objective targeting system may require developing additional tools to complement the work of case management and social workers and enhance government capacity in this area. For example, developing a service mapping tool to assess existing supply, complemented with an exercise of mapping marginalized and vulnerable families as well as verification methods would be a step forward towards that goal. Furthermore, identification and registration of beneficiaries may be conducted in an evidence-based manner; for example, by drawing on administrative or survey data.

Case management. Implementing preventive practices under a family focus approach to identify and register users of services requires an efficient, effective and systematic approach for case management. A critical objective of the case management system, along with social intermediation (see below), is reaching the poorest and marginalized families, work with them on an ongoing, one-on-one and intensive approach, and assisting them to access services and receive applicable benefits, so they are socially included and able to autonomously and seamlessly use available services as necessary. Bulgaria has a long experience of case management of social work (see Annex V) in some specific sectors, and therefore is in a good position to upgrade, harmonize and improve effectiveness of social work and case management.

Accordingly, this report proposes an adjustment of case management practices to achieve three broad objectives: (i) support the system of essential services to better select users and identify their needs and risks; (ii) support users through a range of services from general information to personalize support to ensure that they took advantage of available services that address their demands, as well as social benefits they are entitled to received; and along with social intermediators (iii) facilitate the link between users and services and monitor progress. In achieving these goals, the Government may consider revising the role of social workers and the process and scope of case management from three perspectives.

- Consistent with the proposed approach to identify and register users of services proposed above, the focus of case management activities³³ may need to *shift from individuals to families*, through three sets of actions: (a) conducting single client assessments at the family level to detect all risks and determine the services and social benefits families are entitled to; (b) providing personalized support at the family level to address identified needs (e.g., regular home visits, individual counseling, agreement of co-responsibilities with families); and (c) monitoring families' situation, and following up as needed. This approach may consider a partial integration of case management by merging the existing three or more modalities (not only those detected through the existing assessments for children at risk, unemployed and education, but others including inactive working-age members, disabled as well as risks affecting the family as whole such as poverty or family dynamics).

Under this approach, a *single needs assessment* should be able to detect all risks the family is facing and a more coordinated support could be provided. The needs assessment is conducted to better identify the level of risks families and individuals are exposed to (e.g., level of disability, children at risk, children out of school, etc). In doing so, the needs assessment methodology may have to be reviewed based on objective criteria to allow case management teams identifying family needs more accurately and connect them with the support they need. In addition, a regular case review to follow the progress is also required to better track progress and address possible issues and challenges. The existing diverse instruments and rules for specific assessments of beneficiaries can be aligned and develop to (i) allow objective assessment and linking the family members to the

³³ International best practices indicate that case management activities can be conducted not only by social workers, but - depending on the needs and size of localities, - also by multi-disciplinary teams. In Bulgaria, the role of the social workers is to make an initial assessment of the person's needs and direct him / her to a social service in accordance with the identified need. Case management is only introduced for specialized social services.

appropriate services; and (ii) gate keeping the system from abuse for which the collaboration between sectors should be enhanced and coordinated. A point of consideration is the preparation and implementation of family plans elaborated on the basis of the needs assessment³⁴.

- To deliver better services to the target group, case management activities may be based on *outreach activities* and, for selected groups of families, *regular home visits*. This approach would (a) strengthen preventive support, rather than reactive (or taking action only after the problem is present), which may help to early detection and prevention of risks and thus provide more effective and tailored support as well as timely referral as necessary; (b) enable social workers to play a key role in reaching, and registering poor and marginalized families, and identify risks and family goals to follow up on and to support family behavior; and (c) enhance capacity to implement the practice of regular home visits and ongoing monitoring of families' progress towards overcoming issues and challenges previously identified to improve quality of life.
- Ongoing *monitoring of supported families* is at the core of the successful implementation of case management. For a selected group of particularly vulnerable and socially excluded families, social workers' functions may include developing measurable and trackable goals and activities with the families they are working with (through instruments such as family plans, as described above) in order to (a) support families to carry out activities and change behaviors as necessary; (b) closely monitoring progress to change support or provide additional advice as necessary; and (c) systematizing monitoring of families progress including after they have achieved their goals and overcome identified risks and vulnerabilities.

Improving the effectiveness of the case management model would require adjustments in several areas, including (i) a thorough revision of social workers functions and procedures; (ii) development of a model of intervention to define the minimum standards under which families are expected to autonomously use services, achieve social inclusion and overcome barriers preventing them to leave poverty; (iii) update existing or introduction of new outreach activities provided either by mobile teams which may also involve as necessary essential services professionals/case managers integrated to the existing administrative structure; (iv) revision of the operational manual and methodological guidelines of social workers and case management to ensure an adequate balance between administrative, mobile and home visits, and actual case management activities; and (v) development of a plan addressing the need for enhancement of the workforce capacity and career development, including regular training and re-training and adequate set of incentives.

Social intermediation. The findings of this report show that in many cases users find it difficult to navigate the available network of (particularly social) services. This is usually the result of lack of information and guidance vis-à-vis a supply of services which are not always well coordinated. Therefore, there is need to complement the efforts to better select families and identify their needs, with adequate links to the service(s) that better address their needs. To complement case management (or as part of case management responsibilities), activities and services directly provided by social workers (e.g., family or individual counselling, psychosocial support) there is need to streamline a comprehensive social intermediation service to enhance access to and provision of coordinated services³⁵. To implement effective

³⁴ Under this approach, extensively used in Latin America (including inter alia, Brazil, Chile, Colombia, Peru) and also in Europe (e.g., UK's Troubled families) and other OECD countries (e.g., Australia's Family Support program, New Zealand Strengthened Families), the case manager and the family formally agree on a set of actions, behaviors, benefits and support to explicitly address the needs and risks previously identified through the single needs assessment.

³⁵ For the purposes of this report, Case Management varies by type of social program but can include: managing and monitoring beneficiary participation and compliance with any conditions of participation or behavioral requirements; updating or revising of benefits or service package; communicating with beneficiaries; making referrals to other benefits and services; and extending or closing case as needed. Social Intermediation is the process of informing citizens of a range of benefits and services relevant to their

social intermediation, the Government may consider enhancing the role of social workers to establish a coordination mechanism with available services to:

- Accurately *identify the service* (or combination of services) that match each family and its individual members' needs; therefore, staff responsible for social intermediation should either be the same carrying out the case management activities or work with him/her as a team;
- *Establish a network with the available services* to have a comprehensive knowledge of the type of services and benefits that can be provided and ensure that requirements a family or an individual need to access services are properly and timely complied with.
- *Support eligible families and individuals to access services* from different perspectives: (i) assist them to access the entry point to the service system; (ii) help them "navigate" the system when more than one service is required by providing accurate and timely information, and assist them to access different services efficiently; and (iii) serve as focal points for families to help them address any issue related to service provision.

To carry out these activities, social workers or mediators need to know very well, on the one hand, what families' needs and behaviors are, and on the other, the available services and the requirements these services have to grant access to users. For these reasons, social intermediation is usually integrated to case management. Furthermore, social intermediators not only need to be formally trained staff (usually social workers), but also, depending on the workload, in some cases may play both roles -case manager and social intermediators. Therefore, a proper social intermediation services requires the active participation of local authorities to facilitate coordination and consolidate the networking system which allows intermediators to do their job³⁶.

needs and directing them to the corresponding access point, based on agreed protocols with service provider agencies, sometimes with agreed development "contracts" to help them overcome multiple socio-economic barriers. (World Bank (2016)). Under the existing legislation in Bulgaria, the role of social workers from the Social Assistance Directorates is focused only on information and counseling related to social services. Therefore, as mentioned above, this report proposes a review of the terms of reference, functions and scope of responsibilities of social workers so as to ensure integration in the support provided to particularly vulnerable families. Currently, in Bulgaria, social intermediation – including family and individual counseling, psychosocial support etc. – is an atypical function and does not fall within the remit of social workers in the Social Assistance Directorates.

³⁶ Countries throughout Europe have developed policy frameworks to support families through integrated approaches combining case management and social intermediation. Some relevant examples are Sweden's Social Services Act, Finland's Social Welfare Act, France's County Family Support Plan, or UK's Troubled Families program (Lara Montero, et. al (2015)).

Chile Solidario (case management and social intermediation services)

The Government of Chile implemented *Chile Solidario* (CS) as a flagship anti-poverty program in the early 2000s. CS targeted the poorest 5 percent of the population as this group of households were not only extremely poor, but were alienated from the available social services which were potentially available for them. As a result, these group of the population remained poor regardless economic growth or available social programs in the country. The program was based in two components:

- On the demand side, home visits carried out by social workers to provide intense psychosocial support and assist households to autonomously participate in and benefit from available services and benefits. Psychosocial support consists of personalized direct support for up to two years, provided by trained professionals. Case managers also assist families with the procedures for the respective benefits (cas) to which households are entitled to. Families in the program also receive a monetary bonus whose amount gradually decreased along the two-year intervention.
- On the supply side, the program support coordination of available services to better match the needs of the households. Program's beneficiaries have priority access these social services, for which the program establishes assistance agreements with providers (e.g. free access to health services, preferential access to training programs, preferential access to small business support program, etc.) (Hoces de la Guardia F., et al (2011))

Based on a rigorous impact evaluation, the program has proven to be very effective mechanism to (i) increase in-take of available social benefits (beneficiary households are likely to have increased in-take of the main social cash allowance by 18 and 22 percent 2 and 4 years after enrollment in the program; (ii) strong impact on increased participation of beneficiaries in employment programs offered by the state; (iii) promote employment of married women. (Carneiro, et. al (2015) .

4.1.2. Enhancing integration and coordination – introducing results-based practices to service delivery

Planning, financing and management social services in Bulgaria are currently based on existing capacity (input-based). This approach severely limits the capability of providers to reach actual demand for support, creating inefficiencies, increasing costs for administration and users, and undermining the support system to reduce poverty and social exclusion in a sustained manner. The Government is aware that there is significant scope to improve service delivery to better addressing demands from the Bulgarian population, with special emphasis to vulnerable groups and those living in poverty and social exclusion. In this framework, the second set of policy and program options proposed in this report to enhance access to and delivery of services is related to improving coordination and integration of services delivery. Improving coordination and integration to better address the needs and demands poor, socially excluded and vulnerable groups of the population can be achieved through the implementation of results-based practices.

As explained above, the integration and coordination of services is increasingly used across European and OECD countries³⁷. In Europe, the Social Investment Package adopted by the European Commission and endorsed by member states has the integrated of high quality and personalized services at the center of the overall goal of supporting people to enhance skills and be socially included and take opportunities to improve their living standards. However, in order to better integrate and/or improve coordination of services, there is need to ensure that the building blocks for such an approach are in place, including,

³⁷ Lara Montero, et. al (2015), OECD (2015), Budapest Institute (2015, 2018)

planning and budgeting, adequate funding options, flexible service provider, and a balanced distribution of roles and responsibilities between levels of government.

Planning and budgeting to support a results-based approach. The social services system needs to address the existing situation in which funding of services is based on existing capacity as opposed to needs in terms of existing and potential users of services. In doing this, the Government may consider introducing a shift of the management and financing of services processes from inputs- (existing “building” capacity and current staff) to outcomes or results (current and potential demand for social services). Under this approach, the expansion and funding of services would be estimated based on the number of current and potential users of services. To implement this approach, as a first step the Government may consider a number of actions:

- Developing a *medium-term plan for the expansion of available services* based on objective information, accurate and updated demand-side estimates at the local level as well as supply-side assessments (or service mapping), poverty maps and maps of marginalized areas. This plan will assist decision makers to gradually expand/plan service provision either through delegation of the implementation of local authorities or outsourcing to private and non-governmental providers.
- *Streamlining the planning and expansion procedures* to provide local authorities clear guidelines, targets and policy direction complemented by adequate autonomy to apply funds and services provision. This may require some adjustments to the allocation of roles and responsibilities between central, regional and local authorities, as explained below.

Introducing innovative options for funding services following results-based approaches. Funding services based on the performance of service and measurable results³⁸ seeks to enhance access to and delivery of services using incentives and rewards. In general, Results-based Funding (RbF) approaches are intended to, inter alia: (i) create incentives for results, (ii) transfer part of the risk of service delivery from the Government to non-public service providers, (iii) increase ownership at the service provider level, (iv) enhance flexibility and give additional room for innovation, (v) introduce rigorous verification of results; and (vi) provide clear transparency and accountability lines³⁹. Results-based funding approaches has the potential of introducing additional flexibility to the provision and delivery of essential services by facilitating cooperation between the public sector and the private sector, NGOs and civil society organizations.

Two main characteristics of RbF are, on the one hand, that payments for service delivery are based on achievement of results; and on the other, that the link between the payment and the desired results are previously defined and agreed (usually in a contract)⁴⁰. Accordingly, moving towards this approach requires shifting funding of services from the current input-based modality to an output- or outcome-based approach. This in turn means that funding of service delivery is linked to performance specifications in terms of outputs (eg. what is delivered, measures of service volume, units of services), and/or outcomes (medium- and long-term effects, results and impacts) and/or quality (timeliness, quality of services, reliability etc.)⁴¹. In Europe, the utilization of results-based to fund for innovation is increasingly used as part of a broader strategy to introduce efficiency and innovation in the provision and delivery of essential services⁴².

There are different approaches to introduce results-based financing in the implementation and delivery of services for poor and vulnerable groups. The Government of Bulgaria may consider exploring one of the following options to gradually introduce RbF options in selected services:

³⁸ Also known payments for results, performance-based financing, output/outcome-based financing, etc.

³⁹ Sida (2016)

⁴⁰ Sida (2016)

⁴¹ Martin, L. (2005)

⁴² Social Innovation in Europe (2014)

- *Output-based financing (Payments for results)*. Under this approach, payments to providers responsible for delivering services are set on pre-agreed results, which may involve a set of activities and/or packages of services to be delivered to specific target groups. Even though financing subject to performance may involve all funds for services delivery, it is a much more common case wherein a certain level of up-front funding or partial input-based financing is included. In the latter situation, which depends on location of services, type of services and size of the potential demand, only part of service delivery would be subject to results. In the essential services area, this approach has been implemented in health, education, and early childhood development services⁴³.

Results-based financing (RbF) of essential services in US

The United States has been using results-based financing since the 1990s to deliver essential services. States use RbF to deliver health services, education, job placement, preventive services addressing drug abuse, rehabilitation, and general family welfare. The utilization of partial RbF is very common, under which there are up-front fees or selected expenditures are paid under input-based. There are other forms of performance-based in which renewals of contracts to service providers is based on outcome or output based results.

In some states, child services are also provided under RbF approaches. In a set of interventions in some states, for example, service providers received a one-time up-front fee per child, and were then required to provide all services to the child until s/he exits the service and the case is closed (outcome). An evaluation showed that the outcomes usually exceeded contract requirements. Further assessments, however, also show that a successful implementation of the approach requires a very accurate analysis of service providers' capacity to deliver, well developed accounting systems at the provider level, as well as well-developed quality standards. (Martin, L. (2002)

- *Social Impact Bonds (or Payment for Success)*. A more recent approach, mostly used in middle- and high-income countries is the implementation of financing schemes under which non-public organizations provide necessary investment to a provider to deliver services, and the public-sector agencies repay non-public organizations the allocated investment, plus a financial return if evidence shows that results have been achieved. Mostly used in the UK, social impact funds are increasingly adopted by other countries and endorsed by the European Commission and the European Parliament as efficient options to improve results of enhance funding for essential services⁴⁴.

Regardless of the approach used, defining a results-based financing modality requires rigorous analyses to ensure that the system is fair and sustainable, including (i) accurate and regular identification of needs, (ii) adequate expenditure standards, based on the demand for services (e.g., number of users, level of complexity, accessibility and local capacity, and (iii) a very well-developed monitoring system to track results achieved on the field accurately and in real time.

⁴³ For instance, since 2010, Payment by Results investment schemes have been operational in Finland to fund positive social outcomes for vulnerable groups. They work by building partnerships between social service providers government agencies at local, regional or national level, or even the private sector. European Commission, Press Release, June, 2017, downloaded from <https://ec.europa.eu/commission/commissioners/2014-2019/>. In the UK, the Government have used RbF (payments by results) to fund public services for a long time, including services to support young children, families with multiple problems, young offenders and employment (National Audit Office (2015)).

⁴⁴ Davies, R. (2014), Diesis Coop and Sefea Consulting (2015). See also Dermine, T (2014). For experiences in Europe and other developed and development countries, please see Gustafsson-Wright (2015, 2016, 2017).

Social Impact Bonds: global examples

Social impact bonds (SIB) are a results-based form of social impact investment. Usually, non-governmental investors provide capital to launch or expand innovative social services that provide a public good. If the expected social benefits are achieved at the end of a given period, investors receive back their capital plus a rate of return (negotiated with public authorities and varying with the level of results achieved) (European Parliament, 2014).

In the UK and US, Innovations Funds have been created within the Department of Works and Pensions and the Department of Labor respectively. The funds were created to pay for improved employment outcomes for young people (in UK) and programs focused on employments and training outcomes (in the US). (Center for Global Development and Social Finance Ltd. 2013)

The UK developed as part of its innovative fund to support youth at risk the rate card through which the Government prices different expected outcomes. For instance, Improved behavior of youths at school (measured by a letter from the teacher): GBP 800; Entry into first employment including a training element: GBP 2,600; Entry into sustained employment: GBP 1,000, etc. The outcomes and the prices for each one had been developed through extensive research of the costs savings of reduce remedial assistance (e.g., employment benefits) (Gustafsson-Wright, E. et al 2015)

In Colombia, the Workforce Development SIB is an initiative sponsored by the Government of Colombia (about 50 percent of the outcome payment), the Inter-American Development Bank and the Swiss Agency for Development and Cooperation. The initiative involves three different SIBs and additional two components on market building and dissemination. The first SIB targets difficult-to-place populations through interventions to ensure long-term employment outcomes. The SIB finances measures such as skills training, psychosocial support and intermediation services for formal placement and retention of beneficiaries. The outcome metrics are job placement (50 percent), 3 months' retention (50 percent) plus additional bonus for 6 months' retention (10 percent). (Gustafsson-Wright, E. et al, 2017)

In Canada and Australia, SIB schemes are under implementation to support families and children. Expected outcomes are reduction of children in foster care (both countries), prevention of at risk children entering care (Australia) and increased number of children returning to their homes (Australia). Regarding other services for young children and mothers, a recent study indicates that as of December 2016, 69 SIBs were operating to provide services to children in their early years, finance child welfare related to keeping families together and adoption, and maternal and early child outcomes. (Gustafsson-Wright, E., et al, 2016)

Outsourcing provision of services. Provision of social services in Bulgaria is under the responsibility the Government, organized and provided locally, while delivery can be carried out directly through public providers or by outsourcing it to private and non-governmental agents. This approach has the potential to improve quality of service, introduce innovative approaches for delivery, including integration of services, and better cost-benefit ratio. The introduction of results-based funding may provide further scope for outsourcing service delivery, provided that (i) legislation, regulation and methodological and operational guidelines are coherent and organized under a clear strategic vision; (ii) enable the necessary environment to attract and sustain non-governmental agents including improved funding approaches, clear rules, regulations, and accountability mechanisms is enabled; (iii) clear standards for providers for meaningful licensing and for service delivery as well as close monitoring are defined; and (iv) adequate autonomy and scope for local authorities with clear rules and accountability mechanisms, to outsource service delivery with external providers is in place. The preparation of the Social Services Act and further regulations provide an opportunity to carry out thorough assessments regarding the rules guiding existing participation of private and non-governmental providers of services.

Promote service integration. As discussed above, at the core of the measures seeking to tailor service delivery to users' needs and demands is the ability of essential services providers to adequately address multiple and sometimes complex needs of users. A key element to achieve this goal is the implementation of conditions and operational tools to facilitate integration of service delivery as described before in this section. Some of the options discussed in this section are expected to contribute to create an institutional and administrative environment to facilitate coordination, collaboration and integration of services as needed. In addition to developing and implementing models to integrate services to support vulnerable families as a unit, European and OECD countries have also made substantial progress in the integration of services to address specific needs, such as joblessness, child protection, long-term care, homelessness, among others⁴⁵. In Bulgaria, besides the process of children de-institutionalization or the education initiative to ensure that school age children access to schools, the Government may assess, adjust as appropriate and scale up existing initiatives to further integration of employment and social services, health and social care for the elderly and the disabled, and education, health and social services in the context of early childhood development (in all of which the government already has some experience).

Three additional core elements the Government may discuss to increase integration are the following:

- Identification of necessary institutional arrangements to facilitate integration, including central and local level coordination, management and financial and budgetary arrangements;
- Developing conditions for the conformation of multidisciplinary teams and/or one-stop-shops, including, inter alia, skills development of necessary staff, information sharing, institutional arrangements, collaboration mechanisms; and
- Identification/inter-operability of information systems for integrated service delivery.

Operational programs sponsored from European funds can provide an opportunity to pilot and scale innovative approaches in integrated service provision⁴⁶.

Decentralization. Recent experience in Europe shows that moving to models to effectively tailor services to better address demands and needs from vulnerable groups has been accompanied by adjustments or reorganization of the roles and responsibilities between central, regional and local governments⁴⁷. In Bulgaria, in the medium and long-term, moving towards a results-based approach may also require some adjustments of existing institutional *roles and responsibilities between central, regional and local authorities* regarding planning, funding and delivery of services.

- Central government authorities would be responsible for policy direction and overall guidelines for implementation, definition of standards for quality of service provision, expenditure standards, funding (through financing or co-financing) and monitoring.
- Local authorities, as the main responsible for the provision of services, would need further autonomy regarding (i) options for service delivery (e.g., direct provision of outsourcing); (ii) staff (including social workers, as well as other specialized staff) and budget allocation and reallocation to better respond to needs at local level; and (iii) organization of integrated approaches for addressing specific vulnerabilities (e.g., home-based support to elderly and individuals with disabilities). Local authorities are expected to be not only functionally responsible for services but also accountable to users and the community regarding the quality and quantity of services.

⁴⁵ Lara Montero et. al (2015); OECD (2015); Budapest Institute (2015); Mason, A., et. al (2015).

⁴⁶ The proposed Social Services Act is generally in line with the proposed approach to promote integration. It also includes a codification of integrated approach and integral cross-sectoral services to make a distinction between integrated provision and integrated inter-sectoral services.

⁴⁷ For instance, in Sweden, the Adel reform gave local authorities full responsibility for the care of elderly and disable population. In England, the 2014 Care Act also gave local authorities new responsibilities to provide care and support.

- Regional authorities would provide support for the local provision, monitor service delivery and results at local level, and delivery of selected services which may need to be provided at a level above municipalities because of economies of scale and/or their high specialization. The development of a new Social Services Act is a unique opportunity to revise existing allocation of functions and make necessary revision.

4.2. Revamping the system of social benefits

The social benefits system is probably the most powerful instrument the Government has to reduce poverty and social exclusion in the country. However, social benefits system's performance in achieving these goals is less than satisfactory when compared with the average in the EU area or with neighboring countries. Following relevant international lessons in European countries, social benefits are expected to be effective in providing adequate benefit size, fair to support more to those who need it more without creating dependency, efficient to prevent abuse, error and fraud, and linked to social services and families' behaviors to maximize effectiveness. Specifically, recent reforms in the EU member states regarding social benefits are focused on, among others, the following areas, which are particularly relevant for Bulgaria: (i) strengthening the conditionality, particularly related to labor market participation; (ii) setting a more strict eligibility criteria; (iii) simplifying a multitude of different and fragmented schemes; (iv) a reorganization of roles and responsibilities between central and local to decentralize managing functions and centralize regulation; and (v) income support progressively targeted to those most in need⁴⁸.

In achieving the aforementioned objectives, the Government of Bulgaria may consider the following actions:

Consolidation of benefits. As described above, a feature of the social benefits system in Bulgaria is its high fragmentation, which make it confusing for users, expensive for the Government, prone to abuse and double dipping, with gaps in coverage. An option to tackle fragmentation is consolidating some of the benefits targeting similar target groups. Moving towards consolidation of benefits may be based on the following principles:

- *Merging selected benefits* targeting similar groups. Even though further analysis and assessments are needed, a potential approach would be the consolidation of the various means-tested benefits for families and children (regular and lump sums) into a single cash allowance to support vulnerable and marginalized families living in poverty and social exclusion⁴⁹.
- The Government may consider *shifting the allocation of key benefits from individuals (e.g., children) to families* as the target group. This approach would enable the Government to allocate benefits that support the family as the unit of intervention, reducing gaps of coverage for certain individuals, double dipping for others and improving efficiency.
- Also, consistent with the proposed approach for essential services, identification of users and allocation of benefits would follow an *objective targeting mechanism* to reach the poorest and most vulnerable families in the country (e.g. providing poverty maps, revising mechanisms for means-testing, etc.); this option would close existing gaps in coverage and improve effectiveness of the existing benefit system in reducing poverty, inequality and social exclusion.
- *Allocation of benefits to families would be based on an objective formula* capable to reflect: a) level of poverty (objective and accurate means-tested); b) family composition (number of children, adults, etc.) and specific conditions of its members (disability, employment, school age, etc.); and c) other relevant variables such as place of residence (rural, urban), access to public utilities (energy, water, housing); this methodology would allow the benefit system to provide a level of support proportional to income, living conditions and specific characteristics.

⁴⁸ European Parliament -Directorate-General for Internal Policies (2017)

⁴⁹ Such as, inter alia, the cases of UK's universal Credit, France's RSA or Romania VMI (approved but yet to be implemented).

Consolidating rather small means-tested programs into a single program would reduce the information needed to process applications. This, in turn, will reduce the administrative costs of the system, the private costs incurred by beneficiaries (e.g., costs of applying to the program, recertifying, and obtaining the cash payments) and the scope for error and fraud.

UK- Universal Credit (consolidation of social benefits)

Universal Credit is a single, unified system of transfer payments in 2013 to replace six means-tested benefits and tax credits: income based Jobseeker's Allowance, Housing Benefit, Working Tax Credit, Child Tax Credit, income based Employment and Support Allowance and Income Support. UC is a monthly payment for people aimed at reducing poverty in a sustained manner both through increased take-up (since the system is simpler) and from increased reward from employment for the beneficiary; the UC helps smooth transition into work by offering a single benefit that does not distinguish between being in or out of work. By offering a simpler support through one instead of several benefits, the UC reduces administration costs and the propensity for fraud and error.

UC defines the single payment based on family composition, age, and labor status. UC pays extra for each child and for each disabled person (or a person with a health condition or care for an adult who does) living in the household. UC also involves earning disregards to promote labor participation; the cash benefit reduces gradually as beneficiary earn more from work (for every additional \$1 earn from work above the threshold payment will be reduce by \$0.63). Furthermore, the UC alloe beneficiaries to work part time (up to 16 hours a week) and still keep claiming.

UC has strong requirements to seek work, bu8t has a sliding scale of requirements depending on the position of the recipient (for instance, parent with children under 1 have no requirement, only parents with all children at school or beyond are required to actively seek work).

Early results (2015) showed that UC is quite effective in increasing labor participation. (i) Beneficiaries from the UC are up to 6 percent more likely to have been in work within the first 270 days after their first payment; (ii) beneficiaries are likely to work about 12 more days than the control group, in the same period; (iii) there is also a positive impact in earnings (UK Department of Work and Pensions (2015)

Linking benefits to services use and family behaviors. Reducing poverty and social exclusion involves not only the provision of adequate cash benefits to vulnerable families, but also ensuring that families' decisions are conducive to using available essential services and adequate internal family dynamics to develop the human capital of children, address risks early to avoid permanent damage and get socially included. International experience has shown that a well-structured benefit system can be a power tool to promote these behaviors. For instance, the proposed single cash benefit could be partially subject to specific family members' utilization of specific services (e.g., school age children, starting school at the right age or regularly attending school, mothers with infants and young children regularly attending health check-ups and receiving necessary support from the education and health services). Furthermore, counselling and psychosocial support could be supported by temporary top ups to the single cash benefit to encourage families to complete agreed activities and support them in accessing necessary services. Linking services to benefits has the potential to create positive synergies to more effectively address barriers that families face to overcome poverty and social exclusion. This approach might require a shift in the policy regulating the implementation of social benefits⁵⁰.

⁵⁰ The Ministry of Labor and Social Policy has expressed its disagreement with this approach as social services and social benefits are considered as "intrinsically dissimilar". Under the existing legislation and policy, social benefits are passive measures under the guaranteed minimum income (GMI) policy to supplement or replace households' income to meet essential sustenance needs. Under the view of the Ministry, social services are entirely different from social benefits. However, this report considers that social

Encouraging labor force participation. An essential element of any cash benefit is minimizing the risk of creating dependency and discouraging able-bodied members to seek income generating activities and labor opportunities. This is particularly important for the implementation of means-tested cash benefits targeting poor families. International experience in Europe and elsewhere has shown that an effective feature to avoid these risks is by enabling the social benefits system to support in-work poor groups through removing disincentives for social benefits recipients to take up work⁵¹. An approach used in several European countries has been the introduction of earnings disregards as part of the cash benefit formula to define the specific size of the cash allowance. An option to implement this approach could be, for example, that the cash benefit would be able to provide effective incentives for able-bodied members of poor families to get back to work by increasing the eligibility threshold if beneficiaries start working or work more. In practice, this means that households with adults that work will have higher eligibility thresholds than households whose adults do not work. This approach is expected to encourage unemployed persons to get back to work and has the potential to be a good incentive for inactive population to start jobs seeking activities. In this case, the role of case management and employment services is essential in supporting prospective workers by providing guidance, linking them with counselling and additional support⁵².

Preventing error and fraud in the social benefits system. International experience shows that in complex benefits systems, costs due to error and fraud may be over 2 percent of GDP (average of the 23 OECD countries). Errors costs come mostly from (i) staff errors (e.g., excessive staff caseloads); (ii) system errors (failure of payment and information technology system); and/or (iii) because of complexity of benefits and regulations which cause confusion among administration and benefits. Fraud is mostly caused by (i) user dishonesty (e.g., failing to report changes in material circumstances); (ii) exploiting the system (e.g., identity fraud); and/or (iii) complexity of the benefit system (e.g., allowing to make multiple claims).⁵³ Minimizing error and fraud is necessary to ensure efficient use of public funds, avoid political manipulation, and ensure program credibility and public support.

In Europe, several countries⁵⁴ have made substantial progress in developing and implement strategies to minimize error, fraud and corruption in the social benefits system. Following international lessons learned, a relevant strategy to minimize error and fraud in Bulgaria may focus on the most risk-prone programs (usually large cash allowances) as a priority, focusing on prevention, detection, deterrence and monitor. Preventive measures include improving objective verification on eligibility to access benefits, and providing clear and timely information to applicants and in general to the public. Detection may be based on several actions, including, among others, data cross checks (i.e., comparing data held across a variety of data sources), risk-based and random reviews through the implementation of risk-profiling (based on benefits review) and risk-based inspections (social inspections), and carried out by targeted social inspector. Deterrence is based on effective sanctions, which may also include prosecutions and confiscations of assets, as well as measures to influence public attitudes, such as public awareness campaigns.

benefits could provide the dual role as part of the GMI policy and generate positive externalities by linking part of those benefits to household behaviors and essential service utilization, including social services when appropriate. This approach has been implemented in several social assistance systems in Europe and Latin America, and has been piloted in Bulgaria (see footnote 31)

⁵¹ European Parliament – Directorate general for Internal Policy (2017)

⁵² Other options used in European countries link beneficiaries of social benefits to employment and intermediations services (and also complemented by social support -e.g., counseling). Some examples are the UK's Job Centre Plus or the Norway's NAV.

⁵³ Tesliuc, C (2015); Sarbu, D., and Grigoras V. (2014); van Stolk, C. (2007).

⁵⁴ Some examples of European countries are UK, Romania, France, Sweden, the Netherlands, and Ukraine.

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Annex I: Specific activities for the implementation of the proposed options

This annex presents a list of activities that may be required to develop and operationalize the proposed policy, practices and implementation options presented in chapter 4. The activities are grouped in each of the three broad policy areas and organized in sequence. Most of activities may be carried out starting immediately and may serve as inputs for drafting the Social Services Act and/or to adjust existing practices in service and benefits delivery. Other activities may require the approval of the service delivery to be operational. Finally, some activities make reference to additional knowledge that may be required in order to better define and make operational proposed actions.

1. Harmonization

1.1. Targeting and registration

- Review of the existing targeting processes for different benefits and services
 - Identification of existing methodological approaches
 - Identify main vulnerable groups and propose general targeting mechanisms.
- Developing tools to support objective targeting and identification of users
 - Developing a service map
 - Developing an Atlas of marginalized households
 - Development and testing a unified system to select users of services and benefits based on poverty and social exclusion and combination of different targeting mechanisms (inputs for the Social Services Act or further regulation)
 - Institutional arrangements: roles, responsibilities and processes for the implementation of objective targeting systems (inputs for the Social Services Act or further regulation).
 - Ex-ante assessments to estimate impacts and costs of implementing objective targeting systems.

1.2. Case management

- Assessment of existing case management systems (complement existing analysis), including outreach teams
- Assessment of social workers, including a survey to identify profiles, case load, existing terms of reference, and actual functions and responsibilities.
- Develop new terms of reference for social workers and general guidelines for comprehensive case management (inputs for the Social Services Act or further regulation).
- Proposal to create and scale up outreach/multidisciplinary teams (including profiles, caseload, costs and main process of operation) (inputs for the Social Services Act or further regulation).
- Implementing work plans (family plans)
 - Developing the minimum conditions poor and marginalized families are expected to achieve to leave poverty and social exclusion (implementation may require new legislation -Social Services Act)
 - Develop methodologies and materials for social workers to carry out needs assessments and prepare family plans based on the achievements of minimum conditions.
 - Development protocols for one-on-one support to families (counselling and home visits)
 - define a roll out plan and a costing estimation.

1.3. Social Intermediation

- Review of existing coordination of services mechanisms at local level (operational and legal regulatory)

- Identify mechanisms to improve coordination of services, including the link with case management (inputs for the Social Assistance Act and further legislation)
- Identify roles and responsibilities at local and central level to improve coordination of service delivery, and particularly the link with case management. (inputs for the Social Assistance Act and further legislation)

2. Results-based financing

- 2.1. Review legislation** to identify the main barriers to the implementation of results-based financing in the areas of institutional and administrative organization, budgeting and service delivery.
- 2.2. Assessment of selected existing experiences of service integration**
 - Process evaluation
 - Administrative and private costs
 - Institutional and administrative arrangements and identification of options for service integration
- 2.3. Identification of necessary conditions and main parameters for the implementation of possible results based approaches for selected services delivered at local level**
 - Estimate demand for social services at local level
 - Identify existing capacity of services
 - Identify options for a results-based financing approach: type of service, information, monitoring systems, calibration of payments for results, estimate administrative costs, testing (inputs for the Social Assistance Act and further legislation but implementation may require the act to be approved)
 - Define unified quality standards (inputs for the Social Assistance Act and further legislation but implementation may require the act to be approved)
 - Define rules, accountability mechanisms, reporting system (inputs for the Social Assistance Act and further legislation)

3. Social Benefits

- 3.1. Update assessment of existing system of benefits:**
 - Target groups and targeting mechanisms
 - Generosity
 - Progressivity
 - Coverage gaps
 - Administrative and private costs
- 3.2. Analysis of selected social benefits to explore the labor supply incentives of work able beneficiaries (OECD Tax-Benefit Model).**
- 3.3. Development a proposal for a means-tested Minimum Income Benefit** (all activities under this section would be inputs for the Social Assistance Act and further legislation)
 - General criteria (definition of current benefits to be merged)
 - Development of the targeting mechanism and process
 - Development of processes including roles and responsibilities, payment system
 - Monitoring
 - Defining a transition process from separate benefits to a unified MIB
- 3.4. Impact assessment**
 - Identification of winners and loser of the new system
 - Impact on poverty reduction and labor participation
 - Impact on administrative costs reduction

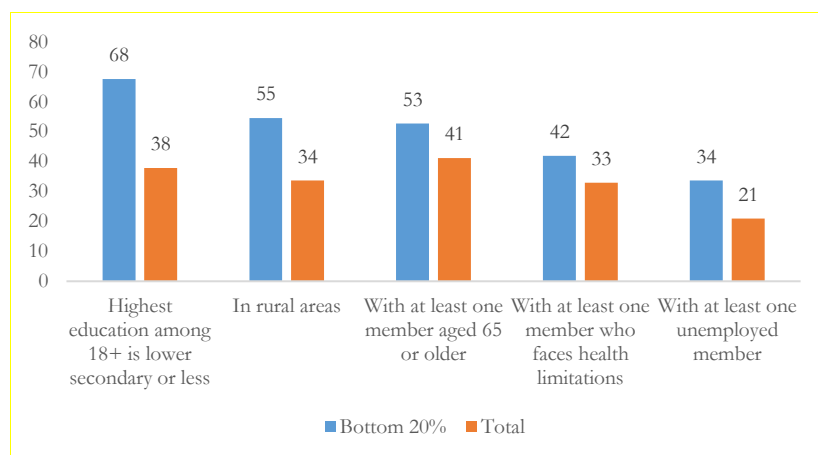
- Impact on possible introduction of conditionalities
- 3.5. Legal and regulatory requirements**
 - Draft necessary legislation (inputs for the Social Assistance Act and further legislation)
 - Operational manual (may require the Social Services Act to be approved)
- 3.6. Monitoring and evaluation and IT requirements**
 - Developing a monitoring system
 - Identification of IT and software requirements
- 3.7. Reducing EFC**
 - Assessment of costs associated to error and fraud in the social benefits system in Bulgaria and identification of main benefits prone to abuse
 - Developing a strategy and action plan to reduce EFC
 - Assessing costs of implementation of the strategy and expected impact of reducing EFC
 - Testing the implementation of key EFC (i.e., data cross-checks, risk profiling, targeted social inspections campaigns)
 - Prepare a roll out plan including costs, requirements (HHRR, IT, etc.), roles and responsibilities.

Annex II: The clients of essential services

Profiling the population – the case of poorest and most vulnerable Bulgarian households

Poor households, or those living in the bottom 20 percent of the income distribution,⁵⁵ amounted to 589 thousand households in 2013,⁵⁶ representing 1.46 million individuals. These households tend to face several human capital (e.g., employment, education, health) and connectivity constraints (living in rural and remote areas), hindering their potential to overcome poverty (see *Error! Reference source not found.2.1*). Households with low-educated members⁵⁷ make up an overwhelming proportion of the poor (68 percent) compared to only 38 percent among the total population. Over one-half of poor households are located in rural areas, where income generating activities are scarce. Poor households are also much more likely to have at least one elderly household member (aged 65 or older). Finally, among poor households, it is more common to have at least one member who faces health limitations or one member who is unemployed. Low education, rural residence, old age, unemployment and health limitations are all aspects that are also associated low earning potential.

Figure 2.1: Percent of households according to different household characteristics among the bottom 20 percent and the total population in Bulgaria



Source: World Bank staff calculations using EU-SILC 2013.

The most common household type found among the poor is a single person over 65 (33 percent). These households, which tend to consist of an elderly female, are more than two times as likely to be found among the poor as among the general population (14 percent, see **Figure 2.2**). Twenty-seven percent of poor households are comprised of two adults and no dependents, making it the second most common household

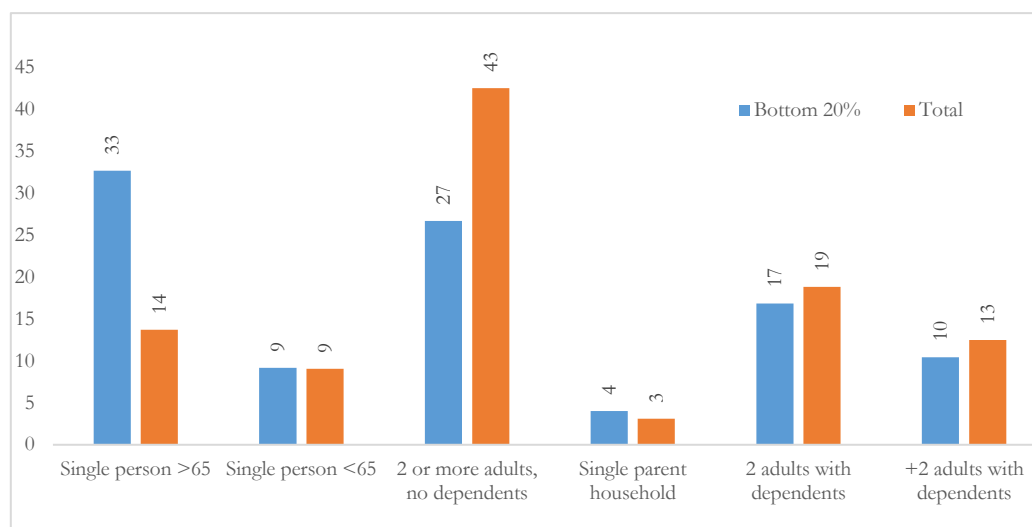
⁵⁵ Throughout the analysis this report refers to five income quintiles. The poorest income quintile is labelled as “bottom 20 percent” or “bottom 20” and represents households belonging to the poorest quintile. The other quintiles are referred to as Q2, Q3, Q4, and the “top 20 percent” (or Top 20). According to EU-SILC 2013, 21 percent of the Bulgarian population was at risk of poverty (AROP). For this reason, the bottom 20 percent is also interchangeably referred to as the “poor.” We focus exclusively on monetary poverty (i.e., AROP) rather than on the broader concept of at risk of poverty or social exclusion (AROPE). The AROPE population represented 48 percent of the Bulgarian population in 2013. Focusing on monetary poverty only (and thus a smaller subset of the population) means that starker inequalities can be singled out, bringing to light the circumstances faced by the most vulnerable. This population, according to 2013 EU-SILC data, represents 1.46 million people, or 589 thousand households.

⁵⁶ World Bank staff calculations based on EU-SILC 2013.

⁵⁷ Low education here refers to education levels of lower secondary or less among household members aged 18 and older.

type among the poor. However, such households are much more common among the general population (43 percent). This can be explained by the fact that households with two or more adults and no dependents are more likely to have higher work intensity,⁵⁸ and can also benefit from economies of scale vis-à-vis otherwise similar households comprised of only one adult.⁵⁹

Figure 2.2: Percent of households according to household type among the bottom 20 percent and the total population in Bulgaria



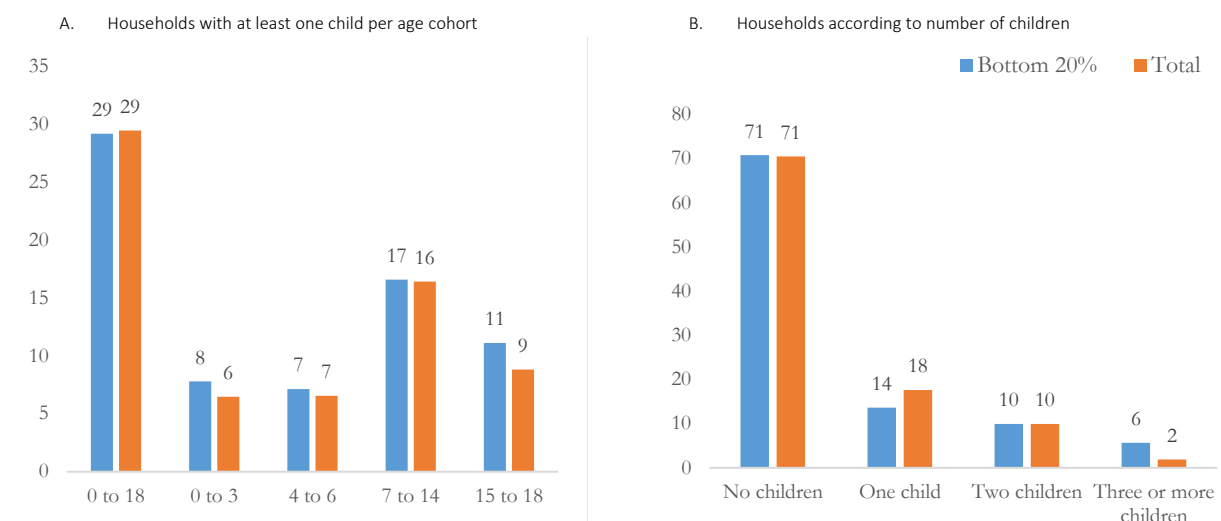
Source: World Bank staff calculations using EU-SILC 2013.

Although poor households are not more likely to have children, households with three or more children are more likely to be poor. Breaking down by age groups, households with at least one child under three years of age are slightly more likely to be poor, as are households with at least one child aged 15 to 18 (panel A). On the other hand, households with at least one child aged 4 to 6 or 7 to 14 are just as likely to be poor. Finally, although the presence of children is the same among poor and non-poor households, poor households are more likely to have three or more children, and less likely to have only one child (panel B).

⁵⁸ By work intensity, we refer to a higher proportion of household members who are working.

⁵⁹ The adult equivalence scale used to calculate equivalized income takes into account economies of scale: it assigns a weight of 1 to the first household member, whereas additional household members aged 14 and over are assigned a weight of only 0.5.

Figure 2.3: Percent of households according to presence of children (among the bottom 20 percent and the total population in Bulgaria)



Source: World Bank staff calculations using EU-SILC 2013.

Bulgaria also shows clear geographical patterns regarding concentration of poverty. As mentioned above, poor households are more likely to be found in the rural areas of the country. At the Nomenclature of Territorial Units for Statistics (NUTS) 2 level (**Figure 2.3**, panel A), poverty reaches nearly 30 percent in the northwestern region of Severozapaden and the eastern region of Yugoiztochen, compared to just 11.6 percent in Yugozapaden (EU-SILC 2012 estimates).⁶⁰ However, recent small area estimates of poverty⁶¹ also reveal pockets of poverty within lower poverty NUTS 2 regions. As can be seen in **Table 2.1** and **Figure 2.3**, panel B, nearly all NUTS 3 regions within Yugozapaden have poverty rates higher than 20 percent – the relatively low poverty rate of this region is explained by poverty rates of just 6.6 percent in the city of Sofia. Within the region of Yugoiztochen, the Sliven province stands out with poverty rates higher than 36 percent.

⁶⁰ The national at-risk-of-poverty rate based on EU-SILC 2012 was 22.7 percent.

⁶¹ Conducted by the World Bank with the National Statistical Institute of Bulgaria and the European Commission.

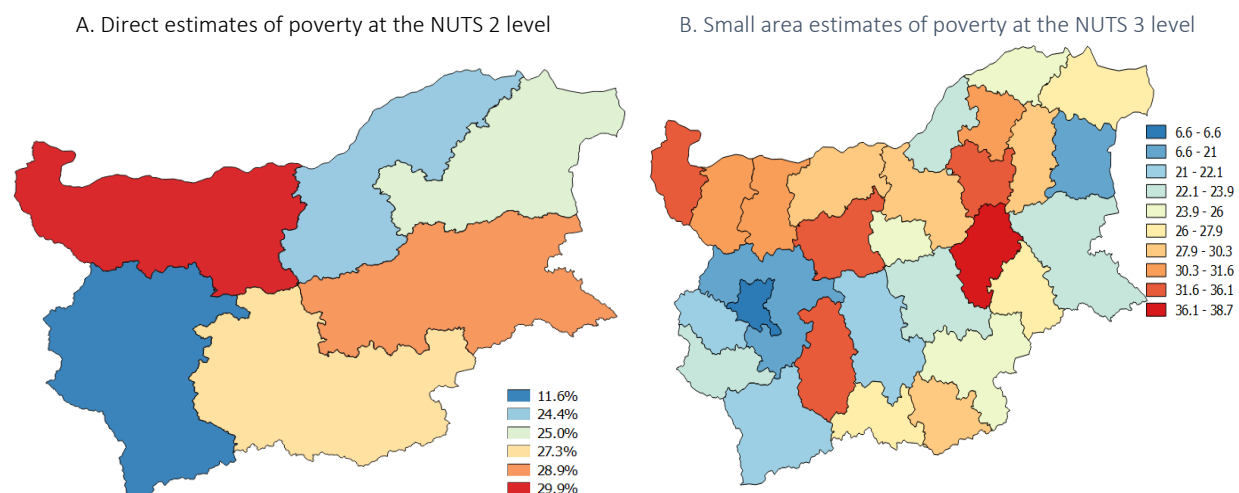
Table 2.1: Province level poverty estimates for Bulgaria

SILC direct estimates					Small area estimates			
NUTS-2	AROP	95% confidence interval		NUTS-3 (province)	Population	AROP	95% confidence interval	
Severozapaden	29.9%	25.1%	34.7%	Vidin	97,160	34.1%	28.0%	40.1%
				Vratsa	180,112	31.1%	27.3%	34.9%
				Lovech	136,891	34.2%	30.1%	38.4%
				Montana	142,991	31.6%	25.9%	37.3%
				Pleven	260,521	30.2%	26.0%	34.3%
Severen Tsentralen	24.4%	19.7%	29.0%	Veliko Tarnovo	241,370	29.4%	25.8%	33.0%
				Gabrovo	118,068	24.7%	19.0%	30.4%
				Razgrad	120,971	31.5%	26.0%	37.0%
				Ruse	227,542	23.2%	17.6%	28.7%
				Silistra	115,808	26.0%	20.7%	31.3%
Severoiztochen	25.0%	20.9%	29.1%	Varna	454,631	21.0%	18.1%	23.9%
				Dobrich	182,829	27.6%	22.6%	32.5%
				Targovishte	116,711	36.1%	29.4%	42.7%
				Shumen	173,237	30.3%	25.7%	34.8%
Yugoiztochen	28.9%	20.5%	37.3%	Burgas	398,950	23.9%	20.1%	27.8%
				Sliven	189,920	38.7%	32.4%	45.0%
				Stara Zagora	319,466	22.9%	19.1%	26.7%
				Yambol	126,945	27.9%	23.4%	32.4%
Yugozapaden	11.6%	9.3%	14.0%	Blagoevgrad	311,149	21.5%	16.9%	26.2%
				Kyustendil	132,082	23.2%	18.0%	28.3%
				Pernik	129,037	21.9%	16.0%	27.9%
				Sofia cap.	1,185,651	6.6%	4.6%	8.6%
				Sofia	240,477	20.4%	16.7%	24.1%
Yuzhen Tsentralen	27.3%	21.9%	32.7%	Kardzhali	147,045	30.0%	24.7%	35.4%
				Pazardzhik	265,764	33.1%	28.2%	37.9%
				Plovdiv	654,497	22.1%	20.1%	24.1%
				Smolyan	118,357	27.7%	22.7%	32.8%
				Haskovo	237,871	25.8%	22.0%	29.5%

Note: At risk of poverty threshold at BGN 3,236 per adult equivalent (60 percent of equivalized disposable household income).

Source: World Bank staff calculations using EU-SILC 2012.

Figure 2.4: At-risk-of poverty rates, Bulgaria



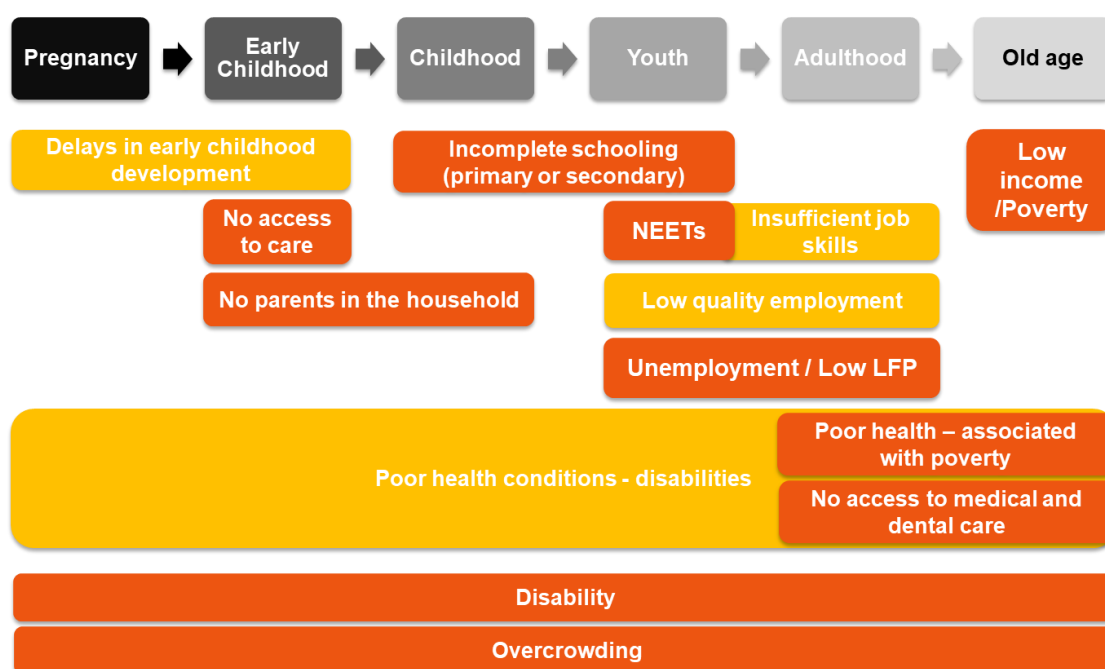
Note: At risk of poverty threshold at BGN 3,236 per adult equivalent (60 percent of equivalized disposable household income).

Source: World Bank staff calculations using EU-SILC 2012.

The lifecycle of poor and vulnerable households in Bulgaria

The Government of Bulgaria has developed a system of essential services and social benefits aimed at addressing risks and vulnerabilities faced by families and individuals across their life cycle, from pregnancy to old age (**Figure 2.5**). This section presents a summary of the main findings of a risk and vulnerability analysis following the life-cycle approach using EU-SILC data. The analysis is focused on those risks and vulnerabilities faced by the population living in the bottom 20 percent of equivalized disposable income in country compared to the overall population (i.e. across the five quintiles of income). This analysis is expected to provide an approximate estimation of the demand for essential services in Bulgaria and coverage gaps, based on the available data.

Figure 2.5: Lifecycle analysis of current demand for support and services in Bulgaria



Source: World Bank staff representation.

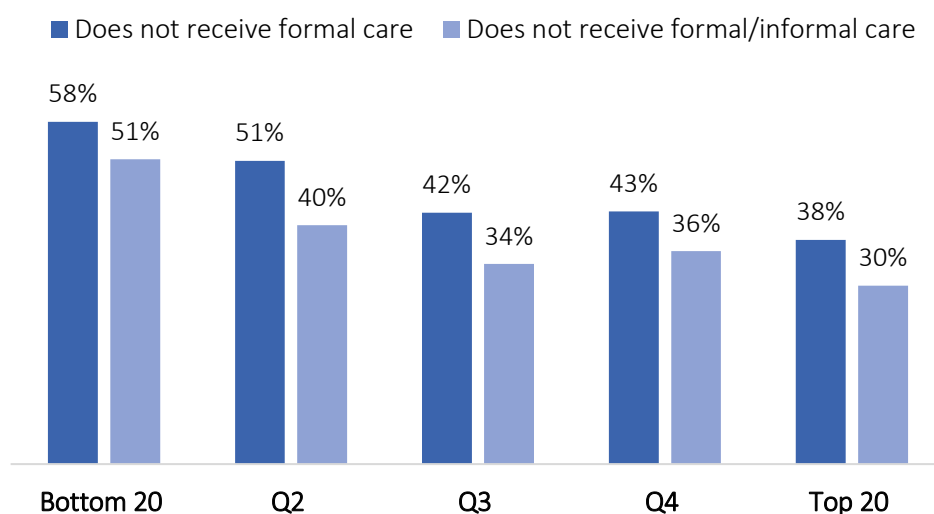
Figure 2.5 presents the general framework to conduct a lifecycle analysis of current demand for support and services in Bulgaria. The upper part shows the different lifecycle stages of a family/individual from pregnancy to old age. Below part depicts different risks and vulnerabilities. Some risks and vulnerabilities are specific to a certain stage of the life cycle; others, such as poor health conditions, are present at all stages. The yellow boxes indicate risks that are common among all countries such as the risk for delays in early childhood development throughout pregnancy and early childhood or the risk of insufficient job skills training during youth which might translate into low quality employment. The orange boxes show Bulgaria-specific issues which are a result from the analysis described in more detail below. For example, in early childhood children in Bulgaria are specifically vulnerable due to low access to childcare and the absence of parents from the household (e.g. if they work abroad). Incomplete schooling throughout childhood and youth translates into a low level of skills which, in the case of Bulgaria like in many other countries, leads to a high risk for NEET during youth and early adulthood as well as unemployment in adulthood. This in turn is a risk for poverty/ low income during old age. Throughout the whole lifecycle families are vulnerable to disabilities and poor health conditions, as well as overcrowding even though the level of vulnerability regarding these risks vary depending on family composition. For instance, though disability is present for people of all ages, this is a risk that increases significantly with age; similarly, children are at much higher risk for overcrowding.

The life cycle approach identifies the main risks different groups face. The review is focused on the major risks that, if not addressed properly, have the potential to become permanent barriers for families to leave poverty and social exclusion. For instance, delays in early development of young children are likely to undermine their learning capacity, increasing the risk of early school leaving and/or lower skills, and low productivity (and earnings) as adults.

Risks in early years and in childhood (ages 0 to 16)

Among the population in the bottom quintile, 58 percent of children aged 0 to 6 were not receiving any form of formal care,⁶² versus 38 percent in the top quintile. There is ample evidence showing that formal childcare for young children, especially preschool attendance, has a significant effect on early child development, leading not only to better academic performance during school years, but also to better labor market outcomes (Tanner et al., 2015). Considering also informal care⁶³ (i.e., care by relatives, other household members not including the parents, friends, or neighbors) non-coverage of the bottom quintile only falls to 51 percent.

Figure 2.6: Formal and informal childcare: children aged 0 to 6 years old by income quintile



Note: Formal care refers to childcare at day-care center; childcare by a professional child-minder at child's home or at child-minder's home; education at pre-school; education at compulsory school (for school-aged children); childcare at center-based services [childcare at center-based services outside school hours (before/after)]; informal care refers to childcare by grandparents, other household members (outside parents), other relatives, friends or neighbors.

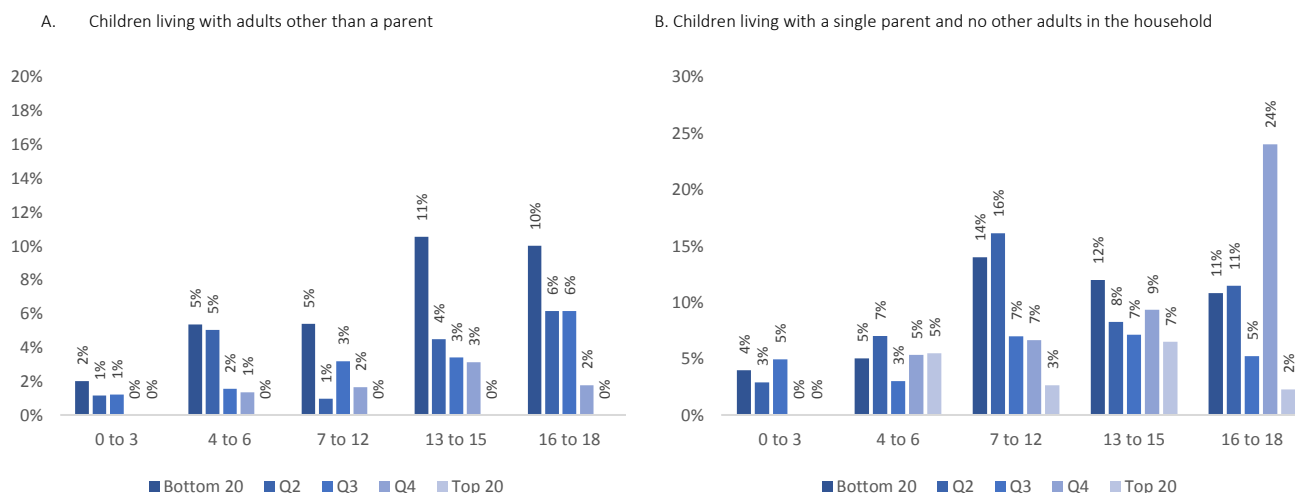
Source: World Bank staff calculations using EU-SILC 2013.

Among children aged 0 to 15, living with a single parent or with no parents at all is more common among the poor. Single parent households are even more common among older children (13 to 15). Having no other adults in the household aside from a single parent results in only one potential source of earnings, making such families more vulnerable to income shocks. Lastly, single parents have less time and money to devote to their children, and often spend a greater proportion of their income on childcare (OECD, 2011) (see **Figure 2.7**).

⁶² Formal care includes childcare at a day-care center; childcare by a professional child-minder at child's home or at child-minder's home; education at pre-school; education at compulsory school (for school-aged children); and childcare at center-based services [childcare at center-based services outside school hours (before/after)].

⁶³ Informal care is not necessarily important because of possible positive effects on childhood development but rather because access to childcare, either formal or informal, allows mothers to participate in the labor market. The low level of informal and formal care among young children in the bottom quintile indicates that mothers stay home to care of their children. Therewith, they forgo income that could potentially enable their households to leave poverty.

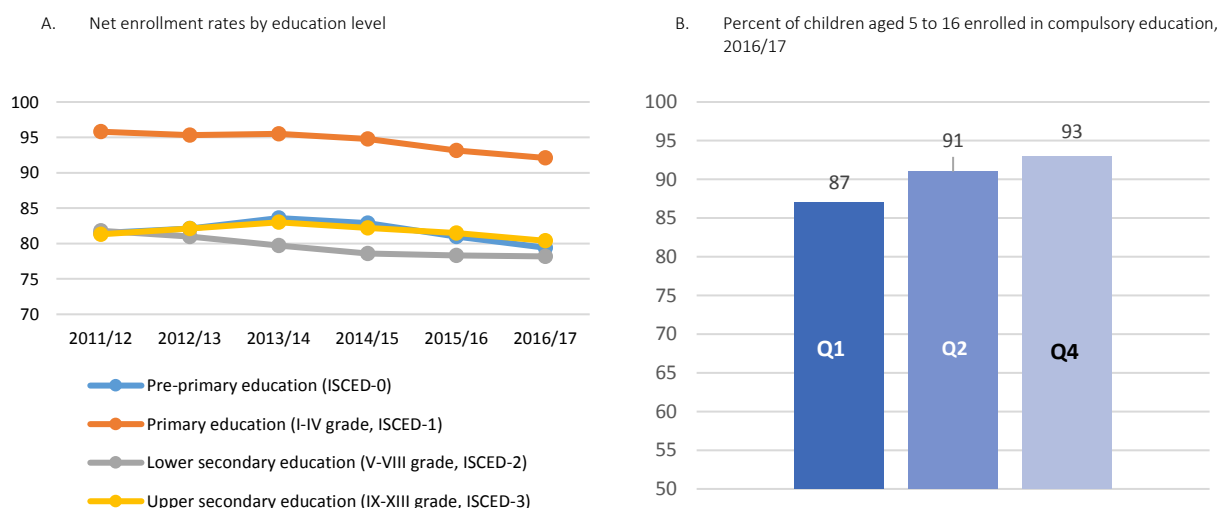
Figure 2.7: Percent of children living with a single parent or with no parents at all by income quintile



Source: World Bank staff calculations using EU-SILC 2013.

Net school enrollment rates among pre-primary, primary, and lower secondary schooling have fallen in recent years in Bulgaria. As shown in **Figure 2.8** (panel A), net enrollments fell for all education levels up to upper secondary between 2011 and 2017. The steepest fall was seen in net enrollment for primary education, having fallen from 95.8 percent in 2011/12 to 92.1 percent in 2016/17. Lower secondary exhibits the lowest net enrollment rate among all four levels, at just 78.2 percent in 2016/17. Panel B of **Figure 2.8** shows that school enrollment and income are related to each other: just 87 percent of all children aged 5 to 16 in the poorest income quintile were enrolled in 2016/17, versus 93 percent of children in quintile 4.

Figure 2.8: Education coverage among children aged 5 to 16 in Bulgaria

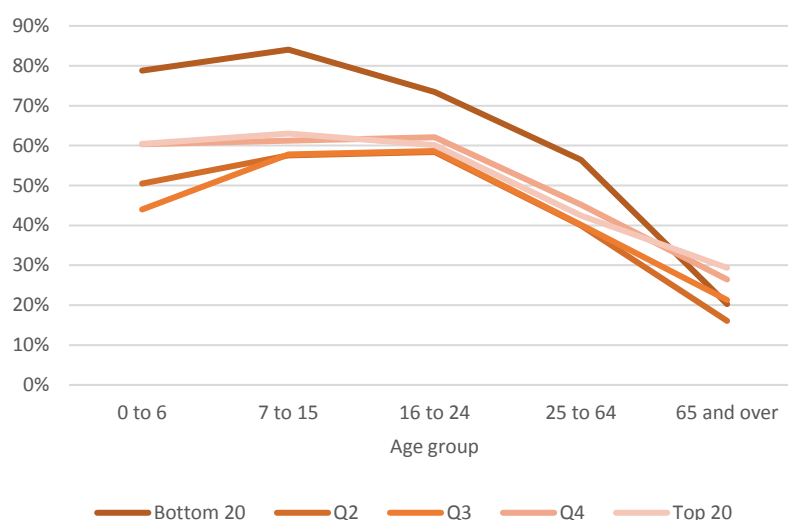


Note: Net enrollment rates cannot be calculated using EU-SILC data due to unavailability of school enrollment for children ages 13 to 15.

Source: National Statistical Institute, Bulgaria.

The homes where children and youth tend to live are more susceptible to overcrowding,⁶⁴ particularly in the bottom quintile. Overcrowding is strongly associated with both poverty and the life cycle: it affects the young (aged 0 to 24) and the poor to a greater degree. Among the bottom quintile, overcrowding reaches up to 84 percent (for children aged 7 to 15). Overcrowding is considered a risk due to its association with ill health, psychological stress and anxiety, as well as domestic violence.

Figure 2.9: Overcrowding over the life cycle according to income quintile



Source: World Bank staff calculations using EU-SILC 2013.

Challenges for the youth (ages 16 to 24)

Over 25 percent of the 16-to-18-year-olds in the poorest quintile are not attending school; over one-tenth have only completed primary schooling or less. Individuals aged 16 to 18 are expected to be enrolled in upper secondary education⁶⁵ but for the poorest income quintile over one-fourth of individuals were not in education (**Figure 2.10, panel A**). Similarly, 11 percent of 16-to-18-year-olds from poor households have not completed lower secondary education compared to only 5 percent in all other income groups (**Figure 2.10, panel B**)⁶⁶. These figures signal a strong association between poverty and school dropout. In addition, school dropout is also associated with poor quality of education, learning difficulties, or health problems, all of which are in turn associated with social exclusion and poverty.

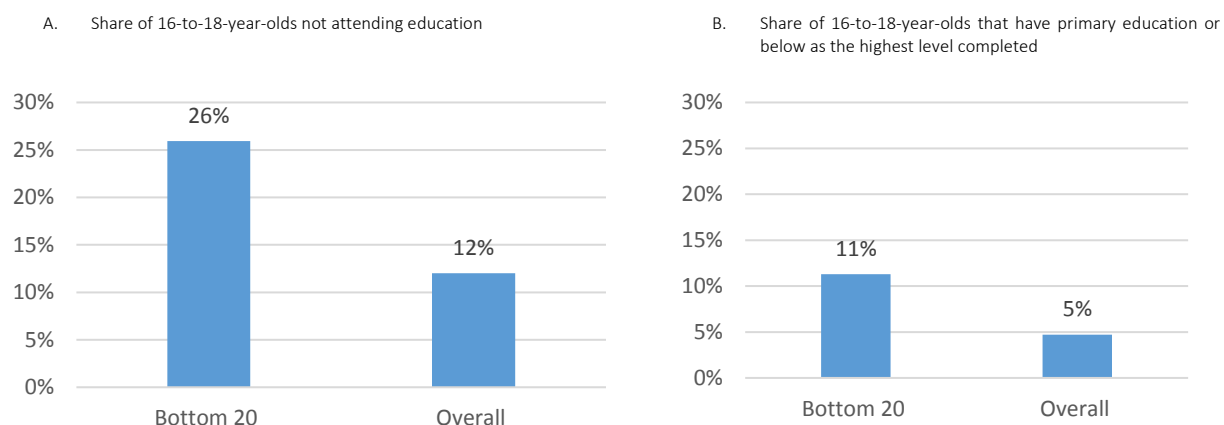
⁶⁴ According to Eurostat, a person is considered as living in an overcrowded household if the household does not have at its disposal a minimum number of rooms equal to:

- one room for the household;
- one room per couple in the household;
- one room for each single person aged 18 or more;
- one room per pair of single people of the same gender between 12 and 17 years of age;
- one room for each single person between 12 and 17 years of age and not included in the previous category;
- one room per pair of children under 12 years of age.

⁶⁵ The official age at which children should finish primary education is age 10, lower secondary should be finished by age 14, and upper secondary by age 18 or 19. Compulsory education starts at age 5 (pre-primary) and ends at age 16.

⁶⁶ Individuals who had only completed primary or below were also not attending education.

Figure 2.10: Share of 16-to-18-year-olds not attending education and with primary education or below among the bottom 20 percent and the overall population



Source: World Bank staff calculations using EU-SILC 2013.

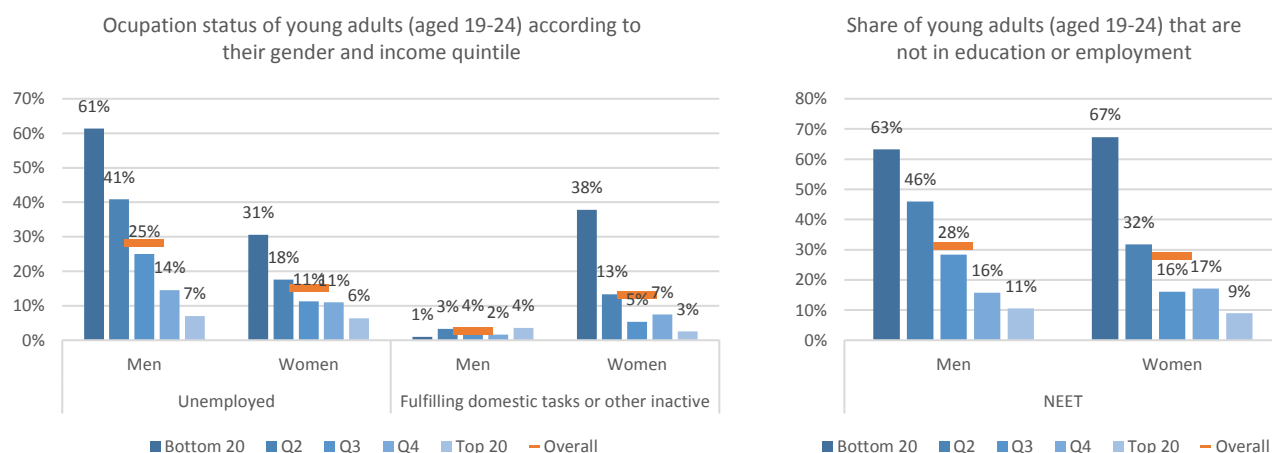
The share of youth (aged 19-24) not in education, employment or training (NEET) is particularly high among the poorest. Among the general population, close to one-third of youth are NEET, while for the bottom 20 this proportion is well above 60 percent (**Figure 2.11**). Not engaging in education, employment or training at a young age can have significant negative consequences for future employability and earning potential (Ruhm, 1991 and Clark et al., 2001). As such, youth in the bottom quintile have diminished potential to rise above poverty. Labor opportunities of youth (and especially young starter families) are also affected by the lack of available rental housing in Bulgaria which curtails their ability to move to locations with job opportunities. (World Bank, forthcoming)

Almost all young male NEETs report being unemployed; female NEETs, on the other hand, are more likely to report being engaged in domestic tasks, especially so if they belong to the bottom income quintile. For the overall population 28 percent of young men aged 19 to 24 were unemployed; among the bottom income quintile, this figure was over twice as high, at 61 percent. Similarly, the NEET ratio of young men in the general population is half as high as the NEET ratio for the poorest (**Figure 2.11**).⁶⁷ Among young females, only 15 percent reported being unemployed, whereas an additional 13 percent reported being engaged in domestic tasks or “other inactive.” This means that almost one-half of NEET women reported being inactive.⁶⁸ Inactivity among women aged 19-24 is even higher among the bottom quintile: 38 percent of women reported being engaged in domestic tasks or “other inactive,” whereas just 31 percent reported being unemployed. Young women who are NEET tend to be engaged in domestic tasks (rather than reporting being “other inactive”). That this situation is more common among poor women may signal a lack of access to childcare services that would otherwise enable them to participate in the labor market.

⁶⁷ Three percent of men reported being engaged in domestic tasks or being “other inactive”.

⁶⁸ A few of the unemployed or inactive are not considered NEET because they do report attending education. However, this is a very small proportion. Summing up the percentage of unemployed and inactive yields a percentage only slightly above the NEET rate.

Figure 2.11: Labor market status of young adults (aged 19-24) by sex and income quintile



Note: NEET refers to “Not in education, employment or training.” NEET individuals include those who report being unemployed, fulfilling domestic tasks, “other inactive” or disabled/unfit to work and who, at the same time, are not attending education. The figures for unemployed and fulfilling domestic tasks or other inactive do include individuals attending education.

Source: World Bank staff calculations using EU-SILC 2013.

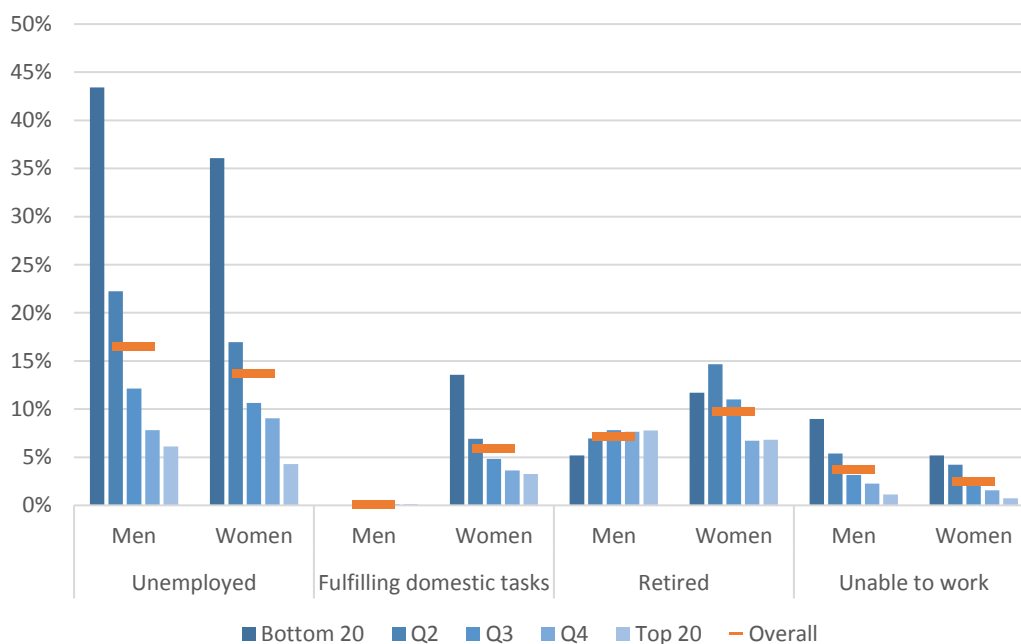
Vulnerabilities in adulthood (ages 25 to 64)

Unemployment disproportionately affects adults (aged 25 to 64) in the bottom quintile. Forty-three percent of men aged 25 to 64 in the bottom quintile report being unemployed, more than double the average rate among men of this age (16 percent) (**Figure 2.12**). Poor women are also more than twice as likely to report being unemployed (36 percent, versus 14 percent for all women 25 to 64). Unemployment carries with it not only the risk of becoming long-term unemployed (leading to human capital deterioration and discouragement effects), it can also lead to ill mental and physical health, along with isolation, stigma, homelessness, among other deleterious effects.

Poor women aged 25 to 64 are also more likely to report being inactive than their non-poor counterparts. Twenty-seven percent of women aged 25 to 64 in the bottom quintile report being active, versus just 17 percent of all women in this age group. Inactivity among women of this age is mostly related to being engaged in domestic activities⁶⁹. This might be partly because poorer women are less likely to have access to childcare services.

⁶⁹ Eighty-three percent of women who are out of the labor market report dedicating their time to domestic activities.

Figure 2.12: Labor market status of adults (aged 25-64) by sex and income quintile



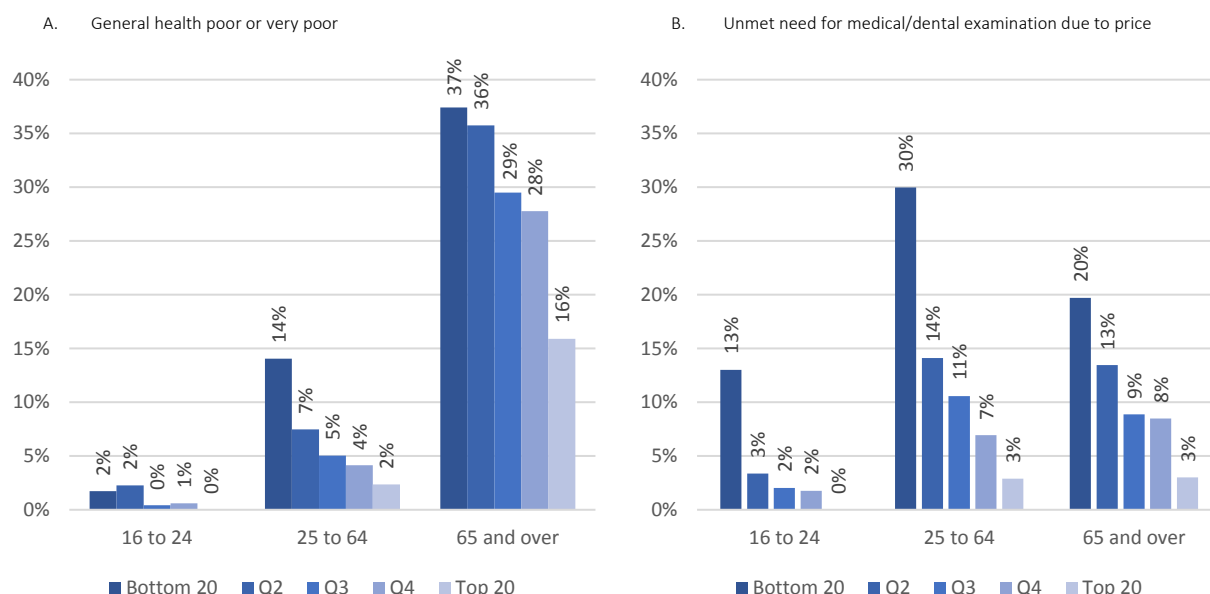
Source: World Bank staff calculations using EU-SILC 2013.

Poor health and low access to health care is associated with poverty, especially for individuals aged 25 to 64.⁷⁰ Even though the overall health status declines with age for the entire population, it is clear that, controlling for age, the bottom quintiles of the population experience poor health. While for young adults aged between 16 and 24 the share declaring to have bad or very bad health is negligible across the entire income distribution, for the group aged 25 to 64 this share increases to 14 percent among the adults of the bottom quintile and remains negligible for those in the top quintile. However, these adults do not declare to be restrained on their activities because of health issues and the incidence of bad health is larger than the one of very bad general health conditions. Nonetheless, even if conditions are not debilitating during adulthood, untreated health issues and lower levels of monitoring and prevention can lead to worse health status later in life.⁷¹ The inequalities in health conditions increase among the elderly, even though access to health care improves.

⁷⁰ Health status of children aged 0 to 15 is not shown due to information unavailability in the EU-SILC survey.

⁷¹ According to O'Donnell 2007 "Access to health care in developing countries: breaking down demand side barriers"

Figure 2.13: Percent of population with poor or very poor general health and with unmet need for health care by age and income quintile



Source: World Bank staff calculations using EU-SILC 2013.

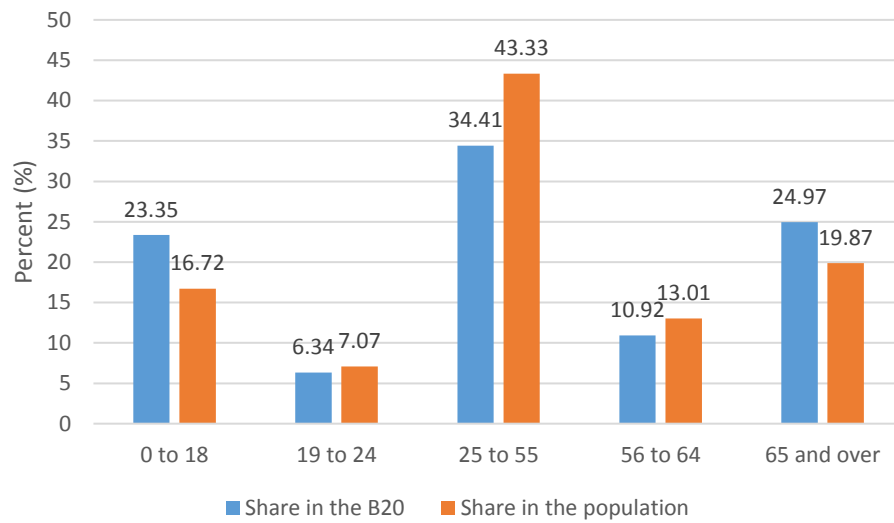
Risks for the elderly

As is the case for children, the elderly are more likely to be poor than individuals aged 19 to 64 (see **Figure 2.14**). Twenty-five percent of the bottom income quintile of the population is over 65 years of age, versus 20 percent of the overall population. Elderly who live alone are much more likely to be poor: 33 percent of households in the bottom quintile are over 65 years old, compared to just 14 percent of the total population. The elderly are particularly vulnerable to poverty due to their limited earning potential and reliance on a fixed old-age pension which, as the survey data show, is often not enough to bring an individual above the poverty line, i.e., above the first income quintile.

Gender plays a significant role in monetary poverty among the elderly: 74 percent of households consisting of a single person over 65 are female — a reflection of women’s higher life expectancy. Among such households, poverty is higher among females: 58 percent of households made up of a single woman over 65 are poor, versus 34 percent of their male counterparts. Lower old-age pensions received by women (due to shorter work histories and lower wages) in part helps explain why single elderly women living on their own are more likely to be poor than their male counterparts.

Living alone in old age itself, independent of poverty status, can signify vulnerability; old age brings with it physical and mental health deterioration, hindering a person’s ability to take on daily activities. As shown in **Figure 2.13**, among the population 65 and over living in the bottom quintile, 37 percent report having poor or very poor health. This contrasts sharply with just 16 percent among the top quintile.

Figure 2.14: Percent of population according to age groups among the bottom 20 percent and total population



Source: World Bank staff calculations using EU-SILC 2013.

Annex III: Summary of essential services in Bulgaria (2017)

BULGARIA -SUMMARY OF ESSENTIAL SERVICES BY GROUP AGE						c
Pregnancy & birth	Children 0-6/7	Children 6/7-18	Youth 18-29	Adult 18-65	Old age >65	
	Social Support Center			Crisis centers		
Mother and Bay Unit	Crisis Center			Shelter		
	Social Rehabilitation and integration Center			Temporary accomodation center		
	Center for work with street children			Social Canteen		
	Children's shelter					
	FTAC Children and young people with disabilities			FTAC Adults with mental diorders	FTAC Adults with dementia	
	FTAC Children and young people with disabilities requiring permanent medical supervision			FTAC Adults with physical disabilities	FTAC Elderly people	
	FTAC Children w/o disabilities			FTAC Adults with mental retardation		
	Transitional home			Sheltered homer Adults with mental diorders		
			FTAC Young people w/o disabilities	Sheltered home Adults with physical disabilities		
			Supervised home	Sheltered home Adults with mental retardation		
				Transitional home		
				Supervised home		
	SRIC for children with disabilities					
	Day care center for children and youths with disabilities			Day care center for adults with disabilities	SRIC Elderly with disabilities	
	Day care centers for users wiith severe multiple disabilities				Day care center	
	Day center for weekly care					
	Residential home for children deprived of parental care			Homes for adults with mental retardation	Home for people with dementia	
				Homes for adults with mental disorders	Home for elderly people	
				Homes for adults with physical disabilities		
				Homes for adults with sensory disabilities		
Emergency care						
Primary care and dental						
Inpatient care						
Pediatric care					Palliative care	
Prenatal care	Integrated/long term care for children with disabilities					
Neonatal care						
Early intervention						
Nursery (0-3)	Preschool (5-7)	Compulsory education (7-16)	Higher education			
	Kindergartne (3-5)	Secondary (16-19)	Adult education			
		Vocational training at school	Vocational centers			
	Services for people with diabilities					
	Services addressing social problems and risks					
	Family type accomodation centers (FTAC)					
	FTAC for people with disabilities					
	Specialized instituitiions					
	Education					
	Health					

Annex IV: Summary of social benefits in Bulgaria (2017)

#NAME?	BULGARIA -SUMMARY OF SOCIAL BENEFITS BY GROUP AGE			
Pregnancy and birth	Children < 5	Children <18	Working age	Elderly
<i>Monthly targeted benefit for the payment of rent on municipal-owned houses 35/month(192)</i>				
<i>Heating benefit = 72/month (237,207)</i>				
One-off benefit for pregnancy = up to 65 (15,660)		Monthly integration supplements for individuals 18-20 if they do not receive Family allowance	Social disability pension (16 and older with >71% of disability) = 129-141/month (524,504)	
One-off benefit upon childbirth = 250-1250 (additional 200 for 5th and subsequent children)	Additional one-off benefit for a child with permanent disability up to age 2 = 100	Differentiated monthly allowance for children 5-16 (or 20 if still in education) = 13-65 per child	Cash benefits for rehabilitation for all recipients of the social disability pension = 42-260	
One off benefit upon childbirth for university student mothers = 2880 (4,079)	Monthly allowance for raising a child (<1) = 100 (18,593)	Monthly allowance for raising a disabled child (<18 or in secondary but not over 20) = 350-930 (350-490 if raised by relatives (28,600)	Monthly supplement for social pensioners with permanently reduced work with a degree of disability of >90%	
Differentiated monthly social benefit for pregnancy = up to 65	Monthly benefit for children up to 3= 20-78	Monthly allowance for raising a child (<18 or 20 if still studying)=37-140 plus 20 per child after 4 children (496,000)	Monthly social benefit	Social pension old age = 118 (3,217)
One off benefit for pregnant younger than 18	One-off benefit upon childbirth for children with disabilities = 385 (67,523)	One off benefit for the prevention of abandonment and reintegration in the family for children at risk	Monthly social assistance for a working age person giving care to a seriously ill family member	
		One off benefit for adoption by a mother still at the university = 2880	Monthly social benefit for people serving a prison sentence	
		One off benefit for raising twins = 1200 per child (2,125)	Monthly assistance for people leaving specialized institutions.	
		One off benefit for a child enrolled in 1st grade = 250 (44,721)	One-off annual benefit to meet accidental needs	
		Tax deductions for families with children <18 (or 20 is still studying) = 200-600 (for 3 or more children)	One-off benefit for the issuance of an ID card	
		Tax credits for parents of children with disabilities = 2000 per year		
		One off benefit upon adoption = 100		
		Monthly allowance for children placed with extended family or relatives, subject to means test.		
	Family allowance for children			
	Social Assistance benefits		<i>Figures in parenthesis are number of beneficiaries as of 2015)</i>	
	Social integration supplements for the disabled		<i>Amounts in BGN</i>	
	Social security code			

Annex V: Case Management in the Provision of Essential Services in Bulgaria

Case management and social intermediation services are key elements in the implementation of social assistance and social essential services in Bulgaria. According to existing legislation, social assistance should be provided in a manner that preserves individuals' dignity. Social work is supposed to be the basis of social assistance through applying a personalized approach and making an integrated needs assessment of individuals and families. Under this framework, the role of staff responsible for case management and social intermediation services -mostly social workers- is crucial in linking users to benefits/services and matching users' needs to tailored services.

Case management, intermediation services and in general the role of social workers is regulated by different laws, and therefore provided by different staff in different services and for separate groups of the population. There are at least three main areas in which the practice of case management is recognized: (i) as part of the child protection activities, (ii) in the system of pre-school and school education as one of the measures for general and complementary support for personal development, and (iii) in the employment services mostly supporting the Activating the Inactive Persons' program. Case management is legally recognized in a single general policy (education) and two sectoral policies (child protection and employment). Case management targets children and adolescents through different approaches depending on three different situations (at risk, with disabilities and with special educational needs) and unemployed and inactive persons in the labor market. Therefore, some vulnerable groups such as marginalized and poor families, disabled persons and the elderly do not have no access to this type of support.

The most extensive provision of case management activities is the social work for the protection of children at risk, regulated by the child protection act. Case management in the child protection system, the longest-standing practice in Bulgaria, is delivered by 147 child protection departments under the Social Assistance Directorate operating across the country and employing about 4,500 social workers. Case management for child protection targets children in the following conditions: (a) at risk in their immediate environment (lacking adequate parental care, victims of inhuman treatment, or placed outside the family), (b) at health or development risk, (c) with disabilities or complex illnesses; and (d) at educational risk (at risk or already dropped out of school). According to the methodological guidelines of case management for children at risk, social workers are expected to apply a methodology to ensure "linking, consistency and continuity in the support process by organizing, coordinating and overseeing all of the activities and services comprising it".

Staff responsible for case management perform three sets of activities: Exploration (checking risk reports, screening and assessment of the child's risk exposure, assessment of the parenting capacity); information (regarding rights and obligations of the child and its parents, the protection measures and services available); and implementation of measures for protection or referral to services with follow-up. The social worker does not implement any activities aimed at providing immediate specialized support to the child and family through individual or family counselling, support for family resources and communication, training, self-help groups, employment support to the parent, etc. This type of direct support is provided by a staff or team of the social service to which the child at risk has been referred (e.g., Mother and Infant Unit, CSC, CWSC, Residential center for Children and Adolescent, Day Care center).

The case management process starts only after the child's risk exposure has been explicitly identified (needs assessed and diagnosed). Access of the child and its parents to counselling by a social worker passes through several steps of information gathering and evaluation. The proactive practice of child protection departments to seek out children and families in difficult circumstances within the department's jurisdiction and refer them immediately to counselling support is very limited. Persisting challenges in the system and the environment (shortage of social workers, workload, limited technical resources, large number of children and families at risk)

are the reason why social workers respond as a priority to reports for child at risk, following the procedure for report assessment, risk assessment and implementation of protection measures or referral to services.

Case management is mostly a “point of entry” to social assistance or a child protection measures. The concept of the caseworker as a confidant and advocate as well as professional supporting users is very limited and largely is replaced by an interinstitutional approach based on the core operation of the social services system.

Standards for case management, introduced in 2010, are part of the Methodological Guidelines for Child at Risk Case Management by child protection departments, where social work and case management are seen as a process of identification of the risks for the child and the family, and a process of interaction between the caseworker, the child, the parents or the caregivers. The Guidelines do not define the required professional, language and cultural competence of the caseworker, their qualification, supervision, continuing education and professional development, nor do they provide any clear guidelines on the methodology of the information and counselling activities with the child and the family. Furthermore, there is no specialized training – introductory or refresher – on case management, working with families and children, methodologies for supporting and counselling groups at risk, as well as social work supervision.

A second area in which case management play an important role is in the education system. The objective of case management in education is ensuring a personalized approach in the provision of complementary support and equal access to education for certain groups, namely, children and students at risk, with special needs, gifted, and with chronic illnesses. Case management is part of the education and may be used in all institutions of the system, including kindergartens, schools, centers for personal development support, regional centers for inclusive education support and specialized service units.

Complementary support covers diagnostics (to identify the resources and difficulties the child experiences, and assessment of personal needs), planning and delivery of support (based on an individual plan and the formation of a team of specialists in support of the specific child or student), and monitoring and development assessment for each individual case. Complementary support includes counselling activities – pedagogical, speech therapy, rehabilitation, psychosocial – delivered by teams of varying composition depending on the profile of the child’s or student’s needs.

Case management, as part of the complementary support, is coordinated by a psychologist/pedagogical counsellor or social worker, supported by a teaching assistant and community mediator, if needed. The coordinator works with the children at risk jointly with the departments of child protection, coordinates the work of the specialists, and maintains contact with the parents. Even though working with parents is recognized as an element of complementary support, it is mostly about informing (about the available types of support for personal development, the need assessment and support planning process) as well as administrative issues (sharing of the documents required for assessment and planning of support). There are no substantive measures for psychosocial work with parents of low parenting capacity who do not support their child when at risk of dropping out.

Access to complementary support in the education system is available only for children and students covered by the school and kindergarten system. Children outside the system or early leavers are left with no support for inclusion or return to school from this service. The entry point to complementary support is the assessment of child’s needs, which can be requested by a parent, a representative of the child or a caregiver, or by staff of the school. A comprehensive assessment is carried out by a specially appointed team.

The third area within the essential service in which case management plays a significant role is employment. In this area, case management is linked to the labor market policy and is provided by the territorial units of the employment agency (employment office directorates). Case management targets individuals seeking employment and inactive persons, including youth 29 or less not studying or working, people with disabilities, members of the Roma community, among others.

Case management in the employment policies supports the “Activating the Inactive Persons” initiative through three employment intermediaries: youth mediators, Roma mediators and case managers. Employment intermediaries work with inactive or unemployed persons by providing information and support to access available training and employment programs, identifying services they may need (social, health, education etc.) and assisting in their use. The idea is to activate persons from a specific group at risk on the labor market (youth, Roma, discouraged workers) through an activity package delivered individually or by a team comprising different employment intermediaries under the Program and EOD staff.

Annex VI: Improving Access to General services in Bulgaria

List of Regulations, Policy and Strategy and by sectors

I. Education

1. Law on pre-school and school education
2. Law on Public Health
3. Law on the Administrative and Territorial Structure of the Republic of Bulgaria
4. Decision of the Council of Ministers of 26.04.2016 on the adoption of standards for state delegated activities with natural and value indicators in 2017
5. Law on Youth
6. Vocational Education and Training Act
7. Law on Local Self-Government and Local Administration
8. Ordinance on inclusive education, Decree of the Council of Ministers No 286 of 04.11.2016
9. Ordinance No 26 of 18 November 2008 on the structure and operation of crèches and children's kitchens and the health requirements thereto
10. Asylum and Refugees Act

II. Primary Health

1. Health Insurance Act
2. Law on Public Health
3. Rules for the application of the Law on Public Health
4. Law on medical institutions
5. Law on the Budget of the Health Insurance Fund
6. National Health Map of the Republic of Bulgaria
7. Law on Asylum and Persons
8. Regulations for the structure, activity and internal order of the Centers for Complex Services for Children with Disabilities and Chronic Diseases
9. Decision of the Council of Ministers of 26.04.2016 on the adoption of standards for the delegated by the state activities with natural and value indicators in 2017
10. Ordinance on Medical Examination, Council of Ministers Decree No. 87 of 05.05.2010
11. Ordinance No 26 of 14 June 2007 on the provision of obstetric care to uninsured women and to carry out research outside the scope of compulsory health insurance for children and pregnant women
12. Ordinance No. 25 of 4.11.1999 on the provision of emergency medical assistance to the Ministry of Health
13. Ordinance 41 of 2005 of the Ministry of Health for approval of a medical standard for general medical practice
14. Ordinance 12 of 2015 of the Ministry of Health for the approval of a medical standard for emergency medicine
15. Medical standards and clinical pathways

III. Employment

1. State Budget Act
2. Employment Promotion Act
3. National Employment Action Plan in 2017
4. Vocational Education and Training Act

5. Law on the Integration of People with Disabilities
6. Rules for the implementation of the Law on the Integration of People with Disabilities
7. Asylum and Refugees Act
8. Civil Registration Act

IV. Cash benefits

1. Social Security Code
2. Social Assistance Act
3. Rules for the Application of the Social Assistance Act
4. Children's Family Assistance Act
5. Appropriate for the implementation of the Children's Family Assistance Act
6. State Budget Act
7. Law on Integration of People with Disabilities
8. Regulations for the implementation of the Law on the Integration of People with Disabilities
9. Child Protection Act
10. Rules for the Application of the Child Protection Act
11. Decree of the Council of Ministers No 17 of 31 January 2007 laying down the terms and procedure for spending of the targeted funds for diagnosis and treatment in medical institutions for hospital care of Bulgarian citizens for 2007 and for 2008 who have no income and / or personal property to provide them with a personal involvement in the health insurance process
12. Ordinance RD-07/05 of 16.05.2008 of the Minister of Labor and Social Policy on granting heating aid
13. Ordinance on the conditions and procedure for implementation and control of the activities for provision of auxiliary means, devices and facilities for people with disabilities and medical devices, listed in the lists under Art. 35d, para. 1 of the Law for the Integration of People with Disabilities
14. Law on Disabled Warriors and War Suicides
15. Rules for the Implementation of the Law on War Disabled and War Sufferers
16. Ordinance No 3 of 24 August 2012 on the procedure for prescribing, granting and controlling of medicinal products and dental assistance to war veterans
17. Civil Registration Act
18. Asylum and Refugees Act

V. Social services

1. Social Assistance Act
2. Rules for the Application of the Social Assistance Act
3. Child Protection Act
4. Rules for the Application of the Child Protection Act
5. Law on Local Self-Government and Local Administration
6. Law on Youth
7. Family Code
8. Asylum and Refugees Act
9. Law on Protection from Domestic Violence
10. Rules on the Application of the Law on Protection from Domestic Violence
11. Law on Combating Trafficking in Human Beings
12. Narcotics and Percussion Control Act
13. The Law for Combating Juvenile and Juvenile Delinquency.
14. Decision of the Council of Ministers of 26.04.2016 on the adoption of standards for the delegated by the state activities with natural and value indicators in 2017

15. Ordinance on the conditions and procedure for application, selection and approval of foster families and placement of children in them Adopted by Decree of the Council of Ministers No 314 of 4.12.2006.
16. Ordinance of the Ministry of Health and the Ministry of Labor and Social Policy No 8 of 7 September 2011 on the conditions and order for implementation of programs for psychosocial rehabilitation of persons who have been dependent or abused narcotic substances

VI. Case management and intermediation

1. Child Protection Act
2. Rules for the implementation of the Child Protection Act
3. Methodology for Case Management for Protection of Child at Risk by the Child Protection Department
4. Ordinance on the conditions and procedure for implementation of measures to prevent the abandonment of children and their placement in institutions as well as their reintegration
5. Methodological guide on the prevention of child abandonment at the level of the foster home
6. Preschool and School Education Act
7. Ordinance on Inclusive Education, Decree of the Council of Ministers № 286 of 04.11.2016
8. Ordinance No. 12 of 01.09.2016 on the status and professional development of teachers, directors and other pedagogical specialists, Prom. - SG, No. 75 of 27.09.2016, in force as of 27.09.2016.
9. National Program "Activation of Non-Accident Faces"
10. Rules of Procedure Employment Agency
11. National Classification of Occupations and Positions, 2007,
12. Ordinance No 29 on the professional competence of persons who have completed higher education in the field of Psychology
13. Health strategy for disadvantaged persons belonging to ethnic minorities 2005-2015;
14. National Strategy of the Republic of Bulgaria for Integration of the Roma (2012-2020);
15. National Strategy for Roma Inclusion 2012-2020, part "Health";
16. National Health Strategy (2014-2020)
17. Action Plan 2011-2015 to Health Strategy for Disadvantaged People belonging to Ethnic Minorities (defines the functions of the health mediator).

Strategies, analysis and resources

1. National Reform Program of the Republic of Bulgaria (2012-2020);
2. National Development Program "Bulgaria 2020"
3. Three-year action plan for the implementation of the National Development Program "BULGARIA 2020" in the period 2016-2018
4. National Social Report of the Republic of Bulgaria 2013 - 2014
5. Strategy for Educational Integration of Children and Students from Ethnic Minorities, (2015 - 2020)
6. National Program for the Improvement of Maternal and Child Health 2014-2020
7. National Strategy for Poverty Reduction and Promoting Social Inclusion 2020;
8. National Health Strategy (2014-2020)
9. Updated National Strategy for Population Demographic Development in the Republic of Bulgaria (2012 - 2030);
10. The updated Employment Strategy of the Republic of Bulgaria 2013-2020;
11. National Concept for Promotion of Active Aging in Bulgaria (2012 - 2030).
12. National Strategy of the Republic of Bulgaria for Integration of the Roma (2012-2020);
13. National long-term care strategy
14. Strategy for prevention and reduction of the share of dropouts and early school leavers ...
15. Strategy "Vision for the Institutionalization of Children in the Republic of Bulgaria"
16. Plan for Implementation of the Concept for State Policy in the Field of Child Justice (2013-2020)
17. Main results of Labor Force Surveillance in the fourth quarter of 2016, National Statistical Institute

18. Council Recommendation of 12 July 2016 on the National Reform Program of Bulgaria for 2016 and containing a Council Opinion on the Convergence Program of Bulgaria for 2016
19. Ex-post evaluation of the effect of the active labor market policy on an individual level, OPHRD, MLSP, Econometrics Ltd., Sofia. 2015
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23. Annual Activity Report of the Social Assistance Agency for 2013, 2014, 2015
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25. Poverty in Bulgaria, Education and Employment as Factors for Income and Inequality, IME, Sofia, 2016
26. Opinion on the Rules of Organization, Activities and Internal Order of Centers for Complex Services for Children with Disabilities and Chronic Diseases, Colloquium "Session 2025", Sofia, 2017.
27. Report - Assessment, Study and Analysis of the Implementation of Key Government Commitments in Children and Family Policies in the Republic of Bulgaria for 2011, National Network of Children, 2011
28. Review of Bulgarian Legislation to Support the Prevention of Child Abandonment in Bulgaria, National Children's Network, 2011
29. Notebook. What is the average success of the state in childcare ?, Annual Report of the National Children's Network, 2014, 2015, 2016
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31. Unintentional deinstitutionalization of persons with mental disabilities in Bulgaria, BHC, 2016
32. Effects on children left by parents living and working abroad, UNICEF 2016
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34. Examination of social norms that prevent access of Roma girls to education, UNICEF, 2016
35. Analysis of the Resilience and Efficiency of Health Mediators in the Republic of Bulgaria, Face Art and Culture Foundation, 2012
36. Status assessment and profile analysis of adolescents and young people who are not working, learning and not learning (NEETS), UNICEF 2015
37. Case Studies of Health Mediators Project "Together for Better Health - From Us, For Us" 2012 - 2014, National Network of Health Mediators, 2014
38. "Common European Guidelines for Transition from Institutional Care to Community Care, Guide to Implementing and Supporting a Sustainable Transition from Institutional Care to Alternative Family and Community Services for Children, Disabled People, People with Mental Disorders and the Elderly in Europe ", © European Expert Group on the Transition from Institutional Care to Community Care, November 2012
39. Models for Regulating the Mediation Approach to Work with Vulnerable Communities, Legal Analysis of Bulgarian Legislation and Practices, Bulgarian Center for Not-for-Profit Law, 2012