



## THE EUROPEAN SYSTEM OF INTEGRATED SOCIAL PROTECTION STATISTICS (ESSPROS)

### Receipts and expenditure of the social protection system in 2016

Financing of the social protection system in the country is realized either through social security contributions or through direct funding from the state budget. In 2016, the total receipts recorded in ESSPROS for financing the social protection system amounted to 16 664.7 million BGN, from which 8 153.4 million BGN were funds from the state budget, 8 233.03 million BGN were funds from social protection contributions and 278.3 million BGN were classified as other receipts (Table 1). Compared to previous year, there was a decrease of 4.4% of the receipts from social protection contributions and an increase of 1.5% of the general government contributions.

#### 1. Receipts of the social protection system, 2014 - 2016

	2014		2015		2016	
	Millions BGN	%	Millions BGN	%	Millions BGN	%
<b>Total receipts</b>	<b>16826.2</b>	<b>100.0</b>	<b>16956.6</b>	<b>100.0</b>	<b>16664.7</b>	<b>100.0</b>
Social contributions	8282.4	49.2	8610.5	50.8	8233.0	49.4
General government contributions	8209.2	48.8	8036.5	47.4	8153.4	48.9
Other receipts	334.6	2.0	309.7	1.8	278.3	1.7

In 2016, Bulgaria spent 16 455.2 Million BGN (Table 2) for social protection which represented around 17.5% of the gross domestic product for the same year. Compared to the previous year, 2015, the total expenditure on social protection increased by 4.1% and their corresponding share of the gross domestic product fell by 0.4 percentage points.

#### 2. Expenditures of the social protection system and share of the gross domestic product, 2014 - 2016

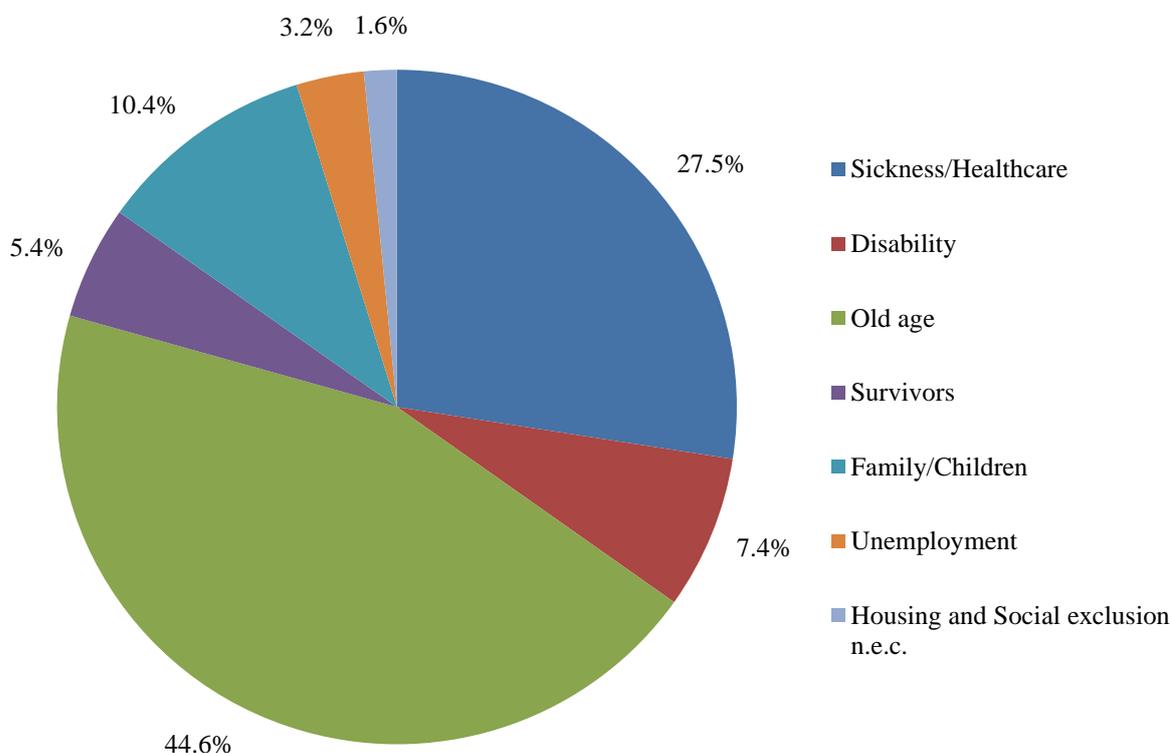
	2014	2015	2016
	Millions BGN	Millions BGN	Millions BGN
<b>Total expenditures</b>	<b>15471.9</b>	<b>15811.6</b>	<b>16455.2</b>
Relative share of gross domestic product (%)	18.5	17.9	17.5

#### Social protection benefits

The 'Old age' function with its major component expenditure for pensions had the highest share (44.6%) in total expenditures. The 'Sickness/Healthcare' and 'Family/Children' functions also had a significant share of total expenditures - 27.5% and 10.4% respectively.



**Figure 1. Distribution of social protection benefits by function in 2016**



The most common form of receipt of social benefits is the payment of cash benefits (periodic or lump sum). In 2016, the expenditures on cash benefits amounted to 11 016.3 Million BGN or 68.8% of total expenditures on social protection benefits.

Over 60% of the cash benefits were paid under the 'Old age' function (Table 3) and most of them were not associated with the requirement to cover any additional conditions on their receipt (i.e. they are non-means tested) as a result of participation in the social protection system. Benefits paid under 'Disability' and 'Family/Children' functions took a share of total expenditures on social protection benefits respectively 9.0% and 9.5%.

In 2016, expenditures on benefits in kind amounted to 5 006.4 Million BGN, with an increase of 5.7% according to 2015. Highest (78.2%) was the share of benefits in kind under 'Sickness/Healthcare' function.



### 3. Social protection benefits by type, 2014 - 2016

	2014		2015		2016	
	Millions BGN	%	Millions BGN	%	Millions BGN	%
<b>Cash benefits - total</b>	<b>10213.0</b>	<b>100.0</b>	<b>10620.3</b>	<b>100.0</b>	<b>11016.3</b>	<b>100.0</b>
Sickness/Healthcare	382.4	3.7	437.2	4.1	485.2	4.4
Disability	957.2	9.4	977.5	9.2	986.8	9.0
Old age	6558.7	64.2	6830.2	64.3	7098.7	64.4
Survivors	821.6	8.0	840.4	7.9	868.9	7.9
Family/Children	1034.6	10.1	1071.1	10.1	1051.5	9.5
Unemployment	400.9	3.9	409.1	3.9	480.6	4.4
Housing and social exclusion	57.8	0.6	54.8	0.5	44.5	0.4
<b>Benefits in kind - total</b>	<b>4784.3</b>	<b>100.0</b>	<b>4735.4</b>	<b>100.0</b>	<b>5006.4</b>	<b>100.0</b>
Sickness/Healthcare	3766.1	78.7	3676.9	77.6	3915.7	78.2
Disability	194.8	4.1	184.2	3.9	191.4	3.8
Old age	36.3	0.8	37.9	0.8	39.3	0.8
Survivors	0.0	0.0	0.4	0.0	0.3	0.0
Family/Children	573.8	12.0	610.0	12.9	619.8	12.4
Unemployment	33.3	0.7	36.6	0.8	34.0	0.7
Housing and social exclusion	180.2	3.8	189.5	4.0	205.8	4.1

Changes in the social protection system over the years can be traced by functions and benefits included in them.

#### 'Sickness/Healthcare' function

The 'Sickness/Health care' function includes: 'cash benefits that replace in whole or in part loss of earnings during temporary inability to work due to sickness or injury; medical care provided in the framework of social protection to maintain, restore or improve the health of the people protected'<sup>1</sup>.

In 2016, 4 400.9 Million BGN were paid under the 'Sickness/Healthcare' function or 27.5% of the total benefits paid. The highest share of expenditures is for medical and hospital care, prophylactics and rehabilitation - 44.6% of the spendings in the function, followed by the expenses for pharmaceutical products - 24.2%.

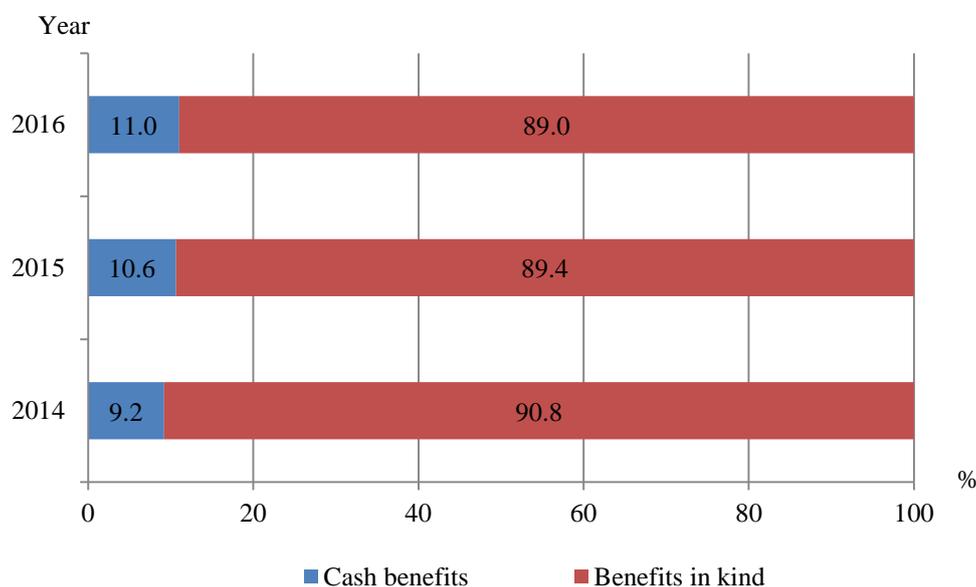
Expenditures on cash benefits (periodic and lump-sum) represented 11.0% of total benefits paid under this function and amounted to 485.2 Million BGN. Periodic cash benefits covered paid leave due to accident at work, occupational disease or sickness. The expenditures for temporary disability benefits are 10.5% of the total benefits paid under this function. Lump sum benefits included the financial resources provided for treatment of persons less than 18 years of age abroad as well as the financial support of Bulgarian citizens for assisted reproduction.

<sup>1</sup> 'European system of integrated social protection statistics - ESSPROS, Manual and user guidelines', 2016 edition.



Benefits in kind paid in 2016 amounted to 3 915.7 Million BGN and covered payments on in-patient, primary and specialized out-patient healthcare, dental care, medical-diagnostic activities and payments for medical products and supplies financed by the National Health Insurance Fund. Expenditure on benefits in kind also included payments for emergency medical care centers, homes for medical and social care and state psychiatric hospitals made by the Ministry of Health, as well as payments for healthcare services contracted through supplementary health insurance. In 2016, the share of benefits in kind from the total expenditures paid under the function was 89.0%.

**Figure 2. Structure of expenditures for function ‘Sickness/Healthcare’, 2014 - 2016**



### ‘Disability’ function

The ‘Disability’ function includes benefits that: ‘provide an income to persons below standard retirement age as established in the reference scheme whose ability to work and earn is impaired beyond a minimum level laid down by legislation by a physical or mental disability; provide rehabilitation services specifically required by disabilities; provide goods and services other than medical care to disabled people’<sup>1</sup>.

In 2016, 1 178.2 Million BGN were paid under the ‘Disability’ function or 7.4% of total social protection benefits paid. 83.8% of the benefits paid under this function were in cash. Periodic cash benefits covered disability pensions due to a general illness, a work accident and occupational disease, a pension for military or civil disability, a social disability pension, which represent the highest share of expenditures - 58.9% or 693.38 Million BGN. Care assistance allowance takes 8.0% of the totals or 94.82 Million BGN. The monthly supplement for social integration of people with disabilities has the smallest share of the expenditures in the function - under 1.0% or 0.72 Million BGN. Monthly allowance for telephone services for war invalids as well as a monthly supplement for dietetic nutrition and pharmaceutical products, as well as the monthly supplement for social integration according to the individual needs according to the degree of reduced working capacity or the type and extent of the disability, occupy 11.7% of the expenses incurred by

<sup>1</sup> ‘European system of integrated social protection statistics - ESSPROS, Manual and user guidelines’, 2016 edition



the function and are less than 138 Million BGN. Lump-sum benefits amounted to 60.2 Million BGN and were intended to finance employment projects for people with disabilities, to pay allowances for people with hearing and vision impairments and for the manufacturing, purchase and repair of facilities, devices, installations and medical products.

Expenditures on benefits in kind in 2016 amounted to 191.4 Million BGN or 16.2% of total social protection expenditure paid under this function. The main share of expenditures (51.0%) was that of expenditure on assistance in carrying out daily tasks - home social patronage, social and personal assistants. Benefits in kind also included expenditure on homes for disabled elderly people, sheltered housing classified as accommodation expenditure as well as costs on rehabilitation and day care centers for people with disabilities.

#### 4. Distribution of benefits in kind under the 'Disability' function, 2014 - 2016

	2014		2015		2016	
	Millions BGN	%	Millions BGN	%	Millions BGN	%
<b>Benefits in kind</b>	<b>194.8</b>	<b>100.0</b>	<b>184.2</b>	<b>100.0</b>	<b>191.4</b>	<b>100.0</b>
Accommodation	48.2	24.8	50.0	27.1	52.2	27.3
Assistance for daily activities	110.0	56.5	95.3	51.7	97.6	51.0
Rehabilitation	14.9	7.7	16.4	8.9	16.0	8.4
Other benefits in kind	21.6	11.1	22.6	12.3	25.5	13.3

#### 'Old age' function

The 'Old age' function includes benefits that: 'provide a replacement income when the aged person retires from the labour market; guarantee a certain income when a person has reached a prescribed age; provide goods or services specifically required by the personal or social circumstances of the elderly'<sup>1</sup>.

The expenditures under this function had the biggest share of total social protection benefits paid (just over 44.0% through the period 2014 - 2016). This function included all types of pensions granted after reaching the standard retirement age. In 2016, 7 138.1 Million BGN were paid under the 'Old age' function from which 7 091.9 Million BGN were cash benefits connected to the participation in the social contribution system (i.e. non-means tested) and 6.8 Million BGN were cash benefits which are obtained after the application of an income criteria (i.e. means-tested).

In 2016, 39.4 Million BGN was paid under the 'Old age' function for benefits in kind (expenditures on homes for elderly and day care centers for the elderly) or 0.6% of total expenditures paid under the function.

<sup>1</sup> 'European system of integrated social protection statistics - ESSPROS, Manual and user guidelines', 2016 edition.



### **‘Survivors’ function**

The ‘Survivors’ function includes benefits that: ‘provide temporary or permanent income to people who have suffered from the loss of the spouse or a next-of-kin, usually when the latter represented the main breadwinner for the beneficiary; compensate survivors for funeral costs and for any hardship caused by the death of a family member’<sup>1</sup>.

Survivors eligible for benefit may be the spouse or ex-spouse of the deceased person, his or her children, grandchildren, parents or other relatives. Benefits provided under the function are non means-tested.

In 2016, 869.2 Million BGN were paid under the ‘Survivors’ function or 5.4% of the total social protection benefits paid. The function included survivors’ pensions, which take 31.6% of the total expenditures. Supplement to the pension in case of deceased spouse, takes the biggest share of the spendings here - 65.8%. The lump sums provided to survivors of a deceased person who has insured him or herself at Universal/ Professional pension fund are 2.5% of the totals.

The expenditures on benefits in kind in 2016 under the ‘Survivors’ function amounted to 0.28 Million BGN and included lump sum allowances for funeral expenses paid under the Military invalids and victims Act.

### **‘Family/Children’ function**

The ‘Family/children’ function includes benefits that: ‘provide financial support to households for bringing up children; provide financial assistance to people who support relatives other than children; provide social services specifically designed to assist and protect the family, particularly children’<sup>1</sup>.

In 2016, the expenditures on benefits under the ‘Family/Children’ function were 10.4% of total social protection expenditures. The total amount of social protection benefits paid under the function was 1 671.3 Million BGN and compared to previous year decreased by 0.6%.

In 2016, 379.7 Million BGN or 22.7% of social protection expenditures paid under the function were allocated for means-tested cash benefits. These benefits included monthly allowance for bringing up a child younger than 1 year for uninsured person, monthly allowance for a child up to completion of secondary education, lump sum benefit for pregnancy and lump sum benefit for a child in first grade. Granted without fulfilling any special conditions (i.e. non means-tested) were:

- Pregnancy and childbirth benefits, labour readjustment compensation in case of pregnancy and breast feeding, which were 355.07 Million BGN or 21.2% of the paid benefits for this function.
- Paid parental leave for bringing up a small child, allowances for the adoption of a child from 2 to 5 years of age, monthly allowances for bringing up a child with permanent disabilities up to 2 years of age, representing 9.4% of the spendings done or 157.06 Million BGN.
- Monthly benefits for bringing up and educating children in foster families, monthly scholarships for assistance to pupils with permanent disabilities and for pupils without parents after completed primary education, which were in the amount of 118.9 Million BGN and took 7.1% share of the total benefits paid.
- Lump sum benefit paid for birth of a live child - 26.46 Million BGN or 1.6%.
- Lump sum benefit paid for bringing up a child from a mother-student and lump sum benefit for bringing up twins, totaling at 4.63 Million BGN, or less than 0.5%.

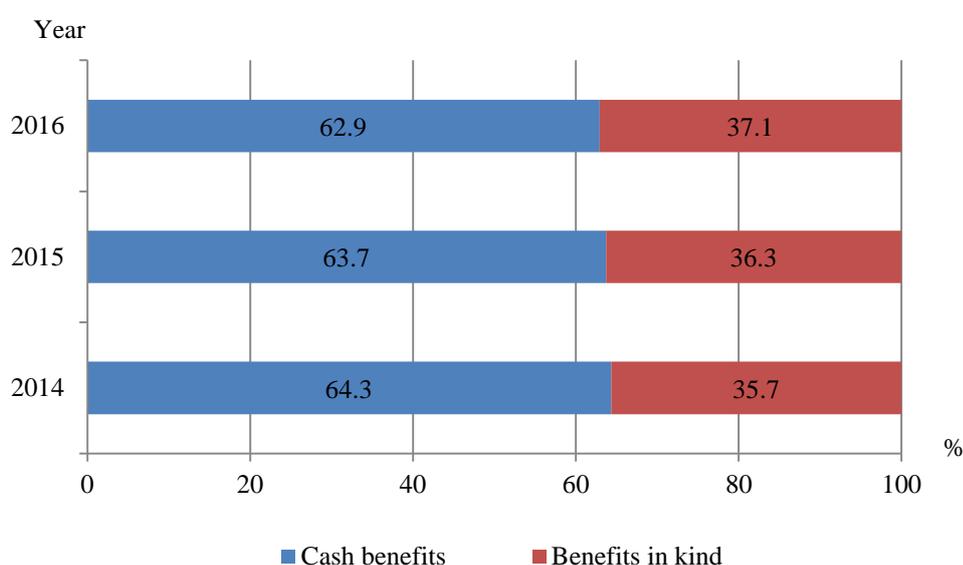
<sup>1</sup> ‘European system of integrated social protection statistics - ESSPROS, Manual and user guidelines’, 2016 edition.



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Benefits in kind included the costs of crèches, accommodation costs covering the ‘Mother and baby’ units, centers for family-type accommodation and children’s homes as well as allowances for free traveling of mothers of many children and social benefits in kind paid by the employer. Benefits in kind paid under the function ‘Family/Children’ in 2016 amounted to 619.8 Million BGN or 37.1% of total social protection expenditures paid under the function. Compared to the previous year the amount of benefits in kind increased by 1.6%.

**Figure 3. Structure of expenditures for function ‘Family/Children’, 2014 - 2016**



### ‘Unemployment’ function

The ‘Unemployment’ function includes benefits that: ‘replace in whole or in part income lost by a worker due to the loss of gainful employment; provide a subsistence (or better) income to persons entering or re-entering the labour market; compensate for the loss of earnings due to partial unemployment; contribute to the cost of training or re-training people looking for employment; help unemployed persons meet the cost of travelling or relocating to obtain employment; provide help and relief by providing appropriate goods and services’<sup>1</sup>.

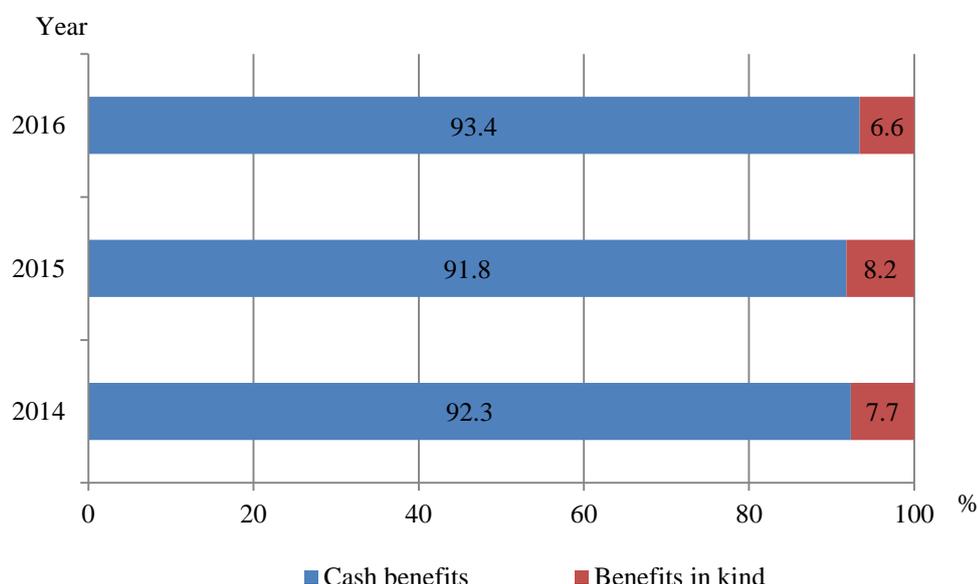
In 2016, 514.6 Million BGN were paid under the function ‘Unemployment’ or 3.2% of total social protection expenditure. Compared to the previous year, the social protection expenditures under this function increased by 15.5%. The highest share (75.5%) is the periodic cash payments for benefits compensating the loss of income when a person is able to work and is available for work but is not able to find suitable employment for him/her, including persons not previously employed. The share of lump sum cash benefits of the cash benefits provided under this function remains the same (16.2%) as the previous year. Lump sum benefits are amounts paid to employees who have been dismissed if the company suspended or ceased their activities. This benefit may be paid directly by the employer or by a fund created specifically for that purpose.

<sup>1</sup> ‘European system of integrated social protection statistics - ESSPROS, Manual and user guidelines’, 2016 edition.



Benefits in kind refer to active labor market measures and include the cost of hiring unemployed people outside the settlement by permanent address, training costs, and job search and employment services. Here are included the expenditures under the Operational Program ‘Human Resources Development’, programs: ‘Youth employment’, ‘Training and employment of young people’ and ‘Training and employment’. Within the framework of the National Program ‘Assistance for the Disabled People’ run by Agency for People with Disabilities - 9.372 Million BGN were paid for salaries and social security contributions for unemployed persons employed as assistants of disabled people. The share of benefits in kind decreases from 8.2% in 2015 to 6.6% in 2016, or by 1.6 percentage points.

**Figure 4. Structure of expenditures for function ‘Unemployment’, 2014 - 2016**



### ‘Housing’ function

The ‘Housing’ function is based on the ‘interventions of public authorities to help households meet the cost of housing. An essential criterion for defining the scope of the ‘Housing’ function is the existence of qualifying means-test for the benefit’<sup>1</sup>.

In Bulgaria such benefits are provided in kind. Under the function the monthly allowances for rent payment of a municipal dwelling was reported, where beneficiaries may be orphans up to 25 years of age who have completed a social educational center, single elderly people over the age of 70 years and a parent bringing up a child/ren alone. Monthly allowance for basic subsistence needs - rent for a municipal dwelling was also included, where beneficiaries may be single persons with permanently reduced working capacity or with certain type and degree of disability.

In 2016, 0.43 Million BGN was paid under the ‘Housing’ function, decreasing by 7.4% compared to 2015.

<sup>1</sup> ‘European system of integrated social protection statistics - ESSPROS, Manual and user guidelines’, 2016 edition.



### ‘Social exclusion not elsewhere classified’ function

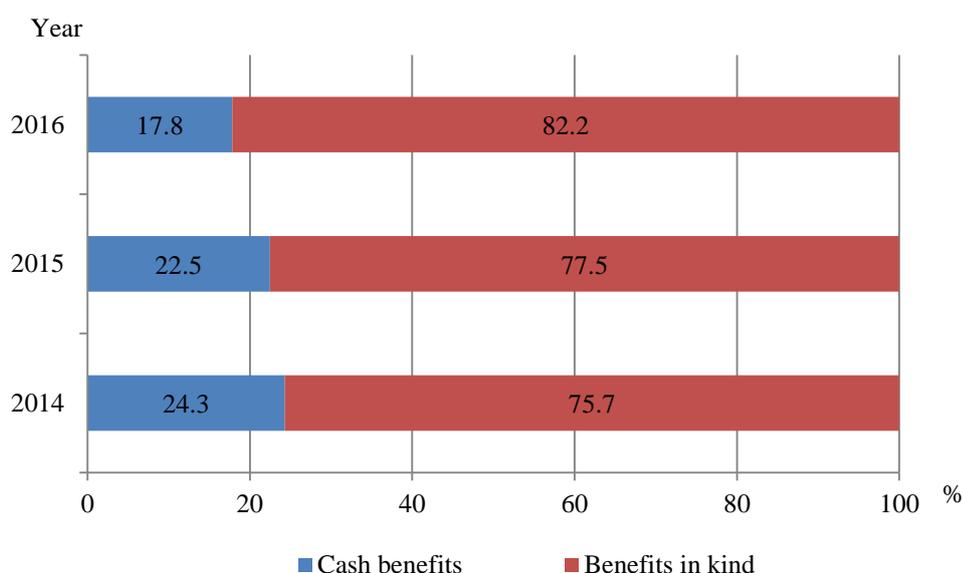
While the above mentioned functions refer to people subject to clearly identifiable risks or needs (the elderly, the disabled, the unemployed, etc.), the present function refers to the ‘socially excluded’ or ‘those at risk of social exclusion’<sup>1</sup>.

The concept of social exclusion is multidimensional: it first refers to an insufficient level of income (poverty), but also to precarious situations in the field of health, education and employment.

In 2016, 249.9 Million BGN was paid under the function or 2.5% more than for the previous year. 44.5 Million BGN were allocated for cash benefits or 17.8% of total social protection benefits paid under the function. They are monthly and lump sum social benefits. Compared to the previous year, the funds allocated to cash benefits in 2016 decreased by 18.7% and their share of total social protection expenditures decreased by 4.6 percentage points.

The total amount of paid benefits in kind in 2016 was 205.3 Million BGN and it increased by 8.6% compared to the previous year. The main share of expenditures (46.2%) was that of expenditure on targeted heating allowances, lump sum allowances for issuing an ID card, lump sum benefit for covering daily and accommodation expenses of persons authorized for treatment abroad by the Ministry of Health, lump sum benefit - provision of individual food packages, dental care for war veterans which falls outside the scope of the basic healthcare package guaranteed by the National Health Insurance Fund. They also included expenditures for accommodation in a crisis center, an observed home, a transition home, a center for temporary accommodation or in a shelter, as well as expenditures on different social services provided in clubs for pensioners, invalids, etc., centers for public support, centers for working with children on the street.

**Figure 5. Structure of expenditures for function ‘Social exclusion’, 2014 - 2016**





### Methodological notes

The European System of integrated Social Protection Statistics (ESSPROS) is a specific instrument for production of comparable, topical and accurate data on the social payments and their financing at the European level.

The statistical unit in the ESSPROS is called social protection scheme. Social protection schemes should provide protection against a single risk or need and/or cover a single specific group of beneficiaries. Social protection schemes are supported by institutional units and the institutional unit could support more than one social protection scheme in case it administer and supply number of different types of social benefits.

Taking into account the peculiarities of the social protection system in Bulgaria and regarding the European definitions and criteria the following social protection schemes are classified:

1. Fund 'Pensions';
2. Fund 'Pensions not connected to employment';
3. Fund 'Accidents at work and occupational disease';
4. Fund 'Sickness and maternity';
5. Fund 'Unemployment';
6. Teachers' pension fund;
7. Professional pension funds;
8. Universal pension funds;
9. National Health Insurance Fund;
10. Supplementary health insurance;
11. Health care financed directly by the Government;
12. Assistance for families with children and child protection;
13. Social assistance;
14. Social integration of disabled persons;
15. Active measures for encouragement of the employment;
16. Social scholarships;
17. Social services provided by municipalities;
18. Employers direct social contributions.

In the core system, social benefits are classified **by function and by type**.

**The function of the social benefit** refers to the primary purpose for which social protection is provided, irrespective of legislative or institutional provisions. Eight functions of social protection are distinguished:

- Sickness/Healthcare;
- Disability;
- Old age;
- Survivors;
- Family/Children;
- Unemployment;
- Housing;
- Social exclusion not elsewhere classified.



Distribution by functions is applied for social protection benefits, and not for receipts, because a single type of receipt can be used to finance benefits under several different functions.

**Social benefits are classified by type** at two levels: first - short **general classification**, which concerns all functions and second - more detailed classification where the items concern just one or limited number of functions. The general classification includes cash benefits, which could be periodic or lump sum, and benefits in kind.

**Benefits in kind** are benefits granted in the form of goods and services. They may be provided by way of reimbursement or directly. Reimbursements are benefits in the form of payments that reimburse the recipient in whole or in part for certified expenditure on specified goods and services.

Social benefits are broken down between means-tested and non means-tested. Means-tested social benefits are social benefits which are explicitly or implicitly conditional on the beneficiary's income and/or wealth below a specified level. It is not necessary the specified level to be precisely defined at national level; it could be different for the separate schemes and could be even different for the separate types of benefits provided by a given scheme.

**In 2017, in order to improve the scope and methodology of the survey, a revision of the data for the following schemes and years was made: scheme 9 - from 2013, scheme 11 - from 2013, scheme 12 - from 2010, scheme 14 - from 2010 and scheme 17 - from 2008.**

More information and data on receipts and expenditures for social protection can be found on the website of NSI, section 'Social protection' (<http://www.nsi.bg/en/content/6914/social-protection>) and on the information system 'Infostat' ([https://infostat.nsi.bg/infostat/pages/module.jsf?x\\_2=45](https://infostat.nsi.bg/infostat/pages/module.jsf?x_2=45)).