

METHODOLOGY

ESSPROS SYSTEM

The European System of integrated Social PROtection Statistics (ESSPROS) was developed in the late '70s by Eurostat jointly with representative of the Member States of the European Union in response to the need for a specific instrument of statistical observation of social protection in the EC Member States. The development of the system is relevant to the growing and evolved requirements for the statistical information and analysis in the domain of social policy.

The objectives of ESSPROS are to provide a comprehensive and coherent description of social protection in the Member States:

- covering social benefits and their financing;
- geared to international comparability;
- harmonising with other statistics, particularly the national accounts, in its main concepts.

The basic element of ESSPROS is the Core system. It consists of data for the provided benefits and the financing as well as data for the receipts and expenditures of the units responsible for the social protection. So the statistical information could be structured in standalone accounting framework, covering the provision of social protection and its financing. This approach permits use of administrative files in member states, which are cheap and reliable sources of statistical data.

Whereas the Core system corresponds to the standard information on social protection receipts and expenditures, the modules contain supplementary statistical information on particular aspects of the social protection. Each module has its own methodology and is based on specific sources and/or estimation methods. The subjects covered by the modules were determined on the basis of the needs expressed by the Commission and the Member States.

Currently besides the Core system, the module of Pension Beneficiaries and the module of Net Social Benefits are implemented.

The main Regulation on the European system of integrated social protection statistics is:

- Regulation (EC) No 458/2007 of the European Parliament and of the Council on the European system of integrated social protection statistics;
- Commission Regulation (EC) No 1322/2007 implementing Regulation (EC) No 458/2007 as regards the appropriate formats for transmission, results to be transmitted and criteria for measuring quality for the ESSPROS core system and the module on pension beneficiaries;
- Commission Regulation (EC) No 10/2008 implementing Regulation (EC) No 458/2007 as regards the definitions, detailed classifications and updating of the rules for dissemination for the ESSPROS core system and the module on pension beneficiaries;
- Commission Regulation (EU) No 110/2011 implementing Regulation (EC) No 458/2007 as regards the appropriate formats for the transmission of data, the results to be transmitted and the criteria for measuring quality for the ESSPROS module on net social protection benefits;
- Commission Regulation (EU) No 263/2011 implementing Regulation (EC) No 458/2007 as regards the launch of full data collection for the ESSPROS module on net social protection benefits.

All Regulations apply on both the Core system, the Pension Beneficiaries Module and the Net Social Protection Benefits Module.

1. SCOPE

1.1 Definition of social protection

For the aims of ESSPROS Core systems and its modules a conventional definition of the scope of social protection is formulated which meets as much as possible the needs of social policy analysis and data collection on an international level:

Social protection encompasses all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved.

The list of risks or needs that may give rise to social protection is as follows:

1. Sickness/Health care
2. Disability
3. Old age
4. Survivors
5. Family/Children
6. Unemployment
7. Housing
8. Social exclusion not elsewhere classified.

The various risks and needs define the primary purposes for which resources and benefits are provided, irrespective of legislative or institutional structures behind them. In this context, it is customary to use the term *functions of social protection*.

Functions are defined in terms of their end-purpose, not in terms of given branches of social protection or pieces of legislation. For instance, the benefits granted by a pension fund cannot simply be classified entirely under the Old age function, as some benefits may have the purpose to relieve the beneficiary from needs related to the death of a breadwinner (which belong to the Survivors function) or to the loss of the physical ability to engage in economic and social activities (which are to be classified under the Disability function).

There are a number of differences between the ESSPROS and the national accounts in the list of risks or needs giving rise to social benefits. The most important one is that the national accounts include the need "Education".

1.2. Types of intervention

The word *intervention* in the definition should be understood in its broadest sense to cover the financing of benefits and related administration costs, as well as the actual provision of benefits. Benefits granted within the framework of social protection can take many forms; however, in the *Core system*, they are limited to:

- cash payments to protected people;
- reimbursements of expenditure made by protected people;
- goods and services directly provided to protected people (benefits in kind).

In principle that restriction is not related to the future modules, but is relevant to the Module on Pension Beneficiaries and Module on Net Social Benefits.

For practical reasons, small-scale, informal and incidental types of support such as whiprounds, Christmas collections, ad-hoc humanitarian aid and emergency relief in the event of natural disasters, which do not require regular management and accounting, are also excluded from the definition of social protection.

1.3. Public and private bodies providing social protection

The condition that the intervention must come from public or private bodies excludes from the definition of social protection all direct transfers of resources between private households or individuals in the form of gifts, help to relatives and so on, even if their purpose is to protect the recipient from the risks or needs listed in 1.1.

Institutions providing social protection in the country are:

- social security funds;
- autonomous pension funds;
- state and governmental agencies and bodies of local authority;
- health insurance companies;

- employers providing benefits directly to their employees;
- non-profit institutions supporting welfare and assisting households.

1.4 Absence of a simultaneous reciprocal arrangement

The conventional definition of social protection stipulates that the intervention does not involve a simultaneous reciprocal arrangement. This should be conceived as excluding from the scope of social protection any intervention where the recipient is obliged to provide simultaneously something of equivalent value in exchange.

For instance, the portion of the full cost of health care and other provisions that beneficiaries are required to meet personally falls outside the field of social protection.

This does not preclude that social protection benefits may be conditional on some action to be undertaken by the beneficiary (such as taking part in a vocational training programme), provided that this action does not have the character of salaried work or sale of services.

Social protection does not include employers' expenditures which reasonably could be assumed as a compensation for work (ex. paying extra for transportation to and from work, payments made by employers to employees under saving schemes, free accommodation for employees, childcare facilities for children of employees, payments for official and annual holidays, sport and leisure activities for employees and their families).

However, where the reciprocal arrangement from the employee is *not* simultaneous (the right to the benefit arises from the previous period of service with the employer) the expenditure is classified as social protection.

Therefore social protection provided directly by employers to their employees is limited to:

- the continued payment of normal, or reduced, wages and salaries during periods of absence from work as a result of sickness, accident, maternity etc.;
- the payment of statutory special allowances for dependent children and other family members;
- health care which is not related to the nature of the work.

1.5 The exclusion of individual arrangements

Social protection excludes all insurance policies taken out on the private initiative of individuals or households solely in their own interest. For instance, the payment of a capital sum or an annuity to the holder of a private life insurance policy is not considered to be social protection.

An insurance policy is included in the scope of the ESSPROS if it is based on social solidarity, whether or not it is taken out on the initiative of the person insured. An insurance policy is based on the principle of *social solidarity* if the contributions charged are not proportional to the individual exposure to risk of the people protected.

2. SOCIAL PROTECTION SCHEMES

The statistical unit in the ESSPROS is called *social protection scheme*. It is defined as follows:

A social protection scheme is a distinct body of rules, supported by one or more institutional units, governing the provision of social protection benefits and their financing.

Social protection schemes should at all times meet the condition that it must be possible to draw up a separate account of receipts and expenditures. Preferably, social protection schemes are chosen in such a way that they provide protection against a single risk or need and cover a single specific group of beneficiaries.

Social protection schemes are linked exclusively to redistribution rather than production. They are supported by institutional units and are not themselves institutional units. Some institutional units support social protection schemes as their main activity (for example, social security funds and other social funds). Others run social protection schemes only as a subsidiary activity (for example, employers or some state administrations).

Institutional units can support more than one social protection scheme when they administer and provide very diverse types of social benefits. On the other hand, a single social protection scheme can be supported by several institutional units where each is responsible for a specific part of benefits or beneficiaries.

In Bulgaria a specialized institution is set up aiming to finance state social security – National Social Security Institute but its activities are spread between separate funds permitting better possibilities to analyse the structure of social protection.

Taking into account the distinctions of the social protection system in Bulgaria and according to the European definitions and criteria, the following schemes are classified:

1. Pension fund – with source of the data about the paid benefits the National Social Security Institute.
2. Pensions not related to labour activity fund – with source of data on the amount of benefits paid the National Social Security Institute.
3. Work injury and occupational disease fund – with source of data on the amount of benefits paid the National Social Security Institute.
4. General disease and maternity fund – with source of data on the amount of benefits paid the National Social Security Institute.
5. Unemployment fund – with source of data on the amount of benefits paid the National Social Security Institute.
6. Teachers' pension fund – with source of data on the amount of benefits paid the National Social Security Institute.
7. Professional pension funds – with source of data on the amount of benefits paid the Financial Supervision Commission and the National Statistical Institute.
8. Universal pension funds – with source of data on the amount of benefits paid the Financial Supervision Commission and the National Statistical Institute.
9. National health insurance fund – with source of data on the amount of benefits paid the National Health Insurance Fund.
10. Supplementary health insurance – with source of data on the amount of benefits paid the Financial Supervision Commission and the National Statistical Institute.
11. Health care financed directly by government – with source of data on the amount of benefits paid the Ministry of Health.
12. Assistance of families with children and child protection – with source of data on the amount of benefits paid the Social Assistance Agency.
13. Social assistance – with source of data on the amount of benefits paid the Social Assistance Agency.
14. Social integration of people with disabilities – Agency for Social Assistance and Agency for people with disabilities.
15. Active measures for employment – with source of data on the amount of compensation paid the Employment Agency.
16. Social educational scholarships and grants – with source of data on the amount of benefits paid the Ministry of Education and Science.
17. Social services provided by municipalities – with source of data on the amount of benefits paid the Ministry of Finance.
18. Social benefits provided by employer – with source of data on the amount of benefits paid the National Statistical Institute.

2.1. Classification of social protection schemes

The ESSPROS classifies the social protection schemes based on five different criteria – which unit takes the main decisions; the rules laid down by national legislation concerning the membership of the protected persons in the corresponding social protection scheme; the basis on which the protected person is eligible for benefits; scope of the scheme and level of protection.

For each of these criteria, the schemes are allocated to the group which agrees with their predominant character.

2.1.1. Decision-making criterion

According to this criterion schemes may be public (government-controlled) or not government-controlled dependent on the unit that takes the most important decisions (mainly on the amount of social contributions and benefits).

Government-controlled schemes (public, state) are schemes where the Government takes all the principal decisions about the level of benefits, the terms on which they are paid and the ways in which the scheme is financed.

Public social protection is usually established by law or regulation and may be further subdivided by level of government into:

- Central government schemes,
- State and local government schemes.

Not government-controlled schemes are all social protection schemes which are not controlled by government. They are classified into not government-controlled schemes for employees and other not government-controlled schemes.

Not government-controlled schemes for employees are social protection schemes organised (but not necessarily run) by employers for their employees, former employees and their dependants. Two groups are distinguished:

- Contractual not government-controlled schemes for employees provide social protection decided via bargaining between the social partners (employers and employees).
- Non-contractual not government-controlled schemes for employees provide social protection to employees at the discretion of the employer.

Other not government-controlled schemes are all not government-controlled schemes other than those organised by employers for their employees, former employees and their dependants. They may be organised, for instance, for the general public or specific groups.

2.1.2. Legal enforcement criterion

According to this criterion social protection schemes may be compulsory or non-compulsory. In the framework of the ESSPROS the concept *compulsory* is interpreted from the point of view of the people protected.

Compulsory schemes are social protection schemes where membership is made compulsory by the government under enactment.

Non-compulsory schemes are all social protection schemes where membership is not made compulsory by law.

Two subgroups of non-compulsory schemes are distinguished separately:

- Schemes available by law consists of schemes established by law or regulation and available for voluntary membership to specific groups (such as voluntary health insurance);
- Other non-compulsory schemes include voluntary schemes created in a way different from law.

2.1.3. Establishment of entitlements criterion

Establishment of entitlements refers to the basis on which the protected person is eligible for benefits: conditional or not conditional on payment of contributions.

Contributory schemes are social protection schemes that require the payment of contributions by the protected persons or by other parties on their behalf in order to secure individual entitlement to benefits.

Non-contributory schemes are social protection schemes in which eligibility to benefits is not conditional on the payment of contributions by the protected persons or by other parties on their behalf. In this category are classified schemes providing benefits only to persons compliant to the certain level of welfare (mean test). Health services, provided by the government are classified here too.

2.1.4. Scope of the scheme criterion

Social protection schemes may cover the whole population, all or the majority of workers or specific sections of the population.

Universal schemes are schemes which apply to the whole population, implying that all residents or nationals, irrespective of their socio-professional status, are eligible to receive social benefits upon materialisation of the specified in p.1.1 risks or needs.

General schemes are those which apply to the totality or the preponderance of the economically active population.

Special schemes are schemes designed to protect a specific, restricted section of the population. Some specialized schemes are directed to certain categories of employees such as teachers and employees working in conditions of high risk (first and second category of labor).

ESSPROS defines four separate sub-groups of special schemes:

- Schemes for public servants are those reserved for established and acting public servants, other members of general government staff and officials of public
- Schemes for the self-employed are schemes set up to provide protection for the selfemployed and their dependants.
- Other occupational schemes are schemes created for certain categories of workers on the basis of occupation or profession, other than special schemes for public servants and the selfemployed.
- Other schemes groups all remaining special schemes.

2.1.5. Level of protection criterion

According to this criterion social protection schemes are split to basic or supplementary.

Basic schemes are social protection schemes that guarantee a basic level of protection. A basic level of protection means the lower level of protection (without it being strictly understood as the level of resources) allowing only the minimum socially acceptable standard of living. Often the basic schemes are these protecting the largest number of beneficiaries.

Supplementary schemes are social protection schemes that top up cash benefits granted by the basic scheme, extend the coverage of the basic scheme or replace the basic scheme where conditions for entitlement to the basic scheme are not fulfilled.

An example of supplementary schemes are those providing supplements to the basic pension and schemes covering the expenditures for health care outside the scope of basic schemes. Schemes directed to specific groups of the working population (as professional funds) are usually classified as supplementary as well.

2.2. Receipts of social protection schemes

ESSPROS classifies receipts of social protection schemes by type and origin. The type indicates the nature of (or reason for) a payment; while the origin specifies the institutional sector from which the payment is received.

As single type of receipts finances benefits in different functions, it is difficult to define the distribution by benefits. This is the main reason why ESSPROS does not use classification of receipts by social functions.

2.2.1 Types of receipts

The receipts of the social protection schemes are classified in four main categories:

- Social contributions;
- General government contributions;
- Transfers from other schemes;
- Other receipts.

The detailed classification of the receipts is presented in Table 1.

Table 1: Classification of receipts of social protection schemes by type

| Reference | Types of receipts |
|-----------|---|
| 2100000 | Social contributions |
| 2110000 | Employers' social contributions |
| 2110100 | Actual employers' social contributions |
| 2110200 | Imputed employers' social contributions |
| 2120000 | Social contributions by the protected persons |
| 2121000 | Employees |
| 2122000 | Self-employed persons |
| 2123000 | Pensioners and other |
| 2200000 | General government contributions |
| 2210000 | Earmarked taxes |
| 2220000 | General revenue |
| 2300000 | Transfers from other schemes |
| 2310000 | Social contributions re-routed from other schemes |
| 2320000 | Other transfers from other resident schemes |
| 2400000 | Other receipts |
| 2410000 | Property income |
| 2420000 | Other |

Social contributions (ref. 2100000) means the costs incurred by employers on behalf of their employees or by protected persons to secure entitlement to social benefits. Some of the social contributions to the compulsory, not controlled by the government schemes for social protection may be imputed.

The fact that social contributions have been paid by or for a particular person may not be the sole condition to make that person eligible to social benefits and other conditions may be required (for example a minimum period of affiliation).

Employers' social contributions (ref. 2110000) are the costs incurred by employers to secure entitlement to social benefits for their employees, former employees and their dependants. They could be actual or imputed and paid by resident or non-resident employers.

Employers' actual social contributions (ref. 2110100) are payments made by employers to insurers to secure entitlement to social benefits for their employees, former employees and their dependants.

The term *insurers* includes:

- social security funds;
- non-profit institutions running contributory schemes (such as autonomous pension funds);
- commercial insurance companies;
- employers running non-autonomous schemes and maintaining segregated reserves in their balance sheets for that purpose.

Employers' imputed social contributions (ref. 2110200) are the costs incurred by employers by granting social benefits or by promising social benefits payable in future, to their employees, former employees and their dependants, without involving an autonomous insurer and without maintaining segregated reserves for that purpose in their balance sheets.

For simplification the evaluation of employers' imputed social contributions is estimated as the value of the benefits granted in the reference period.

Social contributions paid by protected persons (ref. 2120000) are payments made by individuals and households to social protection schemes in order to obtain or keep the right to receive social benefits.

Social contributions paid by protected persons are broken down by category into:

- Social contributions paid by Employees (ref. 2121000);
- Social contributions paid by Self-employed persons (ref. 2122000);

- Social contributions paid by Pensioners and other persons (ref. 2123000).

The classification of the social contributions refer to the circumstances in which a person contributes to the social protection scheme and not to the person's wider circumstances.

General government contributions (ref. 2200000) consists of the cost to general government of running government-controlled non-contributory schemes and financial support provided by general government to other resident social protection schemes. Both, current and capital transfers are registered.

The financial support includes unrequited payments made by government to public and private social protection schemes contributing to their administration costs or covering deficits incurred over current or previous accounting periods. Also included here are extraordinary payments by government designed to increase the actuarial reserves of social protection schemes.

General government contributions do not cover actual or imputed contributions which general government makes to secure benefits to its own employees, former employees and their dependants - these are classified as Employers' social contributions.

The category of General government contributions is additionally broken down into:

- Earmarked taxes (ref. 2210000) are the proceeds from taxes and levies which, by law, can be used only to finance social protection.

- General revenue (ref. 2220000) are general government contributions from sources other than earmarked taxes.

Transfers from other schemes (ref. 2300000) means unrequited payments received from other social protection schemes. ESSPROS records two flows of equal value – in the expenditure of the payment scheme and in the receipts of the beneficiary scheme. Transfers are broken down in Re-routed social contributions and Other transfers.

Re-routed social contributions (ref. 2310000) are payments that a social protection scheme makes to another scheme in order to maintain or accrue the rights of its protected people to social protection from the recipient scheme. On the national level re-routed social contributions recorded as expenditure and receipts of social protection schemes should be balanced excluding the flows originated from the Rest of world.

Here are registered the health insurance contributions paid on behalf of pensioners and unemployed persons by the state social security and on behalf of children by the state budget as well as health insurance contributions paid on behalf of uninsured persons entitled to social assistance by the Social Assistance Agency.

The transfer of funds in case of persons' movement between different universal and professional pension funds are not registered because all universal funds are registered as a single scheme and all professional funds – as another.

Other transfers from other resident schemes (ref. 2320000) are contributions made by one scheme to reduce the deficit of another. On a national level, transfers to and from other schemes are held to balance out, as for each item of expenditure classified as a transfer between schemes there should be a corresponding receipt in the same category and of the same amount.

Other receipts (ref. 2400000) means miscellaneous current receipts of social protection schemes. They are broken down into receipts of property income and other.

- Property income (ref. 2410000) is the income receivable by the owner of a financial asset or a tangible non-produced asset provided at the disposal of another institutional unit. These receipts are mainly actual interest and dividends.

- Other (ref. 2420000) groups miscellaneous receipts not otherwise attributable, such as proceeds of collections (mainly gifts from households), claims on insurance companies and large gifts such as legacies from the private sector.

2.2.2. Institutional sectors from which receipts originate

The definitions of the institutional sectors from which the receipts of social protection schemes originate are the same as those for the national accounts.

Table 2: Institutional sectors from which receipts of social protection schemes originate

| Reference | Institutional sector |
|-----------|--|
| xxxxx01 | Corporations (non-financial and financial) |
| xxxxx02 | Central government |
| xxxxx03 | State and local government |
| xxxxx04 | Social security funds |
| xxxxx05 | Households |
| xxxxx06 | Non-profit institutions serving households |
| xxxxx07 | Rest of the world |

The institutional unit is defined as an elementary economic decision-making centre characterised by uniformity of behaviour and decision-making autonomy in the exercise of its principal function. The institutional unit should have decision-making autonomy in the exercise of its principal function and either to compile (and/or to keep) a complete set of accounts.

Households are considered to always have an autonomy of decision in respect of their principal function and are therefore regarded as institutional units, even though they do not keep a complete set of accounts.

Institutional sectors are aggregations of institutional units on the basis of similar economic behaviour.

Resident institutional units group all institutional units that are resident in the country. The principles of residence are set out in appendix 1.

The sector Corporations (ref. 01) consists of institutional units whose distributive and financial transactions are distinct from those of their owners and whose principal activity is the production of goods for the market.

The sector General government consists of:

- Central government (ref. 02) covers all general government institutional units whose authority extends over a whole national territory and all units that they control and finance.
- State and local government (ref. 03) covers all general government institutional units whose authority is restricted to a part of the national territory and all units that they control and finance.
- Social security funds (ref. 04) covers all public social security funds regardless of the geographical area in which they operate.

The sector Households (ref. 05) covers individuals or groups of individuals as consumers and also entrepreneurs producing goods and non-financial services for exclusively own final use or are not treated as quasi-corporations.

The sector Non-profit institutions serving households (ref. 06) consists of all resident non-profit institutions that provide most of their output to households free or at prices which cover less than 50% of their production costs, except those which are controlled and mainly financed by government authorities. Their resources, apart from those derived from occasional sales, are derived from voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by General government and from property income.

Rest of the World (ref. 07) groups all non-resident institutional units. ESSPROS covers the transactions of the *Rest of the World* only insofar as they relate to resident social protection schemes.

2.3. Expenditures of social protection schemes

The expenditures of social protection schemes is classified by type which indicates the nature of the expenditure or the reason for it. ESSPROS distinguishes four main categories of expenditure (see Table 3).

The first is expenditure on social benefits (resources which are transferred to beneficiaries in the form of cash or goods and services). This type of expenditure is principal one for the ESSPROS and is described in p.3

The second category of expenditure relates to administration costs charged to the scheme.

The third and fourth categories deal with transfers to other schemes and miscellaneous other expenditure.

Table 3: Classification of expenditure for social protection by type

| Reference | Type of expenditure |
|-----------|----------------------------|
| 1100000 | Social benefits |
| 1200000 | Administration costs |
| 1300000 | Transfers to other schemes |
| 1400000 | Other expenditure |
| 1410000 | Property income |
| 1420000 | Other |

Social benefits (ref. 1100000) consists of transfers, in cash or in kind, by social protection schemes to households and individuals to relieve them of the burden of a defined set of risks or needs. The list of risks or needs (functions of social protection) is given in p.1.1.

In the Core system, social benefits refer exclusively to cash payments, reimbursements and directly provided goods and services.

Resident social protection schemes may provide social benefits to both resident and non-resident protected people. Conversely, resident households and individuals may receive social benefits from non-resident schemes but these latter benefits are not recorded, as they do not relate to resident social protection schemes

Administration costs (ref. 1200000) means the costs charged to the scheme for management and administration thereof.

Administration costs include the registration of beneficiaries, collection of contributions, administration of benefits, inspection, reinsurance, financial management and general overheads.

Administration costs exclude:

- the costs of health care and other individual goods and services produced by the institutional unit supporting the scheme for provision to beneficiaries;
- expenditures on goods and services bought from market producers for provision to beneficiaries, classified as social benefits in kind;
- payment of interest on loans taken up by the scheme classified as other expenditure,
- compensation of public administration employees responsible for general supervision and social policy in a broad sense.

Administration costs are not recorded when they form an inseparable part of internal running costs (intermediate consumption) of the institutional unit which runs the scheme. This will apply to all unfunded employer's schemes.

Transfers to other schemes (ref. 1300000) means unrequited payments made to other social protection schemes. These are broken down in two categories:

- Re-routed social contributions (ref. 1310000) are payments that a social protection scheme makes to another scheme in order to maintain or accrue the rights of its protected people to social protection from the recipient scheme.
- Other transfers to other schemes (ref 1320000) are the transfer of funds made by one scheme to reduce the deficit of another. At national level, transfers to and from other schemes should be balanced so that any receipt classified as a transfer should have a corresponding expenditure of the same amount.
- Other expenditure (ref. 1400000) means miscellaneous expenditure by social protection schemes. These are broken down into payment of property income and other expenditure.
- Property income (ref. 1410000) refers to payments to the owner of a financial asset or a tangible non-produced asset for providing funds or putting the tangible non-produced asset at the disposal of another institutional unit. Typically, it refers to actual interest paid by the scheme to banks and other lenders on the taken loans.
- Other (ref. 1420000) includes all miscellaneous payments not attributable elsewhere such as the payment of taxes on income or wealth. Capital repayments on loans are not included here (they are out of the scope of ESSPROS).

3. SOCIAL BENEFITS

3.1 Classification of the social benefits

In the Core system, social benefits are classified by function and by type. The function of a social benefit refers to the primary purpose for which social protection is provided, irrespective of legislative or institutional provisions. The type of benefit refers to the form in which the protection is provided.

3.1.1. Classification by Function

Eight functions of social protection are distinguished in the ESSPROS as follows:

- Sickness/Health care – income maintenance and support in cash in connection with physical or mental illness, excluding disability. Health care is intended to maintain, restore or improve the health of the people protected irrespective of the origin of the disorder.
- Disability – income maintenance and support in cash or in kind (except health care) in connection with the inability of physically or mentally disabled people to engage in economic and social activities.
- Old age – income maintenance and support in cash or in kind (except health care) in connection with old age.
- Survivors – income maintenance and support in cash or in kind in connection with a death of a family member.
- Family/children – support in cash or kind (except health care) in connection with the costs of pregnancy, childbirth and adoption, bringing up children and caring for other family members.
- Unemployment – income maintenance and support in cash or in kind in connection with unemployment.
- Housing – help towards the cost of housing.
- Social exclusion not else-where classified – benefits in cash or in kind (except health care) specifically intended to combat social exclusion where they are not covered by one of the other functions.

The functional classification of a scheme's benefits is determined by their purpose and not by the main field in which the scheme operates. When a single type of benefit serves various distinct social risks or needs then a more specific function takes precedence over a more general one.

When the financing covers functions outside of the ESSPROS scope only the part in the scope of the basic system is registered. For example in the case with special schools the financing of normal educational function is not registered as social protection, while the part related to the established living conditions for children with disabilities is registered in ESSPROS.

3.1.2 Classification by Type

The classification of social benefits by type is on two levels - a concise general classification (see Table 4) applied to all functions and a more detailed classification where the items are dependent on the function (see p.3.2 – p.3.9).

Table 4: General classification of social benefits by type

| Reference | Type of benefit |
|-----------|------------------|
| 11xxxxx | Cash benefits |
| 111xxxx | Periodic |
| 112xxxx | Lump sum |
| 12xxxxx | Benefits in kind |

Cash benefits (ref. 11) are benefits paid in cash and an evidence of actual expenditure by the recipients is not required. Benefits that require evidence of actual expenditure by the beneficiaries are reimbursements that the system classifies as benefits in kind.

Some reductions and rebates on taxes payable by households are treated as cash benefits where they meet certain conditions.

The cash benefits are broken down in two groups:

- Periodic cash benefits (ref. 111) are cash benefits paid at regular intervals, such as each week, month or quarter.

- Lump sum benefits (ref. 112) are cash benefits paid on a single occasion or in the form of a lump sum. These benefits could be paid in a limited number of payments too.

Benefits in kind (ref. 12) 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.

3.1.3. Classification related to means-test

Social benefits are broken down between means-tested and non means-tested benefits.

Means-tested social benefits are social benefits which are explicitly or implicitly conditional on the beneficiary's income and/or wealth falling below a specified level. The requirements are different for different groups of benefits. These benefits are mainly granted to the low-income households.

3.2. Social benefits in the Sickness/Healthcare function

The Sickness/health care function covers:

- 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.

The detailed list of the benefits in the function is shown as Table 5.

Table 5: Classification of benefits in the Sickness/health care Function

| Reference* | Type of benefit |
|----------------|---|
| 111x100 | Cash benefits |
| 111x110 | Periodic |
| 111x111 | Paid sick leave |
| 111x112 | Other cash benefits |
| 111x120 | Lump sum |
| 111x121 | Other lump sum benefits |
| 111x200 | Benefits in kind |
| 111x210 | In-patient health care |
| 111x211 | - Direct provision |
| 111x212 | - Reimbursement |
| 111x220 | Out-patient health care |
| 111x221 | - Direct provision of pharmaceutical products |
| 111x222 | - Other direct provision |
| 111x223 | - Reimbursement of pharmaceutical products |
| 111x224 | - Other reimbursement |
| 111x230 | Other benefits in kind |

* $x=1$ for nonmeans-tested and $x=2$ for means-tested

The following national schemes include payments under the "Sickness/Health care" function:

- Pension Fund (Scheme 1);
- Pensions not Related to Labour Activity Fund (Scheme 2);
- Work Injury and Occupational Disease Fund (Scheme 3);
- General Disease and Maternity Fund (Scheme 4);
- National Health Insurance Fund (Scheme 9);
- Supplementary Health Insurance (Scheme 10);
- Health Care Financed directly by Government (Scheme 11);

- Social services provided by municipalities (scheme 17).

Cash benefits that replace loss of earnings during temporary inability to work in case of pregnancy or disability are recorded under the Family/children or Disability functions respectively.

All medical care falls under this function irrespective of the need or risk against which it is provided. For example, specific medical care provided to expectant mothers and disabled persons is included here.

Medical care covers the following goods and services used in prevention, cure or rehabilitation:

- medical and paramedical services provided by general practitioners, specialists and other health care personnel;
- laboratory tests and other examinations;
- dental care;
- physiotherapy and thermal cures;
- transport of sick people;
- preventive treatment such as vaccinations;
- accommodation in the case of a stay in hospital or other medical institution;
- pharmaceutical products;
- medical prosthesis (optical and acoustical aids; orthopaedic; dental and other prosthesis);
- dressings and medical supplies.

Preventive campaigns to alert the general public to health hazards (for example, smoking, alcohol or drug abuse) are not recorded by the ESSPROS. Health care provided within the frame of the work environment by the employer aimed at guaranteeing safety at work or necessary for the production process of the enterprise is not included in the ESSPROS.

According to the ESSPROS methodology, the health care funded by the basic social protection scheme (NHIF) is registered as a direct insured person because the NHIF concludes a series of contracts with the health care providers providing the beneficiary's medical care free of charge, after which the costs of the contractors (and not the beneficiaries) are reimbursed by the social protection scheme.

The cost of social protection (partly or entirely) which is met by the beneficiary himself is excluded from the value of the social benefit.

3.2.1 Cash benefits in "Sickness/Health care" function

Paid sick leave - payments intended to compensate the protected person in full or in part for the loss of earnings caused by temporary inability to work due to sickness or injury. Paid leave in case of sickness or injury of a dependent family member (in most case a child) is also reported under this heading.

The following are included under this heading in the social protection system in Bulgaria:

- Cash benefits for temporary incapacity for work due to a general illness, urgent medical examination or laboratory tests, quarantine, caring for a sick person or family member, accompanying a sick family member and quarantine, laboratory test or treatment, looking for a healthy child returned from kindergarten due to quarantine, sanatorium-resort treatment;
- Cash benefits for temporary incapacity for work due to an accident at work or occupational disease, sanatorium treatment, urgent medical examination, laboratory tests and/or treatment.

Other cash benefits (periodic or lump sum) are miscellaneous payments made to the protected people in connection with sickness or injury.

The following are included under this heading in the social protection system in Bulgaria:

- Cash benefit related to labour readjustment due to a general disease, accident at work or occupational disease;
- Expenditures of center "Fund for treatment of children";

- Expenditures of center “Assisted Reproduction”;
- Expenses for treating Bulgarian citizens abroad of the Commission for treatment abroad - for persons over 18 years of age”.

3.2.2 Benefits in kind in function Sickness/Health care

In-patient health care is medical care provided to protected people during a stay in hospital, clinic, sanatorium or similar medical establishment, including the cost of board and lodging. Normally, the patient must spend at least one night in the establishment. They may be directly provided or reimbursed.

The following are included under this heading in the social protection system in Bulgaria:

- Expenditure of the National Health Insurance Fund for providing in-patient medical care for diagnosis and treatment of illness;
- Transfers provided to budget enterprises that have contracts with the National Health Insurance Fund for provision of medical services;
- Expenses for provision of healthcare for uninsured women under Art. 82, para 1, item 2 of the Health Act;
- Compensations paid under the "In-patient care" package under voluntary health insurance;
- Expenditures for homes for medical and social care;
- Expenditures for state psychiatric hospitals;
- Expenditures for provision of in-patient care in converted medical establishments;
- Expenditures under the Program "Prevention and Control of HIV/AIDS";
- Expenditures for in-patient care in multi-profile hospitals for active treatment financed entirely by the state (Military Medical Academy, Medical Institute of the Ministry of the Interior, “Lozenetz” Hospital, Multiprofile Transport Hospitals);
- Expenses for prophylaxis and rehabilitation for war veterans, war invalids and war victims;
- Cash benefits for prophylaxis and rehabilitation of the insured for general disease and maternity, disability due to general disease, old age and death, work accident and occupational disease and unemployment;
- Expenditures of municipalities for in-patient care in multiprofile hospitals for active treatment;
- Compensations paid under the "Reimbursement" package under voluntary health insurance.

Out-patient health care is medical care provided to protected people in their homes (including old peoples' homes), at the doctor's premises, or at the out-patient department of a hospital or a clinic. They may be directly provided or reimbursed.

The following are included under this heading in the social protection system in Bulgaria:

- Compensations paid under "Out-patient medical care", "Dental services", "Health improvement and disease prevention", "Services related to living and other conditions in provision of medical care" and "Other Health insurance packages" under voluntary health insurance;
- Payments made by the National Health Insurance Fund for the following types of medical care - primary and specialized out-patient care, dental care, medical diagnostics;
- Expenditures of the National Health Insurance Fund for healthcare activities for uninsured persons, including: complex dispensary (out-patient) surveillance for patients with skin-venereal and psychiatric diseases and intensive treatment;
- Expenditures of the National Health Insurance Fund to cover the difference between the reduced user fee for the persons who have exercised the right to a retirement pension for each visit to the doctor or dental practitioner and for each day of in-patient treatment, and the corresponding amount determined by a decree of the Council of Ministers;
- Expenditures of the Ministry of Health for the centers for emergency medical care;

- Rehabilitation costs in hospitals financed entirely by the state (Military Medical Academy, Medical Institute of the Ministry of Interior, “Lozenetz: Hospital, Multiprofile Transport Hospitals);
- Rehabilitation costs for hospitals funded entirely by the state;
- Expenditures of municipalities for health offices in kindergartens and schools.

Pharmaceutical products is a sub-category of out-patient care, consisting of all pharmaceutical products prescribed, purchased or directly supplied for medical care. Blood and plasma are also reported here. They may be directly provided or reimbursed.

The following are included under this heading in the social protection system in Bulgaria:

- Expenditures of the National Health Insurance Fund for pharmaceutical products, medical products and dietary foods for special medical purposes for domestic treatment in the country;
- Expenditures of the National Health Insurance Fund for medical products used in hospital medical practice;
- Expenditures of the National Health Insurance Fund for routine medical examinations and laboratory tests and midwifery care for all non-insured women regardless of the way of birth;
- Expenditures of the National Health Insurance Fund for pharmaceutical products for the treatment of cancerous diseases in the conditions of in-patient medical care;
- Expenditures of the National Health Insurance Fund for pharmaceutical products for war invalids and war victims according to a list approved by the Minister of Health;
- Expenditures of the Ministry of Health for pharmaceutical products outside the scope of the compulsory health insurance.

Other benefits in kind is a help provided to sick or injured people, other than medical care, to assist them with daily tasks.

The following are included under this heading in the social protection system in Bulgaria:

- Expenditures of the National Health Insurance Fund for other health insurance payments for medical care, incl. medical care provided in accordance with the rules on the coordination of social security systems;
- Expenditures of the municipalities for health mediators, funds for the traveling expenses of the entitled patients and for the travel expenses of the experts from the Territorial expert doctors' committees.

3.3. Social benefits in the Disability function

Disability is the full or partial inability to engage in economic activity or to lead a normal life due to a physical or mental impairment that is likely to be either permanent or to persist beyond a minimum prescribed period.

The Disability function covers 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 physical or mental disability;
- provide rehabilitation services specifically required by disabilities;
- provide goods and services other than medical care to disabled people.

Benefits excluded from the Disability Function are:

- all medical care specific to disability, reported under the Sickness/Healthcare function;
- benefits provided to replace in whole or in part earnings during temporary incapacity to work due to sickness or injury, which is reported under the Sickness/Healthcare function;
- family allowances paid to recipients of disability benefits, which are reported under the Family/Children function;
- benefits paid to the surviving dependants of disabled people, such as pensions and funeral expenses, which are reported under the Survivors' function.

The detailed list of benefits in disability function is shown in Table 6.

The following national schemes are included in “Disability” functions:

- Pensions not Related to Labour Activity Fund (Scheme 2);
- Work Injury and Occupational Disease Fund (Scheme 3);
- Profesional Pension Funds (Scheme 7);
- Universal Pension Funds (Scheme 8);
- Social Integration of Disable People (Scheme 14);
- Social services provided by municipalities (scheme 17).

Table 6: Classification of benefits in the Disability function

| Reference* | Type of benefit |
|----------------|--|
| 112x100 | Cash benefits |
| 112x110 | Periodic |
| 112x111 | - Disability pension |
| 112x112 | - Early retirement benefit due to reduced capacity to work |
| 112x113 | - Care allowance |
| 112x114 | - Economic integration of the handicapped |
| 112x115 | - Other cash benefits |
| 112x120 | Lump sum benefits |
| 112x121 | - Care allowance |
| 112x122 | - Economic integration of the handicapped |
| 112x123 | - Other cash benefits |
| 112x200 | Benefits in kind |
| 112x201 | Accommodation |
| 112x202 | Assistance in carrying out daily tasks |
| 112x203 | Rehabilitation |
| 112x204 | Other benefits in kind |

* $x=1$ for nonmeans-tested and $x=2$ for means-tested

3.3.1 Cash benefits in the Disability function

Disability Pension is periodic payments intended to maintain or support the income of someone below the legal/standard retirement age as established in the reference scheme who suffers from a disability which impairs his or her ability to work or earn beyond a minimum level laid down by legislation.

The following are included under this heading in the social protection system in Bulgaria:

- Disability pensions due to general illness, work accident and occupational disease;
- Pension for military disability;
- Civil disability pension;
- Social disability pension.

Early retirement in case of reduced ability to work is periodic payments to older workers who retire before reaching the legal/standard retirement age as established in the reference scheme as a result of reduced ability to work. These payments normally cease when the beneficiary becomes entitled to an old age pension.

No expenditure is recorded under this heading in the social protection system in Bulgaria.

Care allowance is benefit paid to disabled people who need frequent or constant assistance to help them meet the extra costs of attendance (other than medical care). The benefit must not be a reimbursement of certified expenditure, which would be classified as benefit in kind.

In the social protection system in Bulgaria, this heading includes the personal assistant allowance which is received by pensioners with permanently reduced working capacity/type and degree of disability over 90 per cent, who are constantly in need of assistance.

Economic integration of the handicapped are allowances paid to disabled people when they undertake work adapted to their condition, normally in a sheltered workshop, or when they undergo vocational training.

The following are included under this heading in the social protection system in Bulgaria:

- Expenditures for reimbursement of a percentage of the paid contributions by employers of disabled people from a specialised and usual environment;
- Expenditures for financing projects for labor integration of people with disabilities;
- Expenditures for financing projects of employers from the usual working environment to provide access, adaptation and equipment for the workplace for people with disabilities;
- Expenditures for financing of projects with economic and social focus on specialised enterprises and cooperatives of people with disabilities;
- Targeted benefit for the manufacture, purchase and repair of assistive devices, equipment and medical devices for people with disabilities;
- Resources for projects for employment and integration of people with disabilities.

Other cash benefits are periodic and lump-sum payments not falling under the above headings. If it concerns a lump-sum, the benefit is normally granted instead of a periodical disability pension, the beneficiaries usually only having a low level of disability.

The following are included under this heading in the social protection system in Bulgaria:

- Monthly allowance for social integration according to the individual needs and the degree of reduced capacity for work or the type and degree of the disability;
- Monthly targeted allowance for telephone services for war invalids;
- Monthly allowance for dietary and pharmaceutical products according to individual needs and the degree of reduced working capacity or the type and degree of the disability;
- Disability allowance for general disease when there is no basis for entitlement to a pension;
- Lump sum payment of 50% of the funds in the individual account in case of permanently reduced working capacity above 89.99 per cent - universal and professional pension funds (second pillar);
- Targeted allowance for using services of companions of persons having eyesight problems and mobility difficulties;
- Targeted allowance for interpreters for people with hearing impairments;
- Free travelling for war veterans and invalids.

3.3.2 Benefits in kind in the Disability function

Accommodation is a provision of lodging and possibly board to disabled people in appropriate establishments.

The following are included under this heading in the social protection system in Bulgaria:

- Expenditures of municipalities for homes for adults with disabilities;
- Expenditures of municipalities for sheltered housing.

Assistance in carrying out daily tasks is a practical help provided to disabled people to assist them with daily tasks. Home help is included in this category, as well as the payment of an allowance to the person who looks after the disabled person.

The following are included under this heading in the social protection system in Bulgaria:

- Cash allowances for equipment related to the disability;
- Expenditures of the municipalities for home social patronage;
- Expenditures of municipalities for social and personal assistant.

Rehabilitation is a provision of specific goods and services (other than medical care) and vocational training to further the occupational and social rehabilitation of disabled people.

The following are included under this heading in the social protection system in Bulgaria:

- Monthly allowance for balneotherapy and rehabilitation;
- Funds for financing non-profit organisations' projects for rehabilitation and social integration;
- Expenditures of municipalities for centers for social rehabilitation and integration;
- Expenditures of municipalities for social educational and vocational centers.

Other benefits in kind are miscellaneous services and goods provided to disabled people to enable them to participate in leisure and cultural activities, or to travel and/or to participate in community life, including reduced prices, tariffs, fares, and so on granted to disabled people expressly for social protection reasons.

The following are included under this heading in the social protection system in Bulgaria:

- Expenditures of municipalities for day care centers for people with disabilities;
- Expenditures of municipalities related to compensation of free or reduced price trips for certain categories of eligible persons;
- Resources for funding projects to provide accessible architectural environment for cultural, historical and sport sites for people with disabilities;
- Targeted allowance for the purchase and / or adaptation of a personal motor vehicle for people with permanent disabilities according to their needs;
- Targeted allowance for the reconstruction of housing for people with permanent disabilities in accordance with their needs.

3.4. Social benefits in the Old age function

The Old age function covers the provision of social protection against the risks linked to old age, loss of income, inadequate income, lack of independence in carrying out daily tasks, reduced participation in social life, and so on.

The Old age function covers benefits that:

- provide a replacement income when the aged person retires from the labor 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.

Benefits excluded from the Old age function are:

- medical care specific to old age, which is reported under the Sickness/health care function;
- family allowances for dependent children where the beneficiary is also in receipt of an old age benefit - it is reported under the Family/children function.
- early retirement benefits paid for labour market reasons or in case of reduced capacity to work, which are reported under the functions Unemployment and Disability respectively.

The age at which payment of old age benefits starts is laid down in the legislation and is defined as the standard retirement age.

The detailed list of the benefits in the Old age function is shown at Table 7.

The following national schemes are included in the Old Age function:

- Pension Fund (Scheme 1);
- Pensions not Related to Labour Activity Fund (Scheme 2);
- Work Injury and Occupational Disease Fund (Scheme 3);
- Teachers' Pension Fund (Scheme 6);

- Social services provided by municipalities (scheme 17).

Table 7: Classification of benefits in the Old Age Function

| Reference* | Type of benefit |
|----------------|--|
| 113x100 | Cash benefits |
| 113x110 | Periodic |
| 113x111 | - Old age pension |
| 113x112 | - Anticipated old age pension |
| 113x113 | - Partial pension |
| 113x114 | - Care allowance |
| 113x115 | - Other cash benefits |
| 113x120 | Lump sum benefits |
| 113x121 | - Other cash benefits |
| 113x200 | Benefits in kind |
| 113x201 | Accommodation |
| 113x202 | Assistance in carrying out daily tasks |
| 113x203 | Other benefits in kind |

* $x=1$ for nonmeans-tested and $x=2$ for means-tested

3.4.1 Cash benefits in the Old age function

Old age pension is a periodic payment intended to maintain the income of the beneficiary after retirement from gainful employment at the legal/standard age or to support the income of elderly persons.

The following are included under this heading in the social protection system in Bulgaria:

- Old-age pensions;
- Old-age pensions of cooperative farmers;
- Old-age pensions provided by the cooperative mutual insurance council;
- Pensions of private craftsmens, traders and other provided by the cooperative mutual insurance council;
- Pension for disability due to general disease, work accident or occupational disease for persons above the required standard/legal retirement age;
- Old-age pensions (> 75) for private farmers (and others);
- Pensions for special merit;
- People's pensions;
- Pensions with a separate decree;
- A disability pension for persons above the required standard/legal retirement age;
- Civil disability pension for persons above the required standard/legal retirement age;
- Social disability pension for persons above the required standard/legal retirement age;
- Teacher's old-age pension in full amount;
- Social old age pension;
- Personal pension.

Anticipated old age pension is a periodic payment intended to maintain the income of beneficiaries who retire before the legal/standard age as established in the relevant scheme.

The anticipated old age pension should be determined in terms of the standard retirement age in the scheme concerned. When a person retires in advance the amount of the pension may be less than the normal.

Anticipated old age pensions also include pensions paid to the persons who work under severe or unhealthy conditions and work related pensions paid by pension funds after a certain amount of capital have been accumulated in the person's account.

The following are included under this heading in the social protection system in Bulgaria:

- Pension from the Teachers' pension fund;
- Professional early retirement pension paid by Professional Pension Fund (supplementary mandatory pension insurance);
- Old age pensions for military personnel aged below the standard retirement age;
- Early retirement and old-age pension for people working in the first and second category of work, old-age pension for persons below the mandatory standard retirement age.

Partial retirement pension is a periodic payment of a portion of the full retirement pension to older workers who continue to work but reduce their working hours or whose income from a professional activity is below a predefined ceiling.

No expenditure is recorded under this heading in the social protection system in Bulgaria.

Care allowance is a benefit paid to old people who need frequent or constant assistance to help them meet the extra costs of attendance (other than medical care).

No expenditure is recorded under this heading in the social protection system in Bulgaria.

Other cash benefits are periodic or lump-sum benefits paid upon retirement or due to completed old age that do not fall under the above headings. Mainly lump sum benefits are registered under this heading.

The following are included under this heading in the social protection system in Bulgaria:

- Miner supplement;
- Supplement to the pension of elderly;
- Supplement to the pension of repressed persons;
- Supplement to the pension of veterans and war invalids;
- Supplement to the pension of Bulgarian citizens detained and convicted by the Benghazi court in criminal case No. 607/2003 and the Benghazi Court of Appeal in criminal case No 213/2002 under Article 4 of the Law for the settlement of certain labor and social security rights of Bulgarian citizens;
- Supplement to old age pension paid by Teachers Pension Fund;
- Christmas/Easter supplement;
- Supplement old-age pension paid out of supplementary compulsory pension.

3.4.2 Benefits in kind in the Old age function

Accommodation includes provision of lodging and sometimes board to retired people either in specialised institutions (old people's homes, nursing homes) or accommodation in families. The provision can be of temporary or indefinite duration.

In the social protection system in Bulgaria this heading includes the expenditures of the municipalities for old people's homes.

Assistance in carrying out daily tasks is a practical help provided to old people to assist them with daily tasks. Home help is included in this category, as well as the payment of an allowance to the person who looks after an elderly person.

No expenditure is recorded under this heading in the social protection system in Bulgaria.

Other benefits in kind are miscellaneous goods and services for retired people to enable them to take part in leisure and cultural activities, to travel and/or participate in community life.

In the social protection system in Bulgaria, this heading includes the expenditures of the municipalities for day care centers for the elderly.

3.5. Social benefits in the Survivors function

Survivors eligible for benefit may be the spouse or ex-spouse of the deceased person, his or her children, grandchildren, parents or other relatives.

The Survivors function includes benefits that:

- provide a temporary or permanent income to people who have suffered from the loss of the spouse or a next-of-kin, usually when the latter is the main breadwinner for the beneficiary;
- compensate survivors for funeral costs or for any hardship caused by the death of a family member;
- provide goods and services to eligible survivors.

Benefits excluded from the Survivors function are family allowances for dependent children where the beneficiary is receiving a survivor's benefit - these are reported under the Family/Children function.

The detailed list of benefits in the Survivors function is shown at Table 8.

The following national schemes are included in “Survivors” functions:

- General Disease and Maternity Fund (Scheme 4);
- Assistance of Families with Children & Child Protection (scheme 12);
- Social Educational Scholarships & Grants (scheme 16).
- Social services provided by municipalities (scheme 17);
- Social benefits provided by employer (scheme 18).

Table 8 Classification of benefits in the Survivors function

| Reference* | Type of benefit |
|----------------|-------------------------|
| 114x100 | Cash benefits |
| 114x110 | Periodic benefits |
| 114x111 | - Survivors' pension |
| 114x112 | - Other cash benefits |
| 114x120 | Lump sum benefits |
| 114x121 | - Death grant |
| 114x122 | - Other cash benefits |
| 114x200 | Benefits in kind |
| 114x201 | Funeral expenses |
| 114x202 | Other benefits in kind |

* $x=1$ for nonmeans-tested and $x=2$ for means-tested

3.5.1 Cash benefits in the Survivors function

Survivors' pension is a periodic payment to people whose entitlement derives from their relationship with a deceased person protected by the scheme (widows, widowers, orphans and similar).

In the social protection system in Bulgaria this heading includes the survivor's pension.

Death grant is a single payment to someone whose entitlement derives from their relationship with a deceased person (widows, widowers, orphans and similar).

The following are included under this heading in the social protection system in Bulgaria:

- A lump sum benefit in case of death (of insured person) due to general disease, work accident or occupational disease;
- Benefit for an accident at work or occupational disease paid by the employer.

Other cash benefits are other periodic or lump-sum payments made by virtue of a derived right of a survivor.

The following are included under this heading in the social protection system in Bulgaria:

- Supplement to the pension in case of deceased spouse;

- A lump sum or a differed payment of the available amount in the individual's account of the deceased insured person or a pensioner from a professional or universal pension fund.

3.5.2 Benefits in kind in the Survivors function

Funeral expenses are sums paid towards the cost of the funeral, burial (or other arrangement) of a deceased person protected by the scheme. This benefit is granted, as a rule, to the persons who bear those costs.

In the system of social protection in Bulgaria this heading includes lump sum allowance for a funeral of a war victim or invalid.

Other benefits in kind are miscellaneous goods and services provided to survivors to enable them to take part in community life.

No expenditure is recorded under this heading in the social protection system in Bulgaria.

3.6. Social benefits in the 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.

The upper age limit for granting child support benefits (especially family allowance) is related to the country's compulsory school leaving age. Age may increase if the child continues to study at a higher level of education or vocational training or if is disabled.

Scholarships that support the provision of education provided to poor families when applying an income criterion are included in this function.

Discounts for large families or single parents in social housing policy are not included - these benefits are recorded under the Housing function.

The detailed list of benefits in the Family/Children function is shown at Table 9.

The following national schemes are included in "Family/Children function" functions:

- General Disease and Maternity Fund (Scheme 4);
- Assistance of Families with Children & Child Protection (scheme 12);
- Social Educational Scholarships & Grants (scheme 16).
- Social services provided by municipalities (scheme 17);
- Social benefits provided by employer (scheme 18).

Table 9: Classification of benefits in the Family/children Function

| Reference* | Type of benefit |
|----------------|---|
| 115x100 | Cash benefits |
| 115x110 | Periodic benefits |
| 115x111 | - Income maintenance benefit in the event of childbirth |
| 115x112 | - Parental leave benefit |
| 115x113 | - Family or child allowance |
| 115x114 | - Other cash benefits |
| 115x120 | Lump sum benefits |
| 115x121 | - Birth grant |
| 115x122 | - Parental leave benefit |
| 115x123 | - Other cash benefits |
| 115x200 | Benefits in kind |
| 115x201 | Child day care |
| 115x202 | Accommodation |
| 115x203 | Home help |
| 115x204 | Other benefits in kind |

* $x=1$ for nonmeans-tested and $x=2$ for means-tested

3.6.1 Cash benefits in the Family/Children function

Income maintenance benefit in the event of childbirth are payments intended to compensate the protected person for the loss of earnings due to absence from work in connection with childbirth for the period before and/or after confinement or in connection with adoption. The benefit may also be paid to the father.

These benefits may be paid by autonomous social protection schemes, but they are also provided by employers in the form of continued payment of wages and salaries during absence from work. When there are no administrative data on the value of these payments, estimates must be based on other sources, such as labor cost surveys.

The following are included under this heading in the social protection system in Bulgaria:

- Cash benefits in case of pregnancy and childbirth;
- Labour readjustment compensation in case of pregnancy and breast-feeding.

Birth grant is a benefit paid as a lump sum or by instalments in case of childbirth or adoption.

In the social protection system in Bulgaria this heading includes the lump sum benefit at the birth of a live child.

Parental leave benefit is a benefit paid to either mother or father in case of interruption of work or reduction of working time in order to bring up a child, normally of young age.

The following are included under this heading in the social protection system in Bulgaria:

- Cash benefits for bringing up a child;
- Monthly benefit for bringing up a child up to one year of age for uninsured mothers;
- Cash benefit for adoption of a child aged 2 to 5 years;
- Monthly benefit for bringing up a child with permanent disabilities up to 2 years of age.

Family or child allowance are periodical payments to a member of a household with dependent children to help with the costs of raising children.

The following are included under this heading in the social protection system in Bulgaria:

- Monthly allowance for a child up to the completion of secondary education but no more than 20 years of age;
- Monthly supplement for children with permanent disabilities up to the age of 18 and up to completion of secondary school but no later than 20 years of age;
- Monthly supplement for children with disabilities accommodated in foster families or families of relatives;
- Monthly allowance for a child with permanent disability until graduation, but not more than 20 years of age;
- Monthly assistance for children with one living parent.

Other cash benefits are benefits paid independently of family allowances to support households and help them meet specific costs, such as costs arising from the specific needs of lone parent families or families with handicapped children. These benefits may be paid periodically or as a lump-sum.

The following are included under this heading in the social protection system in Bulgaria:

- Monthly means for bringing up and educating children in foster families;
- Remuneration costs for foster families;
- Monthly scholarships to support pupils with permanent disabilities and for pupils without parents after completing primary education;
- Scholarships for children in social educational and vocational centers - crisis center, family-type housing, transitional housing, social rehabilitation and integration centers;

- Lump sum benefit to prevent abandonment and reintegration of the child in a family environment, for bringing up the child in a family of relatives and friends and in foster families;
- Lump-sum benefit for adopting a child;
- Lump-sum benefit for bringing up a child from a mother-student;
- Lump sum benefit for bringing up twins;
- Scholarships to support access to education and to prevent dropping out after primary education;
- Social scholarships (grants) for tertiary education;
- Monthly and lump-sum scholarships to support students with permanent disabilities and students without parents after completing primary education;
- Scholarships for children in socio-educational and vocational centers;
- Monthly benefit for bringing up children accommodated in families of relatives and friends or foster family;
- Lump sum benefit for pregnant women whose income per family member is below the legally defined amount and who are not entitled to a pregnancy and childbirth benefit under the Social Security Code;
- Lump sum targeted benefit for children at first grade.

3.6.2 Benefits in kind in the Family/Children function

Child day care is shelter and board provided to pre-school children during the day or part of the day (for example nurseries). Financial assistance towards the payment of a nurse to look after children during the day is also included here.

In the social protection system in Bulgaria this heading includes the expenditures of the municipalities for crèche, childrens' kitchens and crèches in the Kindergarten.

Accommodation means shelter and board provided to children and families on a permanent basis (such as in nursing homes and foster families).

The following are included under this heading in the social protection system in Bulgaria:

- Expenditures of the municipalities for "Mother and baby" unit;
- Expenditures of the municipalities for family-type accomodation centres;
- Expenditures of the municipalities for homes for children deprived of parental care.

Home help means goods and services provided at home to children and/or to those who care for them.

No expenditure is recorded under this heading in the social protection system in Bulgaria.

Other benefits in kind are miscellaneous goods and services provided to families, young people or children, including reductions in prices and tariffs for children or large families, where expressly granted for social protection.

The following are included under this heading in the social protection system in Bulgaria:

- Benefits in the form of social investment which is granted by the Director of the Social Assistance Directorate to the Social Assistance Agency by written decision. Benefits in the form of social investment consist of the provision of goods and/or services related to the bringing up and educating of the child;
- Targeted benefit for free travelling of mothers of many children;
- Provision of free or at reduced price transportation to certain categories of eligible persons (students placed in specialised institutions);
- Other social benefits in kind provided by employers.

3.7. Social benefits in the 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;
- replace in whole or in part income lost by an older worker who retires from gainful employment before the legal retirement age because of job reductions for economic reasons;
- contribute to the cost of training or re-training of 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.

The Unemployment function contains mainly passive measures, but also some active measures, such as benefits related to vocational training programs.

Vocational training is strictly limited only to these programmes for unemployed (or employees in risk to lose their work) predominantly financed from social security funds or public agencies. Hence the expenditures of the employers for training and requalification of personnel are excluded.

Family allowances paid for dependent children to recipients of unemployment benefits are reported under the Family/Children function.

The detailed list of benefits in Unemployment function is shown at Table 10.

The following national schemes are included in the Unemployment function:

- Unemployment Fund (Scheme 5);
- Active Measures for Employment (scheme 15);
- Social benefits provided by employer (scheme 18).

Table 10. Classification of benefits in the Unemployment Function

| Reference* | Type of benefit |
|----------------|--|
| 116x100 | Cash benefits |
| 116x110 | Periodic cash benefits |
| 116x111 | - Full unemployment benefit |
| 116x112 | - Partial unemployment benefit |
| 116x113 | - Early retirement benefit for labour market reasons |
| 116x114 | - Vocational training allowance |
| 116x115 | - Other cash benefits |
| 116x120 | Lump sum benefits |
| 116x121 | - Redundancy compensation |
| 116x122 | - Vocational training |
| 116x123 | - Other lump sum benefits |
| 116x200 | Benefits in kind |
| 116x201 | Mobility and resettlement |
| 116x202 | Vocational training |
| 116x203 | Placement services and job-search assistance |
| 116x204 | Other benefits in kind |

* $x=1$ for nonmeans-tested and $x=2$ for means-tested

3.7.1 Cash benefits in the Unemployment function

Full unemployment benefits are benefits compensating for the loss of earnings when a person is capable of working and available for work but is unable to find suitable employment, including persons who had not previously been employed.

The following are included under this heading in the social protection system in Bulgaria:

- Unemployment cash benefit;
- Benefits for the spouse of military serviceman whose employment relationship has been terminated because he/she has followed his/her spouse when moving from one place to another, including those involved in international operations and missions.

Partial unemployment benefits are benefits compensating for the loss of wage or salary due to formal short-time working arrangements, and/or intermittent work schedules, irrespective of their cause (business recession or slow-down, breakdown of equipment, climatic conditions, accidents and so on), and where the employer/employee relationship continues.

No expenditure is recorded under this heading in the social protection system in Bulgaria.

Early retirement for labour market reasons is a periodic payment to older workers who retire before reaching the standard retirement age due to unemployment or to job reduction caused by economic factors.

No expenditure is recorded under this heading in the social protection system in Bulgaria.

Vocational training allowance are payments by social security funds or public agencies to targeted groups of persons in the labour force who take part in training schemes intended to develop their potential for employment.

The following are included under this heading in the social protection system in Bulgaria:

- Scholarship, transport and accommodation costs of those involved in literacy training or in vocational training – for the duration of the training;
- Transport and accommodation costs of those involved in motivation training;
- Additional amounts for vocational training in the subject of activity and/or its management under a business project approved by the territorial office of the Employment Agency;
- Qualification credit for the subject of the business activity and/or its management under an approved business project.

Redundancy compensation is a capital sum paid to employees who have been dismissed through no fault of their own by an enterprise that is ceasing or cutting down its activities. This benefit may be paid directly by the employer.

In the social protection system in Bulgaria this heading includes the compensation paid by the employer upon termination of the employment contract or redundancy.

Other cash benefits is an other financial assistance, particularly payments to the long-term unemployed.

The following are included under this heading in the social protection system in Bulgaria:

- Expenditures for the payment of personal and social assistants to people with permanent disabilities or seriously ill single people for the purpose of providing care in a family environment within the framework of the national program "Assistants for People with Disabilities", which provides employment for unemployed persons;
- Lump sums for the start of an independent economic activity for the production of goods and/or services by a person who is unemployed and entitled to cash compensation;
- Additional means for unemployed persons who have started an independent business activity and provide employment on the approved project to another unemployed family member.

3.7.2 Benefits in kind in the Unemployment function

Mobility and resettlement are payments by social security funds or public agencies to unemployed persons to encouraging them change to another locality or their occupation in order to seek or to obtain work.

The following are included under this heading in the social protection system in Bulgaria:

- Lump sum and monthly benefits for covering daily transport expenses to and from the place of work for unemployed persons directed by the divisions of the Employment Agency to a specific employer as well as for covering transport expenses related to the presentation to an employer for employment;
- Transport expenses under scheme "Promoting the start-up of projects for development of own business" of Operational program Human Resources Development;
- Expenditures for crèches, kindergarten fees, rental of dwellings, Internet usage fees in a settlement located more than 50 km from their current address.

Vocational training are payments made by social security funds or public agencies to institutions which provide professional training to people without a job or at risk of losing their job shortly to develop their potential for further employment.

The following are included under this heading in the social protection system in Bulgaria:

- Expenditures of the Employment Agency for training for vocational training according to the needs of the labor market, employers' needs and the approved under Art.30, para.4 (Employment promotion Act, Art.63, para.1) plan as well as for motivational training of the unemployed for active job search and adaptation in labor market conditions;
- Expenses for training of unemployed under schemes "Development" and "First job" of Operational program Human Resources Development;
- Expenditures on remuneration of mentors responsible for the training of unemployed persons at the working place who were employed under schemes "Support for employment" and "Youth employment" of Operational program Human Resources Development.

Placement services and job-search assistance covers intermediation, information and career guidance services provided by job-placement/employment agencies.

The following are included under this heading in the social protection system in Bulgaria:

- Expenditure on external consultancy services and related services by unemployed persons entitled to cash benefits who start their own economic activity under a project approved by the Employment Agency;
- Expenditures for vocational guidance.

Other benefits in kind are benefits not classified elsewhere, such as the provision of accommodation, food or clothes or similar assistance to unemployed persons and their families, including reduced prices, tariffs, fares and so on for unemployed persons where they are expressly granted for social protection.

The following are included under this heading in the social protection system in Bulgaria:

- Expenditures for consulting services under a project;
- Expenditures for group risk insurance of unemployed persons included in a training, for the duration of the training.

3.8. Social benefits in the Housing function

The Housing Function is made up of interventions by 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 a qualifying means-test for the benefit.

The detailed list of benefits in Housing function is shown at Table 11 and includes only means-tested benefits in kind.

Payments under the Housing function are included in scheme 13 "Social Aids".

Table 11: Classification of benefits in the Housing Function

| Reference | Type of benefit |
|------------------|----------------------------|
| 1172200 | Benefits in kind |
| 1172210 | Rent benefit |
| 1172211 | - Social Housing |
| 1172212 | - Other rent benefits |
| 1172220 | Benefit to owner-occupiers |

Rent benefit is a current means-tested transfer granted by a public authority to tenants, temporarily or on a long-term basis, to help with rent costs.

No expenditure is recorded under this heading in the social protection system in Bulgaria.

Social housing is implementation of non-commercial rents (rents below the normal market price) by public bodies that own low-cost or social housing. The benefits are evaluated as equal to the governmental contribution.

The following are included under this heading in the social protection system in Bulgaria:

- Targeted allowance for rent payment where beneficiaries may be orphans under the age of 25 years who have completed social educational and professional center, single old people over 70 years of age as well as single parents;
- Monthly supplement to satisfy basic living needs - rent for municipal dwelling where beneficiaries may be single persons with permanently reduced working capacity or with a certain type and degree of disability.

Benefit to owner-occupiers is a means-tested transfer by a public authority to owner-occupiers to alleviate their current housing costs. All capital transfers (in particular investment grants) are excluded.

No expenditure is recorded under this heading in the social protection system in Bulgaria.

3.9. Social benefits in the function “Social exclusion not elsewhere classified”

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

While the other functions refer to people subject to clearly identifiable risks or needs this function refers to the "socially excluded" or to "those at risk of social exclusion". In general target groups may be identified (among others) as destitute people, migrants, refugees, drug or alcohol addicts, victims of criminal violence.

From this function are excluded:

- small-scale, informal and incidental types of support that do not require regular management and accounting
- all social benefits related to a risk or need for which ESSPROS defines a specific function

The detailed list of benefits in the function “Social benefits not elsewhere classified” is shown in table 12.

The following national schemes are included in the Housing function:

- Social Aids (scheme 13);
- Social services provided by municipalities (scheme 17).

Table 12: Classification of benefits in the function Social exclusion n.e.c.

| Reference* | Type of benefit |
|----------------|--|
| 118x100 | Cash benefits |
| 118x110 | Periodic cash benefits |
| 118x111 | - Income support |
| 118x112 | - Other periodic cash benefits |
| 118x120 | Lump sum benefits |
| 118x121 | - Other lump sum benefits |
| 118x200 | Benefits in kind |
| 118x201 | Accommodation |
| 118x202 | Rehabilitation of alcohol and drug abusers |
| 118x203 | Other benefits in kind |

* $x=1$ for nonmeans-tested and $x=2$ for means-tested

3.9.1 Cash benefits in function “Social exclusion not elsewhere classified”

Income support are periodic payments to people with insufficient resources. Conditions for entitlement may be related not only to the personal resources but also to nationality, residence, age, availability for work and family status. The benefit may have a limited or an unlimited duration; it may be paid by the central or local government.

In the social protection system in Bulgaria this heading includes the monthly social allowances.

Other cash benefits provide support for destitute and vulnerable persons to help alleviate poverty or assist in difficult situations. These benefits may be paid by private non-profit organisations.

In the social protection system in Bulgaria this heading includes lump sum social allowances.

3.9.2 Benefits in kind in function “Social exclusion not elsewhere classified”

Accommodation is a shelter and board provided to destitute or vulnerable people, where these services cannot be classified under another function. This may be short term in reception centres, shelters or on a regular basis in special institutions.

In the social protection system in Bulgaria this heading includes expenditures of municipalities for crisis centers, observed homes, transition homes, temporary accommodation centers and shelters.

Rehabilitation of alcohol and drug abusers is a treatment of alcohol and drug dependency aimed at reconstructing the social life of the abusers, making them able to live an independent life. The treatment is usually provided in reception centres or special institutions.

No expenditure is recorded under this heading in the social protection system in Bulgaria.

Other benefits in kind is a provision of basic services and goods to help vulnerable people, such as counselling, day shelter, help with carrying out daily tasks, food, clothing and fuel, etc.

The following are included under this heading in the social protection system in Bulgaria:

- Dental care for war veterans which is outside the scope of the basic package of health care guaranteed by the National Health Insurance Fund budget;
- Expenditures of municipalities for clubs for pensioners, invalids, etc, centers for public support, center for working with children on the street;
- Targeted heating allowance;
- Additional lump-sum heating allowance;
- Lump sum targeted allowance for issuing an ID card;
- Lump sum benefit to cover daily and accommodation costs for persons authorized by the Ministry of Health to receive medical care/treatment abroad;
- Lump sum targeted benefit - provision of individual packages of food.

Appendix 1

1. BASIC PRINCIPLES

1.1. The principles of exhaustiveness and consistency

All transactions that fall within the scope of the ESSPROS must be recorded. The *principle of exhaustiveness* is of primary importance for the international comparability of social protection data. If available sources do not provide clear data, appropriate estimates must be made.

At all times, *consistency* must be ensured in the records. For example, if a certain type of benefit is entered as expenditures, the relevant financing transactions must be included under the receipts of social protection schemes. Another example is the balancing of transfers from/to other schemes

1.2. Evaluation

Normally, most social protection transactions are cash flows whose valuation is not required

In case of schemes financed solely by the government their services are valued on the basis to the actual government transfers.

In case of benefits in kind the ESSPROS values transactions at *current exchange value*. When it is not possible to establish current exchange valued, goods and services are valued at their *production cost*. Compensation of employees refers exclusively to personnel involved in the provision of social benefits..

Any portion of the full cost of goods and services which is met personally by the beneficiary is excluded from the value of social benefits in kind.

The Core system records social benefits without any deduction of taxes and other obligatory levies payable on benefits by beneficiaries.

1.3. Time of recording and the accounting period

In principle, all transactions are recorded on an *accrual basis*, that is, at the time the events which create the related claims and liabilities occur:

- Employer's contributions are recorded at the time when the liability to pay the contributions arise
- Social benefits in cash are recorded at the time the beneficiaries obtain the right to receive them. Reimbursements are recorded at the time the household makes the relevant purchase.
- Benefits in kind should normally be recorded at the times the goods are transferred or the services provided.

For the purpose of international comparisons, the accounting period is a calendar year.

1.4. Netting and consolidation

Netting occurs when the values of certain transactions arising in both receipts and expenditure are cancelled out against each other, leaving only a net balance shown either under receipts or expenditures. Otherwise, the recording is said to be gross.

The ESSPROS recommends gross recording; for instance, interest received and interest paid by a scheme must not be netted against each other. The only exception is the netting of transfers between private pensions funds which are defined as a single schema.

However, the ESSPROS does not record separately corrective transactions. In that case, the value of the rectifying transaction is netted against the value of the previous transaction.

Consolidation refers to the mutual cancellation of transactions among schemes in the same group. The ESSPROS recommends not to use consolidation in its accounts, when the data for the transactions are available.

1.5 Recognising the principal party

When a unit carries out a transaction on behalf of another unit, the transaction is recorded only in the accounts of the unit on whose behalf the transaction is made. Some service charge may appear in the accounts of the unit serving as intermediary.

The general rule in such circumstances is that the unit which is dealing directly with the households must be held to be running the scheme, the only exception is when the unit has no authority whatsoever over the terms of the benefits.

1.6 Residence

An institutional unit is considered to be resident in a country when there exists some location -dwelling, place of production or other premises - within the territory of the country from which the institutional unit carry out and intends to continue at least one year significant activities or transactions.

The territory of a country consists of the geographic space administered by a national government within which persons, goods and capital circulate freely.

Social protection schemes have the same residence as the institutional units that manage them. These financed by means of development aid are considered to be resident for the developing countries in which they operate.

Corporations are resident in the country where they are engaged in the production of goods and services on a significant scale, or where they own land or buildings located there.

When a corporation maintains a branch, office or production site in another country in order to engage in a significant level of production over a long period of time but without creating a subsidiary corporation for that purpose, the branch, office or site is considered to be a resident institutional unit of the country in which it is located.

Government including legal entities established having legislative, judicial or executive authority over other institutional units are resident in the country in which they have a jurisdiction.

Social security funds and governmental non-profit institutions are resident in the country where they are located.

Households are resident in the country where their principal common accommodation is located. All individual members of a household have the same residence.

Non-profit institutions serving households are resident in the country under whose laws and regulations they were created and where their existence as a legal or social entity is officially recognised and recorded. If a non-profit institution is engaged in charity or relief work on an international scale and maintains a branch for one year or more in a foreign country, that branch should be considered as a resident of the foreign country.