



THE EUROPEAN SYSTEM OF INTEGRATED SOCIAL PROTECTION STATISTICS (ESSPROS)

I. Receipts and expenditure of the social protection system in 2009

Financing of the social protection system in the country is realized either through social security contributions or through direct funding from the state budget. The share of receipts from social security contributions continues its decreasing trend from the previous years from 60.7% in 2005 to 49.6% in 2009. This change leads to an increase in the share of funds provided by the state budget from 36.1% in 2005 to 48.7% in 2009.

Table 1: Receipts

	2005		2006		2007		2008		2009	
	Millions BGN	%	Millions BGN	%	Millions BGN	%	Millions BGN	%	Millions BGN	%
Total receipts	7038.02	100.0	7485.99	100.0	9122.94	100.0	11632.08	100.0	12940.71	100.0
Social contributions	4275.44	60.7	4340.16	58.0	5328.73	58.4	6359.41	54.7	6415.38	49.6
General government contributions	2541.58	36.1	2956.40	39.5	3649.71	40.0	5097.17	43.8	6298.21	48.7
Other receipts	221.01	3.1	189.44	2.5	144.49	1.6	175.50	1.5	227.11	1.8

In 2009 Bulgaria has spent BGN 11757.58 million for social protection which represents around 17.2% of the gross domestic product. Expenditure on social benefits remains with the highest share of total expenditures (96.8%). Administration costs and other expenditures amount respectively for 2.4% and 0.8% of total expenditures.

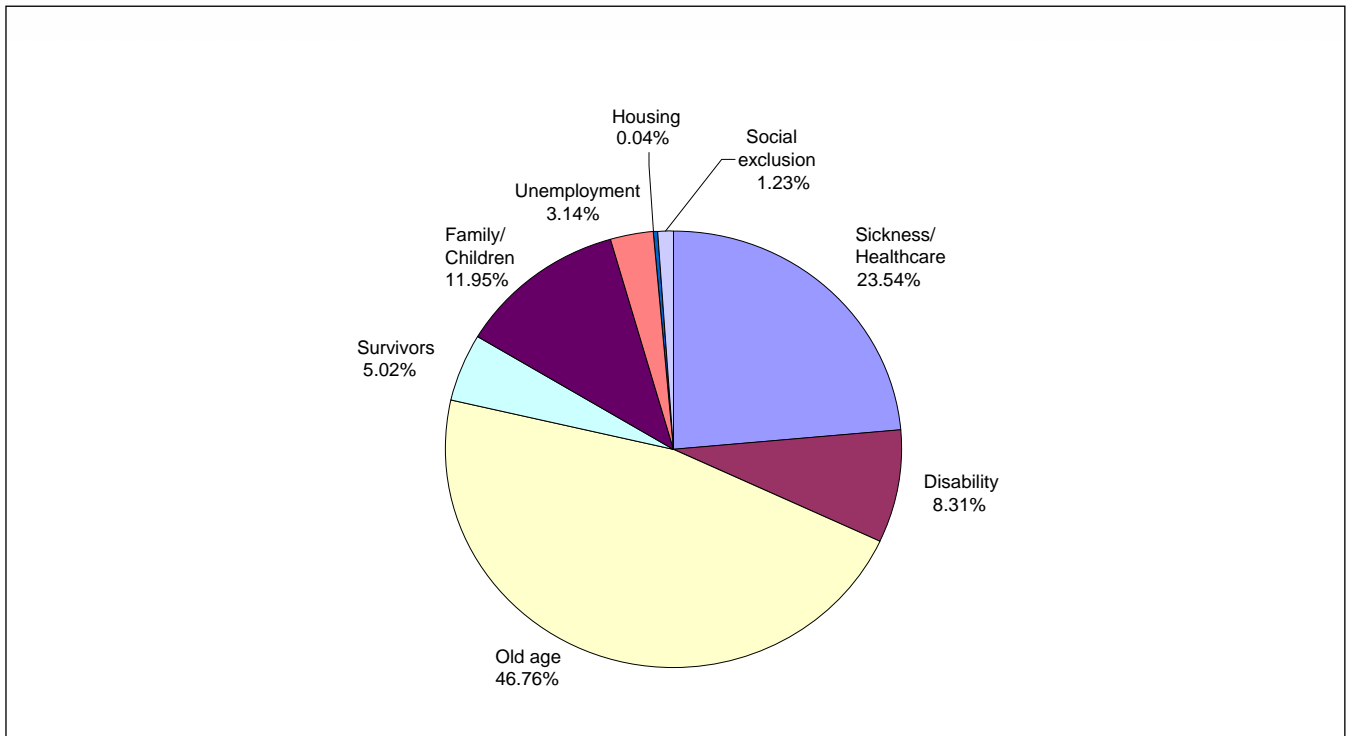
Table 2: Expenditure

	2005		2006		2007		2008		2009	
	Millions BGN	%	Millions BGN	%	Millions BGN	%	Millions BGN	%	Millions BGN	%
Total expenditure	6870.03	100.0	7359.04	100.0	8614.32	100.0	10914.23	100.0	11757.58	100.0
Social protection benefits	6632.44	96.5	7132.78	96.9	8332.71	96.7	10549.74	96.7	11383.42	96.8
Administration costs	169.91	2.5	177.45	2.4	212.39	2.5	267.69	2.5	281.90	2.4
Other expenditure	65.17	0.9	48.81	0.7	69.22	0.8	96.80	0.9	92.26	0.8

The function "Old age" with its major component expenditure for pensions has the highest share in total expenditures. The function "Sickness/ Healthcare" also has a significant share of total expenditures. A permanent upward trend of expenditures is observed in function "Family/ Children" with a share of 8.7% and 12% of total expenditure for social benefits in 2008 and 2009 respectively. A big part of this increase is due to the introduced in 2009 new benefits – a lump sum benefit for bringing up a child by a mother-student and a lump sum benefit for bringing up twins.



Figure 1: Distribution of social protection benefits by function (2009)



II. Social protection benefits

The predominant form of receipt of social benefits is the payment of cash benefits (periodic or lump sum). In 2009 the share of cash benefits increased to 73.4 % of total expenditures or by 7.1 percentage points over the previous year.

Table 3: Distribution of social protection benefits by type

Benefits paid	2005		2006		2007		2008		2009	
	Millions BGN	%	Millions BGN	%	Millions BGN	%	Millions BGN	%	Millions BGN	%
Social protection benefits	6632.44	100.0	7132.78	100.0	8332.71	100.0	10549.74	100.0	11383.42	100.0
Cash benefits	4674.03	70.5	5187.32	72.7	5756.96	69.1	6993.71	66.3	8359.90	73.4
Non means-tested	4319.51	-	4844.80	-	5441.66	-	6645.99	-	7903.56	-
Means-tested	354.52	-	342.52	-	315.30	-	347.73	-	456.34	-
Benefits in kind	1958.41	29.5	1945.46	27.3	2576.52	30.9	3556.02	33.7	3023.53	26.6
Non means-tested	1874.32	-	1851.14	-	2487.76	-	3412.26	-	2975.52	-
Means-tested	84.09	-	94.32	-	88.76	-	143.76	-	48.01	-

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

Highest (over 75%) is the share of benefits in kind under “Sickness/ Healthcare” function. A steady trend of increasing is observed in the share of social protection benefits in kind under the “Family/ Children”



function. The specific character of the benefits provided under the “Housing” and “Social exclusion” functions predetermines their provision in kind based on means-testing. The allowances on housing and on heating are included here.

Table 4: Share of social protection benefits by function

	2005		2006		2007		2008		2009	
	Millions BGN	%	Millions BGN	%	Millions BGN	%	Millions BGN	%	Millions BGN	%
Cash benefits										
Total	4674.03	100.0	5187.32	100.0	5756.96	100.0	6993.71	100.0	8359.90	100.0
By function										
Sickness/ Healthcare	187.92	4.0	206.23	4.0	194.94	3.4	286.46	4.1	358.05	4.3
Disability	507.33	10.9	578.33	11.1	595.70	10.3	658.25	9.4	799.10	9.6
Old age	3139.06	67.2	3393.24	65.4	3837.23	66.7	4639.08	66.3	5291.58	63.3
Survivors	237.57	5.1	345.33	6.7	382.03	6.6	461.96	6.6	571.33	6.8
Family/ Children	411.12	8.8	449.66	8.7	505.57	8.8	698.26	10.0	927.66	11.1
Unemployment	95.27	2.0	130.25	2.5	126.98	2.2	159.32	2.3	323.37	3.9
Housing and social exclusion	95.77	2.0	84.3	1.6	114.52	2.0	90.39	1.3	88.79	1.1
Benefits in kind										
Total	1958.41	100.0	1945.46	100.0	2576.52	100.0	3556.02	100.0	3023.53	100.0
By function										
Sickness/ Healthcare	1737.43	88.7	1654.47	85.0	2033.91	78.9	2770.96	77.9	2321.49	76.8
Disability	50.97	2.6	73.37	3.8	86.20	3.3	140.55	4.1	147.26	4.9
Old age	15.14	0.8	17.17	0.9	19.22	0.7	29.30	0.8	30.89	1.1
Survivors	-	-	-	-	-	-	-	-	-	-
Family/ Children	40.12	2.0	78.54	4.0	306.12	11.9	385.00	10.8	434.68	14.4
Unemployment	29.94	1.5	26.18	1.3	38.53	1.5	79.97	2.2	33.68	1.1
Housing and social exclusion	84.82	4.3	95.72	4.9	92.14	3.6	147.47	4.1	51.14	1.7

Changes in the social protection system in Bulgaria in the course of years can be found in more detailed analysis of expenditures and the respective benefits by function.

1. “Sickness/ Healthcare” function

The following social protection benefits are included in the “Sickness/ Health care” function: “*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*”.¹

In 2005, 29% of the total social protection expenditure has been paid under the “Sickness/ Healthcare” function, a number that represents 4.5% of the GDP. In 2006, the same share decreases to 26.1% or 3.8% of GDP (the lowest value for the observed period) and then it gradually increases to 29.5% in 2008. In 2009, the share of expenditure under this function sharply decreases to 23.5% or 4.1% of the gross domestic product. In Bulgaria, expenditure under this function is not related to any requirements for means testing.

¹ ESSPROS Manual, 1996, EUROSTAT, Part 2 Classification of benefits in the core system.



Expenditure on cash benefits (periodic or lump sum) in 2005 is 9.8% of the benefits paid under this function and in 2009 they reach 13.4%. The lowest share of cash benefits is observed in 2007 - 8.7%. Periodic cash benefits cover paid leave due to accident at work, occupational disease or sickness, as well as benefits for disability due to sickness. Lump sum benefits are provided to children below 18 years of age for medical treatment abroad.

Prevailing (about 90%) are the benefits in kind. This function covers all payments made by the National Health Insurance Fund as well as payments on healthcare services agreed by additional health insurance, and particularly for in-patient and out-patient healthcare. The share of benefits in kind within the period 2005 - 2007 varies from 90.2% in 2005, 91.3% in 2007 to 86.6% in 2009. About 60% of the benefits in kind are provided for in-patient healthcare and about 40% for out-patient healthcare.

The main expenditure under the “Sickness/ Healthcare” function is made by the National Health Insurance Fund (scheme 9), Healthcare financed directly by the Government (scheme 11) and the Fund “Sickness and maternity” (scheme 4).

Table 5: Share of total expenditure under the “Sickness/ Healthcare” function by schemes

	2005	2006	2007	2008	2009
Expenditure - total	100.0	100.0	100.0	100.0	100.0
Fund “Pensions”	0.1	0.1	0.1	0.0	0.0
Fund “ Accidents at work and occupational disease”	0.2	0.2	0.2	0.2	0.3
Fund “Sickness and maternity”	10.1	11.7	9.2	9.8	13.9
National Health Insurance Fund	54.0	69.3	65.6	54.2	62.0
Supplementary health insurance	0.5	0.7	0.7	0.7	0.8
Health care financed directly by the Government	30.8	13.4	19.6	31.1	17.8
Social services provided by the municipalities	4.3	4.7	4.5	4.0	5.3

2. “Disability” function

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 a physical or mental disability; provide rehabilitation services specifically required by disabilities; provide goods and services other than medical care to disabled people*².

In 2005, 8.4% of total social protection expenditure is paid under the “Disability” function. In 2006 their share of total social protection expenditure increased to 9.1% and by 2009 decreased to 8.3%. During the whole period their share of GDP remains at the rate of 1.3%.

Expenditures under “Disability” function differ depending on the requirement/ or not for means-testing (based on if they depend on the beneficiary’s income or no, or on any other restrictive conditions). Restrictive conditions apply to the granting of lump sums for purchase and/or adaptation of a personal motor vehicle; allowance for adaptation of dwelling and allowance for purchase and reconstructions of medical goods, tools and appliances for disabled persons. About 55 thousand BGN are provided for benefits under the “Disability” function in 2005 while in 2006 only about two thousand BGN are provided. In 2007, 40 thousand BGN are provided for targeted assistance for adaptation of dwellings and purchase

² ESSPROS Manual, 1996, EUROSTAT, Part 2 Classification of benefits in the core system.



and/ or adaptation of a personal motor vehicle, amount which in 2008 decreases to 25 thousand. In 2009, no funds were provided for this kind of assistance.

The main part of the benefits paid by this function is in cash - more than 80% (from 90.9% in 2005, gradually decreased to 82.4% in 2008 and again increased to 84.4% in 2009). About 94% of the cash benefits are periodic while the lump sum cash benefits range from 6.6% in 2005 to 6.4% in 2009. Periodic cash benefits cover disability pensions, supplement for personal assistant and monthly supplements for integration of disabled people. The share of disability pensions provided is about 70% and more of all cash benefits while the share of monthly benefits for social integration of disabled people is on average 16% of cash benefits under this function. Lump sums are intended to finance employment projects for disabled people as well as allowances for deaf or blind people.

A sustained increase from 9.1% in 2005 to 17.6% in 2008 in the benefits in kind is observed for the period. The main share of expenditures is that of expenditure on Homes for disabled elderly people, Homes for children and Social-educational establishments classified as expenditures for accommodation. Benefits in kind also cover benefits for assisting daily activities (Social patronage and different other social services), rehabilitation and daily centers for disabled persons.

Table 6: Distribution of benefits in kind under the “Disability” function

	2005		2006		2007		2008		2009	
	Millions BGN	%	Millions BGN	%	Millions BGN	%	Millions BGN	%	Millions BGN	%
Benefits in kind	50.965	100.0	73.369	100.0	86.203	100.0	140.549	100.0	147.256	100.0
Accommodation	36.256	71.1	39.668	54.1	46.597	54.1	81.521	58.0	80.916	54.9
Assistance for daily activities	11.342	22.3	29.001	39.5	32.895	38.2	40.704	29.0	43.598	29.6
Rehabilitation	0.712	1.4	1.069	1.5	1.706	2.0	5.313	3.8	6.426	4.4
Other benefits in kind	2.655	5.2	3.631	4.9	5.005	5.8	13.011	9.3	16.316	11.1

The main expenditure under the “Disability” function is made by fund “Pensions” (scheme 1), fund “Pensions not connected to employment” (scheme 2) governed by the National Health Insurance Fund and by scheme 14, “Social integration of disabled people”, governed by the Social Assistance Agency and the Agency for disabled people. After 2005 a strengthening of the municipalities’ role in the provision of social services is observed.

Table 7: Share of expenditure under the “Disability” function by schemes

	2005	2006	2007	2008	2009
Expenditure - total	100.0	100.0	100.0	100.0	100.0
Fund “Pensions”	57.1	54.4	55.8	51.7	54.8
Fund “Pensions not connected to employment”	13.2	12.0	11.7	11.2	11.6
Fund “ Accidents at work and occupational disease”	1.4	1.3	1.2	1.1	1.1
Professional pension funds	0.0	0.1	0.1	0.1	0.1
Social integration of disabled people	19.2	21.0	18.6	18.9	17.3
Social services offered by the municipalities	9.1	11.3	12.6	16.9	15.0

3. “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, etc. Its function covers benefits that:

- provide a replacement of 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 that are specific to the personal or social conditions of life of the elderly.

The expenditures under this function have the biggest share of total social protection expenditures (about 47% for the period). Despite their increase in absolute terms during the period, their share of GDP decreases from 7.4% in 2005 to 6.8% in 2007 and again increases to 8.1% in 2009.

“Old age” function includes all types of pensions provided after reaching the standard retirement age defined by the Social Insurance Code. This expenditure is reflected into the non means-tested cash benefits. Means-tested cash benefits cover benefits that are not connected to employment (social old age pension and personal pensions). In 2005, 98.3% of the cash benefits are periodic and only about 1.7% are lump sum. In the following years the share of the periodic benefits of all cash benefits decreases to 92.4% in 2008. Accordingly, the share of lump sums increases to 7.6% in 2008. The observed increase in lump sum benefits is due to different Christmas supplements provided to the pensioners at the end of year. In 2009, due to limitations in the provision of Christmas supplements only 0.7% of the benefits are provided as a lump sum.

Benefits in kind (expenditure on Homes for elderly and Daily centers for elderly) are about 0.6% of the total expenditure under the “Old age” function.

Benefits that will be provided by the supplementary obligatory pension insurance (II pillar) are also included here. Those are professional pensions of the persons who have worked in specific labor conditions and who are entitled to pension before reaching the standard retirement age. These types of pensions will be provided after 2009 by Professional pension funds. Another benefit that is included in this function is the “Old age pension till death” - the so-called second pension for persons born after 31/12/1959 and insured at the Universal pension fund. The last type of benefit will be provided in 2020 at earliest.

The specifics of risks covered by the function predetermine the considerable share of expenditure provided by Fund “Pensions” (scheme 1) - over 95%.

Table 8: Share of expenditure under the “Old age” function by schemes

	2005	2006	2007	2008	2009
Expenditure - total	100.0	100.0	100.0	100.0	100.0
Fund “Pensions”	95.8	95.9	95.9	95.8	95.9
Fund “Pensions not connected to employment”	2.9	3.1	3.1	3.1	3.0
Fund “ Accidents at work and occupational disease”	0.6	0.4	0.4	0.3	0.3
Teachers’ pension fund	0.1	0.1	0.1	0.2	0.2
Social services offered by the municipalities	0.5	0.5	0.5	0.6	0.6

4. “Survivors” function

The “Survivors” function includes benefits that:



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

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

Expenditure under the “Survivors” function increases with the highest rate from 3.6% in 2005 to 5.0% in 2009. The following are included in the function: survivors’ pensions, supplement to the pension in case of death spouse, as well as lump sums provided to survivors of a death person who has insured him or herself at Universal/ Professional pension fund. The periodic cash benefits are prevailing and decrease from 99.5% in 2005 to 98.3 in 2009. This, in turn, affects the lump sum benefits which increase from 0.5% in 2005 to 1.7% in 2009. This change is due to the inclusion of benefits for accidents at work and occupational diseases included since 2006 and provided by scheme 18 “Employers direct social contributions”.

The benefits included are based on participation of persons in the insurance system and the main expenditure is made by schemes governed by the National Health Insurance Fund.

Table 9: Share of expenditure under the “Survivors” function by schemes

	2005	2006	2007	2008	2009
Expenditure - total	100.0	100.0	100.0	100.0	100.0
Fund “Pensions”	93.4	92.6	92.7	92.7	93.0
Fund “Pensions not connected to employment”	2.2	2.3	2.3	2.3	2.2
Fund “Accidents at work and occupational disease”	3.9	3.6	3.4	3.4	3.1
Fund “Sickness and maternity”	0.2	0.2	0.2	0.3	0.3
Professional pension funds	0.2	0.2	0.2	0.2	0.2
Universal pension funds	0.0	0.1	0.1	0.1	0.1
Employers direct social contributions	0.0	1.0	1.0	1.0	1.2

5. “Family/ Children” function

The “Family/children” function includes cash benefits in the event of childbirth, leave for bringing up a child, family and child allowances, birth grants. Benefits in kind relate to allowances for pupils at first grade of primary school, expenditure on crèches and social allowances in kind provided by the employers.

In 2005, the expenditures on benefits under the “Family/ Children” function are 6.8% of total social protection expenditures while in 2009 they are 12.0%. For the whole period their share of GDP increased from 1.1% to 2.1%.

At the beginning of the observed period, a considerable part of the benefits provided under the “Family/ Children” function (91.1% in 2005) are provided as cash benefits, but by 2009 this share decreases to 68.1%. This tendency is reflected in strengthening the role of benefits provided in kind (from 8.9% in 2005 to 31.9% in 2009). The tendency observed is the result of including the payment of supplements in kind by the employer (about 40% in 2006 and more than 82% in 2009 from the benefits in kind are provided by scheme 18 “Employers direct social contributions”).

The “Family/children” function is characterized by a higher percentage of benefits provided based on a certain criteria for eligibility. This stems from the introduced income based criterion for provision of monthly child allowances, monthly supplement for a child up to 1 year of age for uninsured parent, lump sum benefit for bringing up a child from a mother-student or for bringing up twins, assistance for children accommodated at relatives. Non-conditional are benefits for pregnancy and childbirth, paid parental leave, allowances for bringing up handicapped child and birth grants. Prevailing in 2005 are means-tested cash benefits - 62%, compared to 38% - non means-tested. Decrease of the share of means-tested benefits are observed during the next years – to 44.7% in 2009 and respectively increase of the non means-tested benefits, i.e. connected to participation in social insurance system, to 55.3% in 2009.

Functions on protection of mothers and children are realized in two main directions: insured mothers are provided benefits by scheme 4 - Fund “Sickness and maternity” at the National Social Insurance Institute and uninsured – by scheme 12 “Assistance to families with children and child protection” through Social Assistance Agency and Child Protection Agency.

Table 10: Share of expenditure under the “Family/ Children” function by schemes

	2005	2006	2007	2008	2009
Expenditure - total	100.0	100.0	100.0	100.0	100.0
Fund “Sickness and maternity”	26.3	28.7	29.5	36.3	31.5
Assistance for families with children and child protection	62.2*	48.8	34.8	35.4	32.4
Social integration of disabled people	-	5.4	4.7	4.5	3.3
Social scholarships	3.4	2.9	2.6	1.9	1.6
Social services offered by the municipalities	8.2	8.2	8.7	7.6	5.5
Employers direct social contributions	-	6.0	19.6	14.2	25.7

*Monthly supplements for handicapped children are included in scheme “Assistance to families with children and child protection” in 2005 and in 2006 the same are transferred to scheme 14 “Social integration of disabled people”. If taken into account for 2005, the share of scheme 14 would be about 5% and of scheme 12 would decrease to 57.1%.

6. “Unemployment” function

The ESSPROS Manual defines benefits under the “Unemployment” function 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 labor market; compensate for the loss of earnings due to partial unemployment; contribute to the cost of training or re-training people looking for employment; help unemployed persons meet the cost of travelling or relocating to obtain employment; provide help and relief by providing appropriate goods and services.*”³

Employment measures in Bulgaria are active and passive. Active measures include benefits and allowances while passive measures – unemployment benefits and early retirement benefits. All benefits under the “Unemployment” function are non means-tested.

Benefits under the “Unemployment” function represent about 0.3% of GDP. Their share of total social protection benefits remains at about 2%. In 2009, there is an increase of the share of benefits provided under the “Unemployment” function (3.1%) of total social protection benefits provided and their share reaches 0.5% of GDP.

³ ESSPROS Manual, 1996, EUROSTAT, Part 2 Classification of benefits in the core system.



Benefits paid under this function reflect the dynamic changes occurring in the labor market. In 2009, a significant increase with more than 1.3 percentage points of the share of cash benefits is observed from the previous year (2008). These include unemployment benefits which are 95.6% of the cash benefits in 2005, decrease to 62% in 2008 and in 2009 mark a new growth of almost 10 percentage points to 73%. Considerably lower (about 2%) is the share of benefits provided as scholarships, transport and accommodation allowances for participants in training and education. It should be noted that in 2009 the share of these expenditures is only 0.1%. With respect to the lump sum cash benefits, after the introduction of benefits provided by the employers in case of redundancy (scheme 18) in 2006, their share decreases from 29.1% in 2006 to 26.2% in 2009.

Benefits in kind refer to the active measures at the labor market and include expenditure on engagement of unemployed persons at place different from their usual residence, expenditure on education and services connected to demanding and offering employment. The share of the benefits in kind decreases from 23.9% in 2005 to 16.7% in 2006. As a result of activation of the services connected to demanding and offering employment the share of benefits in kind increases to 33.4% in 2008. In 2009, again a significant decrease in the expenditures for demanding and offering employment is observed – 9.4% in 2009.

Protection against unemployment is realized through fund “Unemployment” at the National Insurance Institute and through active measures for encouragement of the employment controlled by the Employment Agency. Since 2006, the expenditure under “Unemployment” function includes also the expenditure of scheme 18 “Employers direct social contributions”.

Table 11: Share of expenditure under the function “Unemployment” by schemes

	2005	2006	2007	2008	2009
Expenditure - total	100.0	100.0	100.0	100.0	100.0
Fund “Unemployment”	72.8	57.0	52.2	41.7	66.8
Active employment measures	27.2	19.1	26.2	35.5	9.8
Employers direct social contributions	-	23.9	21.6	22.9	23.4

7. “Housing” function

“Housing” function is based on mediation of public authorities and aims to help households in meeting the cost of housing. An essential criterion for defining the scope of the “Housing” function is the existence of qualifying means-test for the benefit.

In Bulgaria such benefits are provided in kind. Data is presented on rent benefit provided to single parents, elderly persons over 70 years of age who live alone, as well as to orphans who have completed social educational institutions. The protected dwellings provided to poor families are included into this function also.

Due to the function specifics and insignificant amount of expenditure within the general scheme in the analysis of the social protection system receipts and expenditure, these benefits are added to the “Social exclusion” function.



Table 12: Share of expenditure under the “Housing” function by schemes

	2005	2006	2007	2008	2009
Expenditure - total	100.0	100.0	100.0	100.0	100.0
Social assistance	42.6	22.6	11.2	4.0	2.1
Social services offered by the municipalities	57.4	77.4	88.8	96.0	97.9

8. “Social exclusion not elsewhere classified” function

While the above mentioned functions refer to people subject to clearly identifiable risks or needs (the elderly, the disabled, the unemployed, etc.), the present function refers to the “socially excluded” or “those at risk for of social exclusion”⁴. The concept of social exclusion is multidimensional: it first refers to an insufficient level of income (poverty), but also to precarious situations in the field of health, education and employment.

Bulgarian citizens who cannot themselves (based on employment or income) satisfy their vital needs due to health, age, social or other precarious reasons are entitled to social assistance. Foreign citizens, granted permission for permanent stay in the country, are also entitled to social assistance.

Benefits provided under this function represent hardly 0.4% of GDP and for 2009 their share of GDP decrease to 0.2%. In 2005 the majority (53%) of the paid benefits are provided in cash, while in the coming years, this share dropped to 38% in 2008 and then again increased to 63.4% in 2009. The reason for the observed increase is the reduced amount of benefits in kind relating to the payment of targeted benefits for heating in two tranches - the first two months of the 2009/2010 heating season to 31/12/2009 and the next installment in January 2010. Payments from the second tranche will be reflected in data for 2010.

Cash benefits are provided based on means-testing and include:

- income support cash benefits provided to persons having personal income lower than a differentiated minimum income;
- lump sums for satisfaction the incidental need – health, educational, housing and others.

Benefits in kind represent 47% of the benefits provided under this function in 2005 and in 2009 their share increases to 63.2%. Benefits in kind include assistance for heating; assistance for railway or bus transport for disabled persons, military invalids and handicapped children up to 16 years of age. Obtaining this type of compensation is subject to certain conditions for their receipt. Benefits in kind that do not require means-testing comprise, up to 2006, Homes for temporary accommodation and shelters, as well as Centers for drug users. Expenditure done by Centers for public assistance and Centers for homeless children is included since 2007.

Expenditure on benefits under “Social exclusion” function is done by scheme 13 “Social assistance” and by scheme 17 “Social services offered by the municipalities”.

⁴ ESSPROS Manual, 1996, EUROSTAT, Part 2 Classification of benefits in the core system.



Table 13: Share of expenditure under the “Social exclusion n.e.c.” by schemes

	2005	2006	2007	2008	2009
Expenditure - total	100.0	100.0	100.0	100.0	100.0
Social assistance	97.8	97.3	72.9	73.9	52.6
Social services offered by the municipalities	2.2	2.7	27.1	26.1	47.4

Within the EU there are social protection schemes governed by non-profit organizations serving the households. The resources of these organizations are gathered on voluntary principle from the households as consumers, in cash or in kind; from government transfers, as well as receipts from contributions and property.

Engagement of non-trade organizations as providers of social services is a priority of the policy for social inclusion in Bulgaria. Benefits provided by the registered at the Social Assistance Agency providers of social services are not covered at the present stage of implementation of the statistical system on social protection.

III. Short methodological notes

The European System of integrated Social PROtection Statistics (ESSPROS) is a specific instrument for production of comparable, topical and accurate data on the social payments and their financing at the European level. The implementation of the system at national level is in accordance with the following regulations:

- Regulation (EC) No 458/2007 of the European Parliament and of the Council on the European System of integration social protection statistics (ESSPROS);
- Regulation (EC) No 1322/2007 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;
- Regulation (EC) No 10/2008 as regards the definitions, detailed classifications and updating of the rules for dissemination for the ESSPROS core system and the module on pension beneficiaries;
- Regulation (EC) No 110/2011 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;
- Regulation (EC) No 263/2011 as regards the launch of full data collection for the ESSPROS module on net social protection benefits.

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

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

1. Fund “Pensions”;
2. Fund “Pensions not connected to employment”;
3. Fund “Accidents at work and occupational disease”;



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4. Fund “Sickness and maternity”;
5. Fund “Unemployment”;
6. Teachers pension fund;
7. Professional pension funds;
8. Universal pension funds;
9. National Health Insurance Fund;
10. Supplementary health insurance;
11. Health care financed directly by the Government;
12. Assistance for families with children and child protection;
13. Social assistance;
14. Social integration of disabled persons;
15. Active measures for encouragement of the employment;
16. Social scholarships;
17. Social services provided by municipalities;
18. Employers direct social contributions.

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

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

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

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

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

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