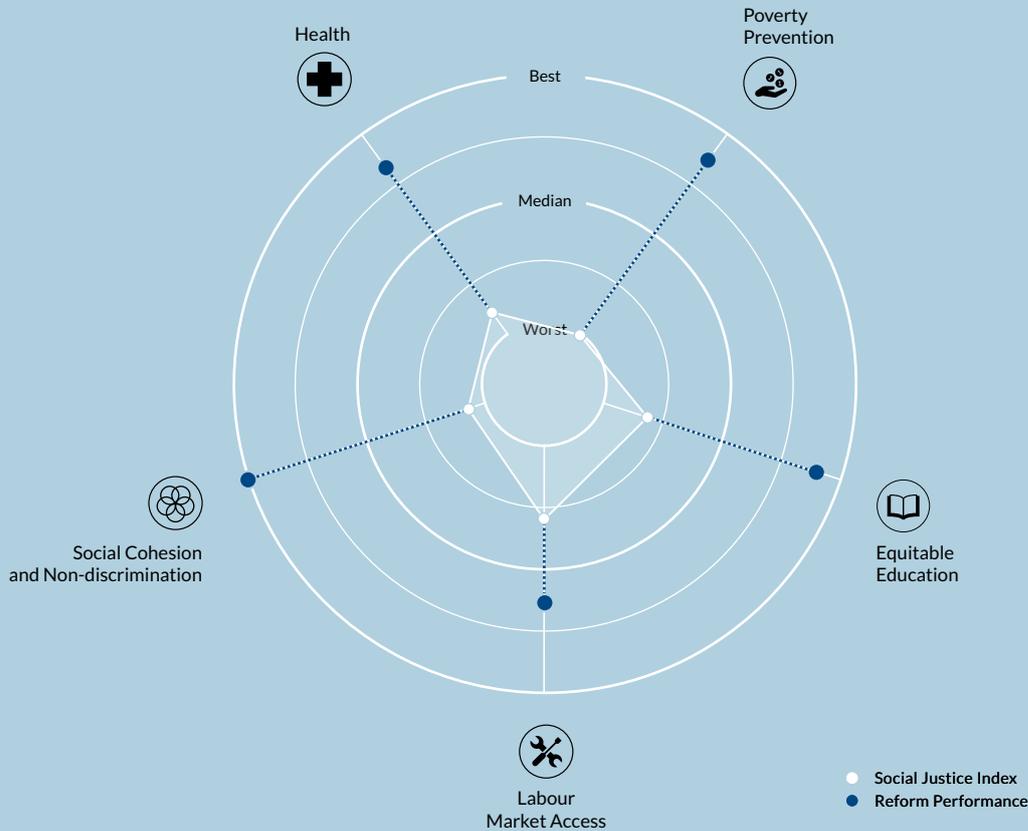


## Findings by Country


**Bulgaria**

How does the country rank in the EU?



### Overall Findings

**Need** The experts assess the overall need for social reforms in Bulgaria to be the second-highest in Europe; only in Greece is the need higher. This clearly reflects Bulgaria's poor performance in the 2015 Social Justice Index (SJI), where the country comes in third to last, ranking in the bottom five on the dimensions Health (25), Social Cohesion and Non-discrimination (26) and Poverty Prevention, where Bulgaria ranks last.

The most urgent reform need is seen in the Health dimension (2.53, rank 16/20), first of all in order to improve public health (2.9) and health system efficiency (2.9) and to safeguard a sustainable and fair financing of the health system (2.8). A strong reform need is furthermore seen to reduce poverty (2.44, rank 27/27), especially among senior citizens (2.96), children (2.67) and single parents (2.63). In the other dimensions, the need is only slightly lower, with scores around 2.3. In these dimensions, the main pressing issues are: improving structural conditions in the education system (2.61); improving the quality of teaching (2.64); improving labour market access for young people (2.77) and the long-term unemployed/low-skilled (2.69 each); and reducing the number of early school leavers (2.67) and NEETs (3.0).

## Overall Reform Performance Ranking



## Overview of Reform Barometer Scores



**Activity** According to the experts, 60 percent of the overall reform need in Bulgaria has been addressed (rank 2/23); only in Luxembourg is this rate higher (65%). The country shows activity rates above 50 percent in all dimensions and therefore belongs to the five most active countries in four dimensions (Health, Poverty Prevention, Equitable Education and Social Cohesion). The highest activity rate can be found in the Health dimension (78%, rank 3/20). In the other four dimensions, the activity rates range between 51 and 59 percent.

Looking at the major pressing challenges, the experts reported quite high activity rates for nearly all of them: 83 percent of the reform need to improve Labour Market Access for young people has been addressed. For the long-term unemployed (89%) and low-skilled people (94%), activity rates are assessed as being even higher. Quite high activity rates are also reported with regard to early school leavers (79%) and NEETs (75%). In the Health dimension, between 82 and 100 percent of the reform need has been tackled in order to improve public health/health system efficiency and to safeguard a sustainable and fair financing of the health system. In the Poverty dimension, as well, the reported activity rates are quite high. According to the experts, 70 percent of the reform need to reduce poverty among senior citizens

and children has been addressed by the Bulgarian government. For single parents, this rate was significantly lower (50%).

**Quality** The overall quality score of 0.88 (rank 3/20) shows that the experts expect the reforms initiated so far to have quite positive effects on social inclusion in Bulgaria. Looking at the dimensions, the best quality is seen in the areas Social Cohesion and Non-discrimination (1.06, rank 1/12), Equitable Education (0.95, rank 5/21) and Poverty Prevention (1.03, rank 8/24). In the dimensions Health (0.80, rank 6/19) and Labour Market Access (0.62, rank 8/17), the expected effects are lower but still positive.

### Dimension Findings



#### Poverty Prevention

**Need** Not only for the total population (2.5), but also for specific societal sub-groups – such as seniors (2.96), children (2.67) and single parents (2.63) – the experts see a strong or even very strong need to reduce poverty. This is hardly surprising, as an alarming 48 percent of Bulgarians are at risk of poverty or social exclusion (EU average: 28%), ranking the country last in the 2015 SJI. For children (51.5%) and seniors (57.6%), the poverty rates are even higher.

Some experts claim that the at-risk-of-poverty rate does not adequately reflect the rate in the country, as absolute poverty is higher than relative poverty. As one expert puts it: “The at-risk-of-poverty rate – equivalent to 60 percent of the national median disposable income – does not reflect the poverty rates in the country due to the quite low average incomes. The rates of material deprivation depict more clearly the intensity and depth of poverty. First, there is a need to clearly define poverty on the basis of income necessary for survival. Then, policy actions have to be identified following this. Instead, the national anti-poverty strategy continues to be based on the politically preferable at-risk-of-poverty rate.”<sup>1</sup> Indeed, 33.1 percent of the total population in Bulgaria suffers from severe material deprivation. For children (38.4%) and seniors (40.3%), these rates are even higher, which puts Bulgaria at the bottom of the ranking in this respect in the 2015 SJI.

**Activity** The highest activity rates can be reported with regard to reducing poverty among children (70%) and senior citizens (69%). For the total population (61%) and single parents (50%), the observed rates were slightly lower. In contrast, only 30 percent of the need to reduce poverty among refugees have been addressed.

Though the activity rates are quite high, the experts complain that “policy measures are extremely fragmented – they have to do with some symbolic increase in pensions, including social pensions; some uncertain steps with regard to taxation; some small increase in care for children etc.”, and they recommend a comprehensive and integrated approach to reduce poverty for the most vulnerable groups. As one expert explains: “For many years now, there has been a need for a general revision of the social protection system, which has not happened in the last six to seven years. The system was to a large extent ‘frozen’ since the start of the global crisis in 2008/2009. Little has been done since then to provide the necessary social security for the most vulnerable during these hard times.”

<sup>1</sup> Maria Jeliaskova, Institute for the Study of Societies and Knowledge, Bulgarian Academy of Sciences, Sofia

**Quality** The experts expect the implemented reforms to have quite positive effects for the total population, children, seniors and single parents, as the respective quality scores are between 1.0 and 1.16. For refugees, the reform quality is assessed as being significantly lower (0.21).

Looking at the written answers, the experts are more or less sceptical that the changes put in place will reduce poverty significantly. As one writes: “Although there have been increases in social payments, they are far below the necessary means for normal consumption of basic goods.”

Another expert remarks: “The reforms are not successful because they do not address the poverty generators. The poverty rates in Bulgaria are not natural phenomena; they are generated by two types of policies:

- a) those of distribution – inadequate levels of salaries and wages. They are inadequate even if we have in mind labour productivity (around 45 percent of EU average) while minimum salaries are around 20 percent of average EU minimum salaries and the average salaries in the country are around 10 percent of the average EU salaries. The distorted level of salaries results in very low incomes of all work-related incomes [and] social benefits.
- b) distorted taxation policy – very high share of indirect taxes; regressive tax wedge etc.”<sup>2</sup>

Another expert describes the situation as follows: “The first and the most important reform should be to introduce adequate minimum standards in order to improve the effectiveness of social transfers and services in reducing poverty and social exclusion. These social standards should be elaborated jointly by policymakers, academia and NGOs, and should be made mandatory (through changes in the relevant legislation).”

## Equitable Education

**Need** Looking at the policy objectives in this dimension, the experts see a strong need to improve the structural conditions of the education system regarding financial and human resources (2.61), especially at the level of pre-primary education (3.0) and primary education (2.83). Similarly high need rates are seen with regard to improving the quality of teaching (2.64), to reducing the number of early school leavers (2.67) and to safeguarding independence of learning success from children’s socioeconomic background (2.5). Concerning the latter aspect, Bulgaria ranks second to last in the 2015 SJI. Only a small need for improvement is seen with regard to ensuring equal opportunities in the education system (1.38).

**Activity** The activity rate in the education area is 51 percent; only three countries were more active than Bulgaria in this respect. Looking at the policy objectives embraced, the related activity rates differ quite strongly. While 79 percent of the need to reduce the number of early school leavers and 75 percent of the need to improve the quality of teaching have been addressed, this rate was only 17 percent regarding the issue ‘safeguard independence between socioeconomic background and learning success. Forty-six percent re-

<sup>2</sup> Maria Jeliazkova, Institute for the Study of Societies and Knowledge, Bulgarian Academy of Sciences, Sofia

ported relevant initiatives aimed at improving the structural conditions in the education system.

**Quality** The activity rate aimed at improving the structural conditions in the education system is 46 percent. With regard to the first issue, the experts especially expect the policies aiming at improving structural conditions at the primary-education stage to have strong positive effects (1.67, rank 1/17).

## Labour Market Access

**Need** As in many other countries, the experts see an urgent need to improve Labour Market Access for specific subgroups, such as young people (2.77), the long-term unemployed and the low-skilled (2.69 each).

A similarly strong need is seen in order to tackle in-work poverty (2.42). One expert described the situation as follows: “One of the main problems is not unemployment, but the ‘working poor’; the salaries and/or pensions are insufficient and not enough to cover often even basic needs of the population.”

**Activity** The highest activity rates undertaken to raise employment levels can be stated for the low-skilled and the long-term unemployed (94 and 89%, respectively). The activity rate to increase job chances for young people is also high (83%), as there were measures undertaken to facilitate the transition to work by stimulating cooperation between education and business in addition to the introduction of concrete dual education programmes, which were implemented in 2015 with the new education legislation.

One expert reports: “An individual action plan is made for every registered unemployed young person on the day of registration with the labour office. The individual plan contains a profile of the young person, according to which are determined his training needs, employment opportunities, barriers for his entry to the labour market and others.”<sup>3</sup> Another expert reports: “There have been attempts to introduce dual education since 2014, and some concrete programmes were implemented in 2015 with the New Law on Education.”

However, no relevant activities were seen to improve job opportunities for refugees, while the rate is slightly higher (26%) for the foreign-born population. With regard to in-work poverty, 68 percent of the reform need has been addressed by government actions, such as a slight increase in minimum income levels.

**Quality** Looking at the individual policy objectives, the expected effects of the reform initiatives differ strongly. While the initiatives to tackle long-term/low-skilled unemployment (both about 0.7) and to address youth unemployment (1.2, rank 3/17) are expected to have quite positive effects, the measures to tackle in-work poverty are expected to worsen the situation slightly (-0.09, rank 12/14). One expert said that labour market chances for young people cannot be improved significantly because “there is not enough economic growth and quality work to be offered to the young.”

With regard to in-work poverty, the experts report a slight increase in the

<sup>3</sup> Iskren Angelov, Bulgarian Ministry of Labour and Social Policy, Sofia

minimum wage, but “the low-wage level is still drastically low and will not remove the risk of poverty”, according to one expert.

### Social Cohesion and Non-discrimination

**Need** The highest needs for reform seen in this dimension are to reduce income inequality (2.4), cut the number of young people not in employment, education or training (NEETs) (3.0) and improve the integration of refugees into society (2.33). This clearly reflects Bulgaria’s poor performance in this dimension in the 2015 SJI, where the country ranks third to last.

**Activity** While the activity rate in tackling income inequality is seen as being 59 percent, 75 percent of the reform need to reduce the number of NEETs has been addressed. With regard to the integration of refugees, the activity rate was significantly lower (38%).

**Quality** The reform activities aiming at a reduction of NEETs are expected to have quite positive effects (1.0, rank 1/11).

### Health

**Need** As Bulgaria ranks 25th in the 2015 SJI in this dimension, it is no surprise that the experts see strong or even very strong needs for all policy objectives. The highest need is seen as being improving public health in general (2.91), improving health system efficiency (2.86), providing for a sustainable and fair financing of the health system (2.83) and improving the quality of health care (2.63).

**Activity** According to the experts, Bulgaria has been very active in improving its health system. All experts say there were relevant actions to improve public health in general. The activity rates to improve health system efficiency and to nurture sustainable and fair financing of the health system were also very high (82% each). With regard to the quality of health care, 63 percent of the reform need has been tackled.

In autumn 2015, the Bulgarian Parliament adopted a ‘National Health Strategy 2014–2020’, which includes a program for the development of e-health in Bulgaria, changes in the law on health establishments, new regulations for the structure of regional public health inspectorates, a new law on a public health tax, and new regulations for studying patient satisfaction with medical activities.<sup>4</sup>

As one expert explains, one concrete measure was the “introduction of the National Health Map as an instrument for defining needs of the population for quality and accessible out-patient and in-patient care. Based on the health maps, the National Health Insurance Fund can selectively sign contracts with health care providers using defined criteria.”<sup>5</sup> In addition, the expert continues, “in October 2015, the Ministry of Health announced a draft

<sup>4</sup> Klara Dokova, Medical University Varna

<sup>5</sup> Antoniya Dimova, Department of Health Economics and Management, Medical University Varna

law on a public health tax. Foods and drinks containing salt, sugar, trans fats, caffeine and taurine should be taxed above the pre-defined quantity. The main goal of the law is to improve population health by nudging dietary habits and limiting the production of unhealthy food, thereby saving health expenditure in the long-term.”

*Quality* The experts expect the reforms to have positive effects, as the quality scores for the four above-mentioned policy objectives are between 0.8 and 1.21.

On the one hand, the experts assess the new health strategy as being a step in the right direction, as it “addresses public health problems in a systematic and comprehensive way.” On the other hand, the experts lament that public health is still “underfinanced and underestimated by the health politicians.” One expert says: “Shifting the focus from curative to preventive medicine is one of the solutions to reduce the ever-growing expenditures for drugs and medical services in the long run. Elaboration of national preventive programmes and ensuring the financing would help achieve tangible results in that area.”

Another expert is optimistic that “the optimization of the expenditures would reduce the deficit of the Health Insurance Fund, [that] the improvement of the quality of care and reduction of under-the-table payments will increase taxpayers’ trust in the system, and [that this] will reflect positively on solidarity.”