

## DISABILITY SOCIAL ASSISTANCE IN BULGARIA – LEGAL BACKGROUND AND FINANCIAL ANALYSIS

*The study has the following main objectives:*

- 1. Outline the coverage of the current programs for social protection of disabled in Bulgaria. The type of different payments (cash, in-kind, in the form of services, tax, insurance and other financial privileges), the state institution providing the respective payment and the governing law have been described in a structured manner.*
  - 2. Analyze the changes in the legal background regulating the financing of disability social assistance. The changes in the 1999-2002 period and after 2002 when the financing of the larger part of the disability social assistance is centralized have been reviewed.*
  - 3. Analyze the relevant financial flows. The dynamic and structural changes in the revenues and expenditures of disability social assistance in the 1999-2003 period have been analyzed and the foregone revenues for disabled have been assessed.*
- Generalize strengths and weaknesses, opportunities and threats before the disability social protection in Bulgaria. On this basis some conclusions for necessary changes in the design and mechanisms for carrying out the social policy in that area have been formulated.*

*JEL: E6, H53, H72, I38*

The objective of the present study<sup>2</sup> is to:

- (1) Outline the coverage of the current programs for social protection of disabled people in Bulgaria;
- (2) Analyze the changes in the legal background regulating the financing of disability social assistance;
- (3) Analyze the relevant financial flows;
- (4) Generalize strengths and weaknesses, opportunities and threats to disability social protection in Bulgaria.

### **1. Coverage of the Current Programs for Social Protection of Disabled people in Bulgaria**

The social protection of disabled people provided by the state budget financed programs encompasses the following main economic forms:

- (a) cash;
- (b) in-kind;
- (c) services;
- (d) tax or other financial alleviations.

The first three forms are provided through the two main social protection pillars – social insurance and social assistance, while the last one is provided through the tax system.

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<sup>2</sup> It presents the main findings of a study assigned to the author by the World Bank.

Programs for social insurance, social assistance and financial preferences for disabled people in Bulgaria (operating in 2003)

Cash benefits	In-kind benefits	Services	Tax, insurance and other financial preferences	State institution, responsible for the payment	Law
<b>I. Social insurance:</b>					
Health care <sup>3</sup>					
Exemption from payment of user's fee for health services.				NHIF (See abbreviations note below)	According to Article 37 of the Health Insurance Law NFC
		Prophylactic examinations and dispensarization		MH, NHIF	Regulation 28/2003 and Regulation 29/2003 of the MH
	Medical supplies and consumables (cochlear implants, etc.)	Hospitals		MH, NHIF	The EPL and the 2003 NFC
100% reimbursement of medicines with the NHIF list and the MH list				MH, NHIF	Regulation 25/2003 and Regulation 23/2001 of the MH and the 2003 NFC
Medical assessment of working ability	Medical examinations and consultations	General Practitioners, specialists, MCC, OMEF, TMEC, RMECC and NMEC		MH and NHIF	Regulation on working ability assessment and EPL
<b>Disability pensions</b>					
Disability pension for general disease				NSSI	Pensions Law (till 2000) Art. 74 of SIC (2000-2003)
Disability pension for workplace injury or occupational disease				NSSI	Pensions Law (till 2000) Art. 78 of SIC (2000-2003)
Social pension for disability				NSSI	Pensions Law (till 2000) Art. 90 of SIC (2000-2003)
Military disability pension				NSSI	Pensions Law (till 2000) Art. 85 of SIC (2000-2003)
Civil disability pension				NSSI	Pensions Law (till 2000) Art. 87 of SIC (2000-20003)
<b>II. Social Assistance:</b>					
Monthly social benefits for: - disabled people with permanently reduced working ability by 50% or over 50%				SAA and its territorial units	SAL and Rules for SAL Implementation (art. 9, par. 3, sections 3,16; art. 10, par. 2, par. 3, section 2)

<sup>3</sup> Dr. Rozalina Chobanova from the Military Medical Academy contributed to the development of that part.

Cash benefits	In-kind benefits	Services	Tax, insurance and other financial preferences	State institution, responsible for the payment	Law
<ul style="list-style-type: none"> <li>- for disabled people with permanently reduced working ability by 70% or over 70%</li> <li>- children with permanent disabilities</li> </ul>					
Monthly target benefit for single disabled people with reduced working ability by 71% or over 71% for payment of rent for municipal lodgings				SAA and its territorial units	SAL and Rules for SAL Implementation (art.14)
Lump-sum benefits				SAA and its territorial units	SAL and Rules for SAL Implementation (art.16)
Target benefit for electricity heating, district heating or solid fuel				SAA and its territorial units	SAL and Regulation No 5 of the MLSP
Free travel within the country, two times a year - by railway and bus transport (only for disabled people with reduced working ability by over 70%)				SAA and its territorial units	SAL and Rules for SAL Implementation (art. 19, par. 1)
Monthly target benefit for transport servicing of disabled people with permanently reduced working ability by 71% or over 71%, disabled people with reduced working ability by 50-70% having lower limbs disease and children from 7 to 16 years of age with permanent disabilities – art. 21 (1) of the Rules				SAA and its territorial units	SAL and Rules for SAL Implementation (art. 21, par. 1)
Target benefit for balneological treatment and food once a year for disabled people with permanently reduced working ability by over 90%, disabled soldiers and children up to 16 years of age with permanent disabilities				SAA and its territorial units	SAL and Rules for SAL Implementation (art. 22)
Monthly target assistance for telephone services – for: <ol style="list-style-type: none"> <li>1. disabled people over 16 years of age with reduced working ability by over 90% and entitled to external</li> </ol>				SAA and its territorial units	SAL and Rules for SAL Implementation (art. 24).

Cash benefits	In-kind benefits	Services	Tax, insurance and other financial preferences	State institution, responsible for the payment	Law
assistance; 2. children up to 16 years of age with permanently reduced ability for social adaptation by over 90% and entitled to external assistance					
		Personal assistant of an adult with permanent disability (social service within the community)		Employment Agency and Social Assistance Agency – Program “From Social Benefits to Employment”	Social Assistance Law and Rules for SAL Implementation (art. 36).
		Other social services within the community (social assistant, home assistant; social patronage; daily center, social rehabilitation and integration center; public canteens). <i>Note: – these services are accessible to all beneficiaries, not only to disabled people)</i>		Municipalities local activities – on their own account (home social patronage, public canteens, clubs, etc.); for the state activities (institutions for social services and outside the community) – on the account of the state	SAL and Rules for SAL Implementation (art. 36).
		Social services provided by specialized institutions: 1. centers for children or youths with disabilities; 2. centers for adults with disabilities.		Municipalities	SAL and Rules for SAL Implementation (art. 36).
Target benefit for purchase and repair of technical aids				Rehabilitation and Social Integration Fund through the Social Assistance Directorates or directly to manufacturing companies	LPRSID (art. 42). Rules for LPRSID Implementation (art. 50).
<b>Family benefits for children:</b>					
Supplementary lump-sum benefit				Before January 1, 2004:	LFBC – art. 6, par. 6.

Cash benefits	In-kind benefits	Services	Tax, insurance and other financial preferences	State institution, responsible for the payment	Law
amounting to BGN 100 paid to the mother in case permanent disabilities by over 50% are ascertained until the child is 2 years of age				<ol style="list-style-type: none"> <li>1. The territorial units of the NSSI – through the insurer of the insured parent; when both parents are insured, the benefit is paid to the mother;</li> <li>2. Territorial units of the NSSI – for pensioners and self-insured; when both parents are pensioners or self-insured, the benefit is paid to the mother</li> <li>3. Territorial units of the Social Assistance Agency - when both parents are not insured.</li> </ol> <p>After January 1, 2004 – the Social Assistance Agency</p>	
Monthly benefit for a child of up to 18 years of age having permanent disability. The benefit is twice as big as the “standard” (annually determined by the State Budget Law) and is paid irrespective of family income				<p>Before January 1, 2004:</p> <ol style="list-style-type: none"> <li>1. The territorial units of the NSSI – through the insurer of the insured parent; when both parents are insured the benefit is paid to the mother;</li> <li>2. Territorial units of the NSSI – for pensioners and self-insured; when both parents are pensioners or self-insured the benefit is paid to the mother;</li> <li>3. Educational institutions - to parents studying at secondary schools, universities and colleges – full-time form of education;</li> </ol>	LFBC – art. 7.

Cash benefits	In-kind benefits	Services	Tax, insurance and other financial preferences	State institution, responsible for the payment	Law
				when both parents study the benefit is paid to the mother; 4. Territorial units of the Social Assistance Agency – for children both parents of whom are not insured, as well as for children placed for raising at relatives, next-of-kin or foster families according to art. 26 from the Child Protection Law. After January 1, 2004 – the Social Assistance Agency	
Monthly benefits for raising a child with permanent disabilities, amounting to BGN 100, which is paid until the child is 2 years of age, irrespective of family income.				SAA	LFBC – art. 8.
Monthly allowance amounting to 70% from the guaranteed minimum income for parents (adoptive parents) of disabled people up to 18 years with permanent disabilities				Rehabilitation and Social Integration Fund through the Social Assistance Directorates – for uninsured parents NSSI – for disabled people of up to 18 years of age with permanent disabilities, receiving personal or survivor's benefit Since January 1, 2004 – the Social Assistance Agency	LPRSID (art. 40). Rules for LPRSID Implementation – art. 40.
Target benefit for purchase and adjustment of personal motor vehicle (amounting to BGN 1200), in case the family income per family member for the last 12 months is equal to or lower than twice the amount of the guaranteed minimum income				Rehabilitation and Social Integration Fund	LPRSID (art. 42). Rules for LPRSID Implementation – art. 51.
Lump-sum target benefit (amounting to				Rehabilitation and Social	LPRSID (art. 42).

Cash benefits	In-kind benefits	Services	Tax, insurance and other financial preferences	State institution, responsible for the payment	Law
BGN 600) for lodging renovation, in case the family income per family member for the last 12 months is equal or lower than twice the amount of the guaranteed minimum income (only for disabled people with over 90% reduced working ability, using a wheel-chair)				Integration Fund	Rules for LPRSID Implementation – art. 53
	Social scholarships for students – disabled or for children of disabled parents			Ministry of Education and Science	LPRSID (art. 43).
	Provision of free school aids, technical training aids, modern technologies, needed for specialized education, as well as of specific individual appliances and devices, assisting the learning process of disabled people of up to 18 years of age with permanent disabilities till the completion of secondary education.			Ministry of Education and Science	LPRSID (art. 11).
<b>III. Financial preferences:</b>					
			Disabled people with permanently reduced working ability by over 90%, as well as those aged 6 or more, whose working ability is lost up to 90% and who have permanently limited possibility for social adaptation with diseases which are exempt from customs payments of up to the BGN equivalent of USD 900 when importing a vehicle from abroad.	Ministry of Finance – GD “Customs”	LPRSID (art. 42). Rules for LPRSID Implementation – art. 52 Customs Law and the Rules for its Implementation Decree of the Council of Ministers No 2/1993 on taxation of imported vehicles

Cash benefits	In-kind benefits	Services	Tax, insurance and other financial preferences	State institution, responsible for the payment	Law
<b>IV. Tax alleviations and exemption from fees:</b>					
			Tax alleviations for disabled with permanent disabilities, receiving income from labor activity.	Ministry of Finance	Law on the Taxation of the Incomes of Physical Entities (art. 29, par 3 and 4, and art. 41).
			Disabled people with reduced working ability by 50% or over 50%, owners of lodgings, pay the tax on their main lodging with 75% discount.	Ministry of Finance	Art.25 par. 2 of the LTFL
			Disabled people, owners of vehicles with engines of up to 1800 cc and up to 100 hp are exempted from paying a vehicle tax	Ministry of Finance	Art. 58 par. 1 section 4. LTFL
			Disabled people are exempt from state fees when they move from one educational institution to another, from one specialty or type of education to another due to health problems, ascertained by a decision of a medical committee	Higher Schools	State Fees Law, art. 5, section "o"

Abbreviations used in the table:  
NHIF – National Health Insurance Fund

NFC – National Framework Contract

SIC – Social Insurance Code

OMEF – Office for Medical Expert Files

RMECC - Regional Medical Expert Consultative Commissions

NSSI – National Social Security Institute

MLSP – Ministry of Labor and Social Policy

LPRSID – Law on the Protection, Rehabilitation and Social Integration of Disabled People

LFBC - Law on the Family Benefits for Children

MH – Ministry of Health

EPL – Employment Promotion Law

MCC – Medical Consultative Commission

TMEC - Territorial Medical Expert Commission

NMEC - National Medical Expert Commission

SAA – Social Assistance Agency

SAL – Social Assistance Law

LTFL – Local Taxes and Fees Law



The insurance payments (pensions, compensations) are financed on the account of insurance contributions, while the social benefits and services – on the account of general (non-target) revenues in the state budget.

The main state institutions responsible for the provision of benefits to disabled people are the National Social Security Institute and the Ministry of Labor and Social Policy, its subordinate bodies respectively – the Social Assistance Agency, the Employment Agency and their territorial units (Social Assistance Directorates and Labor Office Directorates); as well as the Rehabilitation and Social Integration Fund which is a legal entity – second instance user of budget credits to the Minister of Labor and Social Policy. Since 2003 the specialized institutions providing social services to disabled people (children and adults) have been subordinate to the municipalities and their activity is funded by the municipal budgets. The role of the Ministry of Education and Science is more limited. It provides social scholarships and other benefits to disabled students, as well as free textbooks, school aids and other aids necessary for the learning process.

The following table presents the main content of the programs for social insurance, social assistance and financial preferences for disabled people in Bulgaria, effective by the end of 2003. They are structured in the following areas: social insurance; social assistance; financial preferences; tax alleviation and fee exemption, etc.

## **2. Legal framework for the financing of disability social benefits**

The financial relations regarding the payment of social benefits are performed in compliance with the requirements of the Social Assistance Law and the Rules for its Implementation (RISAL), the Law on the Family Benefits for Children, the Law on the Protection, Rehabilitation and Social Integration of Disabled people, the State Budget Structure Law, the Municipal Budget Law as well as the annual State Budget Law of Republic of Bulgaria.

According to the SAL (article 24), social assistance is financed by resources from:

- the state budget;
- the municipal budgets;
- national and international programs;
- donations from local and foreign physical and legal entities;
- resources from the Social Assistance Fund;
- other sources.

The main sources for financing disability social benefits are the state (central) budget and the municipal budgets. The other sources outlined in the Law have more limited and in some respect “episodic” importance<sup>4</sup>.

*Legal background for the 1999–2002 period.* The social benefits given below were financed by the municipal budgets till the end of 2002 according to the SAL and the Rules for its Implementation:

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<sup>4</sup> - for example, donations. The Social Assistance Fund is financing a few projects of non-governmental organizations, which are registered in the SAA register and provide social services according to art. 18 from the SAL. The total budget of the Fund for this year is about BGN 2.7 million. It covers predominantly capital expenditure. However, the demand for money from the Fund is many times greater than that and many applications for project financing, including those envisaging the rendering of services to disabled people, are rejected.

- Monthly benefits for poor persons and families (art.9 of SAL), which are granted after a means test of the beneficiaries (according to the criteria described in art. 10 and 11);
- Lump-sum benefits (art. 16 and 17);
- Target benefits for rents (art. 14);
- Free transport for mothers with many children, disabled and children with heavy physical and mental disabilities (art. 18, 19 and 21), telephone services for disabled people (art. 24) and for balneological treatment (art.22).

The funds for social benefit were included in the consolidated municipal budget - their own revenues and a state budget subsidy. The State Budget Law of Republic of Bulgaria determined the specific amount of the state budget subsidy for social benefits for the respective year, allocated to the municipalities, i.e. they were not allowed to redirect those resources to other purposes.

The 1999 State Budget Law of Republic of Bulgaria allocated for the first time **target** subsidies for social benefit to the municipalities amounting to 50% of the projected (planned) annual social benefits, paid according to the SAL (indicated above) and according to the Birth Promotion Decree (BPD)<sup>5</sup>. The ratio was changed in 2002 and the target subsidy amount became 75% of the projected funds for social benefits, the municipalities were responsible for the other 25%. If necessary, and most of all whenever possible, the municipal council was to decide on a larger municipal stake in the funding of social benefits.

The MF paid the target budget subsidies for target social benefits for energy assistance in winter (according to the then effective art. 15 of SAL) to the MLSP on a monthly basis, and consequently to the National Social Assistance Service (NSAS), which is under the MLSP jurisdiction. The Municipal Social Assistance Services (MSAS) sent requests to the NSAS up to the fifteenth day of the month, following the month they referred to. After receiving the requests, the NSAS transferred the amounts due to the MSAS accounts<sup>6</sup> on a monthly basis. They fully covered (100%) the expenditures of the Target Energy Assistance Program. They were reported in the municipal budget; however they were not subject to planning by the municipal administrations.

The social institutions (including those providing services to disabled people) were financed on the account of the local budgets. The municipal councils defined the size of the expenditures during the approval of the municipal budget.

*The Rehabilitation and Social Integration Fund* is another specific source of financial resources for the assistance of disabled people established in 2000. The Fund expends its resources for the provision of technical aids to all people in need; for the payment of the monthly allowance for disabled children whose parents are not insured against all insurance events, and other according to the Law on the Protection, Rehabilitation and Social Integration of Disabled people, the Rule for its Implementation and other secondary legislation acts. According to art. 42 from the Rule for the Implementation of LPRSID, on an annual basis till January 31, the

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<sup>5</sup> - The municipal budget also paid all benefits and allowances within the Birth Promotion Decree, revoked in 2003. According to the conditions and order of that Decree monthly allowances for children of unemployed parents and single mothers, monthly benefits for taking care of a child of up to 3 year of age, monthly benefits for children of students, soldier families and others were also paid.

<sup>6</sup> - the revenues and expenditures in that MSAS account were reported in the municipal budget. In other words, the MSAS budget was part of the municipal budget.

Minister of Labor and Social Policy, in agreement with the Minister of Finance and the Minister of Economy, determines by way of an order, the limits on benefits for the production, purchase and repair of technical aids. The target benefit is provided only at receiving and repairing technical aids that are produced, purchased or repaired by certified natural or legal entities.

The Management Board of the Rehabilitation and Social Integration Fund develops a draft profit and loss account of the Fund. The draft is coordinated with the Minister of Finance and submitted to the Council of Ministers for approval.

The target subsidy for the Rehabilitation and Social Integration Fund is determined following a proposal of the Fund's Management Board to the Minister of Finance. It is based on the number of persons who need technical aids, technical aid prices, the number of disabled children, receiving monthly allowances and the amount of the allowances, the need for social services for disabled people and others.

The final amount of the target subsidy is determined by the State Budget Law for the respective year.

According to art. 40 of the Rules for the Implementation of the LPRSID, the money from the Fund were transferred to the MSAS (in existence till 2002) in compliance with their inventory-requisitions and were reported by the municipal budget. These funds (as well as the expenditures for target energy assistance) were not therefore planned within the municipal budgets.

The status of the Rehabilitation and Social Integration Fund was changed to 'a second instance user of budget funds' (before that 'extra-budgetary account') since January 1, 2002 by the State Budget Law (Appendix 7, paragraph 9 from the Transitional and Final Provisions). That means that the Fund is not granted subsidies directly from the state budget, but they are planned as part of the MLSP budget, and the Ministry consequently makes transfers to the Fund<sup>7</sup>.

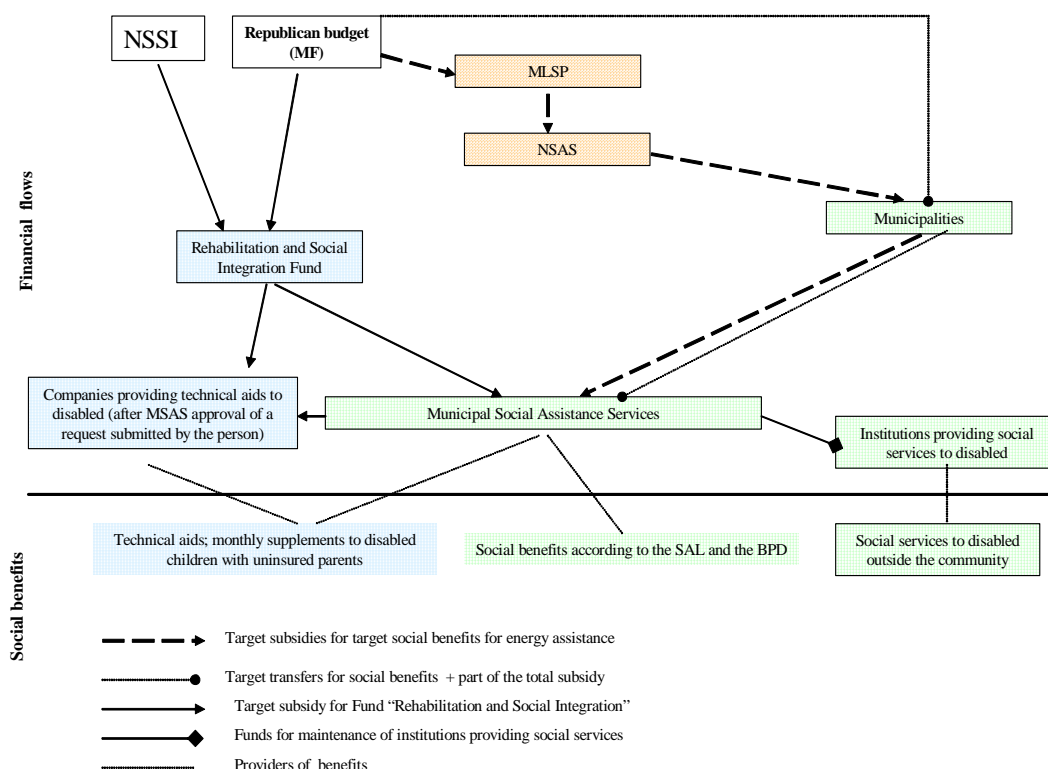
The financial flows related to social assistance, including disabled people, within the period under observation are presented in Scheme 1 below. It reflects the complex reallocation of financial resources, which eventually passed through the municipal budgets. That situation was in line with the political understanding that municipalities should be immediately responsible for financing because they were best informed about the specific local needs and social services were provided as a rule according to the place of residence. At the same time the approach provided extensive basis to the central government to transfer the responsibility for the shortage of funds for social needs to the mayors and municipal councils and thus to "decentralize" the arising tension among the population.

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<sup>7</sup> These changes in the financial flows are incorporated in Scheme 2 below. Scheme 1 represents the situation until the beginning of 2002.

Scheme 1

Social assistance funding – financial flows for the 1999 – 2002 period



*2003 legal framework.* This year marks a transition to a more precise regulation and target character of the state budget transfers for social assistance financing. The state assumed direct responsibility for the financial stability of the second social safety net and thus – for the realization and protection of citizens' legal rights related to their social assistance. The management and the financing of the social assistance system were synchronized and (in a sense) centralized<sup>8</sup>. The municipalities, the municipal budgets respectively, remained responsible for financing the local social services (social patronage, public canteens, clubs, etc.).

<sup>8</sup> - till the beginning of 2003 the social assistance system was centrally managed and administered – the MSAS together with the Regional Social Assistance Service were bodies of the NSAS. The MSAS directors were appointed by the NSAS director after a preliminary agreement with the mayor of the municipality. At the same time, the funds for financing the social assistance were part of the municipal budgets and the local authorities were responsible for the provision of social benefits. The inconsistency between the management centralization of the social assistance system and the decentralization of its financing was one of the factors for the financial instability of the system and the contradiction between central and local authorities in relation to the regular and full payment of the social benefits to the population.

The state assumed the responsibility of financing 100% of all remaining activities through the municipal budgets according to defined standards. The interrelations between the central and the local budgets were therefore changed, what is more accompanied by a clear definition of the state and municipal responsibilities and commitments.

According to the State Budget Law, the funds for social benefits (for disabled people) and the benefits paid by the order of the Law on the Family Benefits for Children (LFBC) are part of the MLSP budget – first instance user of these funds. The MLSP includes funds for social assistance in the Social Assistance Agency budget, which according to the Social Assistance Law (art. 5) is a second instance user of budget credits. The municipal SAA territorial units – Social Assistance Directorates (272 in number) make the direct payments to the beneficiaries who meet the legal requirements.

The financing of the target social benefits for energy assistance in winter preserves its centralized character, described above. The difference is that instead of the NSAS, its successor – the Social Assistance Agency is responsible, and instead of the MSAS – the Social Assistance Directorates in the municipalities.

The state social services are funded by the state budget through the budgets of the respective municipalities. Within that approach, the specialized institutions providing social services to disabled people (centers for children or youths with disabilities, and centers for disabled adults) are funded through the budget of the municipality within which the respective institution is located. In that case, a new practice for our country was introduced, based on the so-called “minimum standards for the number and maintenance of activities delegated by the state to the municipalities”: maintenance standard per one served person in the institution included in the total maintenance of the institution together with the other components – salaries, insurance contributions, etc. The sources for funding these expenditures are: ceded state tax revenue from physical entities income tax to the municipal budget **and** (if necessary) part of the total equalizing subsidy for the municipality from the central budget.

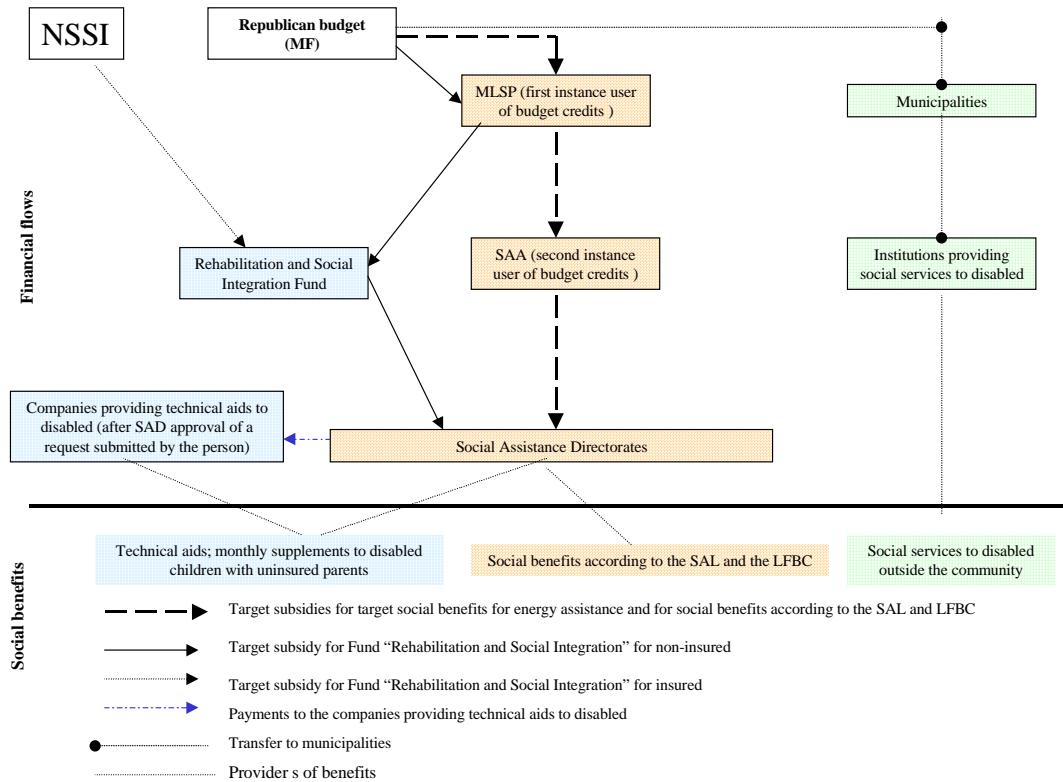
The 2003 State Budget Law provides a possibility for increasing the normatively defined expenditures for maintenance of the delegated “state activities” on the account of their own revenues – from local taxes and fees and other revenues by decision of the municipal council. These normatively defined expenditures, however, do not include capital investments.

The money from the Rehabilitation and Social Integration Fund for providing to persons in need of technical aids and for payment of monthly allowances for disabled children whose parents are not insured against all insurance events are specially transferred to the Social Assistance Directorates, which, as mentioned above, are SAA territorial units.

The Scheme 2 below presents the financial flows related to the social assistance for disabled people in 2003.

## Social assistance funding – financial flows for 2003

Scheme 2



### 3. Financial Analysis

#### 3.1. Revenues and expenditures for social assistance of disabled people – dynamic and structural changes in the 1999-2003 period

The analysis of the available data from the municipal budget performance reports provides grounds to make the following conclusions for the 1999-2003 period (see Table 1):

Table 1

Funds for social assistance reported in the municipal budgets (1999- 2002)<sup>9</sup>

	1999	2000	2001	2002
Funds for SA (benefits according to the RISAL and BPD) – total, BGN*	124,554,537	157,185,174	166,652,751	234,719,959
of which:				
subsidy from the state budget	61,010,295	78,359,459	74,798,450	159,705,657
own municipal funds	63,544,242	78,825,715	91,854,301	75,014,302
relative share of the subsidy	49%	49.9%	45%	68%
relative share of the own funds	51%	50.1%	55%	32%
Funds for assistance for disabled people (from RSI Fund) – BGN*	n.a.	n.a.	19,595,745	7,027,734
Target transfers for energy assistance – BGN*	n.a.	72,993,715	79,725,156	85,872,235
Expenditures for social institutions	26,385,783	23,251,377	24,319,315	31,546,615
Expenditures for institutions which provide social services to disabled people outside their usual home environment **.	n.a.	14,420,263	15,083,289	19,578,003

Source: \* local budget statistics (database of Club "Economika 2000" compiled on the basis of primary reporting documents for the municipal budgets)

\*\* MLSP data. The 2003 expenditures for such institutions, funded by the municipal budgets amount to 27,180,475 BGN, which represent about 20% of all expenditures for social institutions.

First, increasing the amount of funds for social assistance "went through" the municipal budgets – the 2002 increase against 1999 is over two times, marking the growth in their relative share from 6% to 10%. The main reasons were: (a) increase of the needs for social assistance, in the number of assisted persons and families respectively; (b) changes in the social assistance mechanisms, incl. – the systems of coefficients for defining the differentiated minimum income for social assistance and the (however slight) increase of the guaranteed minimum income (from BGN 37.30 at the end of 1999 to BGN 40 at the end of 2002); (c) deployment of additional, specific mechanisms for funding of disability social assistance (RSI Fund).

Second, the municipalities allocated more funds for social assistance than the legally required minimum in the entire period. The minimum was at least 50% within the period up to 2002, and the relative share of the municipality's own revenues was between 50.1% and 55%, while in 2002 the share of the required minimum was 25% against the actual 32%. Therefore, the municipalities contributed to a better social protection of the population, but on the other hand these expenditures created additional tension for the local budgets and affected their capacity to fund other activities and programs.

Third, despite the absolute increase of the expenditures for the maintenance of institutions providing social services to disabled people outside the community, they are inadequate to cover the costs for the provision of satisfactory services. The "usual" shortage in the past couple of years appears to be over BGN 1 million. As a result, and together with the lack of capital investments, the living conditions in these institutions are appalling.

<sup>9</sup> - to facilitate foreign readers we would like to note that the Bulgarian Lev was fixed to the Deutsche Mark at a rate of 1:1 with the introduction of the Currency Board (since 1 July 1997). After the adoption of the Euro as the common currency for the Eurozone, the Bulgarian Lev was fixed to the Euro at a rate of 1:1.95583.

The complex interrelations within the social assistance system (incl. for the disabled people) led to tension between the local authorities and the ministries (MF and MLSP) about the system administration, its funding, and payment (regularly and in full amount) of the due social benefits and money for the maintenance of the institutions providing social services. That was one of the factors for the changes in the existing normative framework.

The state budget funds for social assistance for 2003 were as follows:

- For target energy benefits – BGN 110 million
- Under the RISAL – BGN 100.7 million
- Under the LFBC – BGN 87.2 million (only for SAA payments)
- RSIDF – BGN 16 million.

#### A. Cash social benefits

The analysis of the data on the expenditures for cash social benefits (see Table 2) provides grounds for specifying the following conclusions and evaluations:

Table 2

#### Structure and dynamics of the cash social benefits

	1999	2000	2001	2002	2003	Increase 1999- 2002 (%)	Increase 1999- 2003 (%)
<i>A. Absolute values</i>							
<b>I. Social benefits structure by periodicity</b>							
<b>1. Total</b>							
assisted persons and families (number of cases)	317,780	314,486	325,581	322,639	n.a.	101.5	
paid amount (BGN)	58,463,575	80,807,777	101,696,419	129,851,402	n.a.	222.1	
Of which							
<b>1. Monthly benefits</b>							
assisted persons and families (number of cases)	185,810	215,738	243,430	249,947	268,241	134.5	144.4
amount paid (BGN)	50,109,812	74,448,021	95,296,603	123,947,556	98,898,049	247.4	197.4
<b>2. Lump-sum benefits</b>							
assisted persons and families (number of cases)	131,970	98,748	82,151	72,692	n.a.	55.1	
paid amount (BGN)	8,353,763	6,359,756	6,399,816	5,903,846	n.a.	70.7	
<b>II. Structure of social assistance beneficiaries</b>							
<b>a. Total (monthly + lump-sum benefits)</b>							
<b>1. Within the total number of cases</b>							
Beneficiaries under working age	6,535	5,475	6,494	6,781		103.8	



Beneficiaries at working age	247,756	267,164	282,675	282,700		114.1	
Beneficiaries over working age	63,489	41,847	36,412	33,158		52.2	
Families of disabled persons	49,018	39,538	35,224	31,433		64.1	
2. Within the total paid amounts - BGN							
Beneficiaries under working age	736,352	886,727	1,192,526	1,470,267		199.7	
Beneficiaries at working age	5,587,607	76,362,658	96,414,205	123,877,110		2217.0	
Beneficiaries over working age	4,604,151	3,558,392	4,089,688	4,504,025		97.8	
Families of disabled persons	4,054,218	4,069,074	4,807,730	5,247,066		129.4	
b. Monthly social assistance							
1. Within the number of cases							
Beneficiaries under working age	4,402	4,218	5,125	6,042	7,991	137.3	181.5
Beneficiaries at working age	163,126	200,902	227,565	234,577	225,531	143.8	138.3
Beneficiaries over working age	18,282	10,618	10,740	9,328	34,719	51.0	189.9
Families of disabled persons	22,204	17,735	16,074	13,983	28,603	63.0	128.8
2. Within the paid amounts - BGN							
Beneficiaries under working age	623,080	810,476	1,117,452	1,408,761	2,098,365	226.1	336.8
Beneficiaries at working age	47,535,465	71,952,882	92,010,574	119,906,210	92,440,245	252.2	194.5
Beneficiaries over working age	1,951,267	1,684,663	2,168,577	2,632,585	4,359,439	134.9	223.4
Families of disabled persons	2,242,701	2,678,463	3,248,781	3,765,640	6,042,531	167.9	269.4
c. Lump-sum social benefits							
1. Within the number of cases							
Beneficiaries under working age	2,133	1,257	1,369	739		34.6	
Beneficiaries at working age	84,630	66,262	55,110	48,123		56.9	
Beneficiaries over working age	45,207	31,229	25,672	23,830		52.7	
Families of disabled persons	26,814	21,803	19,150	17,450		65.1	
2. Within the paid amounts - BGN							

Beneficiaries under working age	113,272	76,251	75,074	61,506		54.3
Beneficiaries at working age	5,587,607	4,409,776	4,403,631	3,970,900		71.1
Beneficiaries over working age	2,652,884	1,873,729	1,921,111	1,871,440		70.5
Families of disabled persons	1,811,517	1,390,611	1,558,949	1,481,426		81.8
<b>B. Relative shares</b>						
<b>I. Social benefits structure by periodicity</b>						
<b>1. Total</b>						
assisted persons and families (number of cases)	100	100	100	100		
paid amount (BGN)	100	100	100	100		
<b>Of which</b>						
<b>1. Monthly benefits</b>						
assisted persons and families (number of cases)	58.5	68.6	74.8	77.5	100	
paid amount (BGN)	85.7	92.1	93.7	95.5	100	
<b>2. Lump-sum benefits</b>						
assisted persons and families (number of cases)	41.5	31.4	25.2	22.5		
paid amount (BGN)	14.3	7.9	6.3	4.5		
<b>II. Structure of social assistance beneficiaries</b>						
<b>a. Total (monthly + lump-sum benefits)</b>						
<b>1. Within the total number of cases</b>						
Beneficiaries under working age	2.1	1.7	2.0	2.1		
Beneficiaries at working age	78.0	85.0	86.8	87.6		
Beneficiaries over working age	20.0	13.3	11.2	10.3		
Families of disabled persons	15.4	12.6	10.8	9.7		
<b>2. Within the total paid amounts - BGN</b>						
Beneficiaries under working age	1.3	1.1	1.2	1.1		
Beneficiaries at working age	9.6	94.5	94.8	95.4		

Beneficiaries over working age	7.9	4.4	4.0	3.5			
Families of disabled persons	6.9	5.0	4.7	4.0			
b. Monthly social assistance							
1. Within the number of cases							
Beneficiaries under working age	2.4	2.0	2.1	2.4	3.0		
Beneficiaries at working age	87.8	93.1	93.5	93.9	84.1		
Beneficiaries over working age	9.8	4.9	4.4	3.7	12.9		
Families of disabled persons	11.9	8.2	6.6	5.6	10.7		
2. Within the paid amounts - BGN							
Beneficiaries under working age	1.2	1.1	1.2	1.1	2.1		
Beneficiaries at working age	94.9	96.6	96.6	96.7	93.5		
Beneficiaries over working age	3.9	2.3	2.3	2.1	4.4		
Families of disabled persons	4.5	3.6	3.4	3.0	6.1		
c. Lump-sum social benefits							
1. Within the number of cases							
Beneficiaries under working age	1.6	1.3	1.7	1.0			
Beneficiaries at working age	64.1	67.1	67.1	66.2			
Beneficiaries over working age	34.3	31.6	31.2	32.8			
Families of disabled persons	20.3	22.1	23.3	24.0			
2. Within the paid amounts - BGN							
Beneficiaries under working age	1.4	1.2	1.2	1.0			
Beneficiaries at working age	66.9	69.3	68.8	67.3			
Beneficiaries over working age	31.8	29.5	30.0	31.7			
Families of disabled persons	21.7	21.9	24.4	25.1			

Source: MLSP data

First, there is a clear tendency towards reduction of the share of the lump-sum benefits and increase of the share of monthly benefits respectively. That mirrors improvement in the social assistance targeting, as well as the more effective control over spending budget funds. The reduction of the lump-sum benefits – as a share (from 14,3% in 1999 to 4,5% in 2002) and expenditures (by about 30%) – is a positive sign for more effective management of financial resources in compliance with the priorities of the social assistance policy.

Overall, the share of these benefits in the consolidated state budget within the period under observation has increased from 0.59% to 1.02%, and their share in the GDP – from 0.26% to 0.4%, which may be interpreted as a relatively significant positive change.

Second, changes in the number of families of disabled people receiving monthly social benefits are not synonymous. There was a stable tendency towards reduction in the period till 2002, while in 2003 a sharp growth was registered (over 28,600 cases compared with about 14,000 in the previous year). As a result the share of these families reached almost 11%, and in terms of expenditures for monthly benefits – 6,1%. The reasons for the fluctuations may be found in several directions:

(a) the conditions for access to social benefits, which has become easier for disabled people in recent years, referring to changes in the past 2 years, particularly:

- The higher coefficient introduced at the end of 2002 (1.5 against 1.2 prior to that) for defining the differentiated minimum income for social assistance of disabled people with permanently reduced working ability by 70 and over 70% (art.9, par. 3, sect.16 of the RISAL). This coefficient is 1.2 for disabled people with permanently reduced working ability by 50% and over 50% and for children with permanent disability.
- The requirement for residing in a specific (limited space) living area as a condition for access to social benefits is not applied for persons residing in their own lodgings where a person with permanently reduced working ability by 50% and over 50% lives (art.10, par. 2 from the RISAL, enforced in 2001).
- The requirement for mandatory registration with the Labor Office as a condition for access to social benefits is not applied for persons with permanently reduced working ability by 50% and over 50% (art.10, par. 3 from the RISAL, enforced in 2001).
- The restriction for not granting monthly benefits to adults up to 30 years of age living together with their parents whose income per family member exceed the three-time amount of the guaranteed minimum income is not applied in cases when these persons and/or their families are disabled with permanently reduced working ability by 50% and over 50% (art.11, sec.1 from the RISAL enforced in 2003).
- Disabled people studying at universities, unlike other students, are entitled to monthly benefits (art.11, sec.4 from the RISAL, enforced in 2002).
- Deprivation of the right to social benefit in cases when the beneficiary refuses to participate in employment programs or public benefit activities organized by the municipality, is not applied to persons with permanent disabilities (art.12, par. 3 from the RISAL, enforced in 2002-2003).

(b) the increase of the number of people receiving disability pensions. By the end of 2002 the number of pensioners receiving personal disability pensions for general disease was 207,874, exceeding by 21% that number in 2001. The tendency continued in the following years.

(c) the economic environment and above all unemployment. The level of the registered unemployment at the end of 2001 was 17.88%, in 2002 – 16.27%, in 2003 – 13.52% and in January 2004 – 14.5%. The disabled, despite the newly introduced incentives for employers to hire them, are one of the most vulnerable groups on the labor market and have difficulty finding jobs in order to provide respective incomes. According to data from the Employment Agency 17,336 persons with reduced working ability were registered by the end of 2003, while their share was 13,879 a year before and half of them had no qualification.

(d) the income level of disabled people and their families. The official statistics does not provide precise data in that respect. The income level, however, may be judged by the status of the disability pensions, which (by presumption) are the main source of income for these families. Disability pensions are usually 25-30% lower than the pensions for insurance length of service and old age. The incomes of pensioners' households compared with those without pensioners are almost twice as low (for 2001 the total average annual income per one pensioners' household was BGN 2,772, and of households without pensioners – BGN 5,154). This is a prerequisite for the disabled and their families to need social assistance more frequently and for longer periods.

(e) although specific data and research is not available, it may be assumed that the share of disabled people who in principle fall in the group entitled to social assistance and actively search for its realization increases (the so-called "take-up"). Third, the monthly benefits have a growing significance for assisting disabled people. In this respect, this group is not an exception from the general tendency towards contraction of the lump-sum (non-target) benefits. However, it should be noted, that the share of families with disabled people receiving such benefits slightly increased (to 24% in 2002), and the share of the expenditures for that purpose from 21.7% in 1999 became 25.1% three years later. That means that the social assistance services pay a lot of attention to and better understand the problems and needs of these people.

#### B. Target benefits<sup>10</sup>

Analysis of the data in Table 3 provides grounds for outlining the following conclusions and evaluations:

First, the numbers and amounts for assisting disabled people have constantly increased in the five-year period under study. The rise in expenditure for these target benefits is over two times, while the largest increase is observed in the expenditures for: (a) free travel twice a year by railway and bus transport (over 19 times) and (b) for using telephone services (over 8 times). The increase of the target benefits for renting municipal lodgings is lowest.

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<sup>10</sup> - Due to the target character of these benefits, they – although in cash – may be considered to some extent as in-kind, because the granted cash funds may not be used for other purposes.

As a result of that dynamics, the share of the target benefits in the GDP within the period under study has increased from 0.04% to 0.06%, and their share in the consolidated state budget fluctuates around 0.07-0.09%.

Second, the benefits for traveling by urban transport (almost 53% share in the 2003 expenditures) and for using telephone services (almost 32% share in the 2003 expenditures) have primary importance within the structure of target benefits for disabled people. A tendency towards restructuring of expenditures is observed in the period under analysis. It refers to the reduction of the share of funds for using urban transport (84.2% in 1999) and increase of the share of expenditures for free travel twice a year by railway or bus transport (from 0.9% to 7.9%), as well as the expenditures for using telephone services (from 8% to 31.8%).

Third, the main factors for these changes are:

(a) The increase of prices of transport and communication services. For example, the price of one ticket for Sofia City transport for the period – from BGN 0.30 in 1999 it became BGN 0.50 in 2003. According to household budget statistics, only for three years (between 1999 and 2002), the average monthly expenses for communications per household member increased from BGN 2.2 to about BGN 6, and the share of that group of expenses – from 2% to 3.4%<sup>11</sup>.

It should be clarified here that the factor “prices of telephone services” was operating in 2001, when disabled people were entitled to target assistance equal to the value of 300 telephone units per month. Afterwards, art. 24 of RISAL was changed (SG, issue 97/2001) and the monthly target assistance was set at 20% of the guaranteed minimum income for social assistance. Given the fact that since the beginning of 2002 the GMI has remained unchanged (BGN 40), the growth of the expenditures in that case is due to the increased (more than 3 times) number of disabled people with reduced working ability of over 90% who used that right.

(b) The entitlement of disabled people to travel twice a year (their own choice) by train or bus (after 1999). People took stronger interest in that form of social assistance, leading to a double increase in the registered travels.

(c) The increased number of persons entitled to that benefit, e.g. the increased number of persons retiring due to disability – from 291,480 in 1999 to almost 439,000 in 2003.<sup>12</sup>

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<sup>11</sup> - according to data for August – September.

<sup>12</sup> As already mentioned, the opportunities for access to supplementary social benefits is one of the factors for an increasing number of persons to search for possibilities to receive disability pensions. In this case, there is a certain two-way “domino effect” between the two social safety net components – social insurance and social assistance.

Table 3

## Target benefits for disabled people according to the RISAL for the 1999-2003 period

Types of target benefits	1999		2000		2001		2002		2003		Increase 1999-2003	
	cases	paid	cases	paid	cases	paid	cases	paid	cases	paid	cases	paid
	number	amount (BGN)	number	amount (BGN)	number	amount (BGN)	number	amount (BGN)	number	amount (BGN)	number	amount
<b>Total:</b>	<b>225,351</b>	<b>9,218,624</b>	<b>235,154</b>	<b>9,866,510</b>	<b>286,035</b>	<b>11,576,746</b>	<b>310,795</b>	<b>17,383,410</b>	<b>349,446</b>	<b>19,363,260</b>	<b>155.1</b>	<b>210.0</b>
Target benefits for transport services to children and adults – disabled	150,593	7,766,640	162,472	7,870,678	185,014	8,396,766	182,071	10,015,957	193,444	10,237,575	128.5	131.8
Free travel by railway and bus transport – total (children and adults – disabled)	24,690	79,941	22,324	189,803	33,763	464,895	40,824	961,012	53,878	1,539,008	218.2	1925.2
Target benefits for balneotherapy – total	2,973	355,618	3,185	459,887	4,594	568,622	5,221	835,518	7,360	1,066,093	247.6	299.8
Target benefits for telephone services	30,151	738,426	33,929	1,074,632	50,736	1,824,747	72,378	5,221,174	85,590	6,167,139	283.9	835.2
Target benefits for rent of municipal lodging – total	3,227	211,074	2,973	221,436	1,938	239,550	1,767	240,573	1,850	230,016	57.3	109.0
- of which single disabled by 71% or over 71% reduced working ability	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	506	60,306		
<b>Structure (%):</b>												
<b>Total:</b>	100	100	100	100	100	100	100	100	100	100		
Target benefits for transport services to children and adults – disabled	66.8	84.2	69.1	79.8	64.7	72.5	58.6	57.6	55.4	52.9		
Free travel by railway and bus transport – total (children and adults – disabled)	11.0	0.9	9.5	1.9	11.8	4.0	13.1	5.5	15.4	7.9		
Target benefits for balneotherapy – total	1.3	3.9	1.4	4.7	1.6	4.9	1.7	4.8	2.1	5.5		
Target benefits for telephone services	13.4	8.0	14.4	10.9	17.7	15.8	23.3	30.0	24.5	31.8		
Target benefits for rent of municipal lodging – total	1.4	2.3	1.3	2.2	0.7	2.1	0.6	1.4	0.5	1.2		
- of which single disabled with 71% or over 71% reduced working ability									0.1	0.3		

Source: MLSP.

The energy benefits for persons and families in winter (November-March) are specific target social assistance. The analysis of the expenditures for target energy benefits indicates the following (see Table 4):

Table 4

Target energy assistance for the 1999-2003 period

	Season 1999/2000	Season 2000/2001	Season 2001/2002	Season 2002/2003
Expenditures – total (BGN)	59,970,274	71,880,360	88,571,703	107,331,611
Number of assisted families of disabled people	102,847	103,162	112,074	129,774
Share of assisted families of disabled people in the total number of assisted families (%)	17.1	16.8	18.0	18.9

Source: MLSP data

First, there is a stable tendency towards an increase in the number of assisted families of disabled people. Their number was over 26% greater last winter season in comparison with the 1999/2000 season. This is largely due to the above-mentioned factors defining the increase of the monthly social benefits for disabled people.

Second, the tendency in expenditures increasing 1.78 times for the period is similar. The main reason for a growth larger than that in the number of beneficiaries is the many-time increase in prices of electricity, district heating and solid fuel. The price for household electricity was increased twice in the 2001 – 2003 period (in July 2002 and July 2003) while the overall increase in the day-time tariff against 2001 was 1.56 times (from 0.098 BGN/KWh to 0.154 BGN/KWh), and in the night-time tariff – 1.54 times (from 0.053 BGN/KWh to 0.082 BGN/KWh). That, given the adopted mechanism for defining target benefits (sensitive to these price changes), led to the increase in expenditures.

Third, the share of assisted families of disabled people in the total number of assisted families in the past three winter seasons also increased and reached almost 19%. In comparison with the other income-supplementing schemes (monthly social benefits) the energy assistance programs covers in a higher degree families of disabled people.

Forth, the program for target energy assistance is one of the successful social assistance programs, which was always directly and fully financially supported by governments. The Program enjoys broad public support. It mitigates the price shock from the quick increase of electricity and district heating prices in the years. Its wide coverage (about 600 000 families per season of which every fifth has a disabled member) allows the beneficiaries to easily cover their increased heating expenses in winter.

#### B. Benefits for families with disabled children

The Law on the Family Benefits for Children (LFBC) introduced target benefits for families with disabled children in the second half of 2002. The analysis of these specific benefits shows the following (see Table 5):



Table 5

## Benefits according to the LFBC for the 2002-2003 period

Types of benefits	2002		2003		Dynamics (2002 = 100)	
	cases number	Paid amount BGN	cases number	Paid amount BGN	cases number	Paid amount BGN
<b>Total</b>	<b>245,538</b>	<b>53,015,64 4</b>	<b>280,302</b>	<b>72,397,38 3</b>	<b>114.2</b>	<b>136.6</b>
Lump-sum benefits at child birth by uninsured parents – total	16,204	2,897,713	24,164	4,604,290	149.1	158.9
Supplementary lump-sum benefit for disabled child	131	12,580	102	9,200	77.9	73.1
Number of children	131		102	*	77.9	
Monthly benefits for children until they complete 18 years of age – art. 7, par. 1 of the LFBC	171,840	26,387,39 4	193,841	34,991,09 1	112.8	132.6
Number of children	274,029		333,086	*	121.6	
Monthly benefits for children until they complete 18 years of age placed in relatives' or foster families – art. 7, par. 2	549	51,028	1,696	203,448	308.9	398.7
Number of children	746		2,220	*	297.6	
For children with permanent disabilities until 18 years – art. 7, par. 4 from the LFBC	3,759	644,706	5,057	836,444	134.5	129.7
Number of children	3,748		5,628	*	150.2	
Monthly benefits for raising a child up to 1 year - art. 8, par. 1 from the LFBC	52,823	22,930,36 8	55,188	31,627,08 6	104.5	137.9
Number of children	232		62,329	*	26,865. 9	
Monthly benefits for raising a child with permanent disabilities up to 2 years - art. 8, par. 3 from the LFBC	232	101,829	254	125,824	109.5	123.6
Number of children	232		255	*	109.9	
<b>Total benefits for families with disabled children</b>		<b>787,400</b>		<b>990,903</b>		<b>125.8</b>
Share in the total amount of benefits granted according to the LFBC		1.49		1.37		

Source: MLSP

- (a) The absolute number of assisted families with disabled children is not big – about 350-360, and the relative share of the expenditures (about 1.5%) is not high.
- (b) The dynamics of these expenditures is also below the average for that group of social expenditures due to the comparatively small number of beneficiaries.
- (c) the number of disabled children does not change substantially in the observed years corresponding to the unchanged birth rate in the period (8.5‰ in 2002 and 8.6‰ in 2001 and 2003).
- (d) the considerable increase in the number of cases and in the amounts of benefits for “normal” children in 2003 against 2002 is mainly due to the fact that the Law on the Family Benefits for Children was enforced in April 2002, i.e. it was in force only for 9 months that year. That defines the lower basis in comparison with 2003.

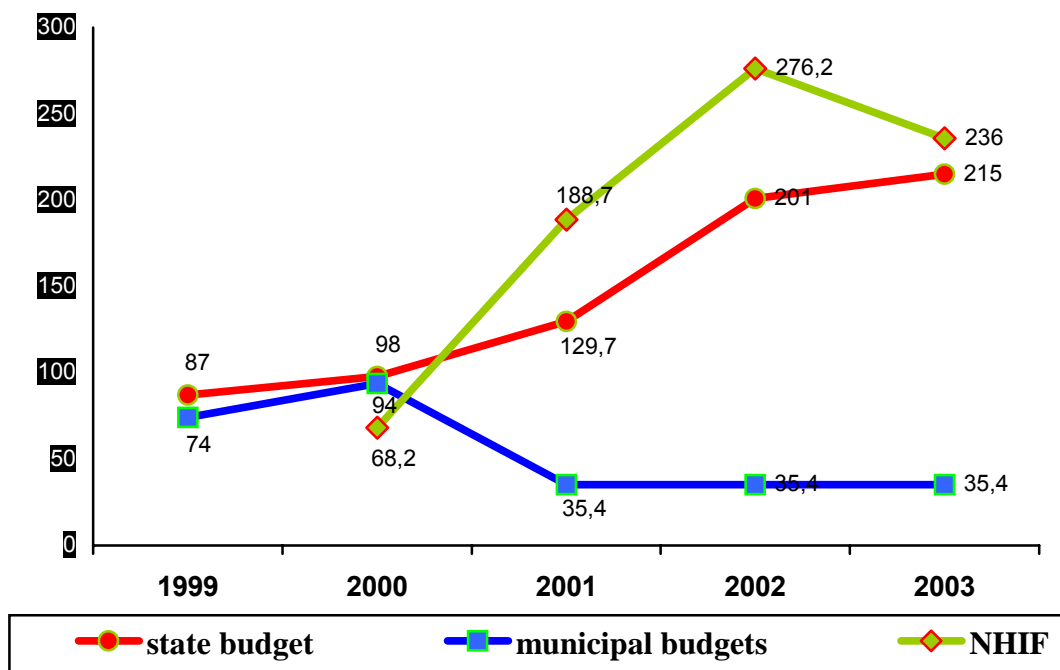
### 3.3. Forgone Revenues of Disabled people

Free medicines. The value of the fully paid medicines from the MH and NHIF budgets for 2002 was BGN 201 million, and for 2003 – BGN 215 million (see Figure 3). These amounts have been used for medical treatment of about 20% of the country population who are largely citizens with certified disability, because the diseases they have are included in the programs, namely oncological, hematological remocardiological diseases, chronic renal insufficiency treated with hemodialysis and medicinal treatment, etc.

The value of the partially paid medicines for 2002 from the MH and NHIF budgets amounted to BGN 74 million, and that group covered about 18% of the country population. These are patients with chronic diseases not always certified by the LEMC and not defined as disabled.

Figure 3

Budget expenditures for medicines (1999-2003) BGN million



Source: Ministry of Health

The **technical aids to the insured persons** are financed by NSSI transfers to the Rehabilitation and Social Integration Fund. The amount of the transfer figures out at BGN 3 million per year. The NSSI and the Fund estimate the provided and spend target money at the end of the year. Together with the MLSP transfer of BGN 16 million (primarily for technical aids to uninsured persons) the total amount is about BGN 19 million.

Due to the high unemployment level among disabled people, the number of those who work and use benefits for **prophylactics and rehabilitation of disabled in**

**working age** (covered by the General Disease and Maternity Fund and Workplace Accidents and Occupational Disease Fund) is very small – not more than several hundred persons per year. The average amount of the benefit for an insured disabled person using the opportunities of the NSSI program for prophylactics and rehabilitation is about BGN 300 per year.

**SPI contributions ceded to specialized enterprises providing employment to disabled people (30% of the insurance contribution for the SPI funds).** Due to the hard financial situation of these specialized enterprises, the number of persons working there is very small, and the ceded amounts are symbolic – not more than BGN 200 – 300 thousand per year.

**The health insurance of disabled pensioners** paid by the NSSI through target state budget subsidies. The health contributions paid in previous years are: 1999 – BGN 5.4 million (the health insurance in Bulgaria was introduced on July 1, 1999); 2000 – BGN 15.0 million; 2001 – BGN 17.1 million; 2002 – BGN 20.7 million; 2003 – BGN 25.5 million.

Tax alleviations. According to the MF data 15,760 disabled people submitted income-tax declarations for incomes received in 2001, and by about 30% more (20,399 disabled) in 2002. According to the assessment of tax offices, the total amount of the “forgone revenues” is BGN 1,890,376 for 2001 and BGN 2,411,243 for 2002 (see table below).

Table 6

Tax liabilities of disabled people and forgone revenues (2001 and 2002)

	2001	2002
Number of income-tax declarations submitted by disabled people (according to art. 41 of the LTIPE)	15,760	20,399
Total amount of the annual tax liability of the disabled who submitted income-tax declarations	BGN 1,477,052	BGN 1,751,987
Total amount of the annual tax liability in case the alleviation is not used	BGN 3,367,428	BGN 4,163,230
Forgone revenues	BGN 1,890,376	BGN 2,411,243

Source: Ministry of Finance

## Conclusions or an attempt at a SWOT analysis of the Disability Programs in Bulgaria

The analysis performed so far allows the preparation of a (probably provisional) SWOT analysis of the disability programs in Bulgaria. The results may be used for outlining a system of objectives and measures for improving these programs, respectively – for the provision of technical assistance to Bulgarian institutions (of course, if they are interested).

### I. Internal factors

#### **Strengths:**

- relatively developed and complete legislative framework for social protection of disabled people;
- relatively good institutional capacity for the implementation of the disability programs;

- clear differentiation of the principles and functions of the social insurance and social assistance of disabled people;
- “more generous”, but also target approach to social assistance (cash and in-kind) of disabled people in comparison with other categories of beneficiaries;
- relatively clear regulation and target character of financial flows, related to social insurance and social assistance of disabled people.

**Weaknesses:**

- the provided possibility since the beginning of 2000 for receiving social pension for disability (though in reduced amount) together with another type of personal pension;
- the bodies defining the degree of reduction of the working ability (disability) and the bodies implementing the social programs (social insurance and assistance) are different;
- quick increase of the expenditures for social insurance and assistance of disabled people;
- substantial “super-structuring” of the main social benefits (monthly, target, energy) with preferences for disabled people as they are granted on the basis of common indications (adjudged disability) without rendering account of the beneficiary’s needs and specifying (for now) clear ways to performing the social assessment required by the new Law on the Integration of People with Disabilities (art. 13, par. 13). That reduces the effectiveness of the implemented social programs and the financial resources spent.
- shortage of funds for capital expenditure and maintenance of institutions providing social services to disabled people outside the community;
- insufficient quality of the services of institutions providing social services to disabled people outside the community.

**II. External factors**

**Opportunities:**

- improving the conditions and the protection of labor (in pursuance of the commitments for implementation of the relevant European legislation), and reducing the sick rate and workplace accidents
- the bodies defining the degree of reduction of the working ability (disability) should be under the jurisdiction of the institution managing the revenues and the expenditures for social insurance (the NSSI)
- interest of the third sector in the social assistance of disabled people.

**Threats:**

- insubstantial opportunities for employment of disabled people;
- increase of the number of persons who will try to certify “the loss of working ability” – respectively the number of persons using pensions and benefits for disabled people;
- restrictive budget policy (control over the social expenditures, incl. capital investments and maintenance of institutions providing social services to disabled people, as well as possibilities for state funding of forms offering social services to disabled people in the community);

- the public resistance to possible elimination of the existing social benefits for disabled people (e.g. the possibility for receiving the social pension as a second pension, even in reduced amount).

Given the need for introducing changes in the developed and implemented programs for assistance of disabled people, the following points may be outlined as having a more urgent nature:

(a) elimination (respectively considerable restriction) of the possibilities for simultaneous reception of old age and disability pensions. The currently existing possibility for persons who are already pensioners to become disabled (to obtain a statute of a person with reduced working ability) and thus to receive reduced social disability pension is obviously unjustified not only from economic, but also from social viewpoint: there is no logic for a person over working age to certify their reduced working ability and to use the existing legal provision to receive a second pension.

(b) the above measure will allow through better targeting of the expenditures to master the third weakness mentioned above – increasing funds for social protection of disabled people.

(c) legal clarification of the ways and criteria for carrying out social assessments of disability that will be done by local consultative committees involving experts from the Social Assistance Directorates to the SAA, the Labor Office Directorates to the Employment Agency, the representatives of the municipalities (appointed by the respective mayor) and other specialists (if necessary).

(d) the training of the members of these committees is another rather urgent task the accomplishment of which is an important prerequisite for the effective enforcement of the law.

(e) the improvement of the control over the medical assessment of the disability of the persons submitting documentation for such assessment is another urgent task related to the betterment of the institutional environment targeting higher effectiveness of the social protection of disabled people. Part of this institutional environment is also the introduction of specific monitoring, reporting and other such developments which need to augment the effectiveness of further legal modifications in this important and very sensitive area of social policy.