

TARGETED SOCIAL ASSISTANCE IN THE ECONOMIC DEVELOPMENT PERIODS

The paper presents the results of a systematic analysis of four targeted social assistance programs, carried out for the first time in a Bulgarian scientific research. The analysis covers the key characteristics of the programs – objectives, target groups, guaranteed rights, approach to the way of setting benefit amount, access criteria to targeted benefits, financing methods, major results achieved in the different economic development periods after the changes of 1990. The author has synthesized scientific and applied research findings and evaluations of development and implementation of policies on targeted social assistance in different macroeconomic environment as part of the modernization of social assistance during the period 1990-2010.

JEL: H41; H53; I38

The focus of this paper, as its *subject* is the development of one of the main schemes of targeted social assistance – guarantee of the minimum income through monthly social benefits. The reasons behind this choice are: (a) this is the first scheme introduced in the Bulgarian social policy after the changes of 1990, therefore its development could be studied and evaluated in the context of the macroeconomic changes throughout the **overall period** of 20 years after 1990; (b) the scheme of guaranteeing minimum incomes is basic and the other programmes for social assistance are built upon it (i.e. granting targeted heating allowances in the winter period, monthly benefits for families with children and monthly supplements for social integration of persons with disabilities, introduced later, respectively in 1996, 2002 and 2005).

Object of study are the following characteristics of the targeted social assistance: major objectives, target groups, guaranteed rights, principal approach to the method for determining the amount of aid, criteria for access to social benefits, main results of system's operations in different periods of development of the macroeconomic environment.

The fluctuations in these characteristics are analyzed and evaluated in the context of the economic development periods since 1990, differentiated based on the fluctuations in the GDP index, as follows: collapse after the shock transition (1990-1993); ad hoc recovery (1994-1995); financial and economic crisis (1996-1997);

¹ Georgi Shopov is Prof. Dr. in Economic Research Institute at Bulgarian Academy of Sciences, department "Macroeconomics".

economic stabilization (1998-2001); accelerated and stable growth (2002-2008) and crisis (2009-2010).²

1. Macroeconomic changes and trends in development of targeted social assistance

The social assistance is part of the social protection system and its main aim is provision of assistance to citizens who are unable to satisfy their basic living needs without help. The scope of the targeted social assistance provided in cash covers persons who (a) by some reasons do not participate in the primary component of the social protection system - the social insurance, and therefore cannot rely on other income sources; (b) possess some income (from labour and/or social transfers) but they are insufficient to satisfy “basic living needs”. This way, the discussed here component of the social assistance, related to targeted monthly social benefits, acts as an “ultimate assistance” that guarantees minimum social protection regardless of reasons (economic, social, health, age) that raised the need of assistance at individual level. The assistance is (it has to be) unlimited in the time and continue until the reasons for it exist and a person or a family meets access criteria. Implicitly, this means that in adverse economic conditions more persons would need social assistance, and vice versa – in a favourable socio-economic environment more people would be able alone or with “support from other people” (as stipulated in the Social Assistance Act) to cover their living needs. The latter, in turn, shape *the relation between macro-economic changes and social assistance* in terms of policy, design and functions.

In the Bulgarian practice, the targeted character of the assistance is ensured through application of a system of criteria for preliminary investigation and evaluation of the income and property status of potential beneficiaries, as well as their labour, health and family status. **From a theoretical point of view, status characteristics and the parameters correlate in different ways with the economic situation.** Some statuses – i.e. health and family – are neutral to the economic situation. Others – income status (possession of housing and arable land, savings, securities and dividends to a certain threshold) – are more resistant to macroeconomic impacts and depend on them rather in mid-term and long-term period. Although with a certain time lag, the economic situation affects most directly the labour status and the incomes of people of working age.

On this basis, and again from a theoretical viewpoint³, a **conclusion** can be derived that requirements concerning income and labour status should be the variables that are the most sensitive to the economic environment in the design of the targeted

² The paper presents some of the scientific results obtained in implementing the research project of the Institute for Economic Research at BAS on “Labour market and social protection during economic development periods in Bulgaria” (1990-2010). Project team includes Prof. Dr. Y.Hristoskov (Head), Prof. Dr. I.Beleva, Prof. C. Tsanov, Dr. D. Shopov, Dr. P. Lukanova. The structure and the titles of economic periods are taken from this research.

³ We underline the character of this point of view, because the formulation and the implementation of the policy is affected by a range of other factors, i.e. public consensus, stability of public finances and related restrictive budgetary policy, relationships between social insurance and social assistance as two sub-systems of the social protection system (for more details on the latter, see Shopov, 1994).

social assistance that regulates the access to it and related effects and public expenditure. In periods of economic growth, requirements for income status and active seeking and acceptance of jobs by beneficiaries of social assistance should be more stringent, while in periods of crisis - restrictions should be softened.

Development of targeted social assistance in the context of macroeconomic changes after the year 1990

Initial status of the system. The system is defined by the political approach to the organization and targets of the social assistance shaped with Decree No 485 on public assistance of the Presidium of the National Assembly from 22.09.1951. The socialist model (developed over the years) is characterized by the following:

- Total nationalization and paternalism – the Decree definitively stipulates that the assistance in the country is “social”- it shall be organized and managed by the Ministry of Health and implemented by the “narodni saveti (people’s councils), which allocate funds in their annual budgets for this purpose”. The nationalization of the social assistance in the early 50s years of the past century requires all charities and foundations established for public assistance to be liquidated. "Their property shall be transferred to the People's Council, where their headquarters are located, and their financial resources shall be allocated by the Council of Ministers based on a proposal made by the Minister of Public Health”.
- Categorical/definitive approach to the scope of “public assistance” directed towards groups of the population based on:
 - Political criterion – i.e. „injured in defence of people’s power”; disabled persons but not all, only „persons injured in wars and struggles against fascism, as well as their families”, this way turning the social benefits into a political privilege;
 - Health status – example „blind and deaf persons”, „unable to work and lonely elderly”, as well as „persons with severe disability” (as of 1984) - the list is not comprehensive and is discriminatory towards some groups of disabled persons;
 - Financial status – particularly „citizens in hard financial situation or temporary need”
- Provision of assistance in the form of (a) social services – only in social institutions; (b) cash and in-kind benefits, i.e. medicines, prostheses; (c) occupational rehabilitation and inclusion in common good activities. Thus, the social assistance is provided in the three main economic forms (money, services, in-kind assistance), and the positive fact is that activation forms of assistance are also applied such as labour re-adjustment of able to work persons.

- At the end of 80s of the past century and the beginning of the transition period, according to the Regulations for granting social assistance (last amended in June 1990 by the government of Andrey Loukanov):
 - the amount of monthly benefits was a fixed sum that was losing quickly its purchasing power in conditions of high inflation rate;
 - a mechanism has not been set for indexation of payments depending on fluctuations in consumer prices;
 - criteria for obtaining social benefit and its amount have placed in almost equal positions assisted families and families where the spouses work and receive minimum wage. Thus, seeking low-paid work and acceptance of such work was not stimulated;
 - the size of income and belongings of some of the „socially weak” groups of population (persons with disabilities, large families, unable to work, lonely elderly, etc.) was accepted as a criterion for access to social assistance, without taking into consideration owned income-generating real property.

Changes from 1991 to the end of 1993 – under the sign of “collapse due to shock transition”. In early 1990s, the dynamic development of political and negative socio-economic processes (extremely high inflation after liberalization of the prices in February 1991, sharp decline of population incomes, reduced consumption of goods and services, destruction of the full employment model and increase of unemployment, higher migration rate among youth, increasing number of mono-parental families, etc.) requires that the modernization of the social assistance system be carried out “in motion” and in conditions of entropy (i.e. basic data were missing on the extent and content of impoverishment). A positive factor for succeeding is the achieved public consensus among the main social partners within the National Tripartite Commission on Coordination of Interests (later – National Council for Tripartite Cooperation).

First significant changes in the social assistance parameters (March 1991 – July 1992). These changed (carried out by the coalition government of D.Popov) concern some of the key characteristics of the “second social protection net”.⁴ More specifically, they include the following (in the scope of the above noted object of the study).

First, potential beneficiaries of social assistance are implicitly determined – “persons and families who, due to health, family, financial and other reasons are not able to meet their daily living needs alone or with the assistance of their relatives”. Thus, for social assistance purposes, a legal definition of a “socially weak” person is adopted. A clarification stipulates that social assistance shall be directed towards

⁴ See Regulations for Social Assistance, adopted with Decree 46/25.03.1991 of the Council of Ministers and amended several times in 1991 – March 1992.

individuals and families and its aim is to satisfy basic needs, without specifying the scope of these needs.

A deserving attention fact is that beneficiaries of the assistance are families instead of households. This is of key importance for the design and the administration of the system for determining and granting targeted monthly benefits. The main arguments for choosing the “family” are that it is a narrower and more specific structural unit, within which people live and satisfy their basic needs by sharing the respective costs. Family composition (resp. incomes and property as criteria for eligibility for benefits) is easier and more precise to determine, which fact is important from the viewpoint of administration of the system and better targeting of the assistance. The argument in favour of the “household” as a structural unit to be assisted is that incomes and costs of its members are common and they delimit equal opportunities to satisfy basic needs. However, in the household option, an issue that arises is the lack of common property, which is one of the eligibility criteria for monthly social benefits.

Second, the types of assistance and related rights of beneficiaries are clearly structured. In addition to monthly benefits which are targeted in nature because they are granted after checks of income and property status, social assistance begins to provide periodic (up to six times per year) and one-time aids in cash and in kind, as well as free of charge and partially paid services.

With these changes, monthly benefits already perform the role of a fundament of the second social protection net, above which its other components are built on (other benefits in kind and in cash, services, alleviations). This is a crucial period in the development of the social assistance system, which persists over the next years and decades and is a prerequisite for the sustainability of the system’s design.

It should be noted here that one-time and especially periodic benefits, access to which is more liberal because they are granted “by discretion” rather than after examination of financial and income status of potential beneficiaries, are factors for deterioration of the overall direction of social assistance, incurring unreasonable costs, making the system more expensive while reducing its effectiveness. Therefore, later, periodic benefits were suspended and the size of one-time allowances was limited. The conclusion is that social assistance components should be considered, structured and implemented as parts of a coherent whole.

Third, income threshold for eligibility to monthly benefits is determined to 65% of the minimum wage per family member (until August 1991). Thus, an attempt is made to introduce a new criterion for “socially weak” person, based on the level of the individual income against the minimum wage and to establish an “automated” mechanism for updating the amount of the social benefits and regulate the “diameter” at the entrance to the system.

The scope of persons entitled to additional alleviations and social services also changes. It loses political characteristics and targets specific social groups (persons with disabilities, large families, elderly, and students).

Fourth, the period is characterized by granting special rights to specific groups of the population – such as:

- Lonely persons aged above 70 years and lonely persons with first category disability with income equal to the social pension, who are not covered by the home social patronage system, receive monthly assistance through coupons for free lunch and discount of 50% for payment of utility services based on unit floorage standards.
- Monthly benefit of 47% of the minimum wage is granted to university students who study on state-financed programs with a higher score than “good” 3,50 to “good” 4,00, and who have not become eligible for scholarship.
- A monthly benefit is granted also to full orphans aged 18-25 years if they study or perform military service and do not possess property and personal income.

On one hand, this practice evolves from the diverse structure and needs of the group “socially weak persons”, which undergoes quick changes in terms of composition. On the other hand, it results from the aim to tune the system to the specific needs of the individual groups and their organizational units, which participate in the social dialogue and protect their interests. On the third side, it illustrates **the typical for the period „reactive” approach to social policies** (for the 17 months of existence, the first Regulation for social assistance after the changes of 1990 has been amended four times). However, such complication of the system deteriorates its universal character and makes it difficult to administer. Moreover, it begins (under duress) to fill gaps occurring in the effectiveness of other components of the national social protection system.

Fifth, special requirements are adopted regarding the property status of applicant beneficiaries of monthly social benefits (housing, other immovable or movable property that may generate incomes, etc.). This way, the design of the system includes mechanisms for taking into account not only income but also property status of beneficiaries. This is an important change, which creates conditions for achieving better targeting and effectiveness of public expenditures for social assistance. However, in contrast to other countries, due to the undeveloped property market at that time, only the ownership of a housing to a certain threshold is taken into consideration and conditional income from the property, whatever it is, is not imputed (the so-called *imputed income*). This approach remains unchanged over the overall studied period, albeit the fact that the property market has developed.

Sixth, an important change is introduced in August 1991 in the way of determining the maximum amount of monthly social benefits⁵. It comprises two main components, which implicitly define the scope of the concept “necessities of life” laid down in the philosophy of the Rules for social assistance.

⁵ Such social assistance is granted to beneficiaries with zero income, because in general the assistance adds to the own incomes up to a threshold determined by the state. Persons and families with incomes above the maximum allowed benefit are not eligible to assistance.

(a) a component regarding costs for heating, electricity, water and rent, based on set standards.

(b) a component presumably intended initially to cover food costs. For this purpose (which is another significant change), a differentiation is introduced in the size of the component. Its value depends on the number and the age of family members – for example, for one person of working age the benefit is determined to 37% of minimum wage; 40% – for every family member of above working age; 24% – for every next family member.

Seventh, opportunities are given to provide in cash assistance to persons of working age who are affected by labour market changes. Not insured unemployed parents of children aged up to 16 years (and up to 18 years if they attend school) are entitled to monthly benefit of 130 leva; monthly benefits are also granted to parents working on a labour contract if they have not received remuneration for more than 30 days.

In addition, the first “activation measures” are introduced - assistance for professional qualification and labour realization, including through helping the start of income generation activities; deny assisting unemployed persons who have declined a suitable job proposed to them by a labour office.

This is a positive example of cooperation between social assistance and labour market, which is in process of development as well.

As a result, the monthly social benefit as „last resort assistance” has the following **main characteristics**:

- Specificity – it starts operating as a specialized public system/scheme aimed at responding, in a more or less adequate way, to the acute social problem poverty due to the initial period of economic collapse because of the shock transition. The grounds are laid down to make up for a significant deficiency in the national social protection system, namely supplementing the income of poor persons and families.
- A right, not a legal possibility – that fulfils the requirements of art. 13 and art. 14 of the European Social Charter.
- Comprehensiveness – coverage of all persons and families who meet determined criteria related to income and property status (not only individual groups of the population with medical or social risk characteristics).
- Versatility – the right to social assistance relates mainly to poverty and does not depend on/ is not interested in/ the reasons for it.
- Minimum – resources are ensured for physical survival and active economic behaviour is stimulated of persons of working age (to seek for accruing income activity).

- Differentiation – the size of the benefit depends on the size and the structure of the family.
- Complementarity – the benefit supplements incomes of beneficiaries up to a set threshold (in relation to minimum wage).

This initial model of monthly social benefits shows the following main **disadvantages**:

- Functional dependence of benefits on the amount of the minimum wage – in the first months of the transition it has been massively used as a basis for determining a range of social payments.
- Because of the above and due to the restrictive policies on incomes and their use as a nominal anchor of inflation – poor flexibility of social benefits: from August 1991 until July 1992, the size of social benefits remains unchanged⁶.
- The very stringent criteria for access to monthly benefits and the initial difficulties in determining the income and property status of applicant beneficiaries lead to redirection towards periodic and one-time social allowances, which are granted “by discretion” of social workers. These opportunities erode the good idea for good targeting of social assistance expenditures.
- Insufficient adequacy of the way of calculating benefits against the dynamic socio-demographic structure of assisted persons and families that switches from assisting pensioners to assisting persons of working age, unemployed, lonely persons, persons with disabilities.

The second wave of changes (July 1992⁷). It shapes the modernization of the social assistance system and determines the key characteristics of the scheme for targeted monthly benefits that remains in the design in the next twenty years, this way setting the prerequisites of the relative stability of the system in this regard. More specifically:

First, the key reason is that new and, in some cases, radical changes in the system are needed for achieving better adequacy of targeted social assistance to internal socio-economic reality and requirements of international financial institutions (mostly the IMF and the World Bank which work actively with Bulgarian

⁶ The prolonged freeze of the size of social benefits is typical also for the next periods, and this approach has transferred the burden of the transition and the restrictive budget policies on the poorest groups of the population.

⁷ Then, the right-wing government of Philip Dimitrov adopts Rules for social assistance, with Decree 130/1992 of the Council of Ministers, which is subsequently supplemented six times. Partial changes in this version of the Rules related mainly to activation requirements for unemployed persons are introduced in 1994 (mainly from the government of prof. Luben Berov), i.e. during the two-year period of “ad-hoc recovery”.

institutions in that period), European documents (i.e. European Social Charter) and the practice in Western-European countries. Changes are needed to ensure that the system is capable to cope with the increasing number of able to work but unemployed persons who usually need temporary assistance in maintaining incomes, instead of social services (due to this priority, in the first half of 90s, the system of social services remains in the background).

Second, the major accent is stressed on the establishment of a relatively strong but flexible system for supporting the incomes of poor people and families, where the social assistance is granted after checking the income and property status based on set criteria in order to achieve targeting of the assistance. The notion of this scheme, well known in the practice of many countries (i.e. Belgium, France, Italy, Portugal, etc.) is expressed in the introduction of assistance, which ensures minimum incomes for the existence of the individual, if the person meets access criteria. As a rule, criteria, in addition to requirements about income status and property that may generate income, include also requirements related to the attitude of the person on the labour market (for able to work unemployed persons), fulfilment of responsibilities related to socialization and social integration of a beneficiary and his/her children (i.e. attending school), etc.

Third, the intention has been the social assistance benefits to become multi-target benefits of “last resort”, the last opportunity for survival of assisted beneficiaries. For this purpose, the following measures are adopted:

- Determination of a tentative “poverty line” based on the concept (suitable for that period) of absolute poverty. This poverty threshold concerns the minimum existence needs and is consistent with the necessity of synchronized actions of the second social protection network with the scope, action and payments under the first protection network of social assistance. Decisive for the adoption of such tentative poverty line is not only and not so much the scientific methodology for its calculation, but the reach of public consensus (within the National Tripartite Commission on interests agreement). In this sense, the practice in Bulgaria does not differ from the attempt of other European countries and is another factor for the sustainability and the adequacy of the social assistance system.

Introduction of guaranteed level of income of assisted persons, or with other words – the so-called guaranteed basic minimum income (BMI) recommended by the Council of Europe and practiced in other countries as a modern way of social protection of poor people that combines active and passive instruments for social inclusion.⁸ This approach gives opportunity to break the direct dependence of benefits on minimum wage and to change benefits depending on their specific

⁸ The scheme of guaranteeing the minimum income in Bulgaria is introduced only four years after the introduction of a similar scheme in France (Revenu Minimum d'Insertion- RMI). See also Vincent M. de, ,1989.

functions.⁹ The amount of monthly benefits is determined as a difference between the differentiated minimum and the incomes of persons and families. Therefore, the scheme is also called “supplementing income scheme”.

- Differentiation of guaranteed minimum income (GMI) based on the size and structure of the family. For this purpose a system of coefficients is used with which the amount of benefit's threshold is determined (so-called differentiated GMI) of the specific family. The coefficient to the BMI for a person living alone is equal to 1, for living together spouses – 1,8, for a child of lawful age who is not married and lives with parents and for this child's parent – 0,7, for a persons living together with another person – 0,9, for each child in the family below lawful age – 0,4; for each child aged up to 16 years with hard chronic physical or mental disability – 0,8.

This is a key change in the design of the social assistance, because the system of coefficients consolidates the differentiated approach to different groups of persons and families, considers the effect of the economy of scale in integral part of expenses in the family and facilitates the introduction of additional changes in the structure and the size of coefficients. Technically, the calculation of benefits becomes easier and more understandable for beneficiaries, which is important in terms of administration of the system.

- Access income criteria allude to ownership of property that ensures minimum living conditions (i.e. one-room apartment for a family of one or two) and savings to a certain limit (up to three times the amount of the BMI per family member). The purpose, as for the immovable property, is to exercise economic compulsion to include it in the economic turnover and turn it into a source of income (however, benefit is granted if the housing is larger and despite its supply at the local market, it has not became a source of income). This regulation illustrates clearly the above mentioned regarding the lack of application in the practice of the approach of crediting income from property as part of the criteria for access to social assistance.
- Relations between social assistance and labour market are regulated more strictly to make them not only passive and compensating, but also more stimulating for the active attitude at the labour market:
 - Right to monthly social benefits of 30% of BMI is granted to parents working on labour contract if they have not received remuneration due to unpaid leave for more than 30 calendar days on reasons not depending on them. Thus, the loss of income owing to circumstances beyond their control is compensated.

⁹ The original idea is to allow more frequent indexation of benefits based on the changes in the index of consumer prices and the level of other minimum incomes. However, within the restrictive budgetary policy, the legislative and executive powers prefer not to introduce an automated indexation mechanism. Therefore, the value of the GMI remains frozen for several years. Thus, the burden of restrictive budgetary policy and limitation of public expenditure is transferred on the most deprived groups of the population.

- Persons, who left their job of their own will or were dismissed for disciplinary reasons, are deprived of right to social benefits.
- 30% of labour income of working persons - beneficiaries of social assistance is not considered as income. This regulation makes their total income higher and stimulates acceptance of job instead of relying only on social benefits.¹⁰
- Consistency of the amount of BMI and differentiated GMI with other minimum social benefits and mostly with the social pension. In practice, the initial size of the BMI and the respective coefficients are determined in a way not to exceed the minimum social pension. Thus, the practice is introduced of regulating the pressure on the second social protection network through limiting the access of pensioners who have ensured incomes from the pension system. This approach contributes also to changing the structure of assisted persons and families.

In addition to the scheme of guaranteeing minimum income for poor people, the social assistance system provides other forms of in kind assistance or services such as vouchers for free meals in public soup-kitchens, company and school refectories, social care establishments etc.; supply of food products, clothing, shoes, first necessity goods, etc.; payment of utility bills. A special monthly assistance in cash is granted to persons with disabilities for use of public transport in settlements, whose amount represents a percentage of the BMI. The right of disabled people to travel two times per year in the country and the right to balneotherapy are preserved.

These measures build on the cash assistance with supplementary measures on making easier the status of specific vulnerable groups of the population.

Due to these changes, the target assistance system acquires the following principal **characteristics**:

- The monthly social benefit has a character of universal consideration, because it targets poor people without considering the poverty reasons.
- This assistance is target oriented because its scope includes persons and families who meet the determined criteria regarding their income, property and health status, age characteristics, status and attitude at the labour market.
- It is based on the principle of national solidarity (mainly in its aspect “poor – rich”) because the financing is ensured from general state revenues in the state budget.

¹⁰ Later, the preference is abolished with the unfounded motive that it complicates and makes more expensive the social assistance system. Thus, however, for the assisted person, in terms of income, it doesn't matter whether s/he works or relies completely on social benefits. In May 1998, the preference is reintroduced with amendments to DCM 398/1997, but it does not exist in the Rules for the implementation of the Social Assistance Act adopted with DCM № 243 of 5.11.1998, and is not applied anymore.

- The benefit is not time-bound, instead it is granted as long as the eligibility is in place.

All this ensures greater compliance of the design of the social assistance system with numerous European documents, i.e.: (a) requirements laid down in art. 13 and art. 14 of the European Social Charter regarding right to social and medical assistance and right to social services; (b) Council Recommendation 92/441/EEC of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems; (c) Council Recommendation 92/442/EEC of 27 July 1992 on the convergence of social protection objectives and policies. In this context, the Bulgarian social assistance system began to acquire European dimensions, because it:

- perceives and establishes a guaranteed minimum income as a means of social protection of the poor;
- recognizes individuals' right to sufficient resources and social assistance (regulated in par. 12 and 13 of Recommendation 92/441/EEC).

Meanwhile, *there are no grounds to state that the system enforces completely the requirements laid down in the above documents.* The arguments for such evaluation are:

The size of the benefit is not sufficient to ensure “living in a manner compatible with human dignity”. This shortage remains a trait of the system during the overall analyzed period.

A trait of the social assistance system (resp. of the policy) in this period is that it is directed towards easing poverty in a greatest extent, instead of reintegrating people affected by the poverty. Thus, the policy becomes more reactive by nature, which has its explanations. They originate, first, from the internal initial status of the unreformed social assistance system; second, from external economic conditions, which generate mass unemployment and poverty; and third, from the situation of the other components of the social protection system (pension and health insurance, protection against unemployment) which are in a process of reformation and/or establishment (i.e. protection against unemployment, health insurance).

Another main shortage of the design of the system until mid-90s is the preservation of periodic (up to six times per year) and one-time benefits granted based on the discretion of social workers and without a limited size. This opportunity continues to reduce the effectiveness of social assistance expenditures.

The changes in the period of ad hoc recovery (1994-1995) – more stimuli for more active attitude at the labour market. The improving economic conditions and the emerging issue that part of beneficiaries (mostly Roma, but not limited to that group) choose to receive benefits instead of accepting legal work, create the need and possibility of introducing further specific measures to unemployed beneficiaries of monthly benefits:

- Unemployed have not only to be registered in labour offices as actively seeking job and not refused a job proposed by the labour office, but also in case of refusal sanctions are applied – cease of the assistance for six months, the sanction not affecting the other family members of the unemployed person.
- Furthermore, they are obliged to accept a job in public Works up to 5 days per month (since 1994).

The purpose of these restrictions introduced in a period of better economic environment and increased labour demand is to eliminate the possibility of deception in the labour market and "simulation" transition to social assistance and the profession "client of social care". Thus, the main direction of change during this period is to include additional activation measures in the tools of social support, enhancing its impact on the labour market.

Changes in social assistance during the financial and economic crisis 1996-1997 – toward change of the target and expansion of the scope of social benefits. The collapse of the country in the deep crisis due to the governance under the government of Jean Videnov (January 1995 – March 1997), and the measures of the governmental social programme lead to the next round of changes in the social assistance mechanism. This stage of the changes is related to the design of the Rule on social assistance, which enters into force in January 1996.¹¹ Changes can be characterized as (a) systematizing, (b) structural, and (c) parametric.

The first group of changes based on the gained experience of the previous five years, consists in systematization in a more logical way of social assistance components related to its subjects, purpose, forms, scope and conditions.

The municipalities and their social assistance centres are determined as the main public bodies that provide social assistance to citizens. The provisions reflect the existing practice, but for the first time the “General Provisions” of the Rules define explicitly the main provider of social assistance and enhance the decentralized institutional character of the system.

The Rules reconfirm the purpose of the social assistance – to ensure the right to social assistance of citizens who due to their age, material, health, family and other reasons cannot satisfy on their own basic living needs. The difference with previous definitions of this right is that it receives a strictly individual character and it does not originate after opportunities are exhausted of assistance on behalf of persons who are legally obliged to take care (which is an expression of the subsidiarity principle). This is the first change made in the conditions of crisis that relates to *liberalization* of the right to social assistance.

The types of social assistance benefits (monthly, periodic, one-time, in cash, in-kind, services, main and supplementing – for satisfying specific needs such as payment of

¹¹ See Rules for Social Assistance, adopted with a DCM 119/1996.

rent, utility services, medicines and others), the target groups and the criteria for entitlements are laid down in a structured form.

All this contributes to better understanding of the nature of the social assistance as a component of the national social protection and to its better administration.

The structural changes concern mostly the targeting of the benefits:

First, instead of families, the target of assistance turns to households and monthly benefits are paid to them. The purpose is in verifying the income status, implicitly to account for the inter-family transfer of incomes in cash and in kind, and the fact that a typical practice in Bulgaria (particularly in crisis conditions) is co-habitation of families from different generations. Besides, it is believed that data from national surveys of household budgets will contribute to provision of information for the management of the social assistance system. This change has its reasons, but it breeds and problems in administering the process of allocation of benefits and subsequently was abandoned, and the family became again an object of support.

Based on it, one of the key property criteria for assess changes – instead of differentiated limitation of presence of housing up to a certain size depending on the size of the family, a uniform requirement is introduced the “the housing should be the only property of the beneficiary and it should be unsuitable to be partly rented”. This criterion is more liberal and in conditions of crisis represents a prerequisite for opening the system towards more beneficiaries.

Another new aspect concerning the forms of assistance is the introduction of additional monthly benefits to meet basic needs related to payment of utilities (electricity, heating, water). These benefits incomes of assisted households are supplemented to reach the amount of GMI, where after payment of the statutory limited costs for utilities, household income falls below the minimum of the differential minimum. This, in a sense, represents resumption of the practice of 1991, when certain legal costs for utilities form part of the amount of monthly benefits. Access to these additional benefits, however, is more liberal because property criteria are not applied.

The changes in parameters concern mostly:

(a) development of more details of the system of coefficients for determination of the amount of the differentiated minimum income for social assistance:

- A greater differentiation is introduced of the coefficients for children in households, depending on their age (resp. needs) – 0,7 for children up to three years, 0,6 – for children aged 3–7 years; 0,8 – for children aged 7-16 years and up to 18 years if the child studies. However, small differences between the coefficients do not ensure the necessary differences in granted assistance, which, in practice, makes this complication of the system meaningless.

- Higher coefficients (1,2) are envisaged for new groups of people – above working age and children with heavy physical and mental disabilities, which is due to their greater specific needs. In the next years, this differentiated approach of adopting coefficients for new groups of persons will further develop leading to further complication of this component of the social assistance mechanism.

(b) extension from one to six months of the period for which own earned income of the person / household are taken into account. This is a restrictive measure that aims to report more accurately on income status, but that might have otherwise complicated the conduct of social inquiry by social workers, on which basis the decision to grant aid shall be taken.

(c) access criteria, which ensure the targeting character of the benefits and promote more active attitude of unemployed persons at the labour market:

- They should not have refused provision of land or cultivation of municipal land (which is an important change) – they should have been registered at a labour office six months before applying for social assistance. These measures, particularly the introduction of a 6-month awaiting period, amplify the activating character of social assistance and further strengthen its links with the labour market. The restrictive change seeks also to limit "specialized social tourism", when some beneficiaries who exercise the profession "socially weak" register in more than one municipality and apply for grants at more places.
- Restrictive measures are introduced with regard to the grey and black economy, as well. Persons who have travelled abroad at their own expenses in the last 12 months (mostly, "shuttle traders") are deprived from social benefits; persons hiding incomes or who have been sanctioned for speculations are deprived from social assistance for three years.

As shown, **some of introduced changes have liberalizing nature and others – restrictive one**. The former¹² allow larger access to benefits, which in a crisis means larger scale of the assistance, i.e. they have anti-cyclic character. The latter aim to improve the targeting of the assistance and most of all to limit the scope of beneficiaries who exercise the profession "socially weak".

The changes during the stabilization period (end of 1997-2000) – toward further modernization of social assistance. Changes conditionally pass through two stages: (a) restoring the social assistance features of the period before the crisis; (b) drafting and adopting new legislation.

Social assistance pre-crisis characteristics are restored in late 1997 with the adoption of another new Regulation on social assistance by the new government of Ivan

¹² The left orientation of the then ruling majority is also a factor for the introduction of such measures.

Kostov.¹³ In addition, the regulation lays down some new, mainly activation requirements aimed at employment and social inclusion of beneficiaries of social benefits (including children).

The key *structural changes* are:

- Orientation of the social assistance toward the family again. This change restores the practice adopted in the beginning of 90s.
- Return of the one-month period taken into account in terms of income of beneficiaries when determining their income status. By returning this more restrictive measure, the work of social workers in carrying out this portion of the social inquiry is facilitated.
- Return of the differentiated requirements regarding the size of the housing depending on family size as part of the evaluation of the property status of the applicant beneficiary.
- Abolition of the periodic benefits and limiting the one-off benefits to once per year. These changes are introduced following recommendations of the World Bank and aim to consolidate social assistance expenditures and improve their targeting and effectiveness.
- Increase of the amount of eligible savings and shares (up to 200 000 BGN/200 BGN per person), which – in case of availability of such savings – is considered as a prerequisite for escaping involuntary poverty.
- Re-establishment of the privilege of 1992 according to which 30% of the sum gained from labour activity is not taken into account as an income. Thus, an additional activation stimulus was provided to avoid “poverty trap”.
- Provision of in-kind target allowances for heating during the winter season, which **build on**¹⁴ monthly social benefits. At the same time, criteria for income and property status are introduced as a condition for access to monthly benefits. The obvious sense of this change (which reconfirms the basic importance of the scheme for guaranteeing the minimum incomes of the poor) is to improve the targeting of these two assistance schemes.

The new *activation regulations* comprise:

¹³ Adopted in October 1997 with a Decree № 398 of the Council of Ministers and being in force one year.

¹⁴ Let’s recall that under the previous Rules of social assistance, allowances for heating **supplement** the income of beneficiaries in case when after spending the statutory cost for utilities services, their income falls below the level of differentiated minimum income. Changes in this component - targeted energy assistance - are analyzed later in t.l. 2.

- Adoption of a restriction that stipulates that unemployed persons of working age shall receive monthly benefits continuously for a period not longer than three years. Then the entitlement to monthly assistance is terminated for a period of 12 months, after which it can be restored in the presence of the normal requirements. This restriction, which exists in the practice of many European countries, aims to stimulate people without objective obstacles to work, to join actively the labour market. The practice contributes also to the better targeting of the programme, which guarantees social protection of most vulnerable people who are not able to gain sufficient income – lonely elderly, children, single parents, persons with disabilities. The restriction is applied with different duration modifications in the next 12 months and abolished in 2009 after a decision of the European Court of Human Rights to the Council of Europe as contradicting art. 13, par.1 of the European Social Charter (revised).¹⁵
- Application of a lower coefficient for children, who do not attend school, in determining the differentiated minimum family income. The obvious aim in this case is to use the social assistance as an instrument stimulating education of children from poor families (particularly minorities, where usually parents do not send children to school).

The second stage – drafting and adoption of new social assistance legislation – starts in 1998 with the adoption of the first after the start of the transformation processes Social Assistance Act (May) and the Rules for its application (November). These changes occur in a period of Currency Board (introduced in July 1997) and improved economic conditions due to adopted stabilization measures. They fit into the reform efforts of the governing majority and the government aimed at modernizing the overall social protection system. During this period, the Law on Protection against Unemployment and Employment Promotion (end of 1997) and the Health Insurance Act (June 1998) are adopted; a governmental group is structured and initiates actions on pension reform that starts at the beginning of the year 2000.

The strengths and positive features related to the adoption of the Social Assistance Act (SAA) are the following:

The Act repeals the archaic Decree on public assistance of 1951, which has been the main legal basis for issuing the relevant social assistance rules and regulations. The Act shapes the modern regulatory framework of public relations regarding social assistance in post-totalitarian Bulgaria.

The law explicitly states the *purposes* of social assistance. In the first version, it displays the provisions of previous Rules, which specify that the aim of the assistance shall be "to help citizens who are not able to meet their basic living needs without the help of others". In this way, however, the focus is exclusively on the

¹⁵ The discrimination nature of such measures not complying with the European requirements and documents is discussed in a publication of the author from 1999 (Shopov, G., 1999, p. 67).

passive compensating nature of social assistance and its activating and integrating functions are "forgotten"¹⁶.

This is the basis on which is bound the legitimate (already) **right** to social assistance of citizens, families and cohabiting persons who due to health, age, social and other reasons beyond their control can not meet their basic needs by themselves or through the persons obliged by law to take care of them.

Thus, the law regulates that: (a) subject to support shall be individuals and families, (b) the principle of subsidiarity of public support (should) be applied after exhausting the possibilities of family solidarity.

The law also clearly regulates: *economic forms* of social assistance (in cash and / or in kind); *types* of assistance – monthly benefits, targeted benefits and lump sums, and conditions for access to assistance (after evaluation of income, property, health, family, age and employment status based on certain criteria). The purpose of monthly benefits is also reconfirmed - to supplement beneficiaries' income to a certain threshold. The leading benchmark in this respect is the guaranteed minimum income (GMI), which serves as a basis for determination of social benefits. In this respect, no changes are made, but already established practices are legally bound.

However, the new legislation introduces elements of dualism in the management and financing of the system (and this turned out to be its significant defect). As for management, the centralization principle has been adopted and the municipal and district social assistance administration became subordinated to the National Social Assistance Service (which until then performed functions related to methodical guidance on enforcement of legislation). This change has its definite ground (the social assistance right is legally bound and its realization is obligation of the state) and advantages (the centralized approach ensures better administration of the system). On the other hand, expenditures for municipal social assistance services remain obligation of municipal budgets. Because of their financial instability at that time, payment of social benefits were often late (at that time appears the phenomenon "accounted but unpaid benefit").¹⁷

The Regulation on enforcement of the SAA (RESAA) further develops the positive provisions of the Act but also reproduces its weaknesses.

The practice continues of detailing the system of coefficients used in determining the differentiated income for social assistance - an additional group with an individual coefficient includes children "with severe physical and mental disabilities." Given the greater needs of these children, this coefficient is 30% higher than that applied to "normal" children. Obvious is the desire of legislators to increase the specificity of the monthly social assistance. The practical effect of this

¹⁶ This conceptual defect of the law was corrected four years later, when it is made consistent with the existing practice (see the analysis of the changes in the next period).

¹⁷ The development of financing mechanisms is subject to separate analysis and evaluation further below.

approach, however, as already mentioned, is minimal and dubious. The problems of children and persons with disabilities can be solved efficiently especially with the development of social services based not only on compensatory, but also on activating integration policies and measures related to access to education, employment, overcoming architectural barriers, etc. Nevertheless, these are accents that are introduced and promoted in the national social policy later.

RESAA reproduces justified restrictions on access to benefits for persons who hide income (to counteract the hidden employment), who refuse land acquisition and / or participation in socially useful activities to the community five days a month.

It also adopts the restrictive requirements on unemployed -- for 6-month awaiting period with registration before applying for assistance, for a maximum three-year period for receiving the social benefit and subsequent cease for a period of one year. These restrictions are justified from the point of view activation of able to work beneficiaries and limitation of abuses of social benefits and they have produced an effect. However, as already noted, they contradict the common European requirements and after the country's accession to the EU, these contradictions have become a principle problem of the system.

Changes during this period are mostly associated with the legitimization of social assistance and in their entirety, they are focused on continuing modernization of the system, while preserving the positive aspects already proven in difficult times and adapting to the new (improved in this period) economic realities and political stability.

The question arises whether *the introduction of the Currency Board in 1997 influenced the development of social assistance* and the policy on poverty alleviation. One of the undoubted immediate effects of the Board has been the control of inflation, which led to an improvement in real incomes. Analysis of changes in the regulation of social assistance after 1997 *does not give grounds to assert that the introduction of the Currency Board exercised a decisive influence on the content and direction of these changes*. Rather, it can be **concluded** that the national social assistance system has followed its previous logic of development without a sharp break and shift "in the conditions of Currency Board." **The stabilization period (in terms of macroeconomic developments) together with the political stability and the clear reformist intentions and actions of government are the factors that form a trend towards continuing social assistance modernization.**

Changes from 2000 to 2008 – in a supportive environment and toward enhancement of activation measures. In the first eight years of the millennium (marked by one mandate of the government of NMSS, led by Simeon Saxe-Coburg-Gotha and one mandate of the government of the tripartite coalition led by Sergei Stanishev), changes in the design of the monthly social benefits are mainly parametric in nature. The overall system of social assistance is developed and diversified in the following priority areas:

- Strengthening activation measures which move social assistance focus from compensating to activating policies (after 2003);
- Change in the financing of social assistance in the direction of its centralization (2003);
- Development of specialized programmes for main vulnerable groups - targeted cash support for families with children (under the Law on Family Allowances for children/2002) and social integration of people with disabilities (under the Law on Integration of People with Disabilities/2001).

The main parametric changes are in two main areas - the system of coefficients to calculate GMI and the requirements for access applied to unemployed persons.

The system of coefficients continues to differentiate. Nine in 1998, population groups with specific coefficients increased to thirteen in 2007. This change aggravates the above-described problem – complexity of the system without achieved significant differentiation in the amounts of benefits. In this sense, the maintenance of this trend can be interpreted more as an adherence to the (generally correct) concept of a differentiated approach in helping different groups of beneficiaries.

In June 2005, the coefficients are replaced with percentage of GMI and the percentage values do not reproduce the full values of the coefficients. With the "cosmetic" change, along with the rise of GMI, the size of differentiated minimum income (DMI) is adjusted for different groups, calculated through coefficients by then.

Requirements for access to monthly social benefits to unemployed persons become more stringent, the main reasons being the increased labour demand in this period and the continuing policy on expanding *activation measures* and limitation of the number of persons who prefer receive monthly benefits instead of working. Expressions of this trend are:

(a) Increase of the required awaiting period of registration in a labour office of unemployed persons before gaining the right to apply for monthly benefits to nine months (instead of six) in 2007. In addition, the requirement is still in force that stipulates that unemployed persons should not have refused a job proposed by a labour office, or participation in a professional qualification course or public useful work, organized by the municipality (whose duration increased from five days to 14 days per month, four hours per day).

(6) The 18-month period of unemployment benefits, introduced in February 2006, is reduced to 12 months. This leads to reduction of the number of beneficiaries, thus in May 2008, over 23 600 persons were deprived from social benefits. However, as noted above, after an inquiry on behalf of the European Roma organization on human rights, in 2009 the European Committee on Human Rights announced this

restriction as illegal, and is has been repealed in 2010, the decision binding since the beginning of 2011.

The strengthening of activation policies as a component of the general social assistance policy on social (re)integration of beneficiaries and their participation in labour is most evident in the program “From Social Assistance to Employment”. The Program is introduced in 2003 in compliance with the EC principle “Employment for Social Integration” and reflects the increasing coordination in two specific fields: social assistance and labour market.

The main Program’s *objectives* are to:

- ensure employment and social integration of unemployed persons who receive monthly social benefits;
- increase employability and competitive power on the labour market of persons within the program.

The main program *tools* are:

- job openings for poor unemployed persons:
 - by municipalities, districts and state enterprises – in common good activities¹⁸;
 - by private employers – in industry and construction sectors; for improving the labour conditions (regardless of the economic activity sector);
- inclusion of poor unemployed persons in activities leading to enhancement of their general skills and professional qualification - literacy courses (combined with part-time employment – up to five hours, and four academic hours daily) and/or vocational training.

Eligible economic activities are as follows:

(a) For all employers – Job opening in common good activities (improvement of living environment; maintenance and protection of municipal and state property; environmental protection; social services; preservation of cultural monuments and other public services; actions for overcoming consequences from natural disasters).

(b) For private employers only – Job opening:

¹⁸ Such as public utilities and services, improvement of living environment; maintenance and protection of municipal and state property; environmental protection; preservation and protection of cultural monuments; social activities; actions for overcoming consequences from natural disasters (floods, fires, heavy winter conditions, etc.), others.

- (i) in their main/leading economic activity in Industry and Construction.
- (ii) for improving the labour conditions in their own premises in which work is performed and maintained year-round / permanent employment in workplaces.
- (c) The training is organized by the local Employment bureaus, while the Ministry of Education is responsible for the provision of literacy courses (in partnership with Employment bureaus and municipalities).

The program is a typical example of creating subsidized employment, as the “particularity” in this case is that subsidized jobs are opened mainly for long term poor unemployed – at least 70% of beneficiaries of the program should be from this target group. **Among them**, the program gives priority to the following categories of unemployed people:

- Long-term unemployed people, registered in local Employment bureaus;
- Unemployed people, registered in Employment bureaus, who have not worked on the program since the beginning of the previous year – at least 70% of the participants in the program during the current year;
- A member of a family with children, when both parents are unemployed and the family is granted monthly social benefits;
- Unemployed single parent (adopter) who receives monthly social benefits;
- Unemployed persons of up to 29 years of age who receive monthly social benefits.

The remaining 30% (or less) could be recruited among “ordinary” long-term unemployed people but possessing specific professional abilities needed to implement the project submitted by the employer and approved by the local Employment Bureau.

Thus: (a) the program is targeted at able to work unemployed people – target of social assistance – who can ensure income for dependent children; (b) its effects reach the family members by bringing them also outside the scope of social assistance. The results are immediate – in 2004, the number of assisted persons of working age fell by over 11 800 compared with 2003, and program costs for monthly support means for people of working age decreased from 17.3 million leva to 14.3 million leva. By the end of 2004, the program "From Social Assistance to Employment" ensures employment to over 82 000 persons, and during the year 156.3 million leva were spent.

In the time of crisis the results look even more significant. According to the Employment Agency, in 2008, this program covered 52 586 unemployed, representing 60% of all employment programmes. As of 31.12.2009, in the program

are enrolled 49 938 unemployed persons who represent 49% of all persons covered by employment programmes. In 2010, the trend towards reducing the scope of the programme continues and the number of unemployed clients accounted for 39 125 persons, i.e. a reduction of over 10 000 persons. Compared to 2008, the decline is 26% against a reduction of 48% of beneficiaries of all active programs and measures.

This means that *the programme meets its objectives*, which is a reason to be well accepted by stakeholders (mayors, employers, national institutions). The main problems and defects are typical for such types of programmes for subsidized employment: creation of (more or less temporary) jobs that require unqualified work; low labour productivity; enrolled beneficiaries remain with low competitiveness at the labour market and would hardly find a job outside of the programme. Therefore, some parts of the society express negative opinion and consider that tax payers' money is spent ineffectively. Carrying out an ex-post evaluation of social impact (no such evaluation so far¹⁹) would help reveal objectively the real effects, impacts and opinion of stakeholders.

However, the reduction of the scope of this program (and others active measures and programs on the labour market) in recent years worsens employment opportunities and social inclusion of recipients of social benefits and increases the pressure on the second social safety net.

Social assistance in the period of crisis (2009-2011) – without radical adaptation anti-crisis changes. Unlike the first half of the 90s and 1996-1997, when the philosophy and the parameters of the social assistance system developed in a similar very unfavourable economic environment to which the system has been adjusted²⁰, **during the period analyzed here, "the second social safety net" retains much of its pre-crisis characteristics, regardless of the obvious need to expand its scope.** The more significant changes may be described as *inertia* and relate to increased requirements concerning certain unemployed recipients of social benefits. Expression of these requirements is the extension of the period in which unemployed persons not participating in employment programs²¹ should work in common good activities (from 5 days per month to 14 days 4 hours daily per month). In case of failure to perform such work, the monthly benefit is suspended for two months, and the repeated refusal leads to its suspension for two years.

Only in April 2010 the required period of registration as a prerequisite to receive social benefit is reduced from nine to six months, thus restoring the practice applied until 2007. Alleviation of this limitation is an important instrument for regulating the access of unemployed to monthly benefits, although its introduction can be

¹⁹ Only in 2005 an interim evaluation was performed – see Koning Jaap, Mariana Kotzeva, Stoyan Tzvetkov, "Mid term evaluation of Bulgarian Program "From Social Assistance to Employment", 2005.

²⁰ Let's recall the analyzed liberalization of some of the access criteria in 1996.

²¹ Exceptions are adopted for seven groups of persons – i.e. persons who take care of children up to 3 years of age, or take care of a family member with permanent disability, persons with permanent disabilities, etc.) .

evaluated as delayed. This is, once again, an illustration of the dependence of social assistance policy in Bulgaria on the restrictive budgetary policy.

In addition, less important access criteria have been liberalized also:

(a) In the context of free movement within EC, the requirement stipulating that applicants for social assistance should have not travelled abroad at their own expenses in the last 12 months (considered as an indicator of own incomes that are used to satisfy minor needs) is abolished.

(6) In the case when an unemployed family member is not registered or refuses to register in an employment bureau, an opportunity is given to form a commission of two social workers to assess the objective conditions and the reasons for the refusal shall be described in details in the assessment report.

In practice, during the hard recession period, **the lack of changes to adjust key parameters of the targeted social assistance to the unfavourable economic situation is the shortest characteristic describing the development of the guaranteed minimum incomes program (and of the other programs on granting target benefits)**. Definite measures have not been adopted to broaden the scope of targeted social assistance (i.e. more frequent update of the amount of the GMI²² or development of management information systems for reducing administrative costs and better targeting of the assistance).

This means that the system does not adjust enough (even less anticipate) to changed economic conditions and hence – it is unable to ensure adequate protection to the poor. As a result, they again remain one of the most affected social groups in a crisis.

2. Evaluation of targeted social assistance in different macroeconomic environments

The evaluation is based on the analytical review made in the previous section of the changes in targeted monthly benefits in the context of the macroeconomic environment, and on the analysis of the main outcomes of the functioning of the social assistance system in the different periods of development of this environment.

²² After a over three-year period of freezing, the size is increased in the beginning of 2009 from 55 leva to 65 leva. However, this measure is not undertaken and announced as an anti-crisis (in the last months of its ruling, the government of S.Stanishev denies the impact of the world financial and economic crisis on the country), instead, the increase is announced as a measure within the overall policy on improving the income status of the population. Later, regardless of the deepening crisis, the amount of the GMI remains unchanged. The development of the GMI size, in the context of the macroeconomic cycle, is analyzed further below.

Key results of the functioning of targeted social assistance

In this case, the results of the targeted monthly social benefits are analyzed and evaluated based on indicators of the size of the GMI, number of beneficiaries and amount of public expenditures.

Modifications in GMI in the context of macroeconomic changes. The size of GMI is of key importance for the scope of monthly social assistance and the guaranteed level of protection of incomes: the higher GMI size allows larger access and higher amount of benefits. The analysis of changes during the analyzed 20 years period shows the following (see Graph 1).

At the beginning of the period of “collapse due to shock transition”, a significant increase of the GMI was envisaged aiming at assisting the poorest persons and families in the conditions of freed prices (February 1991).

The next significant change of GMI occurs in the years 1993-1996: apparently, "cyclical recovery" allows more public funds to be allocated to social assistance, seeking some compensation for the decline in the actual size of benefits and a restoration of their purchasing power.

In the midst of financial and economic crisis in 1996, GMI increases almost twice, but this is insufficient for the provision of adequate social protection in time of daily galloping inflation, collapse of income and total devaluation of the lev.

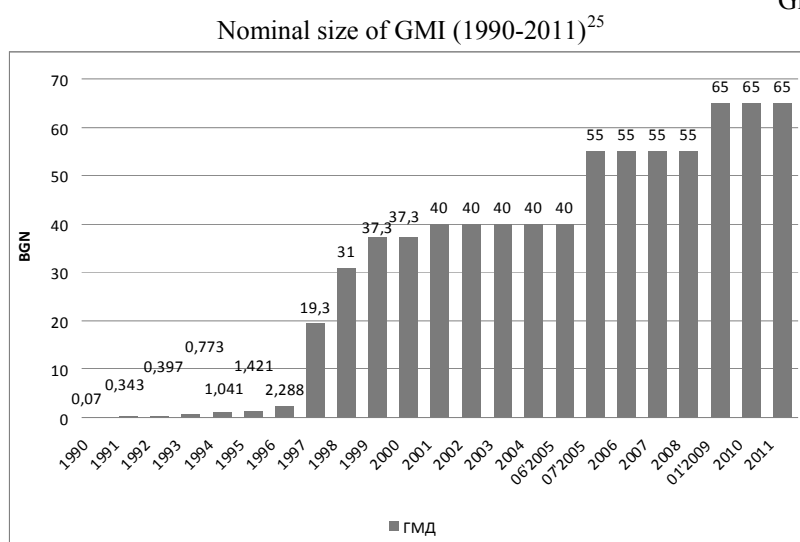
After the spring of 1997 and the introduction of the Currency Board in July the same year, the size of GMI with the other minimum income is adjusted 2-3 times per year for a two-year period. This is a good approach during the stabilization period, which aims to normalize the level of income protection for the poor. It should be noted that generally the government's policy towards GMI development applies an asymmetric approach that consists in (a) a more occasional increase in its size (e.g. in 1999 all other minimum incomes were increased twice - at the beginning and in the middle of the year, while the GMI - only in January); (b) a lower rate of increase compared to the other minimum income – e.g. in January 1999 the minimum wage, pensions, budget salaries and GMI being increased by respectively 14, 5, 10 and 15%, and in July – 10, 7, 7.5%, while the size of GMI remains frozen at the level from January. This results in a reduction of the number of potential and actual beneficiaries of social assistance.

Thus, the end of the stabilization period marks the beginning of a policy of freezing GMI for long periods. This policy is pursued by all other governments - in both periods of growth and in times of crisis. For the ten years since 2000, GMI has changed only three times (2001, 2005 and 2009, i.e. – normally in years of parliamentary elections). A typical example is the recent increase in the beginning of 2009, in no way displayed as protecting the incomes of the poor in the conditions of

a starting crisis.²³ Instead, it was conducted as part of the overall governmental policy aimed at "increasing income".²⁴ This suggests that lately the pace of change of GMI follows more a political than an economic cycle.

On this basis, it can be **concluded** that in some periods (e.g. 1997-2000) the dynamics of GMI comply with adverse socio-economic conditions and its value adjusted more frequently and more widely. In conditions of recovery and growth, it is logical the GMI size to be retained in order to mitigate its compensation functions and amplify stimulation functions. However, given the erosion in its real size accumulated in previous years (-67% at the end of 2001 compared to 1990), **such long frozen GMI are not acceptable in terms of adequate social protection**. This is even truer for the retention of the GMI in the recession period at the level of early 2009.

Graph 1



Source: MLSP.

Changes in the scope of targeted social assistance and expenditure for targeted benefits. The analysis of data (see Table 1 and Graph 2) allows drawing the following conclusions:

First, in the first years of the transition the targeted social assistance opens up towards a significant number of beneficiaries (over 182 000 in 1992). Thus, “last resort assistance” is provided to persons who do not have other chance to survive the collapse of the previous regime. Then, with the development of criteria for access, leading to improved targeting, but also because of asymmetric updating of minimum

²³ In this sense, it appears that the statement is not true that Bulgaria increased the GMI by 20% as a measure to respond to the immediate impact of economic decline trend (see The World Bank, 2011, p. 68).

²⁴ Let's recall also the increase of pensions of July 2009.

²⁵ Until 1999, data are average annual.

income, in 1995 the number of beneficiaries decreases almost three times. In the hard years 1996-1998 in terms of socio-economic conditions, recipients of social benefits increase, reflecting the increasing protective role of benefits in an adverse environment. Frequent updating of the amount of GM in the context of the general policy on income and "tuning" the system within a legal framework of late 90s led to an increased number of beneficiaries. The conclusion is that in the first ten years of the analyzed period, social assistance "opened widely its entrance", when the macroeconomic environment has deteriorated, and "narrowed its entrance" when it marked a relative improvement. This quantitative aspect of the operation of the system fits into the concept of anti-cyclic operation.

Table 1

Scope and expenditure of targeted assistance (a)

	1991	1992	1995	1997	1998	1999
Number – total	2041537					317780
Number – targeted social benefits	87122	182552	69000	76000	105000	225351
Share in total expenditure for social assistance in GDP (%)	0.188			0.270	0.397	0.241
Share of expenditure for targeted social benefits in GDP (%)	0.036	0.116	0.100	0.103	0.010	0.038
Share of expenditure for heating allowances in GDP (%)			0.010	0.090	0.250	0.250

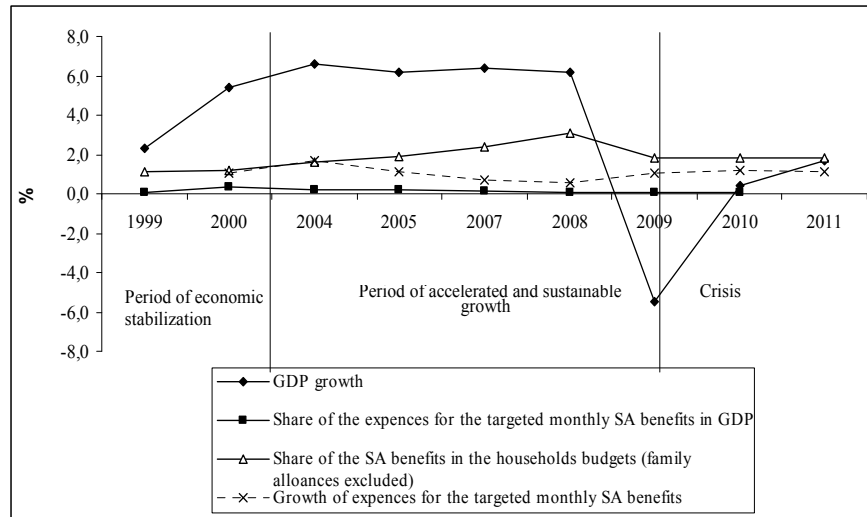
Scope and expenditure of targeted assistance (b)

	2000	2004	2005	2007	2008	2009	2010
Number – Total	314486	478442	343505	253648	226841	233689	116003
Number – targeted social benefits	235154	239200	212180	130646	78497	68742	76046
Share in total expenditure for social assistance in GDP (%)	0.295	0.221	0.224	0.123	0.070	0.066	0.074
Share of expenditure for targeted social benefits in GDP (%)	0.360	0.217	0.210	0.106	0.052	0.056	0.065
Share of expenditure for heating allowances in GDP (%)	0.280				0.150		0.089

Source: NSI, MLSP.

After the stabilization period and entrance in a period of recovery and growth, the number of recipients of targeted social assistance has been relatively constant (about 220-240 thousand), before starting to decline after 2007. If this reduction has its explanation until 2008, from the point of view of macro-environment and the then strong emphasis on activation measures in the design of the program for targeted social assistance, the low number of registered recipients in 2009-2010 confirms the above-noted fact that in **recession conditions** social welfare (due to specified circumstances relating to its design) **fails to perform its social protection role at the necessary level**. In addition, data for 2010 show an increase in the number of unemployed persons receiving monthly benefits – the average monthly number of assisted unemployed for the first nine months of 2009 was 29 270, and for the same period of 2010 the number increased to 39 680, i.e. an increase of more than 35%. This is due to the negative impact of the economic crisis and the abolition of the restriction setting a maximum duration of granting social benefits (MLSP, 2011, p.32).

Graph 2
Development of GDP and SA benefits after 1999 in the context of economic periods



Source: NSI, MLSP.

Second, data on the share of costs for targeted social benefits in the GDP are indicative of the ability of the benefits to fulfil their role in different macroeconomic environment. For the overall analyzed period *there is no correlation* between the rate of GDP growth and expenditures for targeted social benefits (the correlation coefficient is negative). Figures also show that the share of these expenditures in GDP **is not countercyclical in nature**: it is highest in the favourable period after the year 2000, but decreases significantly in the recession period. As a result, the share of social benefits in household budgets after 2008 also significantly decreased (from 3.1% in 2008 to 1.8% in 2009 and 2010), which is an indicator of deterioration of benefits' protective function.

This shows that once again the second social safety net is strongly dominated primarily by the restrictive fiscal policy (similar to the late 90s), which negatively affects its role of compensatory adjustment in the crisis. However, it should be noted that by 2010 the level of social assistance coverage to the poorest 20% of the population in Bulgaria is around 15% and is higher than in Romania, Estonia, Hungary, Croatia, but is lower compared to Kosovo, Russia, Armenia (The World Bank, 2011, p. 65). This share, however, is the same as in 2005 and can be assessed as low.

On this basis, it can be **concluded** that so far, the nature of targeted social protection has not been always sufficiently countercyclical and it remained highly restrictive in deteriorating economic environment. Which, in turn, leads to the *conclusion* that change is needed in future policy that should more adequately take into account the increased need of public support for the most vulnerable population groups in a situation of deteriorating macroeconomic environment.

3. Conclusions and evaluations for the development and the implementation of policies on targeted social assistance

The analytical review of the development of targeted social assistance in the first section of our research enables to systemize its key changes and summarize them in the following "map of changes" by periods of economic development.

Map of changes in targeted social assistance (1991-2011)

Period/ Year	Features	Compensating/passive requirements and measures	Active requirements and measures
<i>Collapse due to shock transition:</i>			
1991	Lay down the grounds of a new type of social assistance to respond to the new social issues (poverty, unemployment). Monthly benefits – a fundament of the second social safety net.	Subsidiarity of assistance. Amount of monthly benefits depends on the size of minimum wage. Target of the assistance is the family. First signs of differentiated approach towards social groups. Introduction of differentiated criteria in terms of property status (housing) of applicants for assistance.	Provide support for professional qualification and labour realization. Abolishment of the assistance to unemployed who have refused a suitable job proposed by employment bureaus.
1992- 1993	Start of the modernization of monthly social assistance. Policy is priority oriented towards poverty mitigation; re-integration is still at the second place.	Introduction of BMI. Strengthening of the differentiated approach – introduction of a system of coefficients for determination of differentiated GMI for the purpose of social assistance. Assistance is not time-bound.	30% of income of working persons who receive social assistance is not considered as income. Deprived of social assistance right – persons who left work by their own will or who were fired on disciplinary grounds.
<i>Ad hoc recovery:</i>			
1994- 1995	More incentives for more active attitude at the labour market		In case of refusal to accept a job, the unemployed is deprived of social benefits for six months. Obligation to participate in common good municipal activities up to five days per month.
<i>Financial and economic crisis:</i>			
1996- 1997 (first half)	Liberalization of access but also more measures for activation of unemployed beneficiaries.	Target of assistance – households. Liberalization of some access criteria – elimination of subsidiarity; property criterion on housing - common for all. Introduction of supplementary monthly assistance for payment of main utility services. Larger differentiation of the coefficients for children in determining differentiated GMI.	Introduction of a six-month awaiting period of registration in a labour office for unemployed persons before applying for social benefit. Repeal of the privilege not to count for income 30% of the income of working persons who receive social benefits.

<i>Stabilization period:</i>			
1997 (second half) – 2000	Continuing modernization of social assistance. More restrictive changes but also more measures stimulating activation of unemployed persons. Adoption of legislative framework on social assistance.	Target of assistance – families. Re-establishment of the subsidiarity principle. Differentiated criteria on property status (ownership of housing) of applicants. Abolition of periodic benefits. Further detailing of the system of coefficients for determining differentiated GMI.	Reinstate working persons who receive social assistance the right to discount 30% of labour income from the total income. Unemployed persons in working age receive continuous monthly benefits up to three years. Afterwards, the right to monthly benefit is discontinued for 12 months. Application of lower coefficient in case of not studying children.
<i>Accelerated and stable growth:</i>			
2000-2008	Adaption to the better macroeconomic environment – strengthening activation measures. Organizational and financial centralization of the social assistance system. Special programmes for main vulnerable groups (children, persons with disabilities).	Further detailing of the system of coefficients (since 2005 – percentages). Development of the programme on heating allowances and active usage as an instrument to mitigate the shock increase of energy prices.	Increase of the awaiting period from six to nine months. Increased duration of participation in common good activities from five days per month to 14 days per month and four hours per day. Reduce the period of entitlement to social benefit of unemployed persons to 12 months Launch the Programme “From Social Assistance to Employment” (2003).
<i>Crisis:</i>			
2009-2011	Underestimated/ delayed anti-cyclic recurrence in social assistance development, expressed in a delay of changes and insufficient adjustment of the system to unfavourable macro-economic conditions, resulting in deteriorated effectiveness of provided social protection.	Liberalization of minor criteria for access to assistance. Re-establishment (only after 2010) of the shorter awaiting period of registration of unemployed persons that existed until 2007 – six months (instead of nine months)	Abolition of the restriction for a maximum period during which unemployed beneficiaries are entitled to monthly benefits (since 2011)

Estimates of the content and development of the targeted monthly assistance program as a reflection of the policy to ensure a minimum income of the poor and their social integration refer primarily its sustainability, challenges in the development and implementation in the context of the macroeconomic environment and the overall process of modernization of social assistance during the analyzed 20-year period.

About the design of the programme. The programme on guaranteeing the minimum income has established itself as **one of the most sustainable in terms of principles, targeting and parameters**, because – despite all changes – its philosophy has remained unchanged. It was shaped at the very beginning of the transition period (1991-1992) as a scheme of income support and poverty alleviation for the most vulnerable population groups. The scheme is introduced to tackle increasing hard social problems as broadening poverty and increasing unemployment as a result of quite negative economic and social processes going along with the collapse of the

previous socialist economic and political system. In this field, a key task of the social policy at that time is to develop a new modern and sustainable social assistance model that was missing in the national social protection system.

By its nature, the program for monthly targeted assistance (later and the other complementary social assistance schemes) remains universal and non-contributory, based on the principle of national solidarity (mostly in its aspect "poor-rich"). Access to monthly benefits does not depend on the reasons for which the individual / family needs support and lasts until this need exists at family level and is recognized by the authorities for social assistance.

The social assistance program is introduced and remains "targeted" in nature: it directs certain public funds to the poorest and most vulnerable groups of the population. The targeted use of these funds (should) provide better efficiency of measures to mitigate poverty and of social spending. The program, as well as the other analyzed programs, combines the verification of income and property status with categorical criteria (age, level of disability, economic / employment status, etc.). The unchanging targeted character is therefore another feature of the resistance of the envisaged program as part of national policy on social assistance. It can be added to this:

- Unchanging centralized financing, development and administration of the program;
- Program's feature "minimum" reflecting the understanding of national social policy as satisfaction of "basic living needs";
- Provision of "last-resort assistance" when the other mechanisms and schemes on distribution and redistribution of income (family, employment, social insurance) are insufficient.

The conclusion is that the sustainability of the scheme is of key importance not only for its own effectiveness and efficiency, but also for the others components of the second social safety net (as targeted assistance for heating in the winter period, targeted assistance to families with children, etc.).

About the challenges. The main challenges in the design and development of the program in the first half of the 90s are the following:

(a) The choice of a model – at the beginning, the design of the conceptual model of the Bulgarian scheme on supplementing income of the poor is influenced by Belgium, French and British experience in this field, but also by the existing European requirements in terms of right to minimum social protection.

In adopted such international benchmarks and according to the specifics of the national socio-economic environment in the early 90s, the design of the scheme to ensure minimum income initially is **dominated by passive mechanisms for social**

protection, aiming to complement disposable income to a publicly acceptable threshold (GMI taken as such). However, simultaneously, and taking into consideration the "best European practices" from the outset are introduced the "activation measures" (assistance for vocational training and work experience, refusing to support the unemployed who have not accepted suitable job proposed by labour offices), aimed at changing individual behaviour to achieve social integration and active behaviour on the labour market (mostly of unemployed beneficiaries). Initially, those measures are secondary by nature, as from a political point of view the priority is the alleviation of poverty rather than reintegration of those affected by poverty. After 2000, however, the incentive requirements, measures and complementary programs are given higher importance and scope. This trend in social assistance policy becomes possible also because of the favourable macroeconomic environment, and because of expanding public attitudes against the occupation "socially weak" and in support of "assistance in exchange of commitments".

The *conclusion* is that the targeted monthly assistance program as an instrument of social policy has constantly combined passive with activation mechanisms and requirements in order to secure a minimum guaranteed level of income of poor beneficiaries and their labour participation and social inclusion (incl. of children). Incentive mechanisms and requirements have an increasing role and place in periods of better external economic environment. This is a manifestation of the links between social and economic policy, between social and economic development.

(b) The initial determination of the size of the GMI. In this connection, two basic but conflicting tasks had to be solved. *First*, the size of GMI shall be sufficient to cover basic needs of beneficiaries; *second* - this value shall be sufficiently low compared to the other minimum income (minimum wage, minimum pension, unemployment benefit) not to allow excessive burden on social assistance with beneficiaries who receive income from other sources - on the one hand, and on the other hand - to maintain incentives for proactive labour market behaviour. In solving the first task, the initial approach (1992) relates to the concept of absolute poverty and an attempt was made to calculate the "minimum consumer basket" which includes the cost of meeting basic needs for food, heating, clothing, medicines. The calculated value of GMI appears excessively high; therefore, only costs for food and heating of a pensioner are accepted as a guideline. Then the GMI is made consistent with the specified minimum social pension (since at that time pensioners are the main beneficiaries of social assistance). The proposed value is accepted by the social partners after heavy debate.

Hence an important *conclusion*: the size of the GMI is not only and not so an issue of expert calculations and arguments as a public consensus.

(c) The introduction of an anti-inflationary mechanism for protection of GMI. This task also has to solve problems of opposing character: first, to maintain the purchasing power of this truly minimal income; second, to take account of developments in the other incomes that affect the strength of the flow of applicants for social assistance benefits; third, to fit within the restrictive budgetary policy. So

far, a mechanism for automatic updating the size of GMI is not used in the Bulgarian practice, which allows freezing of it for long periods.

The lack of a mechanism for automatic update is acceptable from the point of view budgetary restrictions, but it is to beneficiaries' detriment and negatively affects social efficiency of the program. This is even more true in times of crisis such as this since 2008 when *the cost of social protection should be anti-cyclical*, i.e. to grow in crisis and decrease in good times. So far, Bulgaria remains away from this understanding; therefore, the burden of the crisis is transferred to the most vulnerable groups in society.

(d) Developing a system of correction coefficients (percentages – since 2005) by which - depending on the composition of the applicant family – to determine the maximum size of monthly social assistance. The Bulgarian choice in this field is based on the well-known "Oxford scale", adapted to the needs and objectives of the program. The system is further refined and elaborated in order to better implement the differentiated approach and the introduction of monetary incentives or sanctions regulating one or other behaviour of beneficiaries (e.g. regular school attendance) and/or expression of a preferential policy vis-à-vis certain groups of beneficiaries (e.g. people with disabilities who live alone or have dependent children).

The *conclusion* is that the system of coefficients/percentages is an important tool for better targeting of assistance. However, its excessive detailing, having small differences between the values of coefficients/percentages, complicates administration of the program without incurring significant differences between sizes of social assistance benefits that reduces the incentive effect of differentiation.

(e) Developing a system of other (except income) criteria for access to monthly social benefits, taking into account the health, economic, social status of persons applying for monthly benefits. Over time, this system has complicated which hampers its administration, but promotes better targeting of expenditures and limits the abuse of benefits.

The *conclusion* is that these criteria are an important tool to ensure targeting of monthly benefits, promote one or other conduct by the beneficiaries with a view to their social inclusion, and escape from the poverty trap.

About the adaptation of the programme to the changes in the macroeconomic environment. In the beginning of the transition period, the clarification of the design of the programme implicitly takes account of the requirements of the external macro-environment and the social problems arising from it (mostly increasing poverty). The short conjuncture animation is considered through respective changes in the criteria for access and more requirements are introduced for active behaviour on the labour market). In the next stage (1996-1997) additional changes are introduced which liberalize the access to social assistance in view of coverage of more people in the time of economic crisis. During the next stabilization period and the period of growth, the changes in the design (with an accent on activation measures) are, again, synchronized with the macro-environment. Probably, *the only*

exception in this periodicity of the parametric changes in the targeted social assistance that, as a whole, follows the changes in the macro-economic environment is *the most recent period of crisis*, when the parameters of the programme are not adjusted in time/in advance to respond to an increasing number of people in need. The increase of the GMI in the beginning of 2009, although not adopted as an anti-crisis measure, has an anti-crisis effect. However, afterwards, in the very crisis, radical measures are not adopted (as for example in 1996) in support of the anti-cyclic character of social protection programmes to improve their effectiveness and efficiency.

Towards combination of passive with activation and graduation measures for social assistance beneficiaries. Due to the lack of experience and the national socio-economic environment in the early 90s years of the past century, in the design of the initial GMI program *prevailed mechanisms for passive social protection*, consisting in supplementing individuals' own incomes to reach socially acceptable thresholds (GMI is considered such threshold).

In addition, together with this, *conditionalities* are introduced. Their objective is, on the one hand, to stimulate people to include in the economic turnover their own property, through which to generate incomes, and, on the other hand, to force unemployed applicants/beneficiaries of social assistance to actively seek employment and/or participate in professional pre/qualification courses. Such *conditionalities* are:

- Regarding unemployed persons, the requirement is that they should have been registered in an Employment bureau for a certain period of time before applying for social assistance (currently, the awaiting period is six months); cease of social assistance for unemployed persons who have not accepted a suitable job proposed to them by the Employment bureau, etc.
- Regarding children covered by social assistance, the requirement is that they attend school and pass prophylactic medical examinations.
- Regarding all applicants, the requirement is that they do not possess movable and immovable property that may be a source of income.

Initially, these measures are minor in nature, because from a political viewpoint priority is given to poverty alleviation rather than to reintegration of poor persons. However, since 2000, incentive requirements, measures and supplementing programs are given more and more importance and positions. This tendency in the social assistance policy becomes possible also due to the favourable macroeconomic environment and the expanding public attitudes against the occupation “socially weak” and support for “assistance in exchange of commitments”.

The National Program “From Social Assistance to Employment” (FSAE) is launched in 2003 and wins recognition as an important instrument for emancipation of unemployed beneficiaries receiving monthly social assistance through provision of subsidized employment and enrolment in professional qualification courses and

literacy courses. The coverage of the NP “FSAE” broadens particularly in the period of stable economic growth (2005-2008). It produces win-win effects: jobs for unemployed persons and incomes for them and their families; assistance to businesses and municipalities through helping create subsidized jobs; improvement of conditions of life in settlements (implementation of municipal projects on common good activities); alleviation of the pressure on social assistance.

On the other hand, the program provides mainly a temporary job. The participation in the Program reduces the success of low educated people, Roma, long-term unemployed and SA beneficiaries to find a regular job. The possible explanation is that employers involved in the program prefer to dismiss those workers who are less productive and less motivated.

The main problems are typical for similar programs for creation of subsidized employment. They are related to: i) creation of jobs mainly for non-qualified labour; ii) beneficiaries remain not competitive in the market and will have difficulties in finding a job outside the program (especially in a period of crisis).

The conclusion is that programs for targeted social assistance always incorporate combined passive and activation mechanisms and requirements with a view to ensure both income minimum guaranteed threshold of poor beneficiaries and their labour participation and social inclusion (incl. children). Incentive mechanisms and requirements expand programs’ scope and role in a better external economic environment. This is an expression of the relations between social and economic policies, between social and economic development.

The crisis and the adequacy of activation measures and programs. The analysis suggests the conclusion that in the period of the economic crisis after the end of 2008, the changes in the design of GMI program are insufficient to ensure consistence as scope and level of assistance: the last modification of the amount of GMI was made in the beginning of 2009. The other more important changes liberalizing the access include: (i) shortening of the awaiting period for unemployed from nine to six month (April 2010) and (ii) abolition of the limitation for people in working age to receive monthly benefits for a 18 months period (since the beginning of 2011 after a decision of the European Committee of Social Rights at Social Council of Europe). What would improve the adequacy of the targeted monthly social assistance in the period of the crisis is to increase the amount of GMI more frequently. In this case, as in previous crisis periods (1991-93, 1996-97), the restrictive budgetary policy is given the leading priority. Similar is the situation with NP “FSAE” – reduced budget financing results in limited coverage of the program in the period of crisis.

The combination of the above-noted facts results, once again, in shifting the burden of the crisis on the most vulnerable groups of the population.

However, it should be added, that unemployed beneficiaries of monthly social assistance are entitled to an access – as the other unemployed persons – to all active labour market programs and measures, implemented by the National Employment

Agency. Most of the measures are part of Operational Program “Human Resources Development”, co-financed by the European Social Fund and the state budget. For the period of the crisis, the number of active labour market programs and measures increased (from 87 in 2008 to 203 in 2011). The increase is due to the expansion of regionalized employment promotion programs, while the number of national programs and active measures at the labour market declines. At the same time, however, the number of beneficiaries decreases (see Table 6), which affects the overall impact of the ALMP.

The tendency of reduction of unemployed beneficiaries of active programs contrasts with the unemployment rate. The reasons behind these divergent trends consist in the financial restrictions, applied by the government as a key component of the anti-crisis policies on financial consolidation and macroeconomic stabilization.

The general *lesson learned* is that the social assistance programs such as GMI are “passive” in nature. They are absolutely needed as a last-resort mechanism for poverty alleviation of the most deprived and vulnerable groups of the population. Such programs – through their conditionalities - could and should stimulate the social inclusion of beneficiaries, although they cannot eradicate poverty. In addition, activation measures and programs are an important instrument to bring out able-to-work beneficiaries from the poverty trap. The national activation and emancipation policies should be pursued and further developed in the period of crisis. Poverty eradication is a multidimensional task requiring wide policy coordination in various social and economic sectors, and very strong efforts on behalf of not only the official state institutions, but also the civil society structures, based on wide public consensus.

References

- MLSP. 2011. Socio-economic analysis of the policies of the Ministry of Labour and Social Policy, (<http://www.strategy.bg/Publications/View.aspx?lang=bg-BG&Id=115>).
- Shopov, G. 1994. Social insurance and social assistance – problems of collaboration in the process of reforms. – Labour Issues Review, N 9.
- Shopov, G. 1999. Legislative reform of social assistance: philosophy of the changes. – In: Social policy – philosophy of the reforms, Sofia.
- Vincent, M. de. 1989. Rapport sur un minimum garanti. Conseil de l’Europe, doc. 6088, Juillet.
- World Bank. 2011. The Job Crisis. Household and Government Responses to the Great Recession in Eastern Europe and Central Asia.