



## THE EUROPEAN SYSTEM OF INTEGRATED SOCIAL PROTECTION STATISTICS (ESSPROS)

### Receipts and expenditure of the social protection system in 2013

Financing of the social protection system in the Republic of Bulgaria is realized either through social security contributions or through direct funding from the state budget. In 2013, 7 690.8 Million BGN were allocated from the state budget to finance social protection in the country while the receipts of social protection contributions amounted to 7 746.0 Million BGN. Compared to previous year, an increase of 2.1 percentage points of the receipts from social protection contributions is observed at the expense of contributions from the state budget which decreased with 2.3 percentage points.

**Table 1. Receipts of the social protection system for the period 2011 - 2013**

Year	2011		2012		2013	
	Million BGN	%	Million BGN	%	Million BGN	%
<b>Total receipts</b>	<b>14099.6</b>	<b>100.0</b>	<b>14561.1</b>	<b>100.0</b>	<b>15758.3</b>	<b>100.0</b>
Social contributions	6661.0	47.2	6854.8	47.1	7746.0	49.2
General government contributions	7176.8	50.9	7439.1	51.1	7690.8	48.8
Other receipts	261.8	1.9	267.2	1.8	321.4	2.0

In 2013, Bulgaria spent 14 452.6 Million BGN (Table 2) for social protection which represented around 17.6% of the gross domestic product for the same year. Expenditure on social benefits remained with the highest share of total expenditures (96.3%). Administration costs and other expenditures amounted respectively for 2.3 and 1.5% of total expenditures.

**Table 2. Expenditures of the social protection system for the period 2011 - 2013**

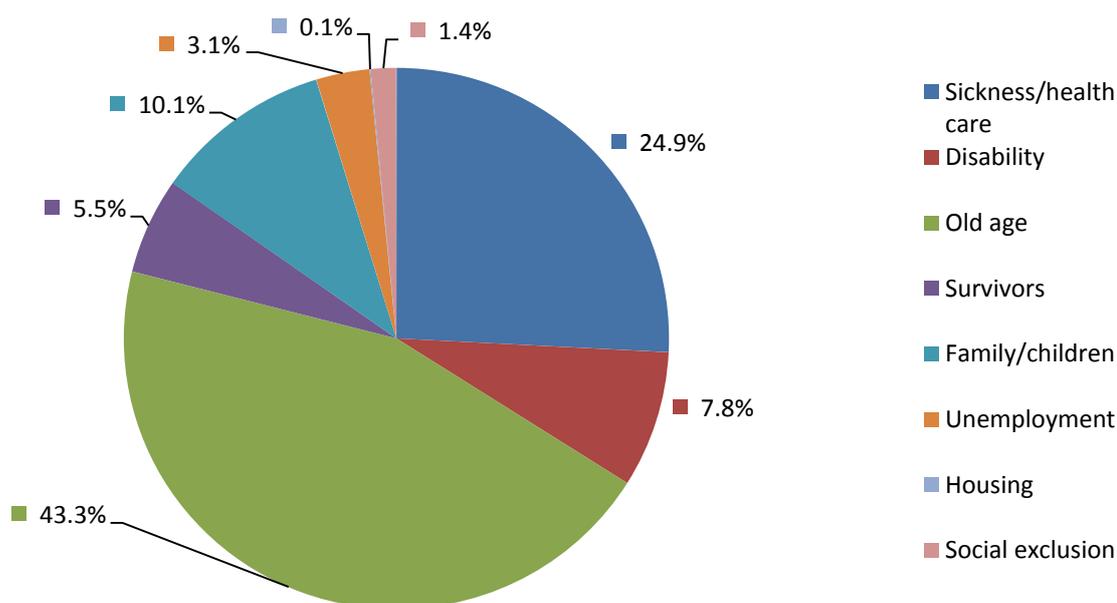
Year	2011		2012		2013	
	Million BGN	%	Million BGN	%	Million BGN	%
<b>Total expenditures</b>	<b>13338.6</b>	<b>100.0</b>	<b>13606.4</b>	<b>100.0</b>	<b>14452.6</b>	<b>100.0</b>
Social protection benefits	12878.2	96.5	13093.4	96.2	13913.5	96.3
Administration costs	310.3	2.3	327.3	2.4	326.3	2.3
Other expenditure	150.2	1.1	185.7	1.4	212.8	1.5



## Social protection benefits

The ‘Old age’ function with its major component expenditure for pensions had the highest share (43.3%) in total expenditures. The ‘Sickness/Health care’ function also had a significant share (24.9%) of total expenditures.

**Figure 1. Distribution of social protection benefits by function, 2013**



The predominant form of receipt of social benefits was the payment of cash benefits (periodic or lump sum). In 2013, expenditures for cash benefits amounted to 9 765.2 Million BGN or 70.2% of total expenditures on social protection benefits.

Over 60% of the cash benefits were paid under the ‘Old age’ function (Table 3) and most of them were not associated with the requirement to cover any additional conditions on their receipt (i.e. they are non-means tested) as a result of participation in the social protection system. Benefits paid under ‘Disability’ and ‘Family/Children’ functions also took a big share of total expenditures on social protection benefits.

In 2013, expenditures on benefits in kind amounted to 4 148.3 Million BGN, or they were 5.2% more than in 2012. Highest (over 75%) was the share of benefits in kind under ‘Sickness/Health care’ function.



**Table 3. Distribution of social protection benefits by type, 2011 - 2013**

Year	2011		2012		2013	
	Million BGN	%	Million BGN	%	Million BGN	%
<b>Cash benefits</b>						
<b>Total</b>	<b>8993.2</b>	<b>100.0</b>	<b>9151.3</b>	<b>100.0</b>	<b>9765.2</b>	<b>100.0</b>
<b>By function</b>						
Sickness/Health care	273.8	3.0	316.2	3.5	350.6	3.6
Disability	835.5	9.3	855.4	9.3	932.0	9.5
Old age	5792.8	64.4	5803.6	63.4	6227.7	63.8
Survivors	655.0	7.3	747.4	8.2	798.3	8.2
Family/Children	930.2	10.3	894.5	9.8	942.9	9.7
Unemployment	401.9	4.5	423.9	4.6	402.1	4.1
Housing and social exclusion	103.9	1.2	110.3	1.2	111.5	1.1
<b>Benefits in kind</b>						
<b>Total</b>	<b>3885.0</b>	<b>100.0</b>	<b>3942.1</b>	<b>100.0</b>	<b>4148.3</b>	<b>100.0</b>
<b>By function</b>						
Sickness/Health care	3088.9	79.5	3130.2	79.4	3241.5	78.1
Disability	153.1	3.9	157.2	4.0	201.5	4.9
Old age	32.1	0.8	33.6	0.9	35.3	0.9
Survivors	0.0		0.0		0.0	
Family/Children	479.8	12.3	479.4	12.2	521.9	12.6
Unemployment	43.8	1.1	44.0	1.1	40.6	1.0
Housing and social exclusion	87.3	2.2	97.6	2.5	107.3	2.6

Changes in the social protection system in Bulgaria over the years can be traced by functions and benefits included in them.

### **‘Sickness/Health care’ function**

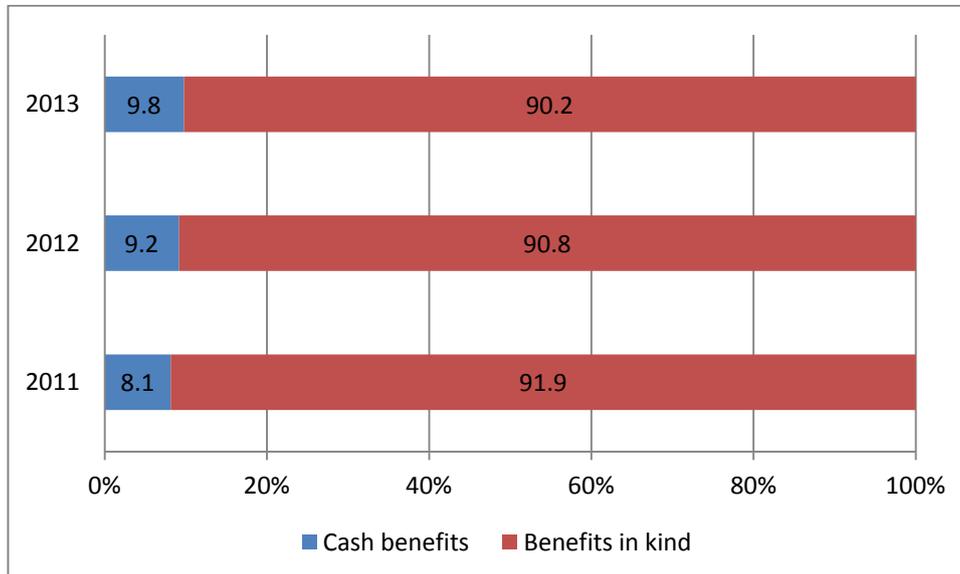
The following social protection benefits are included in the ‘Sickness/Health care’ function: *‘cash benefits that replace in whole or in part loss of earnings during temporary inability to work due to sickness or injury; medical care provided in the framework of social protection to maintain restore or improve the health of the people protected’*<sup>1</sup>.

In 2013, 3 592.1 Million BGN were paid under the ‘Sickness/Health care’ function or 25.8% of the total social protection expenditure. Expenditures on cash benefits (periodic and lump-sum) represented 9.8% of total benefits paid under this function. Periodic cash benefits cover paid leave due to accident at work, occupational disease or sickness, as well as benefits for disability due to sickness. Lump sum benefits were provided to children below 18 years of age for medical treatment abroad.

Benefits in kind paid in 2013 amounted to 3 241.5 Million BGN and covered all payments made by the National Health Insurance Fund, as well as payments on Health care services agreed by additional health insurance. In 2013, their share of total expenditures paid under the function was 90.2%.

<sup>1</sup> ESSPROS Manual, 2008, EUROSTAT, Part 2 Classification of benefits in the core system.

**Figure 2. Structure of expenditures for function ‘Sickness/Health care’ for the period 2011 - 2013**



### ‘Disability’ function

The ‘Disability’ function covers benefits that: *provide an income to persons below standard retirement age as established in the reference scheme whose ability to work and earn is impaired beyond a minimum level laid down by legislation by a physical or mental disability; provide rehabilitation services specifically required by disabilities; provide goods and services other than medical care to disabled people*<sup>1</sup>.

In 2013, 1 133.6 Million BGN were paid under the ‘Disability’ function or 8.0% of total social protection expenditure. 82.2% of the benefits paid under this function were in cash. Periodic cash benefits covered disability pensions, supplement for personal assistant and monthly supplements for integration of disabled people. The disability pensions had a prevailing share (69.9%) of the cash benefits under the function while monthly allowances for social integration of the handicapped represented 14.7%. Lump-sum benefits amounted to 45.4 Million BGN and were intended to finance employment projects for disabled people, as well as allowances for deaf or blind people.

Expenditures on benefits in kind in 2013 amounted to 201.5 Million BGN or 17.8% of total social protection expenditure paid under this function. The main share of expenditures was that of expenditure on Homes for disabled elderly people, Homes for children and Social-educational establishments classified as expenditures for accommodation. Benefits in kind also covered benefits for assisting daily activities (Social patronage and different other social services), rehabilitation and daily centers for disabled persons.

<sup>1</sup> ESSPROS Manual, 2008, EUROSTAT, Part 2 Classification of benefits in the core system.



**Table 4. Distribution of benefits in kind under the ‘Disability’ function, 2011 - 2013**

Year	2011		2012		2013	
	Million BGN	%	Million BGN	%	Million BGN	%
<b>Benefits in kind</b>	<b>153.1</b>	<b>100.0</b>	<b>157.2</b>	<b>100.0</b>	<b>201.5</b>	<b>100.0</b>
Accommodation	77.6	50.6	75.8	48.2	68.1	33.8
Assistance for daily activities	48.7	31.8	51.6	32.8	99.4	49.3
Rehabilitation	8.4	5.5	9.6	6.1	10.8	5.3
Other benefits in kind	18.5	12.1	20.2	12.8	23.3	11.6

### ‘Old age’ function

The ‘Old age’ function covers the provision of social protection against the risks linked to old age: loss of income, inadequate income, lack of independence in carrying out daily tasks, reduced participation in social life, etc. This function covers benefits that:

- provide a replacement of income when the aged person retires from the labor market;
- guarantee a certain income when a person has reached a given age;
- provide goods or services that are specific to the personal or social conditions of life of the elderly.

The expenditures under this function had the biggest share of total social protection expenditures (about 43% for the period 2011 - 2013). This function included all types of pensions granted after reaching the standard retirement age. In 2013, 6 263.1 Million BGN were paid under the ‘Old age’ function from which 6 257.3 Million BGN were cash benefits connected to the participation in the social contribution system (i.e. non-means tested) and 5.7 Million BGN were cash benefits for the obtaining of which apply certain conditions (i.e. means-tested).

In 2013, 35.3 Million BGN were paid under the ‘Old age’ function for benefits in kind (expenditures on Homes for elderly and Daily centers for elderly) or 0.1% of total expenditures paid under the function.

### ‘Survivors’ function

The ‘Survivors’ function includes benefits that:

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

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

In 2013, 798.3 Million BGN were paid under the ‘Survivors’ function or 5.7% of total social protection expenditures. The following are included in the function: survivors’ pensions, supplement to the pension in case of death spouse, as well as lump sums provided to survivors of a death person who has insured him or herself at Universal/Professional pension fund.

There were no expenditures for benefits in kind under the ‘Survivors’ function.

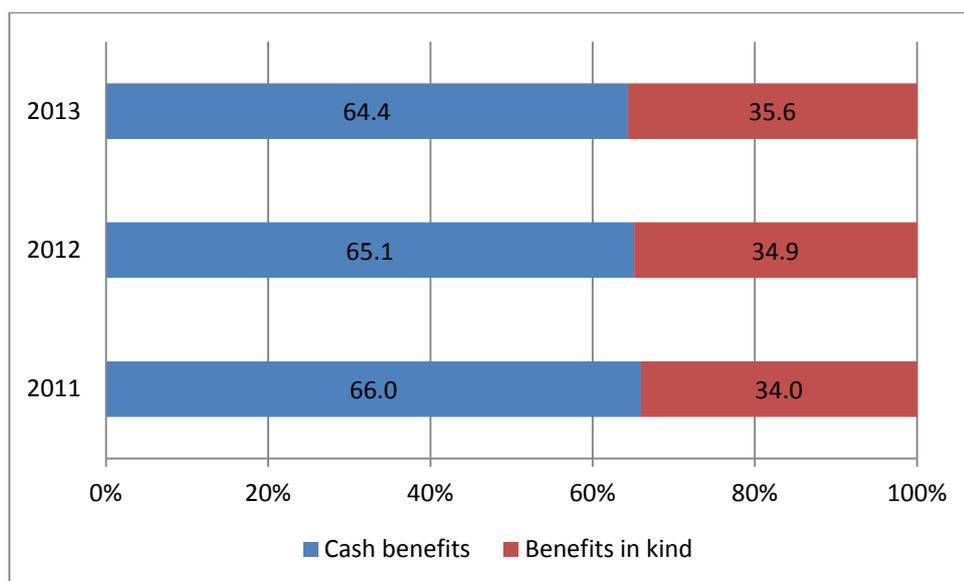
### ‘Family/Children’ function

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

In 2013, the expenditures on benefits under the ‘Family/Children’ function were 10.5% of total social protection expenditures. The total amount of social protection benefits paid under the function was 1 464.8 Million BGN and compared to previous year increased by 6.6%. The ‘Family/Children’ function was characterized by a higher percentage of benefits provided based on a certain criteria for eligibility. In 2013, 414.4 Million BGN or 28.3% of social protection expenditures paid under the function were allocated for means-tested cash benefits. Benefits granted without fulfilling any special conditions included benefits for pregnancy and childbirth, paid parental leave, allowances for bringing up handicapped child and birth grants. 528.5 Million BGN were paid for this kind of benefits.

Benefits in kind paid under the function ‘Family/Children’ in 2013 amounted to 521.9 Million BGN or 35.6% of total social protection expenditures paid under the function. Compared to the previous year the amount of benefits in kind increased by 8.9%.

**Figure 3. Structure of expenditures for function ‘Family/Children’ for the period 2011 - 2013**



### ‘Unemployment’ function

The ESSPROS Manual defines benefits under the ‘Unemployment’ function that: *‘replace in whole or in part income lost by a worker due to the loss of gainful employment; provide a subsistence (or better) income to persons entering or re-entering the labor market; compensate for the loss of earnings due to partial unemployment; contribute to the cost of training or re-training people looking for employment; help unemployed persons meet the cost of travelling or relocating to obtain employment; provide help and relief by providing appropriate goods and services’*<sup>1</sup>.

<sup>1</sup> ESSPROS Manual, 2008, EUROSTAT, Part 2 Classification of benefits in the core system.



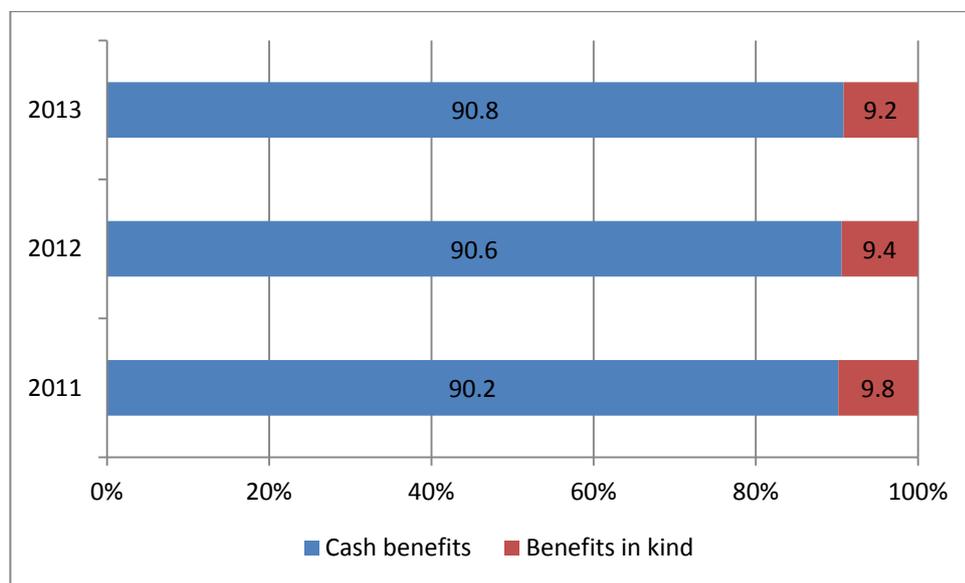
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In 2013, 442.7 Million BGN were paid under the function ‘Unemployment’ or 3.1% of total social protection expenditure. Compared to the previous year, the social protection expenditures under this function decreased by 5.4%.

The share of lump-sum cash benefits of the cash benefits provided under this function decreased from 13.8% in 2012 to 12.5% in 2013, or by 1.3 percentage points.

Benefits in kind refer to the active measures at the labor market and include expenditure on engagement of unemployed persons at place different from their usual residence, expenditure on education and services connected to demanding and offering employment. The share of benefits in kind decreased from 9.4% in 2012 to 9.2% in 2013 or by 0.2 percentage points.

**Figure 4. Structure of expenditures for function ‘Unemployment’ for the period 2011 - 2013**



### ‘Housing’ function

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

In Bulgaria such benefits are provided in kind. Data is presented on rent benefit provided to single parents, elderly persons over 70 years of age who live alone, as well as to orphans who have completed social educational institutions. The protected dwellings provided to poor families are also included into this function. In 2013, 9.5 Million BGN was paid for benefits in kind. Compared to the previous year their amount increased by 6.2%.

### ‘Social exclusion not elsewhere classified’ function

While the above mentioned functions refer to people subject to clearly identifiable risks or needs (the elderly, the disabled, the unemployed, etc.), the present function refers to the ‘socially excluded’ or ‘those at risk for of social exclusion’<sup>1</sup>. The concept of social exclusion is multidimensional: it first refers to an

<sup>1</sup> ESSPROS Manual, 2008, EUROSTAT, Part 2 Classification of benefits in the core system.



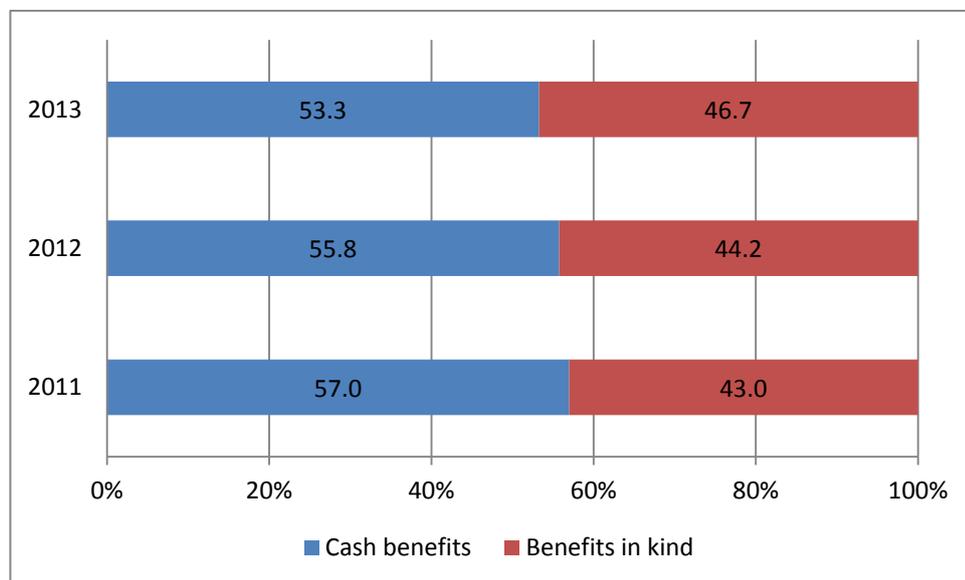
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insufficient level of income (poverty), but also to precarious situations in the field of health, education and employment.

In 2013, 209.3 Million BGN was paid under the function or 5.8% more than for the previous year. 111.5 Million BGN were allocated for cash benefits or 53.3% of total social protection benefits paid under the function. Compared to the previous year, the funds allocated to cash benefits increased by 1.1% and their share of total social protection expenditures decreased by 2.5 percentage points.

The total amount of paid benefits in kind in 2013 was 97.8 Million BGN and it increased by 11.8% compared to the previous year. Their share of total expenditures under the function was 46.7% or 2.5 percentage points more than in 2012.

**Figure 5. Structure of expenditures for function ‘Social exclusion’ for the period 2011 - 2013**





## Methodological notes

The European System of integrated Social PROtection Statistics (ESSPROS) is a specific instrument for production of comparable, topical and accurate data on the social payments and their financing at the European level.

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

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

1. Fund 'Pensions';
2. Fund 'Pensions not connected to employment';
3. Fund 'Accidents at work and occupational disease';
4. Fund 'Sickness and maternity';
5. Fund 'Unemployment';
6. Teachers' pension fund;
7. Professional pension funds;
8. Universal pension funds;
9. National Health Insurance Fund;
10. Supplementary health insurance;
11. Health care financed directly by the Government;
12. Assistance for families with children and child protection;
13. Social assistance;
14. Social integration of disabled persons;
15. Active measures for encouragement of the employment;
16. Social scholarships;
17. Social services provided by municipalities;
18. Employers direct social contributions.

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

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

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

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



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

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

More information and data on receipts and expenditure for social protection can be found on the website of NSI: [www.nsi.bg](http://www.nsi.bg), section 'Social protection'.