



THE EUROPEAN SYSTEM OF INTEGRATED SOCIAL PROTECTION STATISTICS (ESSPROS)

Receipts and expenditure of the social protection system in 2011

Financing of the social protection system in the country is realized either through social security contributions or through direct funding from the state budget. In 2011, 7 167.1 Million BGN were allocated from the state budget to finance social protection in the country while the receipts of social protection contributions amounted to 6 661 Million BGN. Compared to previous year, an increase of 0.3 percentage points of the receipts from social protection contributions is observed at the expense of contributions from the state budget which decreased with 0.4 percentage points. This is largely due to changes in the compulsory social and health insurance which came into force in 2011.

Table 1. Receipts of the social protection system for the period 2009-2011

| Year | 2009 | | 2010 | | 2011 | |
|----------------------------------|----------------|--------------|-----------------|--------------|----------------|--------------|
| | Millions BGN | % | Millions BGN | % | Millions BGN | % |
| Total receipts | 12940.7 | 100.0 | 13106.39 | 100.0 | 14089.8 | 100.0 |
| Social contributions | 6415.4 | 49.6 | 6154.1 | 47.0 | 6661.0 | 47.3 |
| General government contributions | 6298.2 | 48.7 | 6718.5 | 51.3 | 7167.1 | 50.9 |
| Other receipts | 227.1 | 1.8 | 233.8 | 1.8 | 261.8 | 1.9 |

In 2011, Bulgaria spent 13 328.9 Million BGN (Table 2) for social protection which represented around 17.7% of the gross domestic product for the same year. Expenditure on social benefits remained with the highest share of total expenditures (97.0%). Administration costs and other expenditures amounted respectively for 2.3 and 0.7% of total expenditures.

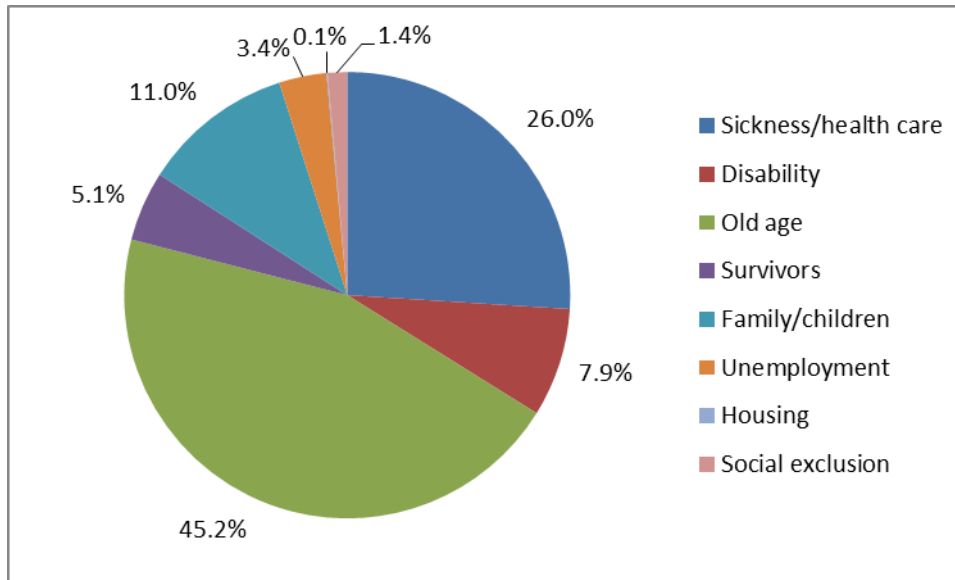
Table 2. Expenditures of the social protection system for the period 2009-2011

| Year | 2009 | | 2010 | | 2011 | |
|----------------------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | Millions BGN | % | Millions BGN | % | Millions BGN | % |
| Total expenditures | 11757.6 | 100.0 | 12732.6 | 100.0 | 13328.9 | 100.0 |
| Social protection benefits | 11383.4 | 96.8 | 12378.9 | 97.2 | 12924.6 | 97.0 |
| Administration costs | 281.9 | 2.4 | 271.2 | 2.1 | 310.5 | 2.3 |
| Other expenditure | 92.3 | 0.8 | 82.5 | 0.6 | 93.8 | 0.7 |

The "Old age" function with its major component expenditure for pensions had the highest share (45.2%) in total expenditures. The "Sickness/ Healthcare" function also had a significant share (26.0%) of total expenditures.



Figure 1. Distribution of social protection benefits by function, 2011



Social protection benefits

The predominant form of receipt of social benefits was the payment of cash benefits (periodic or lump sum). In 2011, expenditures for cash benefits amounted to 8 993.2 Million BGN or 69.6% 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 2011, expenditures on benefits in kind amounted to 3 931.4 Million BGN, or they were 14.0% more than in 2010. Highest (over 75%) was the share of benefits in kind under “Sickness/ Healthcare” function. A steady trend of increase was observed in the share of social protection benefits in kind under the “Family/ Children” function.



Table 3. Distribution of social protection benefits by type, 2009-2011

| Year | 2009 | | 2010 | | 2011 | |
|------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|
| | Millions BGN | % | Millions BGN | % | Millions BGN | % |
| Cash benefits | | | | | | |
| Total | 8359.9 | 100.0 | 8930.9 | 100.0 | 8993.2 | 100.0 |
| By function | | | | | | |
| Sickness/ Healthcare | 358.1 | 4.3 | 318.3 | 3.6 | 273.8 | 3.0 |
| Disability | 799.1 | 9.6 | 831.2 | 9.3 | 835.5 | 9.3 |
| Old age | 5291.6 | 63.3 | 5723.7 | 64.1 | 5792.9 | 64.4 |
| Survivors | 571.3 | 6.8 | 613.9 | 6.9 | 655.0 | 7.3 |
| Family/ Children | 927.7 | 11.1 | 950.2 | 10.6 | 930.2 | 10.3 |
| Unemployment | 323.37 | 3.9 | 395.98 | 4.4 | 401.9 | 4.5 |
| Housing and social exclusion | 88.8 | 1.1 | 97.6 | 1.1 | 103.9 | 1.2 |
| | | | | | | |
| Benefits in kind | 3023.5 | 100.0 | 3448.1 | 100.0 | 3931.4 | 100.0 |
| Total | | | | | | |
| By function | 2321.5 | 76.8 | 2676.3 | 77.6 | 3084.8 | 78.5 |
| Sickness/ Healthcare | 147.3 | 4.9 | 157.4 | 4.6 | 183.0 | 4.7 |
| Disability | 30.9 | 1.1 | 35.1 | 1.0 | 42.8 | 1.1 |
| Old age | 0 | | 0 | | | |
| Survivors | 434.7 | 14.4 | 463.5 | 13.4 | 488.7 | 12.4 |
| Family/ Children | 33.7 | 1.1 | 28.0 | 0.8 | 43.8 | 1.1 |
| Unemployment | 55.5 | 1.8 | 87.8 | 2.5 | 88.3 | 2.2 |

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



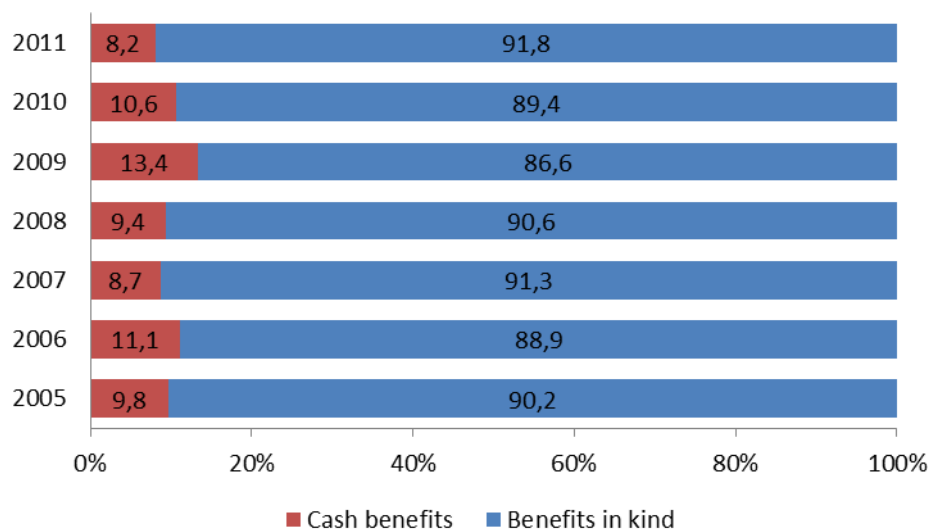
“Sickness/ Healthcare” function

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

In 2011, 3 358.5 Million BGN were paid under the “Sickness/Healthcare” function or 26.0% of the total social protection expenditure. Expenditures on cash benefits (periodic and lump-sum) represented 8.2% 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 2011 amounted to 3 084.4 Million BGN and covered all payments made by the National Health Insurance Fund, as well as payments on healthcare services agreed by additional health insurance. In 2011, their share of total expenditures paid under the function was 91.8% and compared to previous year has increased by 2.4 percentage points.

**Figure 2. Structure of expenditures for function “Sickness/Healthcare”
for the period 2005-2011**



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



“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.*¹

In 2011, 1 018.4 Million BGN were paid under the “Disability” function or 7.9% of total social protection expenditure. 82% 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 (68.4%) of the cash benefits under the function while monthly allowances for social integration of the handicapped represented 14.7%. Lump-sum benefits amounted to 42.1 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 2011 amounted to 182.95 Million BGN or 18.0% 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.

Table 4. Distribution of benefits in kind under the “Disability” function, 2009-2011

| Year | 2009 | | 2010 | | 2011 | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Millions BGN | % | Millions BGN | % | Millions BGN | % |
| Benefits in kind | 147.3 | 100.0 | 157.4 | 100.0 | 183.0 | 100.0 |
| Accommodation | 80.9 | 54.9 | 84.2 | 53.5 | 91.2 | 49.8 |
| Assistance for daily activities | 43.6 | 29.6 | 45.2 | 28.7 | 51.9 | 28.4 |
| Rehabilitation | 6.4 | 4.4 | 7.3 | 4.6 | 8.6 | 4.7 |
| Other benefits in kind | 16.3 | 11.1 | 20.8 | 13.2 | 31.3 | 17.1 |

“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 45% for the period). This function included all types of pensions granted after reaching the standard retirement age. In 2011,

5 835.7 Million BGN were paid under the “Old age” function from which 5 787.3 Million BGN were cash benefits connected to the participation in the social contribution system (i.e. non-means tested) and 5.58 Million BGN were cash benefits for the obtaining of which apply certain conditions (i.e. means-tested).

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



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In 2011, 42.8 Million BGN were paid under the “Old age” function for benefits in kind (expenditures on Homes for elderly and Daily centers for elderly) or 0.7% 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 2011, 655.0 Million BGN were paid under the “Survivors” function or 5.1% 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.

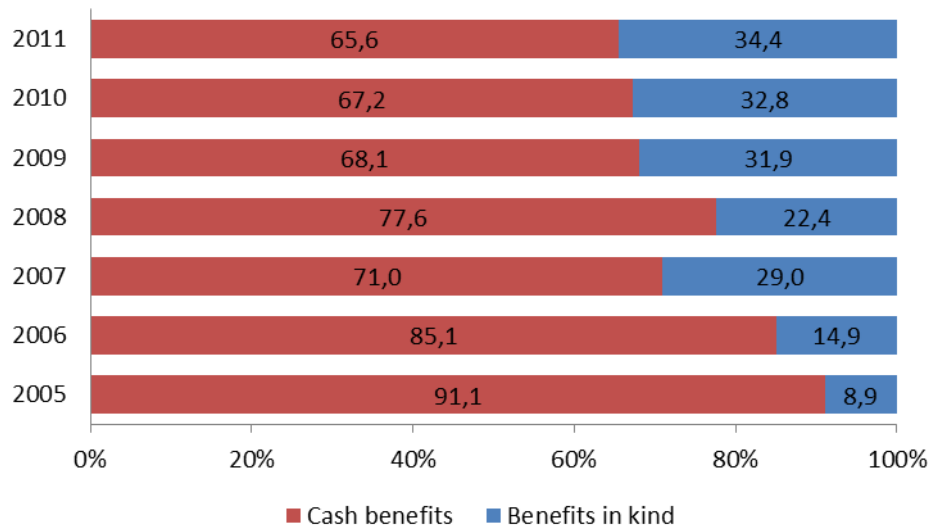
“Family/ Children” function

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 2011, the expenditures on benefits under the “Family/ Children” function were 11.0% of total social protection expenditures. The total amount of social protection benefits paid under the function was 1 418.9 Million BGN and compared to previous year increased by 0.4%. The “Family/children” function was characterized by a higher percentage of benefits provided based on a certain criteria for eligibility. In 2011, 414.66 Million BGN or 29.2% 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. 515.51 Million BGN were paid for this kind of benefits.

Benefits in kind paid under the function “Family/Children” in 2011 amounted to 488.7 Million BGN or 34.4% of total social protection expenditures paid under the function. Compared to the previous year the amount of benefits in kind increased by 5.4%.

Figure 3. Structure of expenditures for function “Family/Children” for the period 2005-2011



“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.*”¹

In 2011, 445.8 Million BGN were paid under the function “Disability” or 3.4% of total social protection expenditure. Compared to the previous year, the social protection expenditures under this function increased by 5.1%.

Benefits paid under this function reflect the dynamic changes occurring in the labor market. In 2010, a significant increase with 2.8 percentage points of the share of cash benefits was observed from the previous year (2009). These included unemployment benefits which amounted to 311.2 Million BGN, the share of which of cash benefits provided under this function, increased to 78.6% in 2010. This increase was mainly due to the abolishment of maximum amount of the unemployment benefit.

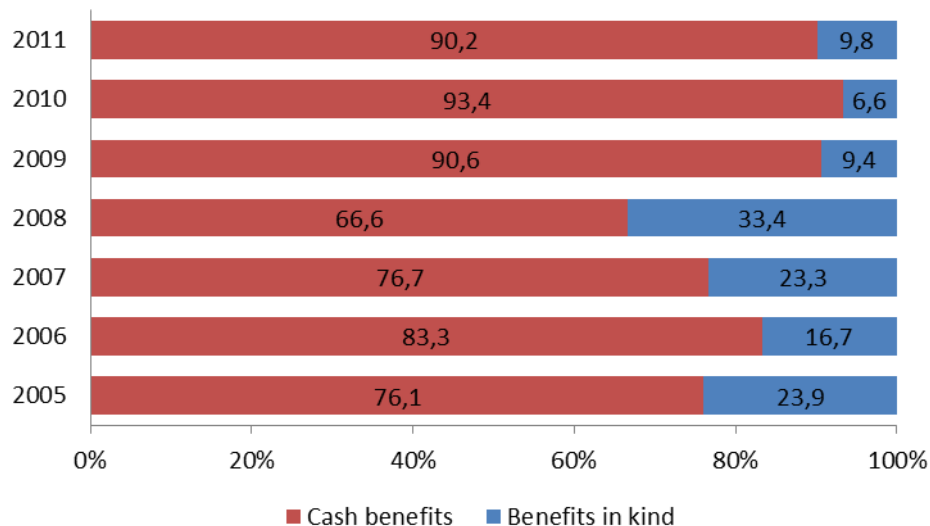
In 2011 two schemes for providing financial aid – “Progress” and “Back to work” were introduced. The first scheme allows the unemployed people to be trained in educational institutions that have agreement with the employment agency. The second scheme allows unemployed people to qualify and focus on care of children aged from 0 to 3 years old whose parents are employed under a labor or civil contract, or are self-employed. Vouchers – personal securities with fixed nominal value, are provided to the unemployed. Furthermore, during the training the unemployed people receive cash benefits – scholarships and funds to cover travel costs to and from the training organization. This explains the increase of 1.1 percentage points of the share of the benefits provided in the form of scholarships, travel and accommodation costs for participants in vocational training or motivation compared to 2010.

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



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 increased from 6.6% in 2010 to 9.6% in 2011 or by 3.0 percentage points due to the introduction of schemes “Progress” and “Back to work”.

Figure 4. Structure of expenditures for function “Unemployment” for the period 2005-2011



“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 2011, 9.01 Million BGN was paid for benefits in kind. Compared to the previous year their amount increased by 30.8%.

“Social exclusion not elsewhere classified” function

While the above mentioned functions refer to people subject to clearly identifiable risks or needs (the elderly, the disabled, the unemployed, etc.), the present function refers to the “socially excluded” or “those at risk for of social exclusion”¹. The concept of social exclusion is multidimensional: it first refers to an insufficient level of income (poverty), but also to precarious situations in the field of health, education and employment.

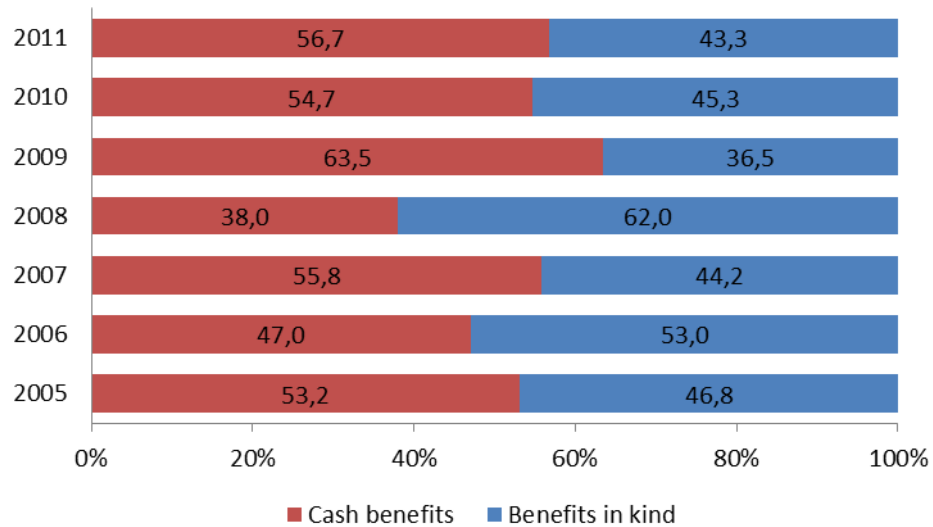
In 2011, 183.2 Million BGN was paid under the function or 2.6% more than for the previous year. 103.9 Million BGN were allocated for cash benefits or 56.7% of total social protection benefits paid under the function. Compared to the previous year, the funds allocated to cash benefits increased by 6.4% and their share of total social protection expenditures increased by 2.0 percentage points.

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



The total amount of paid benefits in kind in 2011 was 79.3 Million BGN and it decreased by 2.0% compared to the previous year. Their share of total expenditures under the function was 43.3% or 2.1 percentage points less than in 2010.

Figure 5. Structure of expenditures for function “Housing and social exclusion” for the period 2005-2011





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

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

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



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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 no 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 , section "Social protection".