



Bulgaria: Poverty Watch 2020

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Executive summary

There are some positive signs in the dynamics of poverty and social exclusion in Bulgaria: minimum and average salaries/wages are rising, rates of material deprivation are decreasing, political measures related to Covid-19 are trying to stabilize developments mainly by supporting employment and the most affected economic sectors.

Nevertheless, the extremely negative characteristics of the situation in the country continue to dominate. These are: the high levels of poverty and social exclusion, strong differentiation and fragmentation of society, poor quality of jobs, very high poverty rates among children and the elderly, strengthening the so-called K-shaped development (“K” recovery with one group up and the other further down) already dominating for decades with inequalities’ ever increasing.

Against the background of this situation, the measures undertaken in the field of social policy remain fragmentary, inadequate and of the ‘last resort’ type. Although, as well known, Bulgaria has the highest levels of poverty and inequalities in the EU, there is a high degree of political inconsistency between different policy areas. More concretely social policy tries to mitigate extreme situations, while plenty of other policies (tax, insurance, financial, economic, etc.) act in the opposite direction and generate the high levels of poverty and social exclusion. Thus, poverty and social exclusion are socially constructed.

The lack of a clear, honest and socially concerned vision placing well-being and social parameters of development at the centre of the implemented policies greatly reduces the potential of the undertaken policy measures to have a mobilizing effect and produce results.

Such a vision should be based on:

- a commitment to adequate minimum incomes (linked to the cost of living) and social rights,
- adequate income policies stimulating cohesion of the extremely fragmented Bulgarian society,
- political consistency among interrelated policy fields to strengthen the social capacity to address risks, and
- empowering various groups of citizens, including low-income and vulnerable groups, to influence the decision making processes.

It could benefit from the spirit of cooperation and mutual concern stimulated by the societal reactions to Covid-19 if supported.

Introduction

This Poverty Watch aims to review, analyse and assess the overall situation in the country in relation to poverty and social inclusion. It also tries to outline the impact of COVID-19. On this basis, public policies in the field are discussed and recommendations are proposed.

The Poverty watch report is based on EAPN Bulgaria activities in the last years (especially 2017 – 2020), including desk research and secondary analysis of available data and researches, views, meetings and discussions with different stakeholders, including people living in poverty, social workers, academic researchers, NGOs representatives and representatives of national and local authorities.

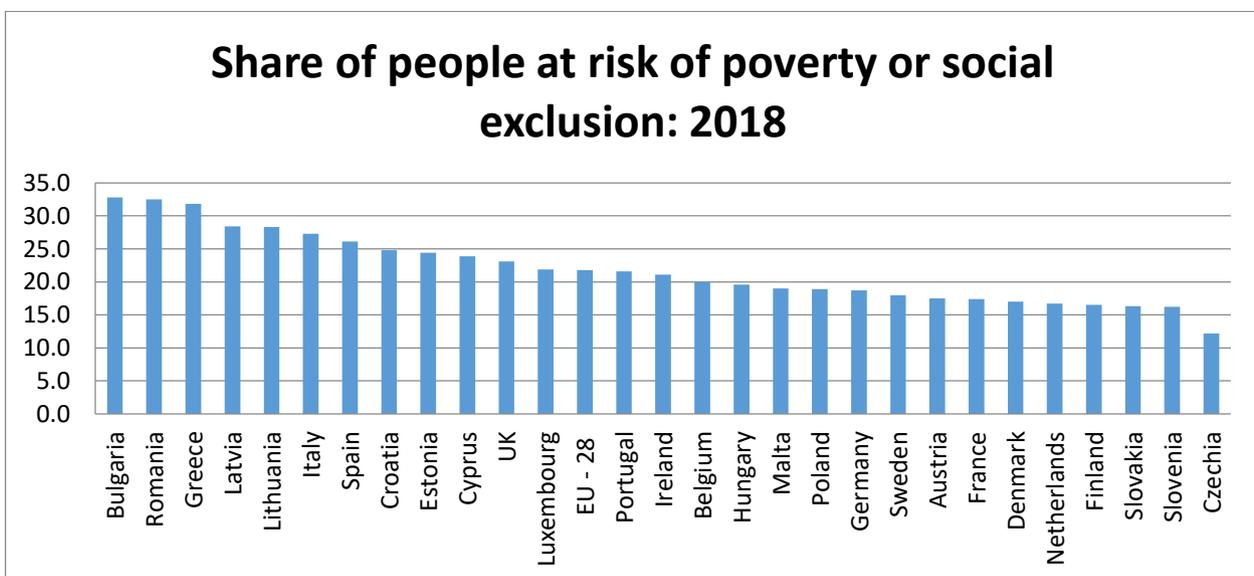
1. Overall Poverty Trends in Bulgaria:

Numerous data sets and available studies of all significant indicators of well-being demonstrate high unfavourable values and place Bulgaria at a great distance from other EU member-states and/or from the EU average. A brief overview of the situation provides opportunities to outline the main features of poverty and social exclusion in the country:

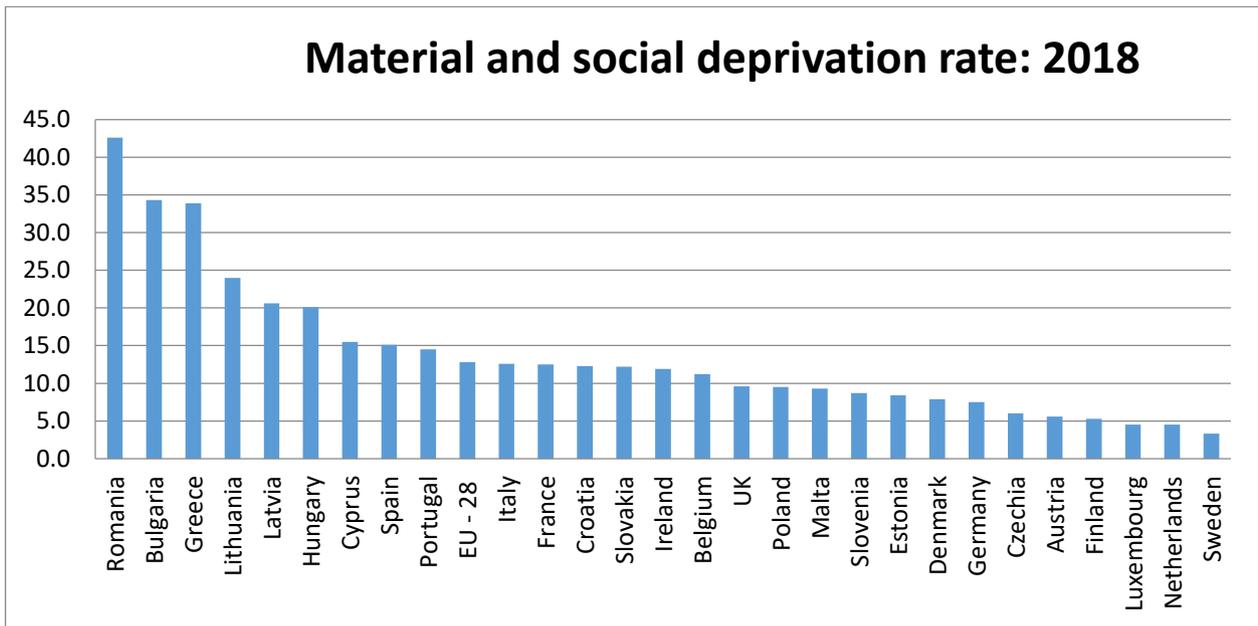
Poverty in the country remains high. Various indicators depict that Bulgaria is among the countries with the highest levels of main poverty measurements and thus significantly contributes to raising EU averages.

1.1. Basic poverty indicators

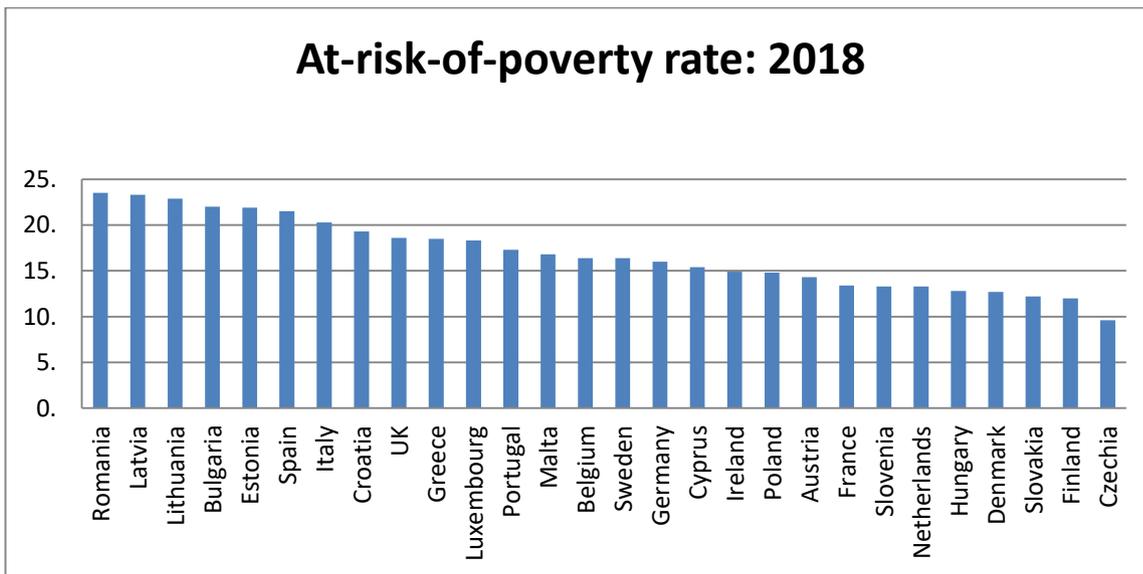
a) The share of people at risk of poverty or social exclusion is the highest in EU with the value of 32.8% in 2018.



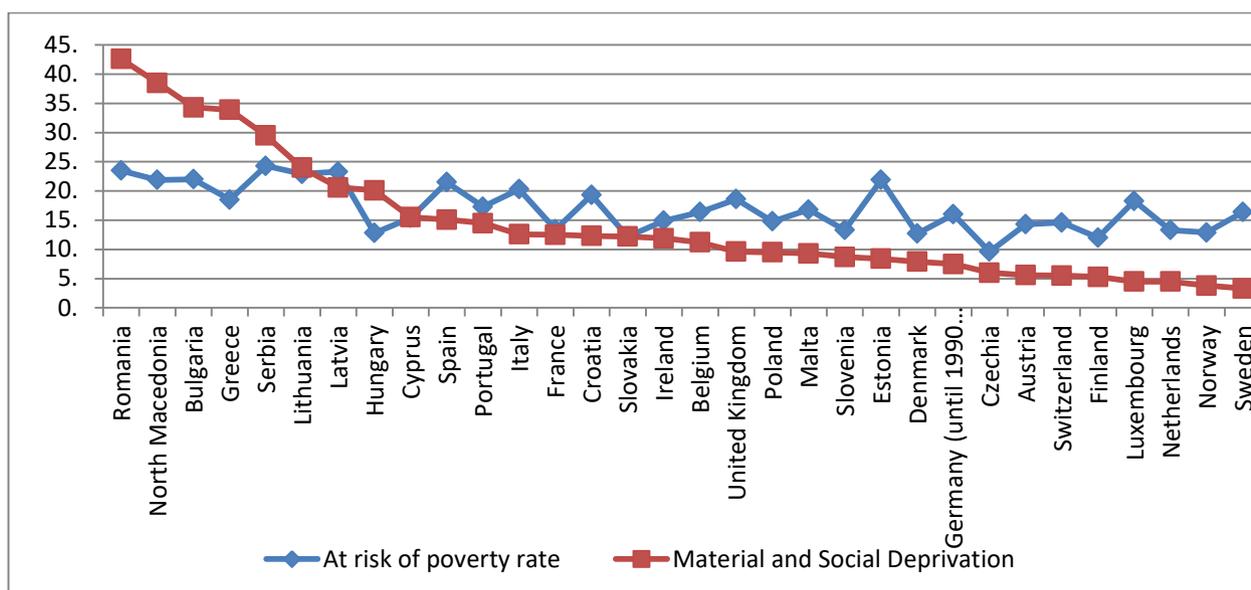
b) Within EU the rate of the material and social deprivation is the 2nd highest after Romania with the value of 34,3%



c) In relation to the at-risk-of-poverty rate, Bulgaria is with the 4th highest rate after Romania, Latvia and Lithuania:



d) Additionally, Bulgaria, similarly to Romania, North Macedonia and Greece, is among the countries in which the share of people in material and social deprivation is much higher than the rate of those at-risk-of-poverty. Most likely, countries in such a situation need specific and much more and better targeted measures to address adequately the problems of poverty and social exclusion.



1.2. Poverty persistence

The transfer of poverty from generation to generation already for decades shows alarming values and blocks opportunities for normalization and modernization.

The indicator: Persistent at-risk-of poverty rate (EU-SILC survey -TESSI022)¹ in 2018 also confirms highest unfavorable values for Romania (19.9) and Bulgaria (15.9), followed by Estonia (15.6), Lithuania (15.6) and Latvia (15.5).

As Atkinson & others point out, especially during the crisis (the previous economic crisis) the number of people who fall into material deprivation in Bulgaria is not so high in comparison with other countries. However, their chances to get out of it are much lower than that in other EU member states (Atkinson, Guio & Marlier, 2017: 375, 382).

It seems that public instruments to help people out of crisis are underdeveloped, rudimentary or simply missing. And the most effective way, especially for young people, is “Terminal 2”, that is leaving the country, which has resulted in deep demographic crisis.

1.3. Dynamics of poverty and social exclusion

Throughout the years, the dynamics of the values of different poverty and social exclusion indicators seems to move in different directions.

According to official statistics, the level of material deprivation and that of many related aspects has significantly decreased in the last years. More concretely, the figures state that the rate of material and social deprivation was 52.4% in 2014 and it is 33.6% in 2019.

¹ The indicator shows the percentage of the population whose equivalised disposable income was below the ‘at-risk-of-poverty threshold’ (below 60% of median equivalised income) for the current year and at least 2 out of the preceding 3 years.

Similar is the trend within the items of the material deprivation², especially among the first 5 items:

Bulgaria: % of population

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Arrears on rent*/utility bills - EU-SILC survey [ilc_mdcs07]	33.8	30.9	31.5	36.1	35.3	33.6	34.2	33.3	31.9	29.3
Inability to keep home adequately warm - EU-SILC survey [ilc_mdcs01]	66.5	46.3	46.5	44.9	40.5	39.2	39.2	36.5	33.7	30.1
Inability to cover unexpected costs	65.0	65.3	68.6	64.1	49.6	53.4	54.2	53.2	32.1	36.5
Inability to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day - EU-SILC survey [ilc_mdcs03]	43.2	50.8	51.9	51.1	39.5	36.8	34.6	31.7	31.4	27.6
Inability to afford paying for one week annual holiday away from home	62.4	73.3	74.0	66.3	49.9	60.4	56.4	52.6	30.5	35.5

Source: Eurostat

Similar positive trend is outlined when data on number of items of material deprivation is considered.

	2010	2014	2019
No items	14.0	25.4	36.8
Materially deprived (3 items or more)	59.4	46.8	32.1
Severely material deprived (4 items or more)	45.7	33.1	19.9
Extremely materially deprived (5 items or more)	27.3	21.2	10.1

² It seems that there is need for public discussions on the material deprivation indicators, the degree to which they reflect poverty rates and the methodologies used. It is important for example to analyse to what extent this positive trend is due to improvements and to what extent to changes in the methodology. For example, according to the current methodology (https://www.nsi.bg/sites/default/files/files/metadata/SILC_description_indicators_BG_2020.pdf)

the indicator: Inability to afford paying for one week annual holiday away from home means that: "A positive answer is also indicated in the following special cases: - the household stays with relatives or friends without paying for their stay, but can afford travel expenses, etc..."; for the indicator Inability to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day: "Yes" is also indicated in cases where the household uses credit cards or loans." Another important question is the extent to which the so called modified OECD scale (where the first adult is 1 consumer unit, all the others aged 14+ are 0.5 consumer unit each and all children below 0,3 are 0,3 consumer unit each) is adequate and so on.

However, the risk-of-poverty rate does not decrease and is the 4th highest in EU in 2018:

Bulgaria: At-risk-of-poverty rate by poverty threshold

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
20,07	22,2	21,2	21,0	21,8	22,0	22,9	23,4	22,0	22,6

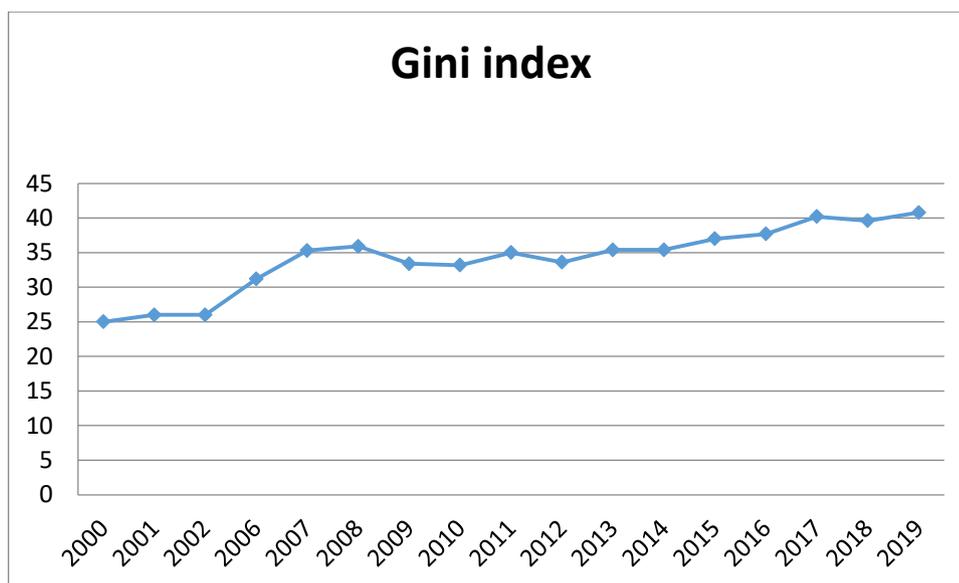
Source: EU-SILC and ECHP surveys - ilc_li02

Most probably, this is linked to the ever increasing inequalities as the risk-of-poverty rate depicts distance from the equivalised medium income.

1.4. The inequalities

The inequalities in Bulgaria are very high and continue to rise.

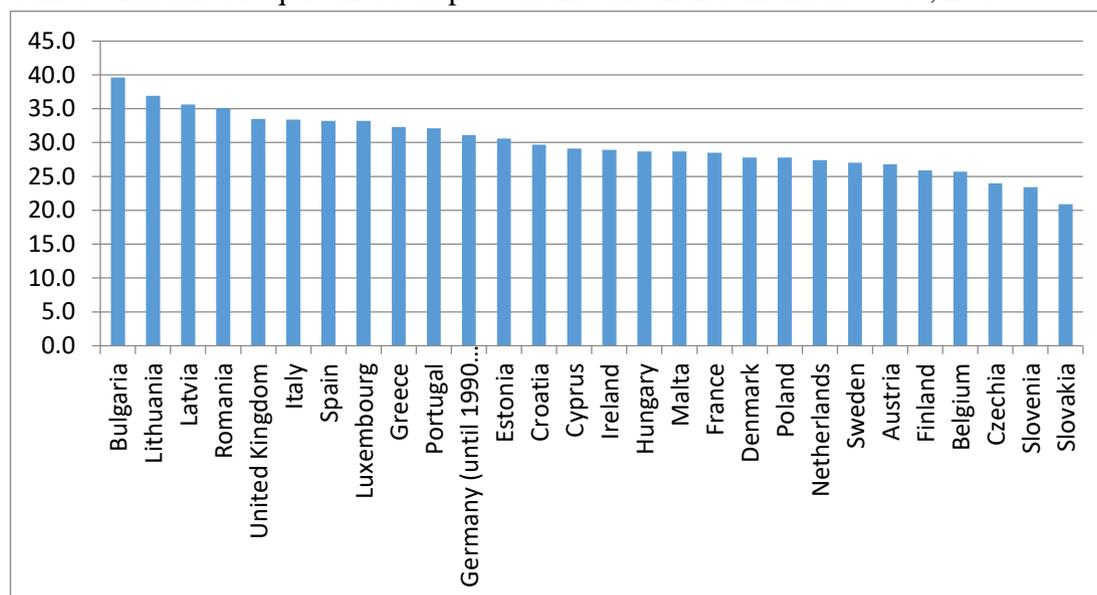
Bulgaria: Gini coefficient of equivalised disposable income 2000 - 2019



Source: Eurostat, EU-SILC survey [ilc_di12], downloaded 27.09.2020

Bulgaria, the EU country with the highest share of people at-risk-of-poverty and social exclusion is already from years a ‘champion’ in inequalities

Gini coefficient of equivalised disposable income in EU member-states, 2018



The trend is similar for the indicator of Gini coefficient of equivalised disposable income before social transfers (pensions excluded from social transfers) [ILC_DI12C]. In relation to this indicator in 2015 the country (with a value of 40.1) was after Ireland (42.7), Lithuania (42.1), UK (40.9) and Romania (40.4). In 2017 and still now with value of 43.4 – 44.1 Bulgaria has surpassed all the other countries.

Bulgaria is also a country in which the difference between the Gini index before and after social transfers is quite low – only 3.7 percentage points. In Ireland, for example this difference is 10.4 percentage points. Considering the data it could be questioned if redistributive systems in Bulgaria are really working and in which direction. The overall design of the tax and social security system, as well as the various types of benefits and social policy measures do not contribute to reducing inequalities; and it seems that with regard to distributive and redistributive policies, Bulgaria does not apply rules similar to those of other EU countries.

1.5. The groups at risk

Bulgaria more or less follows the already turned into typical higher vulnerability of specific groups of the population.

The recent publication of the National Statistical Institute on Indicators of Poverty and Social inclusion in 2019 (NSI 2019) provides basic data in this regard:

- The share of population in risk of poverty and social exclusion in 2019 in Bulgaria is 32.5%. Among men this share is 30.5%, and among women – 34.4%;
- 27.5% of children aged 0-17 are at risk of poverty, or 0.9 percentage points more than in 2018. According Eurostat data³, there is clear age selectivity of impoverishment and vulnerability: at risk of poverty and social exclusion are - 47,1% of people aged 65 and more; 33,9% of people less than 18 years; and 27.1% of people aged from 18 to 64 years old;
- Depending on the labour market inclusion, the share of people in poverty is highest among the unemployed (58.9%) and the risk of poverty for unemployed males is with 14.2 percentage points higher than that of the unemployed females;

³ https://ec.europa.eu/eurostat/databrowser/view/ILC_PEPS01__custom_22736/default/table?lang=en

- The risk of falling into poverty for part-time workers is approximately four times higher than that for full-time workers;
- The level of education influences the risk of in-work poverty. The highest is the relative share of the working poor with primary and no education - 55.5%. “As the level of education increases, the relative share of the poor among the working population decreases approximately twice for persons with primary education and more than seven times for persons with secondary education. The share of the working poor with higher education is 2.5%“;
- The share of working poor males is a little bit higher (9.7%) than that of the females (8.2%);
- According to the economic activity, the second highest share of people in poverty is the share of retirees (34.3%);
- According to the type of household - the highest is the relative share of the poor among one-member households over the age of 65, single parents with children, as well as households with three or more children;
- The long-established ethnic selectivity of the main socio-economic processes in the country is reaffirmed again. In 2019, the highest relative share of the poor is among the people who self-identify themselves as Roma - 64.8%, and the lowest share - among the people who self-identify themselves as belonging to the Bulgarian ethnic group - 16.7%;
- There are also significant differences linked to the economic activity according to the different ethnic groups. Among the poor people from the Bulgarian ethnic group, retirees predominate (55.2%), while among the poor people from the Roma ethnic group the relative share of the unemployed is the highest (36.6%);
- The relative share of the working poor is 27.5 among the poor people from the Roma ethnic group; 24.0% among these from the Turkish ethnic group and 22.0% among the poor people from the Bulgarian ethnic group;
- The regional disparities are growing also

1.6. The missing indicators

Since 2008, with the integration of the country in the EU, Bulgaria started to apply the at-risk-of-poverty and material deprivation indicators, stubbornly refusing to apply important nationally adapted indicators to official data, including in particular a consumer basket related to the cost of living and purchasing power of incomes of different groups.

Information on the cost of living, however, is regularly provided by one of the two major trade unions - the Confederation of Independent Trade Unions in Bulgaria (CITUB). According to CITUB in November 2019 the cost of living per person is BGN 618.15 (316 Euro) and “for a normal life of a four-member household - two adults and two children, 2472 BGN (1263.91 Euro) per month are needed.” This means that the net amount of the salary of each of the two adults should be 632 Euro and the gross salary – higher than 800 Euro. If we consider the National Statistical Institute official data on total income by decile groups, it could be mentioned that such income per person is observed only for the three highest decile groups – 8th, 9th and 10th deciles.

Similar estimates could be traced also in the Living Wage Indicator⁴ that provides information for more than 70 countries in the world⁵, “based on the concept that work should provide an adequate

⁴ Wage Indicator Living Wage background: The Wage Indicator Living Wage is set to provide acceptable living standard to a family of a particular size. Wage Indicator presents Living Wages for several household types and working hours which reflect the most frequently found real situations in which people have to make a living: 1. Typical family Living Wage is a baseline estimate that respects the country specific conditions. Typical family is comprised of two adults and the

income to cover the necessary living costs of a family... The Living Wage is an approximate income needed to meet a family's basic needs including food, housing, transport, health, education, tax deductions and other necessities.

The next table provides the data for Bulgaria from the Living Wage Indicator:

Expenditure and Living Wage calculation (monthly rates in BGN)⁶

	Typical family	Standard family	Single-adult
	from-to	from-to	from-to
Food expenses	495-600	565-690	140-170
Housing expenses	255-400	255-400	150-225
Transport expenses	80-100	80-100	40-50
Healthcare expenses	100-125	100-125	25-31
Education expenses	50-50	50-50	0
Other expenses	49-64	53-68	18-24
Total Expenditure	1029-1339	1103-1433	373-500
Net Living Wage	686-893 (350,75 - 456,58 Euro)	613-796 (313,42 – 406,99 Euro)	373-500 (190,71 – 255,64 Euro)
Gross Living Wage	870-1140 (444,82 – 582,87 Euro)	780-1010 (398,81 – 516,40 Euro)	475-635 (242,86 – 324,67 Euro)

Source: Living wage indicator

According to a different, more generous, public world's database on cost of living⁷ 4-person family monthly costs without rent in Sofia are 3236,44 BGN (1654.77 Euro) and a single person monthly costs without rent are 926,62 BGN (473,77 Euro)

number of children is given by country specific fertility rate (the average number of children a woman is expected to have during her lifespan). One adult is working full-time and the working hours of second adult are approximated by national employment rate. The total income earned by two adults paid living wage is sufficient to reach adequate living standard. 2. Standard family Living Wage is estimated for a family composed of two adults and two children (referred to as family 2+2). Living wage is calculated under different assumptions about working hours. These include that both adults work full-time (family employment rate is 2), or at least one adult works part-time or half-time (family employment rate is 1.8 and 1.5), or one adult does not work at all (i.e. patriarchal model with family employment 1). Alternatives refer to trade-offs between leisure and work and define what living wage represents. In every case the total income earned by two adults paid living wage is sufficient to reach adequate living standard. 3. Extended family Living Wage includes family with three or four children. One adult works full-time and the work intensity of second parent is approximated by national employment rate. 4. Individual Living Wage represents an acceptable standard of living for a single individual working full-time.

⁵ <https://wageindicator.org/salary/living-wage/bulgaria-living-wage-series-september-2019>

⁶ Data sources cited: WageIndicator [Cost of Living Survey](#), World Bank Databank [Fertility rate 2010-2014](#), ILO [Estimated participation rate in 2017](#), FAO [Food balance sheet in 2013](#).

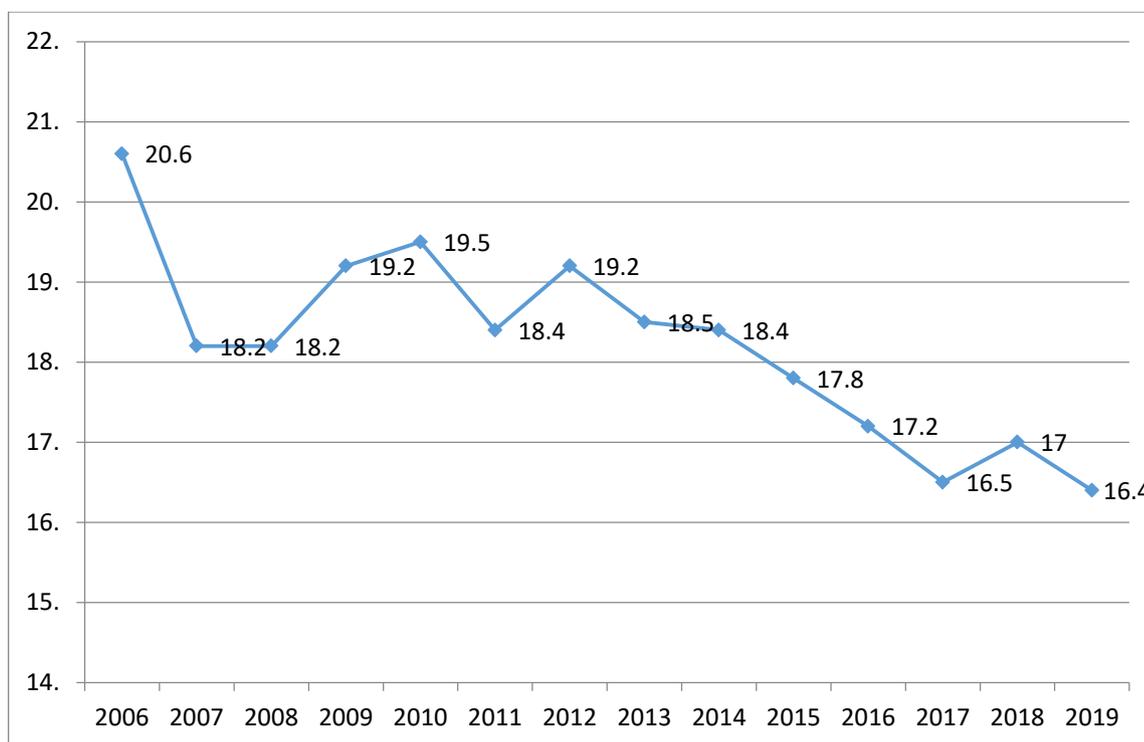
However in 2019, the minimum salary in Bulgaria is 286.32 Euro, the average salary – 660 Euro, the minimum pension – 112.19 Euro and the average pension – 197.50 Euro, while the official poverty threshold is 177.93 Euro (according to Eurostat it is 211,16 Euro).

On this basis, it is important to question to what extent the material deprivation indicators create a real picture of poverty or additional nationally adapted indicators are needed so that the country could actually mobilize efforts to tackle poverty and social exclusion. As already mentioned, the very fact that in several EU countries material deprivation is significantly higher than the at-risk-of-poverty rate suggests that at least for these countries more differentiated indicators are important, in particular an adequate consumer basket, which combines basic goods and their prices, so that the purchasing power of various incomes is clear.

The political unwillingness to provide clear estimates for the cost of living makes possible while the share from GDP of the groups most at risk is falling rates of decreasing material deprivation to be reported. Meanwhile the vacuum of official data is filled by public available international data and awareness.

The Graph below reveals another negative trend: the share of income of the poorest 40% of the population decreased in the country's EU decade.

Bulgaria: Income share of the bottom 40 % of the population 2006 - 2019



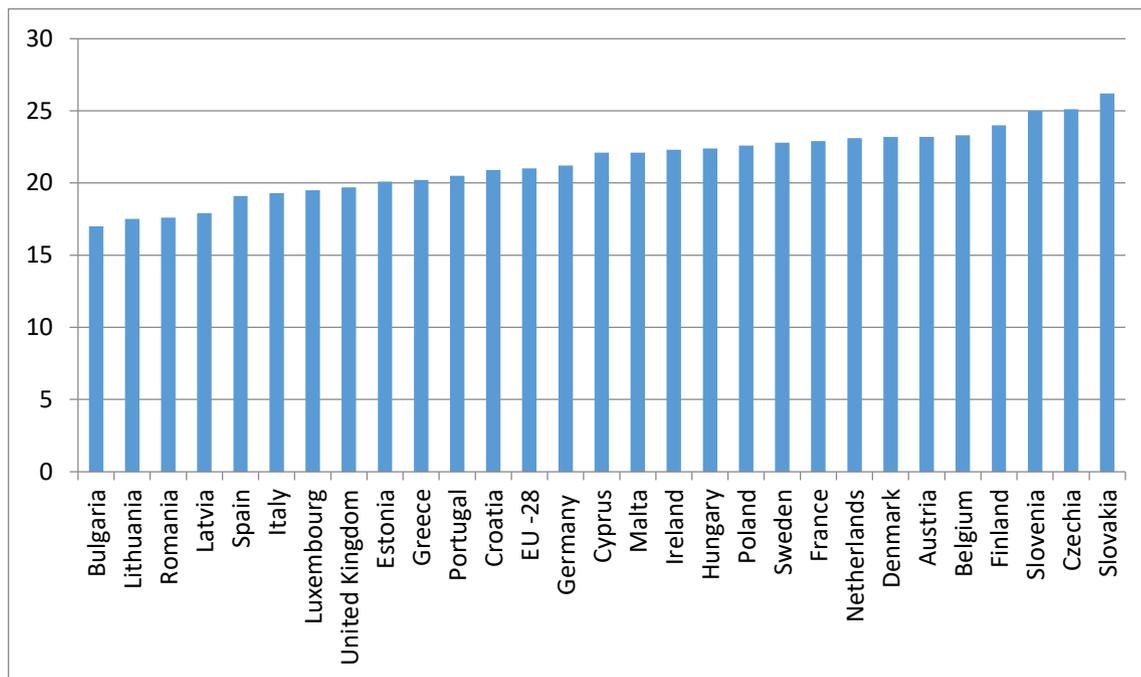
Source: Eurostat [SDG_10_50]

This dynamic is opposite to the accepted goal 10 of the UN Sustainable Development Goals, related to the reduction of inequalities - "the share of income of the poorest 40% of the population to grow faster than that of other groups."

⁷ <https://www.numbeo.com/cost-of-living/in/Sofia>

As a result of this development, in 2016 Bulgaria has already turned out to have the lowest share of income for the poorest two quintiles of the population in the EU and keeps it.

Graph: Income share of the bottom 40 % of the population in EU: 2018



Apart from adequate minimum incomes, other indicators are also missing. This is especially true of the need for a much clearer picture of inequality and wealth.

At the same time, some main indicators used remain unclear. An example of this is the official poverty line:

Bulgaria: Poverty line (in BG leva)

	2017	2018	2019	2020	2021
Eurostat	351,1	351,1	413		
Official national poverty line	314	321	348	353	369

The national officially selected poverty line in 2021 still stays at a distance from the Eurostat poverty line for Bulgaria in 2019.

2. Main political measures against poverty.

Like all other EU member-states, Bulgaria is developing and implementing a "Strategy against Poverty and Social Exclusion". Based on the priorities outlined in it, there are two main pillars of anti-poverty policies:

- 1/ Providing employment opportunities and increasing labour incomes through active labour market inclusion;
- 2/ Ensuring sustainability and adequacy of social payments.

2.1. Labour market policies

Since around 2003 and in connection with the country's integration into the EU, labour market policies in Bulgaria have made the transition from the so-called passive measures (emphasis on benefits) to the so-called active measures (emphasis on helping the unemployed to get jobs). The focus coincided with a pan-European trend towards "activation".

Activation is a specific approach to the labour market, based on intensive measures to increase the "employability" of the unemployed, addressing the individual instead structural deficits, reactive interventions, subsidizing jobs, sanctions for refusing to start work, in other words, different measures to increase labour supply. Thus, a central aspect of activation is the reform of social protection mechanisms, which are supposed to play a key role as automatic stabilizers in times of unemployment.

This implicitly involves redefining the link between social protection and employment. More precisely, access to unemployment benefits has been reduced to a number of conditions and latent labour supply has been mobilized. Thus, active labour market measures are focused on the disciplinary effects of labour supply and on human capital and it seems that they completely ignore the labour demand and the quality of available jobs.

A European comparative study (project EXEPT⁸) carried out under Horizon 2020 presents the results of this approach to youth employment. The trends outlined above are common to all EU countries, but their effects are different for different countries. Countries with established labour market practices carry out more careful "activation", more consistently embedded in existing practices and with more attention to the consequences. Countries such as Bulgaria are characterized by less attention to the local socio-economic context, neglect of the purchasing power of salaries/wages, a complete drop out of the focus of active measures on job quality and social inclusion.

The results of such active labour market measures could be summarized briefly:

⁸ <http://www.except-project.eu/>

- In Bulgaria, many fragmented measures are implemented on the labour market, aimed primarily at training, internship opportunities and job subsidies. Among them are some "good practices" (e.g. "Career start", "Student internships", etc.). Such measures provide employment for individual young people, mainly and above all by linking well-qualified unemployed with available jobs. In general, such measures contribute to increasing or at least maintaining relatively high employment levels;

- However, the measures also have a number of other effects that are not usually analysed. Such effects could be hardly assessed as positive: an increase in the share of poor quality jobs, an increase in precarious, reduced working hours and a corresponding decrease in the number of hours per worker and the associated stagnation or even reduction in labour productivity; stagnation or even reduction of real wages, the share of labour in the income of enterprises; increasing the share of the working poor, etc.;

- Moreover, the increased labour supply can play a deterrent role to the overall level of wages. The lack of any attention to the quality of employment offered by the active labour market measures results in a deterrent effect on the quality of employment in general. That is such an approach to active labour market measures retains salary/wage levels in general, as well as all related payments. Bulgaria, which is the country with the worst quality of jobs and employment in the EU, suffers the most from this type of "activation" approach.

An illustration of this is the fact that while the official unemployment rates are low, Bulgaria has a very high share of workers living in material and social deprivation:

Share of employees in material and social deprivation rate

	2014	2015	2016	2017	2018	2019
EU - 28 member-states	12.3	10.7	9.6	8.3	7.6	:
Bulgaria	39.2	37.9	34.7	32.7	22.1	21.5

Source: Eurostat - Material and social deprivation rate by age, sex and most frequent activity status [ilc_mdspd01], downloaded 26.09.2020

Thus, the leading political idea that providing (any kind of) employment helps to lift people out of poverty is extremely doubtful.

In fact, early adequate interventions are much more necessary (including especially in child development); support instead of coercion; purposeful and integrated individual approach; increased attention to the quality of jobs. Moreover, another study (2017-2018) conducted in connection with the demographic crisis, based on a secondary analysis of data, proves that the average quality of the labour force in Bulgaria is about a third lower than the European average. However, at the same time the average quality of jobs in the country is several times lower than the European average - at least 4 times lower. With all the conditionality of this comparison, the scale of the discrepancy is so large that it should attract attention. Moreover, this huge

discrepancy is a major reason for people (and especially young people) to leave the country. Thus in line with the socio-economic context of the country, the main problem of labour market policies should be the quality of jobs, the characteristics of labour demand, and not just the "employability" and the characteristics of labour supply. However, policy measures in Bulgaria are weakly sensitive and do not respond to similar benchmarks, successfully used in some other countries.

2.2. Sustainability and adequacy of social payments

The other main pillar of anti-poverty policies in Bulgaria is related to social assistance policies. They are based on the so-called "guaranteed minimum income". According to the Social Assistance Act: "Guaranteed minimum income is a statutory amount of funds used as a basis for determining social assistance in order to provide **a minimum income to meet the basic living needs** of individuals according to their age, marital status, health and wealth, employment and training. "As suggested by the legal definition, the so-called "guaranteed" minimum income is not guaranteed, but a basis for calculating differentiated incomes for different people.

According to the scheme, many conditions place people in different categories depending on age, place of residence, disability, ability to work, marital status, income, housing, property, etc., often based on the idea of "deserving" and "not deserving" poor. The "least deserving" are those of working age and, accordingly, social assistance for them is very limited. Additionally, the level of the social assistance benefits is not calculated according to some generally accepted methodology, but is determined by the Council of Ministers on the basis of the "financial capabilities of the state", conveniently transforming the legally declared need "to meet basic needs".

This income scheme is of the 'last resort' type with extremely low levels of income support, targets extreme levels of poverty and ensures survival at very low levels. Accordingly, access to the system is extremely limited and inconsistent with the country's high levels of poverty.

Although in 2018 the level of the so-called 'guaranteed minimum income' was raised from BGN 65 (33.23 Euro) to BGN 75 (38.35 Euro) monthly, it remains obvious that the extremely low levels of this income support scheme do not allow it to have effects on the prevention or reduction of poverty. Despite the numerous reminders of the European Commission (in the annual country-specific recommendations) the country to develop and implement a clear and adequate methodology for minimum incomes, only recently the Ministry of Labour and Social Policy has shown some interest in the idea. Still, the level of minimum income based on the so-called "guaranteed minimum income" remains completely inadequate

In summary main characteristics of the social assistance system are:

- The guaranteed minimum income and the differentiated incomes based on it are in no way related to price levels and cost of living. There are no specific indexing rules as well.

- The system has a disciplinary and sanctioning character, similar to the active labour market measures discussed above. The general public messages (formal and informal) also contribute to this as they periodically state that receiving social assistance is shameful.
- The system aims to transform the overall system of social protection - from social protection based on social rights to social protection based on "income verification". The result is that the efficiency of the whole system is reduced by severely restricting access to it.
- The levels and thresholds for receiving social benefits are completely inadequate. This, on the one hand, is supported by the low levels of minimum and average wages. On the other hand, low levels of social assistance have a deterrent effect on minimum and average labour incomes. Moreover, the condition that people of working age could receive social assistance only if they work certain hours of community service erodes the officially accepted minimum wage. At the same time, there is no meaningful public debate on the social assistance system.
- In addition, there are side effects - for example, the extremely low level of social assistance, together with statements (including official ones) that people in need of social assistance are lazy and involved in criminal activities, push them to engage in informal and criminal activity.
- Given the economic growth and the dynamics of the average wage in the last decade, the deformed system of social assistance leads to an increase in income distances and therefore leads to an even greater depth of poverty.

Additionally, the fragmented normative regulations provide basis for social assistance traps when social workers try to help but find it impossible. Below three examples of social assistance traps are presented:

1st case

Male, 60 years old,
 He is in working age, not working for 4 years already due to poor health. He is not insured or self-insured because of lack of income. In order to obtain food, he performs services as a hauler and works as a general construction worker for several days a month. With age, health problems increase. His income is volatile, uncertain and insignificant. It is difficult to cope with the heavy physical labour that sometimes occurs when called by the neighbours.
 He has to be certified by the Labour-Expert Medical Committee (LEMC) in order to be diagnosed and to receive adequate treatment. Certificate by LEMC will also provide him with a possible disability pension.
 And here's the problem. In order to be certified by the LEMC, his GP (personal doctor) should prescribe the necessary medical examinations and they should be performed. However he has no GP. His health insurances have not been paid in the last few years – i.e. the person has discontinued health insurance rights.
 The only legal option is the granting of lump sum financial aid on the grounds of Art. 16 of the Rules for Implementation of the Law on Social Assistance. The maximum amount of

assistance is BGN 375 (191.73 Euro). This amount is insufficient to offset his obligations to the National Social Security Institute/National Revenue Agency in order he to select a GP and to initiate a procedure at LEMC.

To reach the age of retirement (for social pension) he needs at least 10 more years. He cannot retire after 3-4 years on the basis of working time and age because he does not have the required length of service.

There is no solution to this case.

2nd case

Female, 75 years old.

She lives alone and receives minimum pension - BGN 168 (85.9 Euro) monthly. She needs and buys expensive medicines, some of which are not even partially paid by the National Health Insurance Fund.

Due to material difficulties, at some point of time she ceased to pay electricity bills to the electricity provider. The electricity supply to her home was and still is interrupted. This is so for already almost 2 years. She has the right to be supported under Regulation RD-07-5 / 08 with targeted heating assistance. And she meets all the requirements. However, the amount of the aid allocated for the heating season - BGN 465.9 (238.21 Euro) for 2019/2020 - will not cover her obligations to the electricity provider and the renewal of the power supply in her home.

And the case remains without an adequate solution.

3rd case

Female, 23 years old

A mother of a new-born baby is interested in legal social assistance opportunities. She is a lone parent. The baby is not recognized and the father is unknown. She has not worked since graduating from high school. Thus she has no work experience and no insurance payments, respectively.

As an uninsured mother, she is entitled to monthly assistance under Art. 8 of the Family Benefits for Children Act for raising a child up to 1 year of age in the amount of BGN 100 (51.13 Euro) per month and family assistance under Art. 7 of the Family Benefits for Children Act – BGN 40 (20.45 Euro) monthly.

The judgment for assistance on another ground - Art. 9 of the Rules for Implementation of the Law on Social Assistance - monthly social assistance, is made if the family meets also other requirements specified in Art. 10 and Art. 11 of the same Rules (depending on the occupied dwelling, movable and immovable property, real estate transactions performed in the last 5 years). And if the family meets all the conditions, then its differentiated minimum income is determined. It is calculated by multiplying the guaranteed minimum income (currently BGN 75 – 38.35 Euro - monthly as determined by the Council of Ministers) by individual coefficients:

For the mother – 120% of BGN 75 = BGN 90 (46.02 Euro)

For the child – 100% of BGN 75 = BGN 75 (38.35 Euro)

In this case, DMD (Differential Minimum Income) is BGN 165 (84.37 Euro).

The monthly allowance is calculated as the difference between the differentiated minimum income - BGN 165 (84.37 Euro) and the family income - BGN 140 (71.58 Euro). The additional monthly social assistance is BGN 25 (12.78 Euro).

After the completion of 1 year of the child, the assistance under Art. 8 of Family Benefits for Children Act will be terminated and the family will receive monthly assistance under Art. 9 of the Rules for Implementation of the Law on Social Assistance - 125 BGN (63.91 Euro)

However, when the child is 3 years old, the mother must obligatory be registered as unemployed in the Labor Office Directorate. And also to do community service 14 days a month for 4 hours a day. The differentiated minimum income of the family will also be changed:

For the mother – 100% of BGN 75 = BGN 75 (38.35 Euro)

For the child – 91% of BGN 75 = BGN 68.25 (34.9 Euro)

In this case, DMD (Differential Minimum Income) = BGN 143.25 (73.25 Euro).

The amount of the monthly allowance will be BGN 143.25 (73.25 Euro) minus BGN 40 (20.45 Euro), family allowances under Art. 7 of the Family Benefits for Children Act = BGN 103.25 (52.8 Euro).

In case the mother refuses community service work, the assistance will be suspended and upon repeated refusal it shall be terminated.

The lone parent faces the difficulties of raising a child and working 14 days a month for 4 hours. And if the child is not admitted to a kindergarten, the mother will have to take care of him/her and to work on municipal employment programs for the “guaranteed income” of 103.25 BGN (52.8 Euro).

As the Nobel Prize winner, A. Sen points out, “The quiet acceptance - by victims and others - of the inability of too many people to develop minimal effective opportunities and have basic substantive freedoms acts as a huge barrier to social change. The lack of public outrage at the horrible vulnerability of people also contributes to this. Thus, social evil is built not only by those who have contributed to keeping people at the bottom, but also by all people who are willing to tolerate absolutely unacceptable difficulties for human beings. (Sen 2008: XIV)

Social protection should set a "bottom" for the decline in living standards so that they do not fall below the means necessary for physical survival; to ensure the effective empowerment of social rights; to limit the reduction of social protection expenditures in GDP and to have a mobilizing economic effect, while supporting the formation of human capital and enabling people in poverty to remain active and integrated. By not performing such functions, the social assistance system in Bulgaria contributes to the erosion of human capital. This is related to the high levels of child poverty in the country and the neglect of adequate levels of support at least for early childhood development. In this regard, Atkinson's proposal to introduce a minimum income for children at European level deserves serious attention (Atkinson 2010)

This brief overview of the two main pillars of anti-poverty policies in Bulgaria shows that their low effectiveness is not due to implementation problems and/or insufficient administrative capacity, which could be gradually improved. The low, and sometimes in the opposite direction, efficiency is the result of their overall design, based on specific views that may pursue different goals but do not have a real focus on poverty in the country. Thus for now, anti-poverty policies and measures in the country remain paralyzed within the already outdated notions of the neo-

liberal trend that has generated and continues to sustain high and sustainable poverty and social exclusion levels.

3. COVID -19 and the socio-economic measures undertaken

Information on the socio-economic consequences of Covid-19 is still insufficient, as are analyses and official statistics. Current sociological researches provide some orientation in the field:

According to a representative survey of Alpha Research conducted in April, the incomes of 45% remained unchanged from the beginning of the quarantine (March 13 for Bulgaria), the incomes of another 26% decreased but this did not endanger significantly the livelihood of the households, and the incomes of 25% of the population suffered a drastic decline. Economic sectors have been affected differently depending on the quarantine measures, but according to the authors, the analysis shows that gradually the negative effects cover new groups. The three main socio-demographic groups identified with the most significant loss of income are the unemployed, (both those who lost their jobs as a result of the crisis and those who were already previously unemployed), the self-employed and freelancers. In total, they represent about a quarter of the Bulgarian population, which suffered the most significant decline in income.

The survey data outline three main sources of unemployment: layoffs after the company's closure due to the emergency measures (56% of the unemployed), layoffs in industries whose activity decreased with the slowdown in the economy in the country or in companies-partners abroad (32%) and people who returned from abroad due to job loss there (12%).

According to the survey, about 6.6% of adult Bulgarians are out of work as of April, 2020. These data are higher than those officially announced by the Employment Agency, as they include both those registered in the Labor Offices and those who are not registered, and therefore remain outside the scope of the official data on the unemployment rate. The results state that, a quarter of the unemployed cannot register as they have worked without a contract and insurance and are practically without employment rights. "The fact that young, poorly educated and low-skilled citizens predominate among them is worrying, which may raise the problem of youth unemployment again."

According to a survey of Gallup International, due to the quarantine, in May already 15% of Bulgarian have had problems with the access to healthcare and 28% - with the provision of medicines and consumables. The effect of the still paid 'out of pocket' PCR tests is not clear. However the comparison between the price of around-about 50-60 Euro per test and the level of incomes from social assistance, pensions, minimum wage, etc. is quite clear.

Meanwhile, like many other countries, the government undertook different socio-economic measures. They include support for employment (with the measure 60/40 and for some sectors 80/20); support for industries that are severely affected or in great need in the pandemic

situation, the delay of paying of corporate taxes, measures targeted at certain vulnerable risk groups - for example, patronage care with food and medicine for single adults and people with disabilities, food packages for the socially disadvantaged, one-time benefits for single mothers, pensions supplement of around 25 Euro monthly, increase of the daily unemployment benefits by 33% and a longer period of their payment, etc. These measures are often discussed from different angles and by different stakeholders. While still there are not social impact assessments, generally speaking they do support (for some stakeholders insufficiently) the employment and the economy. Simultaneously different scenarios are developed for the possible economic consequences.

Additionally it seems important to mention two contradictory public messages linked to the pandemic and following the divergent roads of cooperation versus hierarchies' strengthening:

The first one is that due to the pandemic, the expectations towards the state increased and this somehow silenced the previously so loud neo-liberal ideas of a 'small state', 'leave everything on the market', etc. Thus, the idea of cooperation, the need for people to take care of each other, the mutual concern have gained momentum.

The second one is linked with the collective governing bodies at different levels, institutions and organizations which, as they become remote, risk becoming more and more formal and imitative. In line with the same trend seems to be the current proposal for the Social Minister to have the power to propose the size of the official poverty line „according to the possibilities of the budget“.

As already mentioned, the clear assessment of social, economic and pro-democracy consequences of the pandemic is still ahead.

4. Necessary policy changes to effectively combat poverty.

The main characteristics of poverty in Bulgaria (high share of the population in poverty; deep poverty - affecting physical survival, which damages the development of human capital, in particular the opportunities for intellectual development of children; persistence and intergenerational transfer of poverty; fragmented and not providing a way out of the situation political measures, etc.) determine the need for a much broader set of reforms and changes - a much more massive reconstruction of public policies, laws and institutional functions. In this regard, it is important to consider three important conditions:

- In the current socio-economic context, the fight against poverty in Bulgaria cannot be successful on the basis of direct influences from the social policy alone. The scale, depth, sustainability and consequences of poverty mean that there is no way for the Ministry of Labour and Social Policy to be the only actor and to be effective, even if its activities in this area are improving. Without making the fight against poverty a key objective of economic, financial and

regional policy (including without the adequate involvement of other ministries and institutions), any anti-poverty strategy is likely to be turned into an imitation.

- The period in which anti-poverty policies relied on the so-called 'trickle down approach' is already long enough to understand that it does not work. The distances between Bulgarian citizens and with other European citizens are actually increasing. Fragmented and directed in opposite directions policies and political measures cannot produce an overall positive effect if they are not based on the understanding of the importance of the well-being of Bulgarian citizens.

- Despite the fact that Bulgaria implements different policies and measures, typical for other EU member states, the internal structuring of the Bulgarian society is different from that of the vast majority of the societies in the EU member-states. The growing distances mean that in order for the measures to be effective, it is not enough for Bulgaria to follow various "good practices" from the EU member states. The reason is that the effectiveness of the same or similar policy measures depends on the overall socio-economic context. And the picture of poverty in Bulgaria is quite different from that in most EU member-states. Therefore, the copying of individual measures and practices from other EU member-states, which we have also been observing for decades, obviously does not lead to similar results. Therefore, in addition to the widespread measures, Bulgaria must take a series of nationally adapted specific measures to be successful in the fight against poverty.

In the years of transition, Bulgaria failed to build adequate systems of prosperity and solidarity and started to implement policies that lead in the opposite direction. Therefore, it is high time to develop a comprehensive and long-term vision, based on inclusive growth and aimed at internal cohesion of the extremely disintegrated Bulgarian society. The scale, depth and persistence of poverty in the country call for a rethinking of implemented policies. To this end, it is essential to analyse the problems and deficits in existing policy measures and to look for adequate ways to achieve real poverty reduction results. However, due to the lost time, the deteriorating welfare of large groups of people and the empowered (including normatively) strong lobbying interests of small but very strong economic groups, this is a very complex task that requires a lot of work.

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