



Bulgaria: Poverty Watch 2021

Authors: Maria Jeliazkova and Douhomir Minev

ISBN 978-954-9534-06-1

Sofia, January 2022

This publication discusses the state of poverty in Bulgaria in 2021, poverty generators and trends, as well as the impact of COVID-19. It is elaborated, following the agreed updated European Anti-Poverty Network guidelines. Previous publication - Bulgaria: Poverty Watch 2020, published in 2020 is also available at <https://www.eapn.eu/poverty-watches>

Authors: Maria Jeliaskova - EAPN Bulgaria, IPS-BAS

Douhomir Minev - EAPN Bulgaria

To cite this publication:

Jeliaskova, M. & Minev, D. (2022), Bulgaria: Poverty Watch 2021, Perspektiva Foundation, <https://www.eapn.eu/poverty-watches>

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ISBN 978-954-9534-06-1 (pdf)

Scientific reviewers:

Associate Professor Veneta Krasteva, IPS-BAS

Associate Professor Alexandar Nikolov, EAPN Bulgaria

Table of Contents

Introduction	4
1. 2021: Overall Poverty Trends	4
1.1. The situation	4
1.2. Public policies.....	10
2. The impact of COVID-19 and government policy on people experiencing poverty.....	13
2.1 What are the main difficulties/challenges for specific groups, which are hardest hit?	15
2.2. Do government actions help? What's missing?.....	20
2.3. What action has anti-poverty network taken? What results?.....	23
2.4 Any examples of promising practices.....	24
3. What recommendations at national level (short and long-term)	25

Introduction

This publication discusses the state of poverty in Bulgaria in 2021, as well as the impact of COVID-19 in the field. It is in line with the previous Bulgaria: Poverty Watch 2020¹, published in 2020.

The Poverty Watch 2021 is based on the latest available statistical data of the National Statistical Institute and Eurostat, secondary analyses and desk research of various publications and studies, results from sociological surveys and interviews with representatives of various vulnerable groups, discussions and exchange with people experiencing poverty, as well as an overview of current public policies in the field. On this basis, we discuss and propose policy recommendations.

1. 2021: Overall Poverty Trends

1.1. The situation

Bulgaria continues to have very high levels of poverty and social exclusion. The country sustainably maintains some of the highest unfavourable levels among EU member-states in all significant and available indicators in this regard. The characteristics and trends identified in the previous Poverty Watch² remain valid.

32.1% of the Bulgarians lived *in poverty or social exclusion* in 2020³. This is again the highest rate among the EU member-states, as it was also in 2019. In fact, as far as this indicator is concerned, the country steadily occupies the first most unfavourable place in the EU since 2007, with the only exception of 2014, when it was second to Romania. The distance from the EU average in 2020, as well as in 2018 and 2019, is more than 10 percentage points.

Considering the share of people living in poverty or social exclusion, it is important to review and discuss in more details the situation in reference with the three sub-indicators that make up this complex indicator. The differences are important not only in order to outline the main characteristics of poverty in the country, but also to try to orient the main recommendations for the public policies in the field.

The picture by the three individual sub-indicators is as follows:

A) The *at-risk-of-poverty rate* stays high and with some fluctuations is rising throughout the years. The value in 2020 is the highest one within the period 2006-2020.

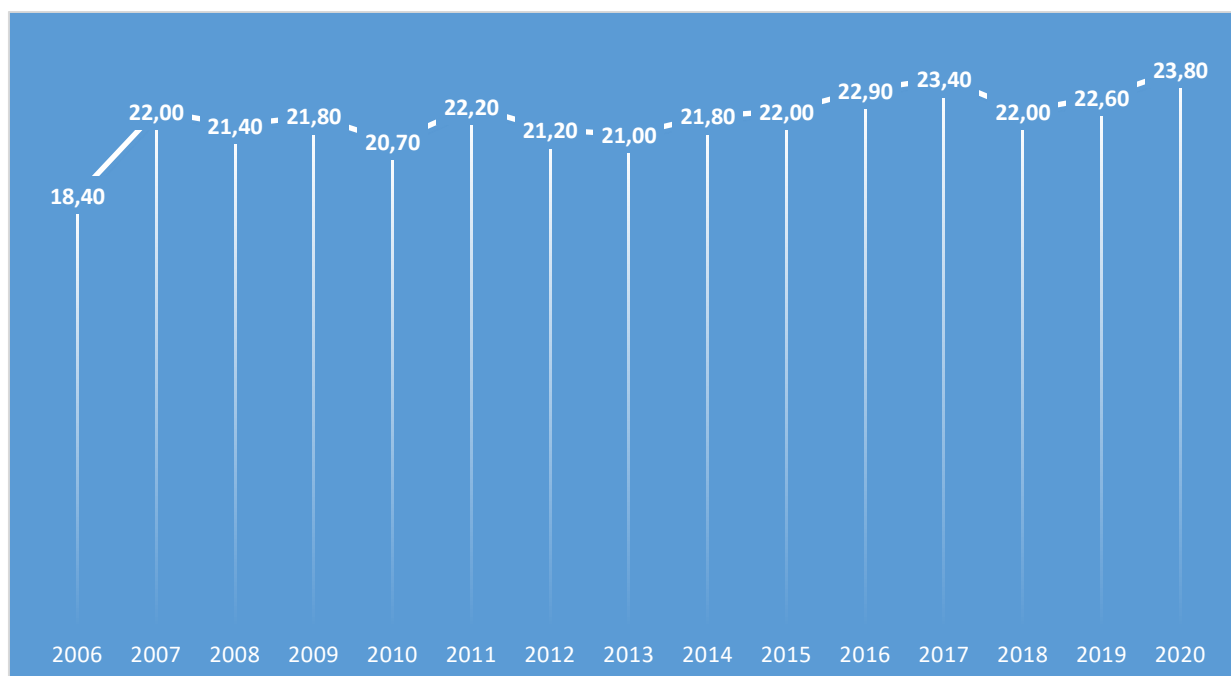
Bulgaria: At-risk-of-poverty rate 2006-2020⁴

¹ https://www.eapn.eu/wp-content/uploads/2020/10/EAPN-EAPN-Bulgaria-Poverty-Watch-2020_ENG-4747.pdf

² Bulgaria: Poverty Watch 2020

³ Eurostat, People at risk of poverty or social exclusion by age and sex [ILC_PEPS01\$DEFAULTVIEW], last updated 1/07/2021, downloaded 31/08/2021

⁴ Eurostat, At-risk-of-poverty rate by sex [TESSI010], last updated 1/07/2021, downloaded 31/08/2021



As is well known, this sub-indicator, linked to the relative poverty line, represents the share of people with an income below 60% of the equivalized median income and, in this regard, relates to the inequalities levels. In addition, and for a long time, this has been the main indicator of poverty in the EU and the lack of progress on it and in fact backward development reveals clear problems in the socio-economic processes in the country and the related public policies.

B) Around one third of the Bulgarian citizens live in *material and social deprivation* with a rate that is more or less stable in the last three years and the second highest in EU (after Romania – 38,9%).

Bulgaria: Material and social deprivation rate⁵

Year	2018	2019	2020
Rate	34,3	33,6	33,7

Within this framework, the sub-indicator "*share of people in severe material deprivation*" covers data related to economic tensions and the ability to provide some durable goods. According to this indicator, Bulgaria is also in the first, most unfavourable place in the EU, with a share of 19.4% in 2020 and at a great distance from the EU average - 6.3%.

⁵ Eurostat, Material and social deprivation rate by age and sex [ILC_MDSD07\$DEFAULTVIEW], last updated 05/07/2021, downloaded 01/09/2021

In more details, as people in severe material deprivation are those who experience at least 4 of 9 types of deprivation, data for 2020 is as follows⁶ (Eurostat 2021b):

Share of people who cannot afford:

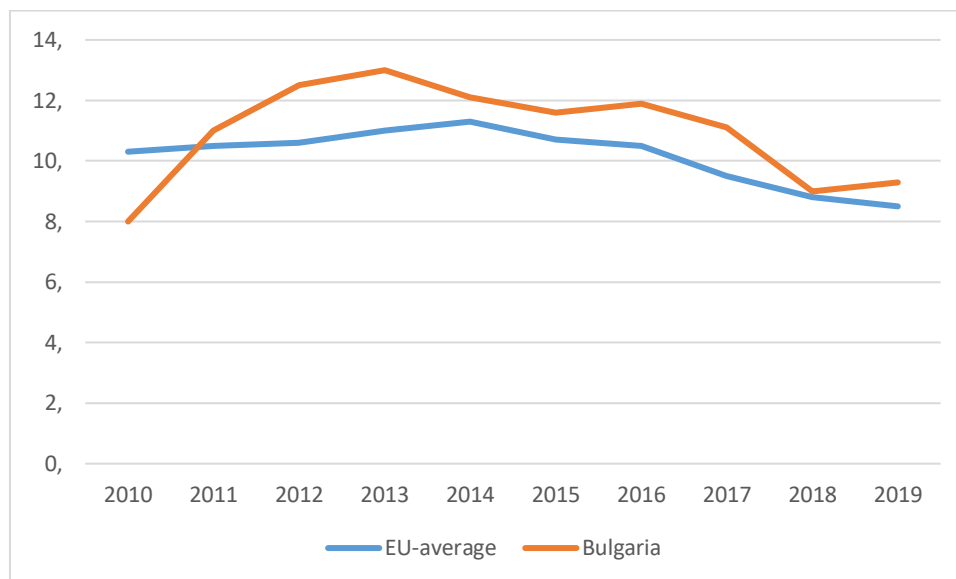
- 1) To face unexpected expenses - 43.5%
- 2) One week annual holiday away from home - 39.3%
- 3) To keep their home adequately warm - 27.5%
- 4) A meal with meat, chicken or fish or vegetarian equivalent every second day - 25.9%
- 5) To avoid arrears (in mortgage, rent, utility bills and/or hire purchase instalments) - 23.6%
- 6) A car/van for personal use - 14.7%
- 7) Laundry - 7%
- 8) Telephone - 2.1%
- 9) Colour TV - 1.4%

It is important to note that around one fourth of the Bulgarian households have difficulties to afford adequate food, heating and housing conditions.

C) Only according to the sub-indicator: *people living in households with very low work intensity*, the rate in Bulgaria is somehow closer to the EU average. In 2020 it is reported as 8,5%.

⁶ People living in material deprivation, downloaded at 15.12.2021, <https://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>

People living in households with very low work intensity⁷



D) Similar to the indicator discussed above, the *in-work-at-risk-of-poverty rate* is much closer to the EU average than the rates of the other key indicators of poverty. It is defined as „the share of persons who are at work and have an equivalized disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers)“. Its value in 2020 is 9.7%.

In-work at-risk-of-poverty rate 2015-2020⁸

	2015	2016	2017	2018	2019	2020
EU average	9.7	9.8	9.5	9.3	9.0	n.a.
Bulgaria	7.8	11.6	10.0	10.1	9.0	9.7

E) Inequalities keep steadily high and increasing – having in mind all the available inequalities' indicators.

The fact that Bulgaria is the country in EU with highest inequalities is mentioned from time to time in public discussions in the country. However, the main drivers of this trend – the distributive and

⁷ Eurostat, People living in households with very low work intensity [T2020_51], European Union - 28 countries (2013-2020), last updated 01/07/2021, downloaded 11/08/2021

⁸ Eurostat, <https://ec.europa.eu/eurostat/databrowser/view/tespm070/default/table?lang=en>

redistributive policies – are seldom officially discussed if at all. On the contrary, inequalities are considered either as ‘natural development’ or even as having positives.

The link between high inequalities and high poverty rates has not been turned into a topic of serious discussions. Instead, both discussions are deliberately fragmented and kept at a distance.

Inequalities in EU

	Gini before social transfers, pensions included in social transfers ⁹	Gini before social transfers, pensions excluded from social transfers ¹⁰	Gini after social transfers ¹¹
Bulgaria	54,5	44,1	40,8
Lithuania	50,3	39,7	35,4
Latvia	47,7	38,0	35,2
Romania	52,1	37,3	34,8
Spain	48,4	36,6	33,0
Italy	47,9	35,3	32,8
Luxembourg	52,3	37,5	32,3
Portugal	55	34,7	31,9
Cyprus	47,4	34,2	31,1
Greece	55,1	34,3	31,0
Estonia	44,5	34,7	30,5
Germany	55,4	35,2	29,7
France	51	35,2	29,2
Croatia	48,7	33,0	29,2
Poland	46,5	32,8	28,5
Ireland	47,1	38,9	28,3
Hungary	47,9	30,3	28,0
Malta	42,9	31,2	28,0
Sweden	57,3	36,0	27,6
Denmark	48,6	35,7	27,5
Austria	47,6	33,8	27,5
Netherlands	46,4	32,0	26,8
Finland	48,7	34,2	26,2
Belgium	46,2	32,7	25,1
Czechia	42,1	27,4	24,0
Slovenia	42,7	29,1	23,9

⁹ Eurostat, Gini coefficient of equivalised disposable income before social transfers (pensions included in social transfers) [ILC_DI12B\$DEFAULTVIEW], last updated 02/09/2021, downloaded 03/09/2021

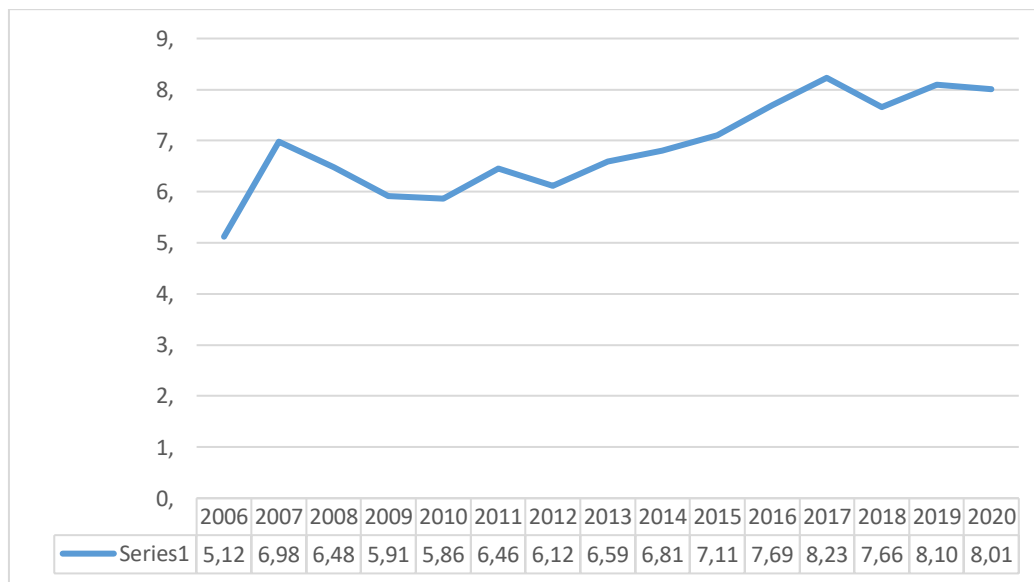
¹⁰ Eurostat, Gini coefficient of equivalised disposable income before social transfers (pensions excluded from social transfers) [ILC_DI12C\$DEFAULTVIEW], last updated 02/09/2021, downloaded 03/09/2021

¹¹ Eurostat, Gini coefficient of equivalised disposable income - EU-SILC survey [ILC_DI12\$DEFAULTVIEW], last updated 02/09/2021, downloaded 03/09/2021

Slovakia	39,1	26,4	22,8
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The trend in the inequalities 80/20 within the years provides an illustration of the national developments. While many EU and national strategies declare formally efforts to alleviate inequalities (we will return to that later on), the trend is clearly in the opposite direction:

Bulgaria: Inequalities 80/20¹²

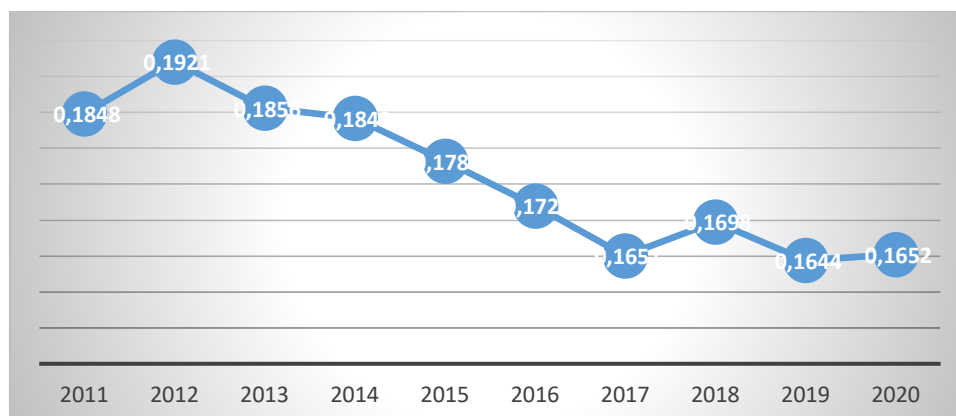


Source: Eurostat, Income distribution [SDG_10_41], last updated 01/07/2021, downloaded 11/08/2021

F) These developments clearly run counter to publicly recognized and declared goals, such as the indicator of inequalities in the Sustainable Development Goals (SDGs), which Bulgaria ratified in 2015.

¹² The indicator is a measure of the inequality of income distribution. It is calculated as the ratio of total income received by the 20 % of the population with the highest income (the top quintile) to that received by the 20 % of the population with the lowest income (the bottom quintile).

Bulgaria: Income quintile share ratio S40/S100 for disposable income¹³



Goal 10 of SDGs focuses on reducing inequalities and states: „By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average“¹⁴. Instead of increasing the income share of the poorest 40% of the population, in Bulgaria throughout the years it is decreasing.

1.2. Public policies

Within the Europe 2020 Strategy, Bulgaria adopted a national target to reduce the number of people living in poverty by 260,000 people. The National Strategy for Poverty Reduction and Promotion of Social Inclusion 2020¹⁵ formulated four specific sub-objectives:

- I. Reduction of the number of children aged 0-18 living in poverty by 78 thousand people (30% of the total national target and 25% of the number of poor children in 2008);
- II. Reduction of the number of people aged 65 and over living in poverty by 52 thousand people (20% of the total national target and 10% of the number of poor elderly people in 2008);
- III. Reduction of the number of unemployed in the age range 18-64 living in poverty by 78 thousand people (30% of the total national target and 25% of the number of poor unemployed in the age range 18-64 in 2008) ;
- IV. Reduction of the number of employed persons in the age range 18-64 living in poverty by 52 thousand people (20% of the total national target and 22% of the number of working poor in the age range 18-64 years in 2008).

However, the new National Strategy for Poverty Reduction and Promotion of Social Inclusion 2030 clearly states, „there is a serious lag in achieving the National target for reducing the number of

¹³ Eurostat, Income quintile share ratio S40/S100 for disposable income by sex and age group - EU-SILC survey [ILC_DI11IF\$DEFAULTVIEW], last updated 02/09/2021, downloaded 03/09/2021

¹⁴ <https://www.undp.org/sustainable-development-goals#reduced-inequalities>

¹⁵ <https://www.strategy.bg/StrategicDocuments/View.aspx?lang=bg-BG&Id=790>

people living in poverty by 260,000 by 2020. Despite the fact that there is a decrease in absolute terms of people living in poverty (by approximately 46,000 people in 2019 compared to the base year 2008), the trend shows that the desired value of 260 thousand people will not be achieved by the end of 2020¹⁶.

The trends within the individual sub-objectives are reported¹⁷ as even more unfavourable:

- Children, increasing by 6,700 compared to the base year 2008;
- The elderly (65+), living in poverty, increased by more than 69 thousand people compared to the base year 2008
- The working poor, increased by approximately 29 thousand people compared to the base year 2008).

Only among the unemployed living in poverty in 2019, there is a decrease in number compared to 2008 by 72,381 people. Thus, the level of implementation of this sub-target is approximately 93%.

This situation, the periodic adoption and non-fulfillment of goals, clearly depicts that public policies are not adequately focused on officially declared and accepted goals. With regard to poverty and social exclusion in particular, a comprehensive review of the approaches and measures taken is needed; regular monitoring of the gradual progress towards the announced goals, instead of individual activities and events, number of people involved and implemented activities; targeting generators, the causes of the unfavorable condition, and not just accompanying and peripheral factors.

The above-mentioned high growth of inequalities, low and declining share of income of the poorest deciles of the population, etc. are a direct effect of public policies, and in particular of distributive and redistributive policies.

With regard to distributive policies, for example, there are periodic media reports of high and very high wages, incl. in public institutions that provoke public outrage, but later this information is gradually pushed into the background and silenced. At the same time, a number of rules and regulations encourage a lack of transparency (including the often used convenient 'explanation' of inability to provide data 'because European requirements related to Data Protection Act will be violated'), and in various unexplained further differentiation and fragmentation, incl. in public educational, academic and other institutions, etc. The extent to which different normative rules and norms push even further the inequalities' increase is not subject to regular assessments, regardless of periodic statements, incl. in high-level national documents, that inequalities in the country are very high.

¹⁶ National Strategy for Poverty Reduction and Promotion of Social Inclusion 2030, page 77 (in Bulgarian)

¹⁷ National Strategy for Poverty Reduction and Promotion of Social Inclusion 2030, page 78 (in Bulgarian)

The influence of redistributive policies, in particular tax policy, is even stronger. Behind the declarations on the economic efficiency of the so-called 'flat tax', it is well known in Bulgaria that inadequate alignment of the tax system with low ceilings of the insurance system together with the absence of tax-free minimums produces regressive tax wedges and growing inequalities. In essence, the design of both the tax and social security systems is pro-oligarchic and built on lobbying interests, rather than contributing to common good. In addition, this state has been maintained for more than a decade, despite sufficient data and information to the detriment of society as a whole.

In this regard, it is important to pay special attention to the above-mentioned new strategy - the National Strategy for Poverty Reduction and Promotion of Social Inclusion 2030¹⁸, adopted in December 2020.

The strategy states that the vision of Bulgaria 2030 is related to the reduction of poverty and inequalities, that inequalities are recognized as a major generator of poverty and that it is not possible to fight poverty without reducing inequalities. Such declarations are important because, for a first time, they are so clear and concentrated in a political document. In this sense, the Strategy is a step in the right direction. But the Strategy does not consist only of a vision and generally formulated main goals - it states also detailed priorities, plans actions and measures, formulates accents and ways to monitor the efforts made to achieve the goals and vision. However, contrary to the vision and the main goals, the overall document is a simple continuation of the policies of the previous decade while tools, actions, steps or measures are not identified with regard to the declared reduction of inequalities. Both distributive and redistributive policies and their contribution to inequalities are not analyzed and revised. With such an approach, achieving the declared goals seems extremely unlikely. The same applies to declarations of equal access to education and health.

In addition, there is a lack of basic and much-needed efforts to calculate and implement an adequate minimum income, ie. minimum amount of money necessary, in accordance with the purchasing power of incomes. Although the Ministry of Labour and Social Policy demonstrated interest in such developments in 2018-2019, there was no political will to implement them. The basis of social assistance continues to be the decorative and completely inadequate concept of "guaranteed minimum income", which for ten years (since 2008) was 33.23 euros per month, and now is 38.35 euros per month with additional sanctioning and disciplining effects for people of working age.

At the same time, with regard to public policies, it is important to note the overall political situation in 2021. It can be argued that every 5-7 years Bulgarian society is trying to put pressure on public policies, considered already for more than 2 decades, as too lobbyistic, pro-oligarchic and full of corruptive practices. There is a regular mobilization of public energy to change the status quo, for example, in 2003, 2009, 2013, 2020. However, previous attempts have not been successful in

¹⁸ National Strategy for Poverty Reduction and Promotion of Social Inclusion 2030

achieving such goals. As a result of the latest civil society mobilization attempt, 2021 was a year of 3 parliamentary elections and 7 months with 2 caretaker governments. A regular government was formed in December 2021. In line with the civil upsurge, there are ideas for policies' changes that are promised to be undertaken. Such promising good ideas are, for example:

- Linking low pensions for length of service and age to the at-risk-of-poverty line. Due to the very low levels of pensions for a long time, the incomes of too many retirees have been below the official poverty line and thus contributed to the high dimensions of poverty and social exclusion. Raising the lowest pensions above this line will undoubtedly contribute to reducing the share of people at risk of poverty;
- Raising the minimum wage;
- Increasing the maximum ceiling of social security contributions;
- Mitigation of the criteria for access and expansion of the circle of households receiving energy aid;
- More adequate financial support for children with disabilities
- Periodic updating of the 'guaranteed minimum income', based on inflation

These and similar ideas could have a mitigating effect on the extremely high levels of poverty and social exclusion in the country. It remains to be seen whether, to what extent and how exactly the declared intentions will be realized.

At the same time, towards the end of 2021, rising energy prices presuppose a new income crisis. Although a moratorium has been adopted not to raise the price for household consumers (unlike many other EU member-states, Bulgarian households are not yet on the liberalized energy market), the serious rise in energy prices for business and non-household consumers has led to higher prices for many basic goods and rising inflation. Additionally basic public institutions and services (in healthcare, education, social and public services, etc.), as non-household consumers, are exposed to price pressures and experience difficulties in their activities.

2. The impact of COVID-19 and government policy on people experiencing poverty.

Before moving on to the issue of the impact of the pandemic, we will briefly outline some important features of the health care system in Bulgaria. It is important to state that here we do not make a comprehensive analysis of the numerous and well-known problems (at least some of them very well known) in the Bulgarian healthcare system, but only outline some characteristics that stand out even more clearly during the pandemic.

There are numerous facts about the conceptual confusion of public health policy in the country. Public institutions - hospital and pre-hospital care - have been normatively turned into commercial companies, which certainly erodes their role as public services providers.

Without any explanations or arguments, a ceiling on health contributions was introduced, mechanically transferring the one from the pension system, thus deliberately releasing high and very high salaries and other labour incomes from public commitments. In fact, fifteen of the EU member-states do not have such a ceiling, and no country with the so-called 'flat tax' has such a ceiling. Adding to the fact that Bulgaria is the only country in the EU without tax-free income, the cost of health care has been transferred to low-income groups and households. Data from surveys and studies¹⁹ also confirms that the share of out-of-pocket health spending in the country is about 50% and, again, the highest in EU.

Additionally, numerous norms seem to be based on bureaucratic convenience instead of citizens' rights. An example in this direction is the regulation of health insurance rights of people who temporarily or permanently live and work abroad, incl. in EU member-states. Although free movement and work generally implies the transfer of health insurance rights, those who temporarily return to the country, even if insured abroad, are considered uninsured. The adopted normative order is not related to electronic and automatic transfer of health insurance rights, but creates bureaucratic difficulties for the people. Such problems stand out especially during the pandemic, when many people returned to the country temporarily.

Periodically, there are also data on low pay of medical workers, e.g. nurses, which intensively pushes them out of the country's healthcare system. At the same time, from time to time periodicals publish information on extremely high salaries in the healthcare system. The level of inequalities in the remuneration of medical staff in the country is probably extremely high and contributes to the overall level of inequalities. Simultaneously, there are no any attempts to analyze, evaluate and regulate this state of affairs.

Data from the global prescription index²⁰, comparing 35 different countries²¹, depict that in terms of relative increase in drug costs, Bulgaria is third among these countries with an increase of 44.44% (after Costa Rica - 70.56% and Latvia - 52.13%) in the period 2013-2018. For comparison, the increase in the same period in Greece is 3.46%, in Romania - 2.47%, and in Iceland, Slovakia and Mexico there is a decrease. However, this disadvantage is not only in terms of relative growth compared to the previous level. Bulgaria occupies a very strange place in terms of the absolute amount in dollars per capita spent on medicines. It is the 8th of the 35 countries, preceded by the United States, Switzerland, Germany, Canada, Belgium, France and Austria, with an average of 625 dollars per capita in 2018. All other of the surveyed countries, including EU member-states with many times higher minimum and average wages are after Bulgaria in absolute value of pharmaceutical spending by country in 2018 (USD spend per capita).

¹⁹ Ivkov, B. et al (2017), Out-of-pocket health expenditures and health inequalities in Bulgaria. UNWE Publishing House, Sofia (in Bulgarian).

²⁰ <https://www.nicerx.com/blog/the-global-prescription-index/>

²¹ As clarified by the authors, data for 35 countries were used for this index. They include all EU member-states and also the United States, Canada, Switzerland, the United Kingdom, Norway, Iceland, South Korea, Mexico and Costa Rica.

Thus, a number of features of the country's health care system are linked to many pre-pandemic alarming data - high morbidity, high mortality, low public health spending, high proportion of uninsured people, poor quality of health services, impossible choices between food - medicines - heating for large groups of people, etc. These are important parameters of the health situation when the country entered the pandemic and they continue to have a very significant impact during its course.

2.1 What are the main difficulties/challenges for specific groups, which are hardest hit?

2.1.1. Impact of the virus itself: i.e. health/health inequalities and access to health services/support. Has it improved since the crisis first hit? Any improvement in terms of access for the following waves? How is the vaccine roll-out unfolding? Do vulnerable groups have access to the vaccines?

Since the beginning of the pandemic, Bulgaria started to introduce measures to deal with the pandemic, available also in many other countries. The main health measures - incl. lockdowns, masks, conditions for access to shops and services, transition of educational institutions to online training, etc. are periodically introduced both in 2020 and in 2021.

The health system, within its own limits, has gradually started to adapt to the development of the pandemic, and while in 2020 there was some chaos, over time the processes have settled to some extent. In 2021: at the beginning, in the winter months, the measures from the previous year continued; in the summer - there was some calm; but by the end of the summer, it was already clear that the new waves would again have a significant impact on the health situation. Gradually, criteria were developed for what measures to be taken at different levels of morbidity and different workload of doctors and hospitals - opening new covid hospital beds, covid zones, etc. and also attention to regional disparities in the pandemic. In this regard, it could be argued that there is a gradual process of adaptation to the situation.

However, there are two characteristics of the situation in Bulgaria that deserve special attention and distinguish it from other EU member-states.

The first is associated with very high mortality rate²². Data suggest that in terms of mortality rate from Covid 19, Bulgaria is almost first in the world²³. Certainly, this is the result of numerous factors - demographic situation, aging population, high mortality even before the pandemic, inadequate health care system, etc.

The second one is the quite low level of vaccination²⁴. Bulgaria is the country with the lowest vaccination rate in the EU and this is not a result of the lack of access to vaccination - vaccination

²² <https://covid19-country-overviews.ecdc.europa.eu/countries/Bulgaria.html>

²³ <https://www.statista.com/statistics/1104709/coronavirus-deaths-worldwide-per-million-inhabitants/>

²⁴ <https://www.ecdc.europa.eu/en/covid-19/vaccine-roll-out-overview>

is free and accessible to all, there are enough vaccines provided. The low level of vaccination is perhaps also the result of many interrelated factors - low trust in public institutions and the measures they propose; conflicting messages, incl. by medical professionals; increase of the so-called anti-vax moods; intense doubts about the quality of the vaccines produced; general feeling of insufficient knowledge-based health measures, etc. Although all of these factors have an impact, more focused analyzes are needed, as the factors for low vaccination are not yet sufficiently explained. In any case, Bulgaria has a long and well-established practice with the mandatory vaccinations of children against various diseases; anti-influenza vaccines are gradually taking place, especially among the elderly; different groups of the population, especially old age and young people are paying more and more attention to a healthy lifestyle - ie. anti-vaccine sentiments about anti-covid vaccines on one hand do not seem to be embedded in common public opinion about vaccines. On the other hand, in a highly fragmented society as the Bulgarian one, high level of public distrust and lack of specifically focused measures for vulnerable groups could be important part of the explanation.

It could also be noted that 2021 is the year of the next (10 years after 2011) national census. This may be not so important for countries with a stable demographic picture, but for Bulgaria, which has a high level of emigration, it could have a significant effect. Still unofficial data from the 2021 census show a new decrease in the population of around about 850,000 people: „Compared to the previous census in 2011, the population decreased by 11 percent or 844,000 people“²⁵. This would affect the available data on the Covid 19 situation - to some extent, it would increase the vaccination rate, but it would also and unfortunately, increase the mortality rate even more. At the same time, it is important to state that although at national level, the data may not be very reliable, in small towns and villages, where the number of population is well known, the data on low and very low vaccination rates are clear and well proven.

Access to vaccines is free. After a short period in which only certain groups could be vaccinated, the vaccines became available to all. This created a paradox. While access to vaccines was limited, without the elderly being among the eligible groups, for example, different people sought access to certain vaccines through personal connections. It soon became widely open, mainly for vaccination with Astra Zeneca, unfortunately at the same time with media reports about identified problems in ref. to the available vaccine. Following this, the desire for vaccination somehow decreased. Subsequently, other officially approved vaccines in the EU have become widely available, but so have publications on vaccine issues and public messages by medical professionals against vaccines. This contributed to public confusion and the so-called anti-vax sentiments increased. Contradictory messages and the lack of adequate involvement of general practitioners in the vaccination process have certainly contributed to the overall picture. It could be mentioned

²⁵ National Statistical Institute,

<https://census2021.bg/%d0%bd%d0%be%d0%b2%d0%b8%d0%bd%d0%b8/%d0%bf%d0%be-%d0%bf%d1%80%d0%b5%d0%b4%d0%b2%d0%b0%d1%80%d0%b8%d1%82%d0%b5%d0%bb%d0%bd%d0%b0-%d0%be%d1%86%d0%b5%d0%bd%d0%ba%d0%b0-%d0%bd%d0%b0%d1%81%d0%b5%d0%bb%d0%b5%d0%bd%d0%b8%d0%b5%d1%82%d0%be/>

also that results from different sociological surveys confirm that trust in general practitioners remains high.

A misleading assumption seems to be accepted that once access is free and open, there is no need for targeted information campaigns for different groups, including the vulnerable ones, and also special efforts to attract GPs.

At the same time, the media published various cases of inadequacies in the health care system regarding the admission of infected people. These cases certainly depend on the settlement, due to the different regional access to health care, as well as on social capital, etc. personal connections and opportunities. Thus, high inequalities in access to health care have been further exposed during the pandemic.

2.1.2. Impact of social distancing and lockdown: i.e. loss of jobs or reduced hours/social distancing, home schooling, services moving online, etc, and uncertainties with relaxation measures. Any long-term impacts that are already seen?

It could be suggested that there are a number of socio-economic consequences - short-term, medium-term and long-term, of the pandemic. Various analyzes try to outline such consequences.

A publication on „The Impact of COVID-19 on Poverty in Bulgaria“²⁶ of February 2021 draws attention to poverty and job loss: „Poverty in Bulgaria is on the rise as the ongoing COVID-19 pandemic has pulled the country's economy back into a recession. For Bulgarians already affected by poverty, the COVID-19 pandemic has worsened their financial situations as job loss is increasing throughout the country. In the process of this widespread job loss, new Bulgarian households are now being affected by poverty too... Since the start of the COVID-19 pandemic in Bulgaria, 90,000 Bulgarians have lost their jobs. With a total population of just under seven million, job loss is high and forceful as unemployment typically lasts a long time in Bulgaria for those seeking work... As a result, job security is lacking and finding employment after job loss is difficult. With COVID-19 and its economic consequences thrown into the mix, job security only becomes more of a challenge.“

The same publication pays special attention to Roma people in the country: „Roma Population Especially Affected: ... Given the disconnect to the infrastructure ... as a result of these lockdowns, poverty has increased among the Roma population as Roma communities have become mostly dependent on themselves with little to no outside help. Already a segregated minority community in Bulgaria before COVID-19, the pandemic has only exacerbated their need for assistance. Bulgarians are struggling with poverty, with the Roma population struggling the most.“

²⁶ Dylan James, The Impact of COVID-19 on Poverty in Bulgaria, 1.01.2021, <https://www.borgenmagazine.com/impact-of-covid-19-on-poverty-in-bulgaria/>

World Bank report²⁷ points out that legacy issues from the early transition period, the global economic crisis of 2008, and the pandemic-induced crisis in 2020 „undid some of the gains achieved during the high-growth period... Poverty and income inequality remain among the highest in the EU, pointing to the need for improved targeting and more adequate social support. Amid a rapidly aging and declining population, convergence to the EU can speed up only if the productivity gap shrinks markedly and governance and institutional weaknesses are decisively addressed“.

According to assessment elaborated by OECD²⁸, „Bulgaria’s wage subsidy scheme has protected jobs and household incomes from the worst of the impact, but the COVID-19 shock has caused a drop in output not seen since the 1996-97 banking crisis. Youths have been particularly affected by job losses in a country already challenged by high income inequality and relative poverty.“

ILO addresses the question: „Will the pandemic only lead to a temporary slowdown of convergence?“²⁹. The response states that „The Covid-19 pandemic pushed the Bulgarian economy into a recession in 2020 with a decline of GDP of 4 % (EU27: 6%) Forecasts say that GDP will reach its pre pandemic level by the end of 2021. However, uncertainty is high as these predictions assume that Bulgaria will achieve a high vaccination rate and will not face more waves of the pandemic.. The recession hit a country that anyhow has been lagging behind in terms of economic development. Income per capita is only around 50 % of the EU average, the lowest in the EU, while income inequality was the highest among all EU countries as of 2019. That year, Bulgarian regions made up half of the 10 poorest EU regions in terms of GDP per capita. One out of three Bulgarians is at the risk of poverty or social exclusion (EU27: One out of five)... The impact of the pandemic on working hours lost was far bigger. ILO calculations show that 6% of all working hours were lost in 2020 due to lockdowns as compared to the last quarter of 2019 (EU27: 8% of working hours lost). The amount of working hours lost in Bulgaria corresponds to an equivalent of 190,000 full-time jobs. However, the loss in working hours does not automatically lead to the same reduction of employment as working-hour losses include various components: shorter hours, being employed but not working, unemployment, and inactivity. Government measures such as wage subsidies and temporary tax exemptions helped to mitigate the labour market impact and explain the relatively low reduction of employment (-2.3%). A worrying detail is that the number of NEET (youth neither in employment, education or training) is increasing faster than unemployment and stands currently at 22% (EU27: 18%)... While Covid-19 did not have very negative employment effects, it put greater pressures on young people and selected sectors like the tourism industry.“

²⁷ World Bank (13.10.2021), <https://www.worldbank.org/en/country/bulgaria/overview#1>

²⁸ OECD (29.01.2021), <https://www.oecd.org/newsroom/bulgaria-reforms-to-improve-competition-governance-and-skills-would-strengthen-the-recovery-from-covid-19.htm>

²⁹ ILO (*Text last updated 08.2021*), https://www.ilo.org/budapest/countries-covered/bulgaria/WCMS_655311/lang--en/index.htm

Regular specialized monitoring on the labor market due to Covid-19, conducted by the National Statistical Institute and the Employment Agency³⁰ found that from July 2021 there is a trend the newly registered unemployed to be more than the ones that started to work. Publications point out that "until the middle of 2021, there was a favorable trend with a predominance of those who started working compared to the unemployed registered in the labor offices, but this trend reversed in July."³¹

„Rapid Assessment of COVID-19 impact on education in Bulgaria“³² prepared by UNICEF reports „deepening learning loss and increasing inequalities“. According to the assessment: „The most severely affected by school closures were children from families living in poverty, and children whose parents have been unemployed long-term and/or economically inactive... At least 50 000 school-aged children were left behind. Although Bulgarian schools switched to remote learning right after the pandemic-related school closures were announced, many vulnerable children could not take advantage of it. For every third student, the main barrier to access is the lack of devices or internet. 8.3% of students did not participate in distance learning, or did not participate regularly, and 57.9% of parents expect that more children will not participate in the next school year. Only 35% of pre-schools continued the interaction with children through parents and caregivers, as no alternatives were developed. Only 63% of inclusive education specialists worked with children with disabilities during the state of emergency on a regular basis, supporting only less than half of the children with disabilities they normally support... The learning crisis has deepened, as every fifth student reports worse educational outcomes than before. During the pandemic, monitoring of attendance was insufficient, and important tests and activities canceled. Every second teacher was concerned that students will lose desire and motivation to learn, and 45% of teachers thought the number of children who will not participate in school activities will increase. Another 40% of teachers were concerned that distance learning will have a negative effect on students` educational outcomes... During the lockdown parents were the main resource for children, particularly for children with disabilities. However, only 20% of all parents felt fully prepared to support their children during distance learning, while 50% of parents shared their failure to support their children in education.“

According to a September 2021 announcement by the Ministry of Education and Science, “34,000 students will be left without an internet connection for social reasons next school year if online learning is needed. Internet fees for these students by the end of 2021 will cost BGN 2.4 million to schools that have saved BGN 231 million last year... in online classes the ministry provides

³⁰ https://www.infobusiness.bcci.bg/content/file/Pazar_na_truda.pdf

³¹ BNR (23.10.2021), Unemployment is rising, Author: M. Kostova, <https://bnr.bg/horizont/post/101545730/bezraborticata-zapochva-da-raste>

³² UNICEF (9.08.2021) <https://www.unicef.org/bulgaria/en/stories/rapid-assessment-covid-19-impact-education-bulgaria>

internet for teachers in the form of additional monthly remuneration of BGN 30. At the moment, over 23,000 pedagogues have applied for such an additional payment."³³

2.1.3. Long-term impacts of the crisis: how is the situation unfolding with regards to the crisis and last year? Has it stabilised? Did the second or third waves have a different impact than the first? How did the longer duration of the crisis impact people experiencing poverty?

As it is clear from the above analyzes, the pandemic deepened the process of fragmentation of Bulgarian society. Groups that, before the pandemic, were at a considerable distance from an adequate quality of life, are further moving away from opportunities for social integration and inclusion, while inequalities continue to increase.

At the end of 2021, Bulgaria is still in the next wave of the pandemic. The low level of vaccination, the high level of mortality and the state of the healthcare system continue to outline the main characteristics of the current situation.

2.2. Do government actions help? What's missing?

2.2.1. Policy Support measures – how far have they ensured that people in poverty have an adequate income/income support, access to key services? What's missing?

As in many other countries in the world, Bulgarian governments took various measures related to the pandemic in 2020 and 2021. In fact, 2021 is a year of high political turbulence in Bulgaria. There are four national governments - two regular governments, at the beginning and at the end of the year and two caretaker governments for a 7-month period; respectively three parliamentary elections took place - one regular and two rounds of early parliamentary elections. This political landscape is an expression of the intensified fragmentation and overall dissatisfaction of the Bulgarian society.

With respect to Covid-19, in order to guarantee the provision of anti-pandemic medical activities and health services measures include: increased pay of medical workers, establishment of isolated structures for the treatment of patients with COVID – 19, purchase of medical and non-medical equipment to strengthen the capacity of hospitals, efforts to control the situation depending on the epidemic waves and the specific situation, etc.

Different social and economic measures³⁴ have been undertaken also for different groups. Some of them are:

Patronage care and the program "Hot lunch" for *people in need*: It is reported that from the beginning of 2021, more than 60,000 people from the most vulnerable groups receive a hot lunch

³³ <https://nova.bg/news/view/2021/09/07/339030/%D0%BC%D0%BE%D0%BD-%D0%BF%D1%80%D0%B8-%D0%BE%D0%BD%D0%BB%D0%B0%D0%B9%D0%BD-%D0%BE%D0%B1%D1%83%D1%87%D0%B5%D0%BD%D0%B8%D0%B5-34-000-%D1%83%D1%87%D0%B5%D0%BD%D0%B8%D1%86%D0%B8-%>

³⁴ <https://coronavirus.bg/bg/merki/socialni>

in 215 municipalities and districts in the country. The projects are funded by the Fund for European Assistance to the Most Deprived Persons under the Operational Program for Food and/or Basic Material Assistance within the European Commission's initiative to overcome the consequences of the crisis through the REACT-EU mechanism. Eligible target groups are people without income or income below the poverty line, who are unable to provide for their necessities, have no relatives to support them, have a higher risk of infection or adverse infection. Food packages were provided to the most needy people from additional target groups. These groups include: families in financial difficulties; families with children, with no income or low income, who are unable to meet their basic living needs and have been refused targeted heating assistance during the heating season; cases of difficulty and high degree of material deprivation identified by social services.

Parents of children under 14 who do not attend school, nursery or kindergarten due to the anti-epidemic restrictions are entitled to monthly targeted assistance in case they are forced to go on unpaid leave because they can not work remotely, they do not have the opportunity to use paid leave and are not on sick leave. The benefit is granted to families in which the average income per person during the month in which schools, nurseries or kindergartens are closed due to COVID-19 is less than or equal to 150% of the minimum wage and depends on the number of children and the number of respective days.

For *people with disabilities*, the term of the experts' decisions on working capacity/type and degree of disability has been extended during the state of emergency, respectively the state of emergency and three months after its cancellation.

Financial support for *retirees* for food products is provided also: In 2021, pensioners whose pension or the sum of pensions together with the supplements and compensations to them is from BGN 300.01 (around 153,4 Euro) to BGN 369 (around 188,7) inclusive, are granted a one-time annual financial support for food products in the amount of BGN 120 (around 61,36 Euro).

Additionally, personal labor pensions are recalculated ex officio, with the additional length of service acquired by the pensioner in the period after the granting or after the last recalculation of the pension.

In addition to such measures, the main public policy efforts are aimed at *maintaining employment*.

In February 2021, the Confederation of Independent Trade Unions in Bulgaria (CITUB) published a "Comparative Analysis of Anti-Crisis Measures in Bulgaria and Other EU Countries"³⁵. The analysis cites data on „the low level of anti-crisis policies as a share of GDP (6.7% of GDP in 2019 compared to the European average - 14.3%) and concludes that economic policy is correct and expressed in very specific measures, but is much more conservative compared to other EU member states, although the country, unlike many other countries, has no problem with government debt or

³⁵ CITUB, 18.02.2021, <https://knsb-bg.org/index.php/2021/02/18/sravnitelen-analiz-na-antikrizisnite-merki-v-balgariya-i-ostanalite-strani-ot-es/>

chronic deficits. The measure for maintaining employment and compensating for income 60/40 and in the 80/20 variant for the hotels, restaurants, tourism and transport sectors is assessed as the most successful measure. It is also stated that there are loans and grants to support the business, but due to various administrative barriers and conditions they have a much smaller effect. However, the measures do not affect all categories of workers, e.g. the non-standard employed and the self-employed.“

The European Temporary Support Instrument for Mitigating the Risk of Unemployment in Emergencies (SURE)³⁶, which acts as a second safety net in terms of job protection, is also used.

To enable people to acquire and maintain insurance rights (pension, maternity benefits, unemployment, illness), some normative changes took place: Up to 90 working days unpaid leave is recognized as length of service and health insurance rights are uninterrupted in 2021; People on unpaid leave do not lose their pension rights due to interruption of the internship. Workers must pay health contributions of BGN 26 per month in order not to lose their health insurance rights while on unpaid leave. One of the payment options is part of the funds received under the "Save me" program.

There are also various measures such as „Employment for You“ under the Operational Program Human Resources Development. The measure enables employers to hire unemployed people – it is a grant in the amount of the minimum wage, while the employer covers the due insurances.

In addition to the general measures, specific ones have been undertaken for sectors most severely affected, as everywhere else in the world.

With regard to *education*, as mentioned above, efforts try to guarantee the online learning by providing access to students and teachers to the Internet from their homes. „When families cannot afford internet charges for social reasons, they are born by schools. The Ministry of Education and Science and the national mobile operators have agreed on preferential prices for the service - from 20 to 50% lower than the market ones. In online classes, teachers continue to receive an additional fee of BGN 30 (around 15 Euro) to compensate for the costs of consumables, including the Internet. According to a study by the Ministry of Education and Science from July this year. Office computers have already been provided to all teachers for whom a need has been expressed. 2,000 laptops and 500 routers with My Fi mobile data cards are provided under the Education for Tomorrow project. By a decree of the Council of Ministers of October 2020, BGN 14 million have been allocated to schools for the purchase of another 2,000 laptops for teachers and BGN 14,000 for students. Under the project: "Equal access to school education in times of crisis", another 20,692 laptops were provided to schools, which are provided to teachers, as well as 65,000 laptops and tablets for students for temporary use during distance learning“³⁷.

³⁶ https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_bg

³⁷ <https://www.mon.bg/bg/news/>

With regard to *tourism*³⁸, for example, VAT has been reduced from 20% to 9% for the hotel and restaurant sectors; other activities related to travel and reservations' are supported by special funds; In May 2021, the caretaker government adopted another measure that directly supports tourism - the program "Together Again" is to conduct six-day tourist trips of students funded by the state budget and thus the program provides visits to children and supports accommodation. In 2021, a successful summer season and relative recovery of the tourism industry was reported compared to 2020. However, there have been numerous protests by the tourism sector against anti-epidemic measures.

Some support was also provided in the field of *culture*, like support through the programs of the Culture Fund for classical music and folk art; Creative Scholarships Program to support young and prominent artists (performers) in the field of pop, rock and jazz music, etc.

At the same time, representatives of the trade unions³⁹ point out that there is no direct support for employees, that employers are supported without guarantees that the support reaches the workers, as well as fears of illegal support. Various analyzes also recommend a more focused social and economic policy on the pandemic challenges.

All these different measures are still in place, as by the end of 2021 a new COVID-19 wave is flooding Bulgaria and the situation continues to be uncertain.

In summary, it could be stated that the measures taken are important, because without them the situation would have been much worse. At the same time, they are fragmented, insufficiently targeted and not enough effective, many vulnerable groups remain out of their reach and/or insufficiently supported. The measures have a mitigating effect, but are insufficient.

2.3. What action has anti-poverty network taken? What results?

As other NGOs, EAPN Bulgaria is trying to adapt its activities to the new situation. Social distancing, further fragmentation of society, reduced public focus on poverty issues shaped different difficulties: reduced meetings and discussions, both with representatives of people living in poverty, among NGOs and experts in the network, and at forums organized by national and local authorities; less opportunities for impact; focus on individual exchanges, observation and remote contacts were used technical difficulties, etc

In any case, a significant part of the activities was seriously affected by the pandemic itself and the undertaken measures against COVID-19. This applies mainly to the work of some organizations providing social services. Some of these organizations (for example, training providers) have had to limit their activities for certain periods. The reasons for this are various - measures restricting the gathering of people, illness or quarantine of their staff, financial difficulties due to inflation and

³⁸ <https://baricada.org/2021/09/22/socialno-ikonomicheski-barometur-turizum/>

³⁹ <https://baricada.org/2021/09/22/socialno-ikonomicheski-barometur-turizum/>

later on the increase in energy prices. Nevertheless, some of the organizations actively supported children through mediators by providing them with paper materials for lessons and exercises. Research activities are maintained focusing on current important topics such as adequate minimum income, child guarantee, green transition, European social funds, etc.

In more details, EAPN Bulgaria took part: in the discussions on the National Plan for reduction of poverty and social exclusion within the National council for social inclusion at the Council of Ministers; the working group on child guarantee organized by the Ministry of Labour and Social Policy; in UNICEF Bulgaria organized survey on child poverty; in consultancies on European Social Fund⁴⁰; in the national preparation and participation in the EU annual meeting of people living in poverty, etc.

The Anti-Poverty Information Center conducted an extensive study of the opportunities for social inclusion provided by a tool that previously remained out of the attention of EAPN Bulgaria members, namely mass sports for children and youth. The study was part of a European project⁴¹ involving 7 member states and was conducted in partnership with one of the sports federations in Bulgaria and various sports clubs that are members of this federation. Other members of the network were also involved in the project. The study showed that sport has significant potential for social inclusion and/or to support other measures for social inclusion of children and young people from families and regions at risk of exclusion. Policies, programs and projects to involve children and young people in sporting activities can be an important tool in the fight against poverty and exclusion, a tool that has so far been largely ignored by poverty reduction organizations.

In 2021, together with partners from the Bulgarian Academy of Sciences and the Sofia University "Kliment Ohridski", a research project in the field of energy policy and energy poverty was elaborated. The aim of the project is to study the decision-making process in the formation of energy policy and to assess different variants of the definition of energy poverty (in Bulgaria such a definition has not been adopted). The preliminary hypothesis of the project is that energy policies are a significant factor in energy poverty and there is a need to outline enlightened scenarios for reconciling social, economic and environmental goals. The project is approved⁴² and work on it has already begun.

2.4 Any examples of promising practices

The pandemic stimulated an accelerated focus and intensive digitalization of connections and interactions between network members, which also provides opportunities to reduce the cost of

⁴⁰ Farrell, F. (2021), ESF and the Fight against Poverty. The Use of the European Social Fund (ESF) during 2014-2020 for Combating Poverty and Achieving Social Inclusion.

⁴¹ „BePart – Inclusion through Sport for Better Society“, BePART GA613035, Erasmus + Sport, Collaborative partnership, Financed by EC.

⁴² Project № KP-06-N55/13: „Public Capacity for a Just Green Transition“, funded by the Bulgarian National Science Fund, Ministry of Education and Science

travel, meetings, etc. Without underestimating the importance of live meetings and discussions, this learned lesson will help further activities.

It accelerated also the search of new and promising possible directions for anti-poverty activities and outlined new opportunities for joint work and effective cooperation with other partners outside the permanent members of the network.

3. What recommendations at national level (short and long-term)

Analyzes cited above indicate that in the years before the pandemic Bulgaria was characterized by stable and accelerated growth. According to the World Bank⁴³ „advancement of structural reforms starting in the late 1990s, the introduction of a currency board, and expectations of EU accession unleashed a decade of exceptionally high economic growth and improved living standards“. The OECD assessment⁴⁴ indicates that „Prior to the pandemic, a series of structural reforms, the successful integration of Bulgarian manufacturing firms into global production chains and sound macroeconomic policies had led to five years of growth rates above 3%, a rapid rise in real wages and a drop in unemployment to historic lows“. However, this period of growth was not used to reconsider the state of incomes and improve the quality of life on the basis of standards. The expectation that the so-called ‘trickle down’ approach will work continued, despite all the evidence of its failure. In fact, this period stimulated the opposite process even more – ‘trickle up’ development with benefits for economically strong small groups and growing inequalities.

In the pandemic, although in a situation of increased state aid and efforts, many groups, some of them invisible through the lens of public policy, remain without adequate and much-needed support. It seems that any disaster - pandemic, natural disaster, crisis - leads to growing inequalities.

Thus, both, in "good" and in "bad" times, the result is the same: further fragmentation of society and growing inequalities.

The political turbulence in 2021 gave a clear expression of the strong fragmentation of Bulgarian society and stimulated the explication of many very important topics in public debates. Along with the increased focus on corrupt practices, it is becoming increasingly clear that much of the damage done to social development is rooted in an inadequate regulatory framework and there is a strong need to assess the social impact of a number of laws and regulations.

The declared goals of the National Strategy for Poverty Reduction and Promotion of Social Inclusion 2030 cannot be achieved within the framework of further maintaining social policy as ‘a last resort’. Serious efforts in this direction require a pro-developmental revision of distributive policies (mainly and especially the quality of jobs and control of distributive inequalities) and redistributive policies (mainly and especially reference budgets, adequate minimum income

⁴³ World Bank (13.10.2021), <https://www.worldbank.org/en/country/bulgaria/overview#1>

⁴⁴ OECD (29.01.2021), <https://www.oecd.org/newsroom/bulgaria-reforms-to-improve-competition-governance-and-skills-would-strengthen-the-recovery-from-covid-19.htm>

standards, normalization of the tax system and its interconnectedness with the social security system).