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## THE SOCIAL ASSISTANCE SYSTEM AS AN ESSENTIAL ELEMENT OF THE SOCIAL PROTECTION OF THE POPULATION

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**Abstract:** The main feature that distinguishes the programs in the field of social assistance from the rest of the social protection system is the lack of a requirement for contribution to the system by the beneficiary. This means that every person or household has the right to be included in a program, provided that it meets certain criteria without necessarily having contributed in any way to the financing of the system. Some of the main indicators considered for this purpose are income, property, marital status, health status, employment, age and others. This approach allows us to make an important distinction between the social assistance system and the other elements of the social protection system. Social assistance systems are part of the social protection system. In this study, an adapted version of the basic model of the World Bank was adopted, demonstrating the scope of social protection systems and their connection with other parts of the social system. Comparative analyzes between social systems in different countries are hampered by a number of factors, including the diverse range of programs and the criteria they apply, as well as the different socio-economic conditions and demographics of individual countries. The aim is to present the great importance of the types of social benefits for the population and their beneficial effect. The results will clearly show that Bulgaria lags behind the developed countries in its policy, which it offers as types of social benefits. Given the ever-shrinking size of the country's workforce and aging population, maintaining the current structure of the social assistance system could have very negative consequences. The problem is especially serious if we take into account the need to update the amount of some of the social payments. In these circumstances, the social assistance system should aim not only to reduce the negative effects of poverty through various remittances, but also to identify and eliminate the causes of the need for social assistance - at least where possible. The main recommendations are related to transparency in the decisions of the administrative bodies and analysis of the impact of the current and proposed changes. Improving the information provision of policies is crucial for the effectiveness of the system. Increasing the effectiveness of social benefits requires administrative authorities to know the specific factors that hinder the social and labor inclusion of each of the groups of beneficiaries. The creation of a unified information system of social assistance, which is accessible to all administrative bodies whose activities are related to servicing the beneficiaries of the programs, is a prerequisite for the timely identification of ineffective programs and abuses, as well as for the analysis of measures already taken.

**Keywords:** social assistance, social systems, social protection

### 1. INTRODUCTION

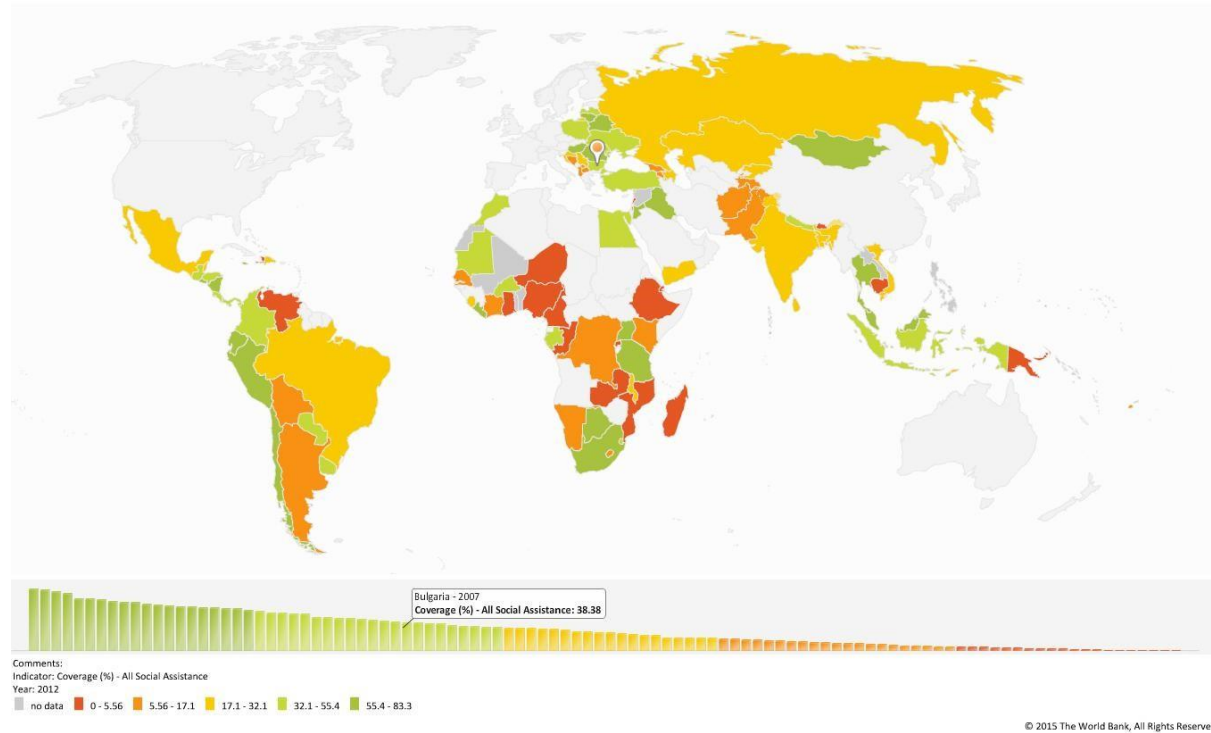
Social assistance systems, like other products of social protection by the population, are of great importance for the social policy of each country. Their rational use will increase the life chances of those in need of social assistance programs. Their higher efficiency and greater comprehensiveness will contribute to higher efficiency in the implementation of programs for social assistance to needy persons and groups of the population. The development of administrative reform in Bulgaria is also important for the greater efficiency of the implementation of social assistance programs (Boyanov, 2015). Through the implementation of lifelong learning policies, it is possible to constantly improve the qualifications of employees working in the social assistance system (Veleva, 2015).

### 2. EXPOSURE

Depending on their nature, the funds allocated under the programs of the social assistance system can be monthly (eg allowances for social integration of people with disabilities), targeted (eg targeted means for diagnosis and treatment) or one-off (eg one-time targeted assistance for first graders). Depending on their characteristics, social assistance programs and the funds allocated under them can also be classified as conditional transfers, unconditional transfers or subsidized employment programs. Conditional transfers are related not only to the formal fulfillment of certain criteria, but also to the requirement for a certain type of behavior by the beneficiaries. A good example in this case are the so-called "Child allowances" granted under the ASA "Supporting Families with Children" program, which households receive on condition that their children attend regular school. Unconditional transfers are granted if the beneficiary meets a set of requirements, and these transfers are not bound by expectations of reciprocal behavior. This type of transfer is social benefits granted under the program "Provision of social benefits in a differentiated approach". Subsidized employment schemes usually involve beneficiaries in the labor process, providing them with a minimum wage. Subsidized employment intertwines the elements of two areas of the social

system - social security and the labor market, and the social assistance system. The main purpose of this type of program is to serve as a "bridge" helping to integrate beneficiaries into the labor market. Comparative analyzes between social systems in different countries are hampered by a number of factors, including the diverse range of programs and the criteria they apply, as well as the different socio-economic conditions and demographics of individual countries.

*Figure 1. Scope of social assistance systems (% of population)*



Source: World Bank Report 2020

According to the latest comparative studies (World Bank report 2019) on social assistance expenditures, richer countries set aside an average of 1.9% of their gross domestic product (GDP) for programs covered by them, while in poorer countries this share is 1.1%. The world average is about 1.6% of GDP. For Bulgaria this share is about 1.3%, which is slightly lower than the average in most countries of Central and Eastern Europe. According to the latest data from the World Bank, social assistance systems in Bulgaria cover about 38.4% of the country's population. At the same time, the amount of social benefits themselves remains relatively low, which can be explained both by the lower level of socio-economic development compared to other Central and Eastern European countries and by some of the structural shortcomings of the social assistance system itself.

*Figure 2. Leading strengths and weaknesses of social assistance in Bulgaria*

1. Improving the situation on the labor market	1. Deteriorating demographic structure of the population
2. Growing labor supply	2. Low employment
3. Increasing the income of the population	3. Large regional socio-economic differences
This is a positive effects.	This is a negative effects

Source: based on SWOT analysis of Strategic Plan 2013-2017, Ministry of Labor and Social Policy

Addressing these challenges and proposing possible solutions requires, first of all, a review and analysis of the leading programs in the field. Then it is necessary to adopt common goals and principles, on the basis of which to

develop proposals for changes in policies. In the second part of the analysis we will consider the structure and dynamics of the leading programs for social assistance, namely the following programs of ASA:

- "Provision of social benefits in applying a differentiated approach"
- "Monthly allowances for social integration"
- "Targeted social protection for heating"
- "Supporting families with children"

According to our calculations, the costs of these programs amount to between 80 and 90% of the total costs administered by the agency in the last few years, for which there is data, so their current state and effectiveness are of great importance to the most vulnerable groups in Bulgaria. community. Each of them does not require prior contribution from the beneficiaries as a condition for their admission to them.

The World Bank (WB) evaluates the effectiveness of social assistance programs based on:

- Scope - what is the share of poor households receiving the aid (%)
- Targeting - what share of total aid goes to the poor (%)
- Adequacy - what share of the consumption of poor households forms the aid (%)

According to the World Bank's assessment for Bulgaria, the programs "Provision of social assistance in the application of a differentiated approach" and "Targeted social protection for heating" managed to reach 84.2% and 66.8% of the poorest 20%, respectively. from households. By comparison, the Monthly Social Inclusion and Family Assistance programs manage to target only 39.8% and 41.1% of the poorest 20% of households, respectively. Under the Targeted Heating Aid program, a separate differentiated minimum income (DMD2) is calculated, which is based on a higher coefficient (K2). Here the aid is fixed and is received only within the so-called "Heating season", which covers the months from November to March. For 2014/2015 the amount of this assistance is BGN 65.72 per month or BGN 328.60 for the entire season. The differentiating criteria underlying the Targeted Heating Aid program help to target budgets more effectively, as is evident from the traditionally high proportion of rejected applications. The latter usually fluctuates between 16 and 18%, but in some cases (such as the heating season 2010/2011) reaches 26%.

**Table1. Number of granted and refused heating subsidies**

HEATING AID				
Heating season	Applications submitted	Grants granted	Aid denied	Failure rate
2011/2012	358 042	300 340	57 702	16
2012/2013	311 717	256 763	54 954	18
2013/2014	310 953	259 395	51 558	17
2014/2015	279 198	206 452	72 746	26
2015/2016	268 548	219 760	48 788	18
2016/2017	266 454	210 711	55 743	21
2017/2018	303 878	251876	52 002	17
2018/2019	299 967	254998	44 969	15

Source: NSI

The data on the adequacy of the granted aid show that the two most effective in terms of their scope and focus programs suffer from low funding at the expense of the other two flagship programs - "Monthly Social Inclusion Supplements" and especially "Support for families with children". According to the World Bank, about 40% of the assistance under the second program - "Support for families with children" (which is the largest scope and amount of social assistance program administered by the ASA), goes to households that are not poor. Given the increase in the maximum allowable income ceiling in the period 20011-2013 and the doubling of the amount of the allowance itself, it can be reasonably assumed that a follow-up study will reveal a sharply increasing inefficiency of the

program in the period 2012-2016. These findings underscore the importance of decisive reforms in programs aimed at supporting families with children and those targeting people with disabilities.

Essential principles and proposals for reforms in the social assistance system in Bulgaria are necessary given the ever-shrinking size of the country's workforce and aging population, maintaining the current structure of the social assistance system could have very negative consequences. The problem is especially serious if we take into account the need to update the amount of some of the social payments. In these circumstances, the social assistance system should aim not only to reduce the negative effects of poverty through various remittances, but also to identify and eliminate the causes of the need for social assistance - at least where possible. It is this notion that underlies the modern concepts of the purpose of social assistance systems - the provision of targeted assistance to help beneficiaries solve their problem. As can be clearly seen in the data on the dynamics of most social benefits in Bulgaria, this has not happened so far. The reform of the social assistance system in Bulgaria must be based on widely accepted principles by society.

In order to address this problem, it is necessary as a basis for a more effective system of social assistance to derive the principles of:

- Transparency in the decisions of the administrative bodies and analysis of the impact of the current and proposed changes;
- Differentiated approach in granting aid;
- The increase in the level of social benefits must follow the pace of increasing the welfare of society

Transparency in the decisions of the administrative bodies and analysis of the impact of the current and proposed changes. Improving the information security of policies is crucial for the effectiveness of the system. Increasing the effectiveness of social benefits requires administrative authorities to know the specific factors that hinder the social and labor inclusion of each of the groups of beneficiaries. The creation of a unified information system of social assistance, which is accessible to all administrative bodies whose activities are related to servicing the beneficiaries of the programs, is a prerequisite for the timely identification of ineffective programs and abuses, as well as for the analysis of measures already taken. An essential element is the differentiation of a differentiated approach to the granting of aid. Good social policy needs flexible tools to identify the people who need the most public support. In Bulgaria, when providing a large part of the benefits (for example, those under the program "Support for families with children"), such tools are still lacking. This leads to inefficient spending of budget funds and creates preconditions for abuse of the system. Programs that are largely based on the application of an individual criterion remain underfunded at the expense of less effective ones. The main problems facing its wider application are several:

- defining the eligibility criteria;
- determination of a methodology for changing the eligibility criteria;
- setting thresholds within the program itself;
- information security of the activity of the implementing body.

Regardless of the approach to differentiation of payments that is adopted, the regulation of the social assistance system can never cover all private cases that may arise in a society. There are a number of cases in the case law that confirm this thesis, and in most of them a person is deprived of one or another type of assistance, for example due to a minimum exceeding of a certain income criterion. In addition, practice shows that the costs of administering programs that apply a more careful differentiation criterion to the granting of a type of aid are higher. This stems from the individual approach set in such programs to solving each case of social assistance. The solution to this problem should be sought not by abandoning differentiation, but by increasing the administrative capacity and the systematic organization of the processes themselves. Also, the increase in the level of social benefits must follow the pace of increasing the welfare of society. In the conditions of limited financial possibilities, the modern social systems should aim not at the sustainable and long-term mitigation of the negative consequences of the social exclusion, but at the maximum possible removal of the beneficiary from the program. With the increase in the successful cases of social integration and the efficiency of the administrative bodies, this will lead to the release of a resource that can be used to enhance the effects of the implemented programs. The purpose of social assistance systems is not to provide all households with a standard of living at the border or beyond the poverty line through the use of social transfers. The poverty line is only one of the tools for identifying individuals and families in need of additional assistance, but it should not be seen as a kind of nominal threshold that social payments should cover. The increase of social payments, which is based on the differentiated approach, must be done in a way consistent with the realities of the labor market in the country. For this purpose, the planned increases need to be smooth.

#### 4. CONCLUSION

After the above data in the article we can add the following conclusions about locks related to the social assistance system in Bulgaria that most of the identified weaknesses of the social assistance system are structural and long-term. Such are the deteriorating demographic structure of the population, low employment and large disparities between regions. The unemployment trap in Bulgaria remains among the highest in the EU, which means that, in general, the unemployed have no incentive to seek new employment before the deadline for receiving unemployment benefits expires. Given the ever-shrinking size of the country's workforce and aging population, maintaining the current structure of the social assistance system could have very negative consequences. The problem is particularly serious given the need to update the amount of some of the social payments. The low efficiency of programs such as "Supporting families with children", and nevertheless the increase in their spending on the eve of the crisis, necessitated a freezing of the levels of grants under other measures of the SAA. The victim of this policy is also one of the programs with the highest efficiency - "Provision of social benefits in applying a differentiated approach". The increase in the amount of social benefits and the increase in the tax and social security burden have a direct negative effect on the incentives of the unemployed, the economically inactive and the low-paid employed. This is a factor that must be taken into account in the potential future increase in social payments. Raising the minimum wage creates additional incentives to return to the labor market, but reduces the opportunities for individuals to secure employment and creates conditions for the transformation of the unemployed into economically inactive. This may lead to an increase in the number of beneficiaries of social programs and, accordingly, to a further increase in their costs. Given the structural characteristics of unemployment in Bulgaria, the provision of optimal conditions for creating and finding employment should be a priority of social policies. Setting differentiating criteria for the amount of some of the current social benefits (such as those under the "Supporting Families with Children" program) will help reduce the negative effect of increasing them on workers' incentives.

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