

UNEMPLOYMENT, POVERTY, SOCIAL SECURITY: THE BULGARIAN EXPERIENCE

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I. Introduction

The rapid pace of political and economic changes over the last three years have faced Bulgaria with a great variety of challenges. The transition to a democratic society and a market economy, which is taking place under a deepening economic crisis, has caused - or, rather, made obvious - a number of acute problems. Against this background, unemployment and poverty proved to be the social problems with the highest conflict-generating potential.

At the beginning of the economic reform in Bulgaria in 1991, there was no social security legislation. Then, political parties, the trade unions, the legislature and the executive realized that unemployment and poverty were the crucial factors not only in the maintenance of social peace, but also for gaining the electorate's support and - in the long run - for the survival of the population. The elaboration and implementation of measures and mechanisms of social security to cope with unemployment and poverty became a major priority in the social policy of the Government. This issue was also addressed by the trade unions and the employers' organizations, while the system of consultations between them ultimately gained recognition as a basic pillar in the solution of social problems.

The concrete situation of the country, the extremely difficult economic conditions and the lack of previous experience have resulted in a number of weaknesses in the social security system: it remains fragmentary; it is still incomplete and unstable; and it is still above all reactive. The social security measures have often been directed at the solution of isolated problems caused by the changing socio-economic environment. This explains the frequent changes in the normative documents of the Government regulating social security provisions.

In the course of reforms, and in 1992 in particular, the executive undertook an accelerated

development of the legislative framework governing social security. Laws on job creation, unemployment security and social assistance have been drafted, becoming further steps to the establishment of a complete social safety net.

Except for the internal political and economic factors mentioned above, the development of adequate social security schemes has been provoked by a number of external factors. Guided by their experience, international financial institutions (the European Bank for Reconstruction and Development, the International Monetary Fund) consider the existence of a social safety net an important factor of stability and a guarantee for their loans and for the programmes for economic stabilization and structural adjustment, which they support.

All this has conditioned the specific nature of the social security system in Bulgaria. The examination of its experience to date is the main aim of the present study.

II. The Dimensions of Unemployment and Poverty

It was only several years ago, within the socialist model of development, that the phenomena of unemployment and poverty were not officially recognized to exist. On the contrary, full employment and guaranteed (although low) incomes were considered indicators of social prosperity. This artificially maintained employment gave birth to the so-called "hidden unemployment". The latter was one of the reasons for low labour efficiency and was accompanied by low and very slightly differentiated wages.

The liberalization of economic relations has made impossible the further maintenance of artificially full employment and guaranteed labour incomes for all able-bodied individuals. The rising number of unemployed accompanied by the inevitable fall in their incomes and the high inflation rate have become the main reasons for the fall in the standard of living of a great proportion of the population.

Quantitative and Structural Changes in Unemployment

Data analysis for the period between mid-1990 (when the statistical reporting of unemployment started) and the beginning of 1993 shows a steady increase in unemployment.

This period, the number of unemployed grew 18-fold. The unemployment rate shot up from under one per cent in 1990 to 15.2 per cent by the end of 1992. The average monthly increase in the number of unemployed in 1992 was more than 13 thousand. As a whole, this rate has been slowing down compared to 1991. However, it can hardly be considered as the result of a better labour market situation or a higher demand of labour. It is rather due to a "stabilization of the process following the massive increase at the end of 1990 and in early 1991",¹

This resulted directly from the worsening economic situation and the delay in structural reforms. It is no mere accident that the average number of vacancies on offer stands at about one per 80 unemployed. The unfavorable economic environment and the still absent macroeconomic stabilization impede the implementation of an effective job-creation policy and bring about an increase in the number of long-term unemployed. An indicator of this is the declining proportion of people eligible for unemployment benefit, which means that there is an increase in the number of people with expired terms of benefit.

The age structure of the unemployed is characterized by a high proportion of people under 30. They account for 45 to 47 per cent of total unemployment. The particularly hard social problem of "youth unemployment" therefore emerges, and its solution requires special measures

(adequate occupational training in tune with the requirements of the labour market, consulting services and training aimed at starting own business, easy credit terms).

The share of unemployed aged between 30 and 50 is also very high (48 to 50 per cent). Most of them belong to the group of long-term unemployed and are suffering serious losses of qualification, which means weak competitive chances on the unbalanced labour market.

The structure of unemployment by sex is characterized by a declining trend in female unemployment, with some elements of stabilization. The share of female employment fell from 54.5 per cent in 1991 to 52.4 per cent in 1992, which is quite insignificant compared to the previous year. Women under 30 and over 50 are in a particularly disadvantaged position on the labour market.

The share of unemployed with higher education degrees has shown a clear fall - from 16.2 per cent in 1990 to 6.1 per cent at the end of 1992. This is an indication that in the process of labour market formation and unfavorable economic conditions, the highly skilled are more competitive and have better job prospects.

This was not typical of the centrally-planned economies and points to a certain "normalizing" of economic values.

Dimensions of Poverty

In Bulgaria, there is no officially adopted "poverty line", which necessitates the use of other indicators of impoverishment

The analysis of changes in the share of persons and households with incomes at less than 50 per cent the average for the country, which is a traditionally applied indicator of relative impoverishment, points to a trend of expanding poverty in the years of reforms. This is more clearly expressed with individuals (whose share increased from 8 per cent in 1990 to 13 per cent in 1992) than families (7 per cent and 8 per cent). An explanation for this is the redistribution of incomes within households and the crisis-driven consolidation of family and kinship ties, which are quite typical of the Bulgarian national psychology.

The trend of expanding poverty and deepening income inequality is also confirmed by another widely used indicator: the share of people with incomes below the minimum social level. This share raised from 29 per cent in 1989 and 41 per cent in 1990 to 66 percent in 1991 and to more than 70 per cent at the end of 1992.

Specific indicators of poverty are also the ratios of the minimum social level and the following three values: (i) the average wage; (ii) the average pension; (iii) the minimum wage. In the first instance, the decrease is from 153 to 128 percent; in the second - from 94 to 67 percent; in the third - from 78 to 49 percent. These basic sources of income are lagging behind the minimum social level, which affects directly the ability of population to meet its necessities.

Another indicator of poverty in Bulgaria is the number and size of social benefits. The changes they undergo depend on the legislative framework of social assistance and reveal the extent of its efficiency. Data show a steady increase in the number and range of beneficiaries. Special attention should be paid to the sharp growth in 1992 of the number of beneficiaries and expenditures on social grants as compared to 1991.

A sociological survey showed that, by December 1991, there was an unemployed member in one out of every seven families. More than 60 per cent of those families had children. In households with unemployed members, the gross average per capita income was about 18 per cent lower and the monetary income - about 20 per cent below the incomes of the rest of households. The greater the number of unemployed, the greater the decrease in the disposable income per

household. Households with more than one unemployed had gross average per capita income at 45 per cent and monetary income at about 53 per cent lower than those with one unemployed.² A study carried out by the Center for Social Security and Social Assistance at the Ministry of Labour and Social Welfare in the fall of 1992 revealed that households with unemployed members had the biggest share (85 per cent) in getting social assistance. In almost half of them (41 per cent) or 11,500, there were two unemployed members. Bearing in mind the deteriorating labour market situation, it is not difficult to suppose that unemployment will be among the factors affecting most strongly the impoverishment of the population in the near future. The analysis of poverty leads to the conclusion that a considerable proportion of the Bulgarian population, living under the burden of economic crisis and transition, actually struggles for survival. The on-going economic processes give little indication of a likely upturn in the near future. This, in its turn, implies an increasing pressure on the social safety net.

III. Social Security of the Unemployed and the Poor - Main Points in the Development of the Legislative Framework since the Start of the Economic Reform

In Bulgaria, the social security system still lacks a sound legislative basis. Two draft laws are under discussion both in the Tripartite Commission (employers, trade unions, government) and in Parliament: the draft law on social security for unemployment and the promotion of employment, and the draft law on social assistance.

Formerly, social security and the assistance to the unemployed and the poor were based on governmental decrees. In this way, the executive enjoyed a considerable room for maneuver in making decisions and undertaking measures in accordance with the changing environment. This accumulated experience was used in the elaboration of relevant draft laws. An important aspect of the Government's approach in 1992 was that some key elements of those draft laws were to be implemented in advance by means of decrees. This allowed both the testing of their key elements and the building of prerequisites for the practical implementation of laws themselves once they had been adopted by Parliament.

Social Assistance and Social Benefits for Unemployment

In Bulgaria, the introduction of income-supporting schemes for the unemployed has a very short history. The abolition of compulsory job security (through a change in the Labour Code in 1990) and the steep rise in unemployment called for urgent measures concerning the social security of the unemployed and its improvement. Decree 57 (1989) of the Council of Ministers was the first government document in this respect, which underwent a series of changes and amendments in 1990-1992. The major changes were related to: (i) the conditions regulating the entitlement to unemployment benefits; (ii) the kind, size and length of payment; (iii) the sources of financing.

The conditions for entitlement to unemployment benefits are in the process of both becoming more targeted, and covering a wider range of cases. This allows an enlargement of the circle of persons eligible for unemployment benefit

In 1989, only people dismissed as the result of redundancies due to "the improvement of labour organization and management, full or partial liquidation, giving sites in rent, etc." were eligible. In 1990, when dismissals for economic reasons were legalized, the network of social benefits expanded to cover people who were fired for reasons other than personal behavior.

Since June 1991, people with expired labour contracts have also been covered by the system. In

this way, the system of benefits became more adequate to the developing labour market. The scope of the system was further widened with regard to young workers and graduates who are newcomers to the labour market

Another important condition for access to unemployment benefit is the length of last service, which was introduced in October 1990. According to this condition, the unemployed should have worked for at least 6 months during the last 12 months before his/her dismissal. In this way, the system is made more precise, its financial stability is provided to a certain extent and claims by seasonal workers (in tourism, in particular) are difficult.

There is also a number of conditions which limit access to unemployment benefit and through which the targeting of the system is improved and the prerequisites are created to relieve the pressure on this component of the social safety net. These limitations include cases when: the person is working on a labour contract; the person has registered his/her own firm or has shares in a collective firm;

income is received from craftsmanship or other free-lance activities; he/she draws a pension; regular monthly income is received on short-term labour contracts, which is higher than 150 per cent the minimum wage; the person is reluctant to accept a job or attend a training or retraining course offered by the labour bureau. Also, an important condition is that the unemployed individuals declare regularly their active search for a job and their willingness to start work, provided job opportunities are offered by the labour bureau.³ All this is aimed at providing unemployment benefits and assistance only to people who meet the relevant eligibility criteria.

Kinds, Size and Length of Unemployment Payments

(i) There are two kinds of unemployment payments: compensations and social benefits. Compensations are paid to "secure" unemployed individuals on the basis of employers' contributions for social insurance. Benefits are provided for particular groups of unemployed (higher education graduates and qualified workers), without insurance contributions. Both kinds of payment are universal in nature and do not account for differences in the property, income or marital status of beneficiaries.

(ii) There is a tendency towards the reduction of compensation differentiation. Until June 1991, there was a progressive monthly decrease in compensations as a percentage of the previous wage received (100 per cent, 90 per cent, 80 per cent, 70 per cent and 60 per cent); for the last three months, the unemployed was entitled a compensation equal to the minimum wage. In the period between June 1991 and July 1992, the amount of compensation was formed as a sum total of the minimum wage plus 20 per cent of the difference up to the average monthly remuneration, which would have been the basis for the employers' contributions in the last six months preceding the dismissal.

At present, unemployment compensation stands at 60 per cent of the average gross remuneration in the preceding six months. An upper and a lower limit were introduced, at 140 per cent and 90 per cent of the minimum wage. Social benefits for unemployed graduates and young workers are 80 per cent of the minimum wage. The reduced differentiation implies a decrease in expenditures and preconditions the promotion of job search/acceptance on the part of unemployed.

(iii) The length of unemployment payments depends on the age group and length of service of beneficiaries. The age component is given a higher priority, aiming at the protection of older workers and employees who are less competitive on the labour market. Unemployment payments are received for a period of 6 to 12 months. After this term has expired (or parallel with it), the "second social safety net" comes into operation under certain conditions.

Financing of the System of Unemployment Compensations and Benefits

Unemployment compensations and benefits are financed by the special "Vocational Qualification and Unemployment" Fund - VQU.4 For the time being, the VQU Fund still lacks the characteristics typical of a classic unemployment insurance fund. It is formed only by employers' contributions; moreover, this kind of contributions are not made for the employees in the budget sphere (the public sector).5

In the last few years, there has been a clear trend towards an increase in the rate of contributions aiming at the financial stability of the Fund in accordance with rising unemployment. At present, the insurance contributions are 7 per cent of the actual payroll, against 5 per cent in 1991, 3.75 per cent in 1990 and only 0.5 per cent in 1989. Obviously, these contributions turn out to be a peculiar "resource tax" which raises the price of labour and is entirely at the employer's expense. Parliament did not adopt a proposal of the Government from early 1992, according to which insurance contributions to the VQU Fund should be paid partially by the employees. The main argument against this was the low level of wages in Bulgaria. These are therefore problems to be settled and regulated by the Law to come on unemployment security and job creation.

Social Assistance of the Poor

Unlike the income supporting schemes for the unemployed, the system of social assistance in Bulgaria has been created and developed during the last three or four decades, albeit, of course, in compliance with the conditions and requirements of a centrally planned economy and the socialist ideas and principles of social policy. With the start of reforms in 1991 and the problems of poverty under the conditions of economic crisis, Bulgaria turned out to be lacking an adequate system for the social assistance of the poor. The only existing and still valid Law on social assistance dates back to 1951. The elaboration and implementation of relevant measures is taking place piecemeal, "on-the-move", and quite often by trial-and-error. Yet, the development of poverty relief has gradually become one of the priorities of social policy. The unfavorable economic situation and the restrictive budget policy require specific (and, at the same time, mainly reactive) measures for relieving the situation of people in poor financial circumstances. This environment determines the specificity of the Bulgarian practice of social assistance. Since the beginning of the economic reform, three mechanisms (schemes) of social assistance have been in successive operation in Bulgaria. The main points in their development were related to the conditions of eligibility, the size, length, kinds and ways of financing.

Kinds of Social Grants

According to their regularity, social grants are monthly, one-off and regular (up to six times a year). According to their economic form, they are in-cash, in-kind and in services. Monthly grants (in-cash) are usually permanent and are given while the eligibility conditions exist. One-off and regular aid (in-cash or in-kind) are at the discretion of local welfare officials. They are for persons with urgent financial needs and/or temporarily poor financial circumstances and for the meeting of certain extreme necessities, e.g. purchase of expensive medicines, coverage of damages for a destroyed house, meeting seasonal needs (warm clothes, heating). Some groups of the population (mothers of many children, people with disabilities) are allowed free railway or water transport,

assisted payment of telephone services, free or partial payment of balneotherapy for disabled people. Local welfare authorities may provide coupons for free or subsidized food in public kitchens, provide services in buying and delivering food at home, and also provide public services.⁶

As a whole, the changes with regard to social grants in the form of services or in-kind are insignificant. There is an urgent need, however, to develop and implement specialized programmes for in-kind assisting of groups at particular risk. Such programmes are to supplement the scheme of in-cash assistance and stabilize the poverty relief network.

Eligibility for Social Assistance.⁷

In early 1991, the inherited system of monetary assistance as a product of the "socialist social policy" did not acknowledge the existence of the poor. It was directed to the so-called "socially disadvantaged" individuals and families. A family was considered socially disadvantaged and became eligible for monthly assistance if its monthly income was below BGL 70 8 for the first member, additional BGL 50 for the second member and BGL 40 for each of the other members of the family. The monthly grants were supplementing the family income to a certain amount. Aside from income, an essential eligibility factor was membership of a strictly defined category, for instance, the disabled, the single elderly people, some groups of children and teenagers at risk, families with many children. Political considerations were quite typical of this scheme of determining the above-mentioned categories, giving freer access and certain privileges to people who were close to the regime. Regardless of incomes, some of them enjoyed special privileges in receiving free medicines and balneotherapy, they had priorities in buying flats and were allowed even the free use of public baths. Naturally, this kind of scheme proved to be inadequate in the changing and increasingly difficult socio-economic environment, for at least two reasons: first, the targeting of social assistance was poor and unreliable because, on the one hand, the income level was considered a sufficient eligibility factor and, on the other, the property status of the would-be beneficiary was not taken into consideration; second, the size of grants was determined on the basis of fixed amounts, which were losing rapidly their purchasing power with the growing inflation rate. In March 1991, a number of amendments were introduced to this scheme. According to the new Regulation on Social Assistance, "socially disadvantaged" were considered families with per capita income of less than 65 per cent the minimum wage. This was aimed at achieving higher flexibility and adaptability of social assistance. For the first time, some limitations were introduced regarding the property status of people (own house, real estate and/or movable property, which can be a source of income). This was a step towards the better targeting of social grants. The circle of people eligible for social assistance was thus divested of its political characteristics. Yet, this mechanism bears some of the shortcomings already mentioned. Again, the minimum income test criterion is per capita income and doesn't differ according to the number and age of members in the family. Moreover, monthly social benefits are envisaged rather as a legal opportunity (i.e., the estimation of local welfare authorities is decisive) and not a guaranteed right to everybody who needs them. Through the changes made in August 1991, more precise preliminary requirements were introduced regarding the property status of socially disadvantaged individuals and families. It was stipulated, for instance, that one and two-member families should inhabit a single-room (plus lavatory) dwelling; three and four-member families - a double-room (plus lavatory) dwelling. In case these limitations were exceeded, a part of the house was to be given in rent so as to become

a probable source of income. The monthly social assistance was to cover the expenses on heating, electricity, rents and unavoidable personal needs (food in particular). The latter component of social assistance was fixed as a percentage of the minimum wage and differed according to the number and age of family members, as follows: for the first working-age member - 37 per cent; for each of the rest - 24 per cent; for each member at retirement age (55 for females and 60 for males) - 40 percent. A positive element was the requirement for the unemployed beneficiaries to be registered with the local labour bureaus as actively looking for job. With those changes, the eligibility for social assistance was related to the final result (the status of poverty) and not to the initiating factors, while the social grants were minimal and differentiated.

A shortcoming of this scheme was the retained functional relation of social grants to the minimum wage. This resulted in the "freezing" of the former, as the minimum wage remained constant within a whole year. The very method of calculation created difficulties for welfare officials. Students turned out to be also subject to social assistance, thus increasing enormously the pressure upon the system and causing additional expenditures. Due to the underdeveloped tax administration, the control on declared incomes was hampered when carrying out the means tests. The rigorous property status requirements turned to be a factor for an increase in expenditures as a result of "poorly weighted" one-time or regular benefits, which were granted on the decision of social welfare services.

These circumstances implied new and, in some respects, radical changes in the system of social assistance for making it more adequate to the internal socio-economic realities as well as to the requirements of the international financial institutions and the similar systems applied in the EC member-countries. These changes were necessary, so that the system could cope with the increasing number of able-bodied and non-working people, who were in need of temporary income support rather than social services.

The major efforts were focused on the building of an adequate and flexible income-supporting scheme for the poor, to whom social assistance was given after checking income and property status, i.e. the so-called means-test. The proper targeting of benefits was to be achieved in that way. It was stated that this scheme should become the foundation of social assistance under the new conditions. The essence of this well-known scheme existing in a number of countries (England, Belgium, the Netherlands, France) consists in providing assistance which guarantees a minimum subsistence level, provided that the applicant meets the strictly fixed requirements of the means-test. The social grants were to be transformed into multi-targeted benefits of the highest instance and turn into the last resort for beneficiaries.⁹

In this connection, a number of changes were introduced:

(i) abolition of the direct dependence of social benefits on the minimum wage
(ii) a guaranteed basic minimum income (BMI) to people who have proved to be eligible for regular social assistance

(iii) a differentiation of the BMI according to the family structure and formation of its guaranteed minimum income (GMI)

(iv) regulation of the size of benefits, in order to increase the incentives for beneficiaries to actively offer their work force on the labour market

(v) conforming the size of BMI to the rest of minimum incomes (minimum pension and minimum wage, unemployment compensations), in order to maintain the ratios between them and avoid the inflow of pensioners, insured unemployed and low-paid employees into the system of social assistance.

The current income support scheme for the poor, which was introduced in July 1992, made for the accomplishment of these measures. A basic minimum income was introduced with an initial size of BGL 500. It was below the level of former minimum wage (BGL 850), the retirement minimum pension (about BGL 500) and the minimum unemployment compensation. The size of GMI is determined according to the number of members in the family, by applying to the BMI the following system of coefficients: for single persons - 1.00; for spouses - 1.80; for each child - 0.40; for persons living together - 0.90 each.¹⁰ To maintain the incentives for searching and accepting a job, 20 per cent of the labour incomes of beneficiaries is not taken into consideration when determining their personal incomes. In this situation, the BMI (the GMI, respectively) is aiming at the relief of beneficiaries, by providing for their subsistence level. It is universal in nature, because it is destined for the poor regardless of the reasons of their poverty. At the same time, it is a targeted assistance, aimed at people who meet particular requirements. The conclusion, therefore, can be made that by these parameters the Bulgarian income support system for the poor approaches European practice and standards. But there is a growing need for programmes on the development of additional services, aid and relief for particular risk groups of the population. The policy against poverty should thus become multilateral and complex.

Size and Length of Social Grants

By March 1993, after compensatory measures, the BMI was fixed at BGL 750. This is the maximum monthly social assistance for a single person without any income. For families, it differs according to the system of coefficients mentioned above. If the individual or the family disposes of some income, then social assistance supplements it to the maximum allowed amount of BMI (resp. of GMI). Monthly social grants are not limited in time and depend only on the availability of eligibility conditions and can be constantly renewed. The amounts of one-off and regular social grants are not strictly fixed. Given that expenditure on these grants is heaviest, a more complicated procedure is being applied to grants which exceed two times the size of the BMI. There is also a limitation according to which regular grants are allowed up to 6 times a year. Besides, monthly grants are financed with priority as they are guaranteed to the beneficiaries.

Financing

Financing is based on the principle of national solidarity and is carried out by, and at the expense of, local budgets. According to the Law on the State Budget, these are to provide a fixed minimum of resources for the needs of social assistance. For its part, the central (state) budget provides for the local budgets targeted funds for social needs. The shortcomings of this system of financing are as follows:

- the unstable financial condition of most of the local budgets, which cannot rely on considerable own receipts given the stagnation of local economies
- because the Law on the State Budget is passed with delay by Parliament (usually in the spring of the current financial year), local authorities can dispose only of limited financial resources
- the intermunicipal redistribution of funds is quite difficult as municipalities are autonomous in making decisions relating to the social sphere;
- the Ministry of Labour and Social Welfare is not able to provide mechanisms and additional

financial resources for the local welfare services. All these factors "contribute" to the delayed payment of social grants and the inefficient functioning of the system and also give rise to social tension. The New Legislative Framework of Social Assistance. The changes in the schemes of social assistance during the last few years were mainly aimed at the adjustment and stabilization of the working elements of the existing system. The development of the new legislative framework of social assistance was a parallel task of equal importance. In the fall of 1992, the Government put forward in the Parliament the draft law on social assistance.

Its main aspects refer to: First, the regulation of rights and responsibilities of the state, institutions and citizens with regard to social assistance. Second, the main goal of the Law is defined as securing the social safety of population, i.e. social assistance is considered one of the elements of the social safety net. Third, the establishment of a minimum income security system which makes social grants targeted and the regulation of particular additional services and relieves given to indigent people. Forth, the defining of social assistance eligible individuals and the relevant conditions. A new individual right is thus legally approved, i.e. the entitlement to social assistance under certain conditions and circumstances. Fifth, the legal regulation of kinds and forms of social assistance. Sixth, the additional relief for particular groups who are in need of specific social protection and assistance - the disabled and the old mainly. Seventh, the issues of organization, financing and control over the system of social assistance. Unlike the present situation of limited possibilities and influence, the Ministry of Labour and Social Welfare will be entitled to greater rights and responsibilities in this sphere. The draft law has been given the support of the "social partners" (the trade unions and the employers' organizations) and the World Bank experts who have contributed to the elaboration of the document by way of recommendations and suggestions.

IV. Conclusion

1. The transition from a centrally planned to a market economy in Bulgaria is taking place under the conditions of deep economic crisis and it is accompanied by a growth in unemployment and poverty. The development of programmes for the limitation of these social problems and their effects therefore has become a priority of the newly formed social policy.
2. The foundations of social security for the unemployed and the poor have been laid in Bulgaria. There are structures established, they work and provide this kind of minimum social safety.
3. Most of these structures are still governmental. The non-governmental organizations are few in number and their role in social security is insignificant. This points to one of the main directions of future development - non-governmental forms of social protection.
4. The development of a new legislative framework of social security is forthcoming, with the relevant institutional structures being reorganized and improved on its basis.
5. In the course of developments, the issue of priorities and technical assistance by international institutions and organizations have become key problems.
6. In conclusion, it should be pointed out that no social safety net can sustain an ever growing pressure on it. This implies, therefore, that the long-lasting effects of policies on poverty and

unemployment limitation will depend on the progress of economic reforms and the revival of the economy.

- 1 Burszashki.S. "Employment and unemployment in the Process of Stabilization", Agency for Economic Co-ordination and Development, Sofia, 1992, p. 11.
2. See: Social and Financial Problems of Households in the Transition to Market Economy. National Statistical Institute, Sofia. 1992, p. 12.
- 3 See: Decree 209 (1992) of the Council of Ministers, State Gazette, iss.90, 1992.
4. As it is seen from its name, this Fund also covers the expenditures on qualification and retraining of unemployed (amounting to about 2 per cent of total resources), the maintenance of labour bureaus and the promotion of some active job-creation measures.
5. All the expenditures, however, made by the VQU Fund on compensations for the unemployed from this sphere are covered by the state budget.
- 6 . There is also a network of public welfare institutions for servicing aged people and people with physical or mental disabilities.
7. The regular monthly in-cash assistance is considered here. " This amounted to about 42 per cent of the minimum wage in 1990.
8. This amounted to about 42 per cent of the minimum wage in 1990.
9. The outlined essential features of the income supporting scheme for the poor have been summarized in the Report of N.Bare, disseminated by the World Bank in November 1991. It is the result of profound discussions of leading experts.
10. In this way, the system is oriented at households as well.