

## Country information and analysis on decentralisation of social services in Bulgaria

This report is elaborated for Child Protection Hub, a regional network of stakeholders who is increasing regional cooperation by constant efforts to better equip professionals, academics, and policy makers in child protection with good practices and new technologies. The report is meant to be a part of a short description and analysis of the decentralisation processes in South East European countries, which will be presented in high-level Policy Forum „Decentralisation of Social Services: Methods, Consequences, Lessons Learnt“, that will take place 10-11 May 2016 in Vienna.

Overall social welfare system in Bulgaria

### Decentralisation process and framework, financial decentralisation

Decentralization policy of state government in Bulgaria started with the establishment of the Constitution of the Republic of Bulgaria in 1991. The clear support of this policy by the government and the general attitude of the local authorities towards the need of reform led to the adoption of the European Charter of Local Self-Government in 1995 and the basic laws: Law of Self Government and Local Administration, Municipal Property Act, Law on Municipal Budget, Law on Local Taxes and Fees, which outlined the contours of the field of local competences.

Cooperation agreement between the Government of Republic of Bulgaria and NAMB signed in December 2001 gave a strong impetus to the reforms. The focus is to conduct financial decentralization and strengthening the autonomy of local government. The implementation of the key tasks in the program for realization of the concept of decentralization /2002-2005/ resulted in a distribution of expenditure responsibilities between the state and municipalities in the provision of municipal services, developing cost standards, changing the system of government transfers, empower municipalities to determine local taxes, changing the Constitution to provide tax jurisdiction to municipalities, etc.

In 2006 was developed and adopted a strategy for decentralization (2006-2015) and the Program for implementation of the Decentralization Strategy for 2006-2009. In 2010 was adopted an updated version of the Decentralization Strategy and Programme for its implementation /2010-2013/. These documents extended the scope of decentralization - in addition to the relationship between state and local authorities, it was envisaged the transfer of jurisdiction to the Regional Governor to be able to coordinate the implementation of the sectoral policies at regional level and development of local government within the municipality by increasing the managerial and financial autonomy of mayoralities and services. At the present, the country has a three-tier administrative-territorial governance structure and is divided into 6 areas /NUTS II/, 28 regions /NUTS III/ and 265 municipalities /LAU 1/.

Along with the adoption of the Decentralization Strategy and Program for its implementation, the Council of Ministers creates Board of decentralization of government as a permanent advisory body in implementing the state policy on decentralization of government. This

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board supports the Council of Ministers in the implementation of state policy in the field of decentralization; monitor, analyze and coordinate the implementation of the decentralization strategy and the measures envisaged in the program for its implementation; discuss draft regulations that have an impact on the functions and responsibilities of the regional governors and municipalities; propose changes to national legislation in the field of decentralization; coordinate activities and measures taken by public authorities, organizations and institutions, as well as local authorities in the field of decentralization; carry out annual monitoring of decentralization strategy. Chairman of the Board is the Minister of Regional Development, and board members are Deputy Minister of Transport and Communications, Education, Labor and Social Policy, Environment and Water, Agriculture and Food, Finance and corresponding number of representatives of local government and local administration.

## Decentralisation of social services

The central government bodies conducting state policy in the field of health, education and social activities are the Ministry of Health, Ministry of Education and Science, Ministry of Culture and Ministry of Labour and Social Policy. Current legislation assigns responsibilities for providing health, education and other social activities parallel to the state and municipalities. The Public Education Act provides the existence of state and municipal schools, kindergartens and servicing units. Municipal schools, kindergartens and servicing units shall be opened, closed and converted by the Minister of Education and Science based on a proposal by the respective municipal council and kindergartens are opened, closed and converted by order of the mayor after the decision of the municipal council. Education in municipal schools is free, and the maintenance of children in municipal kindergarten is borne by the municipal council and the parents pay fees in amounts determined by the municipal council. Ministry of Education and Science supervise the activities of all types of kindergartens, schools and servicing units and levels of education through its territorial authorities - inspectorates of education.

According to the Public Health Act, the free health care activities for the citizens and those related to emergency medical care, mandatory immunizations and sanitary control are funded from the state budget and municipal budgets. The municipality is obliged to create conditions for medical services to the population on its territory, including free medical service. The municipal council is obliged to provide funds to pay fully or partially paid medicines defined by law needed for home treatment of citizens from municipal budgets. In the Hospitals Act are settled the responsibilities of municipal authorities in connection with the creation, conversion, closure and privatization of medical institutions. As a source of funding for municipal hospitals are given yearly state grants to the municipal budgets, approved by the State Budget Law. The functions of the central government in health care locally implemented through regional offices of the Ministry of Health - district health centers, whose headquarters and territorial scope of activities coincide with the administrative centers and regions.

In the Physical Education and Sport Law are settled a number of specific obligations for municipalities. The state and municipalities jointly and in cooperation with sports organizations support and develop sport excellence, integrating and educational functions as a factor for sports development in these activities. The central state body that implements the state policy in the field of Physical Education and Sports is State Agency for Youth and Sports. Municipal councils determine the status of the municipal sports facilities, and

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arrangements for providing the private municipal property to sports organizations. Municipal budget funded programs and activities in physical education, sport and social tourism for children from preschools and students; creating conditions for citizens, and especially children and young people to engage in sport and social tourism.

The Law on Protection and Development of Culture governs the status of municipal cultural institutions and powers municipal authorities in the field of culture. Municipal cultural institutions are created, transformed and closed by decision of the municipal council, in consultation with the Minister of Culture as a central state authority in the field of culture and financed from the municipal budget and their directors are appointed by the mayor after a competition determined by the Minister of culture.

According to the Social Assistance Act the state policy in social assistance is determined by the Council of Ministers and the management, coordination and control in the field of social assistance is delegated to the Minister of Labour and Social Policy. The activities on social policy are implemented by the Ministry of Labour and Social Policy in cooperation with municipalities and non-profit organizations. As a public advisory body there is a Social Assistance Council for the realization of cooperation with representatives of central government authorities such as the Ministry of Labour and Social Policy, Ministry of Finance, Ministry of Health, Ministry of Education and science, Ministry of regional development and, as well as representatives of the National association of municipalities in Republic of Bulgaria, nationally presented organizations of employers and employees, non-profit organizations, working in the field of social assistance. National Social Assistance Service is a specialized body of the Ministry of Labour and Social Policy for managing regional social assistance services. Specialized body for social assistance are the Municipal Social Assistance Service. National Social Assistance Service manages and controls the activities of regional and municipal social assistance services. Regional social assistance services provide methodological guidance and control over the municipal social assistance services and municipal social assistance service implemented social welfare of the municipality.

In accordance with the principles of the UN Convention on the Rights of the Child in Bulgaria in 2000 was adopted Child Protection Law. The emphasis in policy was moved from the institutionalization of children to care in alternative family environment, namely: development of community based social services to support families and children, adoption, placement of children in families of relatives and foster families.

Legal requirement for all municipalities is to develop and adopt municipal child protection strategy. The formation of local policies for the development of social services is based on a partner relationship - formal or informal agreements between the various stakeholders.

The zones of influence of NGOs in the field of social protection arising from their capacity and type, namely NGOs involved in the formulation and implementation of national and regional policy; NGOs that distribute funds for various programs and targeted grants and NGOs that directly provide social services to certain groups in society. The delegation of social services by local governments to NGOs is a form of interaction that is ground in medium and large municipalities. It is possible where there are organizations with expertise and experience in the social sphere and on the other hand there is a "market" for delegated services. This form of interaction is useful and it can lead to significant improvement in the quality of service provided, which is of direct benefit for its beneficiaries.

## 2. Relevant indicators (poverty rate, unemployment rate, etc.)

According to data from the National Statistics Institute in 2014, 40.1% of the population is in need of special care to overcome poverty, social inequality and exclusion from active employment. Estimates of poverty depending on the type of household shows that poverty is concentrated among older single-person households, single parents with children and households with three or more children. In 2014 the risk of poverty compared to 2013 increased by 10.8 percentage points in households with three or more children and by 11.3 percentage points in households of single parents with dependent children. In 2014, 31.7% of children aged 0 - 17 years in Bulgaria are at risk of poverty, and every seventh of ten children (72.0%) whose parents have primary or no education, live in poverty. Only 3.2 percent of children from families with higher education live at risk of poverty. The risk of poverty among children in households with parents with secondary education is four times higher than children with parents with higher education. The proportion of children with material deprivation is 58.4 percent, and for 13.8 percent of children any demand can not satisfied due to financial reasons. Half of the children (52.8%) can not afford a holiday away from home at least one week a year (incl. Holidays with family, visiting relatives and friends, organized a school trips, etc.), regular sessions with swimming, playing a musical instrument, participating in youth organizations and etc. (50.0%) and equipment for games outside (bicycle, roller skates, skating, etc.) - 49.8%. Any two of five children do not have a proper place to study or do homeworks, afford a meal including meat, chicken or fish at least once a day and buy books that are age-appropriate (except textbooks). In 2014, 35.9% of children with material deprivation live at risk of poverty.

3. Mandates in the area of social welfare services (e.g. Residential institutions are in the mandate of central government, community based services in the mandate of local level, who is financing, regulating what, etc.),

In 2007, the specialized institutions for children have changed their status as state property and passed under the management of municipalities. Exceptions are the homes for medical and social care /homes for babies/ who are under the jurisdiction of Ministry of Health and Social Educational Boarding schools /homes for children in conflict with the law/ managed by the Ministry of Education. Funding is provided from the state budget through targeted transfers to municipal budgets for state mandates activities, according to uniform financial standards for the different types of social services. The amount of financial standards is extremely insufficient to ensure the functioning of the services and the necessary quality of care. Therefore, the activities are co-funded by the municipal budgets, the budgets of NGOs and donor programs and projects.

## 4. Issues of service development, gaps and obstacles for further decentralization

The main achievements of fiscal decentralization in Bulgaria is a stable legal framework, a clear division of expenditure responsibilities in the public sector, relatively transparent mechanism of state transfers and full local control over certain own revenues - municipal taxes, service charges and revenues from management of municipal property. It is also agreed limited control over local taxes (since 2008.) and expand of the local tax base (patent tax).

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There is growing share of local budgets, respectively Gross domestic product /GDP/ and consolidated public sector.

Along with the achievements, there are still problems of fiscal decentralization. These are the centralization of a number of public services and jurisdiction of delegated state activities, low share of own municipal revenues, especially revenues from local taxes, lack of powers for planning and management of a large part of the funds received as government transfers and insufficient involvement of municipalities in determining financial and management parameters for the functioning of local government. There are also no effective institutional mechanisms for combining national and local interest in the implementation of national sectoral priorities. Implementation of sectoral policies at the local level are not provided with managerial and financial resources. There are serious difficulties in the joint implementation of shared responsibilities between central and local government.

Along with systemic problems, there are problems with capacity and competence of human resources involved in the provision of social services. Low remuneration, staff turnover and lack of appropriate knowledge, skills and training of social workers are factors for poor quality of social services in the community.

## 5. Lessons learnt or good practices

Bulgaria is the first country in Europe effectively implemented the Strategy for Innovation and Good Governance at Local Level adopted by the Council of Europe (CoE). A major element of the strategy is the labeling for innovation and good governance at local level. The label is a certificate for overall quality management in the municipality and it evaluates according to uniform criteria and procedures developed by CoE for all countries in Europe. The assessment is made based on objective indicators, unified framework procedures and tools for evaluation. Winners of the labels are local authorities that adopt and implement in their activity the 12 basic principles of good governance. Main aim of the procedure is to encourage the efforts of local authorities and the competition between them for effective policies aimed at responsibly and developing local government. Implementation of the Strategy is conducted in partnership between the National Association of Municipalities in Republic of Bulgaria and the central government, represented by the Ministry of Regional Development. In Bulgaria, there were three procedures for the award of a European prize and Label have been awarded to more than 40 municipalities that have proven they comply with the 12 principles of good governance.

Furthermore, there are established rules, that allows citizens and their organizations for direct involvement in the processes of decision-making and legislative process. However, the existing legal framework should be complemented with specific mechanisms of interaction between citizens and their organizations with public authorities.

DI reform in Bulgaria which is a state policy includes the implementation of six major national projects providing activities in construction of infrastructure, development of new community based social services and capacity development of the protection system. The funds for implementation of these projects amounted to nearly 100 million euros, provided mainly by European operational programs 2010-2014. Significant financial resources from international donor organizations and from the national budget are invested in the process of

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supporting the DI. The idea was that after the end of the program period, the funding of the new services will be provided entirely from the national budget. At the end of 2015 expires the deadlines for implementation of national projects, but for many of the activities the necessary funds are not provided yet and mechanisms and procedures to ensure the legal transition from European to national funding are not accepted. This creates anxiety and uncertainty among the majority of participants in the process.

In the new programming period 2015-2020, through various Operational Programmes are provided substantial financial resources to ensure the sustainability of the process. The funds are intended primarily for activities related to the development of human capacity and improving service quality. The new operational programs and financing schemes, however, are not yet started. Moreover, there aren't sufficient measures provided to close the rest of the institutions for children, as stated in the strategic document "Vision for deinstitutionalization of children in Bulgaria."

Despite all the difficulties, at the end of 2015, Bulgaria achieved significant results in the process of deinstitutionalization and development of community based services for children and families. The legal and regulatory environment has been improved, together with material and technical base of the facilities. The range of services provided according to the needs of the community has expanded and the quality of services and the capacity of those working in social services were enhanced. In the period 2010 - 2015, as a result of all those efforts all 25 home for disabled children, 24 homes for babies and 42 homes for children deprived of parental care / 3-18 years / were closed.

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