

10

THEME SECTION

Fighting poverty in Bulgaria demands strategic thinking and planning

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Strategic planning is a key element in tackling poverty. It combines a vision of poverty alleviation with resource allocation, thus ensuring long-lasting results. Strategic planning is a process that always requires good understanding of the nature of poverty, involvement of many actors, participatory elaboration of policy documents, high-level commitment and support, efficient implementation mechanisms and, last but not least, well-developed monitoring mechanisms.

In Bulgaria, the anti-poverty strategic planning started recently, but right from the beginning it has been associated with a number of actions that have led to a complex approach to poverty. These include poverty surveys, adoption of strategic documents, consultations with various stakeholders and construction of a monitoring and evaluation system. The foundation of this process was laid down a few years ago when the World Bank (WB) carried out a number of poverty assessment surveys.

What are the characteristics of poverty in Bulgaria?

Bulgaria is a former socialist country located in Eastern Europe that has come a long way from a totalitarian regime and a centrally planned economy to a democracy and free market economy.¹ The transition has been associated with



serious social problems related to the fact that the 'cradle-to-grave' social security and social safety systems are no longer in place. Even though many people have benefited from the reforms, the average living standards have declined and poverty and unemployment have increased. For the first

¹ For general information on Bulgaria visit www.government.bg/English

time, Bulgarians have to deal with income uncertainty and other types of social risks on their own.

Poverty in the country is a multi-dimensional phenomenon that affects various groups of the population. It is persistent and with high rates among socially vulnerable groups, such as the long-term unemployed, rural residents, large households and ethnic minorities. Poverty and unemployment are strongly correlated. The long-term unemployed are easily exposed to the danger of becoming poor and socially marginalised. Poor people have few chances of finding employment and getting reintegrated into the labour market.

The dramatic deterioration of the living standards of the population during the winter crisis of 1996–1997 entailed a poverty upsurge, which according to the WB estimates, reached an unprecedented level of 36% of the population being poor at that time. Poverty has declined in the period following the crisis, but it remains at a rate double than that of 1995. The World Bank Poverty Assessment calculated a poverty rate of 12.8% for the year 2001. The social inequality measured by the Gini index declined from 31% in 1997 to 29.5% in 2001, but it is still higher than the 1995 level of 27.1%.² In the period 2001–2003, poverty has fallen by 2%. But pockets of poverty still exist, particularly in the rural areas.

The most important factor contributing to the rise of poverty was the sharp decline in real income that led to a contraction of household consumption. During the decade from 1990 to 2000, the erosion of all income in real terms was extremely large. The average household income declined over 60%, the public sector wage fell by nearly 55%, and the average pension by 64%.

Women are more vulnerable than men in Bulgarian society. They were greatly affected by the transition process from a centrally planned to a market economy, and they take on a higher share of transition costs. Women's vulnerability increases while access to opportunities and choices remains limited. Economic recession, the closure of businesses, and financial restrictions have had negative effects on women's jobs and their participation in the labour market. Women's employment opportunities have been further aggravated by

² The Gini index is the Gini coefficient expressed in percentage form, and is equal to the Gini coefficient multiplied by 100. The Gini coefficient is a measure of inequality developed by the Italian statistician Corrado Gini and is usually used to measure income inequality, but can be used to measure any form of uneven distribution. The Gini coefficient is a number between 0 and 1, where 0 corresponds with perfect equality (where everyone has the same income) and 1 corresponds with perfect inequality (where one person has all the income, and everyone else has zero income).

³ Source: *Bulgaria: A Changing Poverty Profile*. Poverty Assessment, World Bank, 2002

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discriminatory practices against women, a phenomenon more noticeable in the private sector. The average salary shows a substantial contrast between men and women. For example, for the period 1996–1998, the average salary of men was higher than that of women. In 1996, the salary level of women represented 68.9% that of men, while in 1998 it reached 72.8%.

The combination of these two factors – lower levels of employment and less income – has led to increased poverty among women. Compared to men, women in Bulgarian society are much poorer. Poverty among women is particularly common in female-headed households and among minority groups where general adversity and gender-specific factors combine to produce long-term poverty.

The Anti-Poverty Strategy and Plan of Action as strategic planning tools

The government of Bulgaria perceives the fight against poverty as an important task and a priority area of intervention in the context of the forthcoming EU accession. The policy makers have adjusted the legislative and policy frameworks accordingly. Additional funding has been allocated for anti-poverty measures and programmes. The aim is to promote people's active search for jobs, to motivate job generation by employers and to provide support to those in need. A set of documents has been adopted that targets different aspects of poverty, including the Anti-Poverty Strategy (2003–2006), that also includes a plan of action and an evaluation strategy.

The Bulgarian Anti-Poverty Strategy adopts the EU goals for poverty alleviation

In 2003, the government developed the first Anti-Poverty Strategy. In early 2004, a one-year National Anti-Poverty Plan of Action was adopted that earmarked US\$ 1.2 billion for interventions against poverty and social marginalisation. The

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Anti-Poverty Strategy and the 2004 Anti-Poverty Plan of Action are strategic policy tools that aim to pave the way towards reducing poverty and inequality, and to fostering social integration of the poor and vulnerable. They consolidate efforts and resources of the Bulgarian society and support the process of Bulgaria's accession to EU by promoting EU anti-poverty objectives. In the year 2000 at the meeting in Nice of the European Council, the EU member states adopted a set of anti-poverty priority goals. These goals include facilitated access to employment, resources and services, social isolation prevention, support to the poor and vulnerable, and the mobilisation of institutions to fight poverty and social marginalisation.

Within the context of Bulgaria's preparation for full membership of the EU, the country has supported the Nice decisions by adopting the above-mentioned EU anti-poverty priority goals as national strategic objectives for the period 2003–2006. The Bulgarian government's Anti-Poverty Strategy aims to reduce poverty and social isolation through employment promotion and growth of jobs in the private sector, improved social services delivery and a more effective social protection system.

The strategy also demonstrates a gender sensitive approach by promoting equal opportunity policies. It makes provisions for the establishment of a set of indicators that reflect equal treatment of men and women. The strategy's gender approach has been further developed and specified in the 2004 Anti-Poverty Plan of Action. The plan includes gender-specific activities related to job creation and poverty reduction. Gender has been mainstreamed in measures such as vocational training, private entrepreneurship, social services to lone mothers, and childcare. Hundreds of women are expected to be trained and retrained and to become reintegrated into the labour market. This will reduce the level of long-term women's unemployment thus contributing to better lives for poor and socially disadvantaged women.

The Anti-Poverty Plan of Action has been a government-led exercise

The 2004 Anti-Poverty Plan of Action is an operational tool for the implementation of the Bulgarian Anti-Poverty Strategy. It is the first time that the country has developed such a policy tool. This tool will be further improved as concept and structure, and as an important coordination and implementation mechanism. The Plan will be complemented by the development of regional anti-poverty plans, thus securing coherency in the anti-poverty approach.

The drawing up of the 2004 Anti-Poverty Plan was predominantly a government effort. The Bulgarian Ministry of Labour and Social Policy was mandated to carry out the entire planning process. A national debate was launched that provoked the participation of different stakeholders. Working groups were set up, composed of representatives of various line ministries, trade unions, employers, academia and the non-governmental sector. They were aimed at discussing specific aspects of poverty such as increase in income, employment promotion, improving education and health services, special treatment of persons with disabilities, etc. A series of meetings were organised on how to better address the issues of poverty. The civil society organisations presented their positions, which were later incorporated into the plan as much as possible. NGO representatives, though, defended different opinions on how best to approach poverty in the country. This made the national debate interesting and was a valuable contribution to the drafting of the plan. An institution called the National Tripartite Council later on approved the plan. The National Tripartite Council consists of representatives of the main trade unions, employers associations and the Bulgarian government. As a result, a policy document was developed and adopted by the Council of Ministers that reflected the opinions of the variety of stakeholders and a consensus on specific poverty reduction goals.

The 2004 Anti-Poverty Plan of Action identified the following four development objectives:

- employment promotion and increase in income;
- better access to resources, rights, goods and services;
- preventing the risk of social isolation;
- social support for vulnerable groups, families and individuals; and
- the mobilisation of institutions.

The development objectives were broken down into a number of immediate objectives. These immediate objectives have been further disaggregated into specific activities, programmes and projects, which are properly funded, either from the state budget or from external donors' resources. The

plan includes activities to be implemented by the government, the social partners, NGOs, academic institutions and the private sector. There is a clear division of responsibilities and clear allocation of funds for each specific activity. The non-governmental sector is involved in a variety of actions which target mainly services to poor and vulnerable people and employment promotion. In this respect, the plan represents an endeavour to unite the main stakeholders in the process of poverty reduction and to coordinate their targeted interventions.

The national debate on poverty, which accompanied the elaboration of the 2004 National Anti-Poverty Plan, helped to:

- better understand the concept of poverty in Bulgaria;
- identify the long-term and short-term objectives in the fight against poverty and social isolation;
- define the specific roles and responsibilities of the various stakeholders; and
- augment and better target the available resources.

The consolidation of national efforts and the development of a set of targeted interventions against poverty are regarded as an advantage of the government-led strategic planning.

Poverty monitoring supports the anti-poverty strategic planning

The anti-poverty strategic planning covers different areas such as job creation, health and education, social assistance, social security, etc. It is a complex process that can lead to a variety of outputs and outcomes and concerns a large part of the population. Strategic planning always requires that a sound poverty monitoring and evaluation system be in place.

The government of Bulgaria is currently working on the development and establishment of an integrated Poverty Monitoring and Evaluation System (PMES). The development of such a system was included as a target in the 2004 Anti-Poverty Plan of Action. One part of it – a dataset with key poverty indicators at national and regional level – is already in place. The rest of the system that includes poverty analysis, regional dimensions of poverty, anti-poverty programmes, reporting mechanisms, etc., is still under construction. The system has to become an integral part of the planning process at national level and should facilitate the tracking of policies aimed at fighting poverty. It should have a capacity to provide regular feedback on the status and changes in the poverty situation. It should show the multidimensional nature of poverty as well as the effectiveness and efficiency of poverty policies.

Poverty monitoring as a participatory process and why NGOs in Bulgaria are not yet prepared to collaborate effectively

Poverty monitoring should be a participatory process. All stakeholders should be involved in data gathering, processing and the development of strategic options. In Bulgaria, this process starts with the establishment of a PMES, to be managed centrally by the Ministry of Labour and Social Policy. Other stakeholders include other ministries and government agencies, social partners, the media, NGOs, research institutions, etc. They collaborate with the central government by providing inputs to the consolidated monitoring system. The advantages of such an approach include:

- regular data collection and data processing;
- systematic reporting on specific issues;
- easy access to information sources;
- mobilisation of the entire government machinery;
- availability of resources; and
- the potential for establishing a good coordination mechanism that includes various stakeholders of the anti-poverty process.

In Bulgaria, civil society has not as yet established well-functioning structures or mechanisms that are capable of efficiently addressing the needs of the poor and vulnerable at policy level and therefore the non-governmental organisations are not in a position to play a key role in changing policies and monitoring poverty.

The population still depends on government resources and mechanisms for solving poverty-associated problems. It is a general public perception that the state should take care of all cases of vulnerability and marginalisation. This attitude is a heritage of the past, when the socialist state was in charge of social protection and social care of the entire population. The situation though has started changing with the growing number of NGOs and the increased capacity of the civil society sector to manage poverty issues at community level. International donors, both multilateral and bilateral, have supported the development of civil society structures capable of working with the poor and vulnerable. Nevertheless, at this stage of development of Bulgarian society, the government is perceived to be the most capable actor in reducing poverty and social exclusion.

NGOs are predominantly involved in charity work and/or in delivering services to the poor and vulnerable. The non-governmental sector provides care to persons with disabilities, children at risk, the elderly – both at the national and local level. There is a huge need to support vulnerable Bulgarian people. Their number is growing. This is due to the

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disruption of previous centrally-managed systems for the provision of specialised care and the inability of the current health, education and social assistance systems to meet adequately the needs of the poor and marginalised. So far, NGOs dealing with socially disadvantaged people have received financial resources and substantive support mainly from the international community. The EU Phare programme has made a substantial contribution to this effort as a EU pre-accession programme.⁴ Grant schemes have been launched to support local NGOs in their work with the poor and vulnerable. The government of Bulgaria has also recognised the need to have strong partners in social services delivery. In 2003, it adopted a legislative framework conducive to the growth and development of NGOs as domestic service providers.

NGOs involved in service delivery rarely intervene at policy level, so the voices of the poor and vulnerable remain largely silent. There are a few cases where NGOs attract public attention on discriminatory practices towards the disabled and the lack of public care for the poor and vulnerable, etc. There are also interventions before legislative bodies to make legislation more responsive to the needs of those who are socially disadvantaged. Quite often, the NGOs are not consistent and consolidated enough and therefore their efforts have not yet produced long-lasting and large-scale impacts.

A number of NGOs have already developed capacities for social research and poverty assessments. They carry out periodic surveys on the living conditions and observation of the rights of the poor and vulnerable. The results are widely disseminated and debates are held on specific social issues. However, the NGOs' approach towards poverty analysis and monitoring in Bulgaria though is not as coherent and comprehensive as it should be. There is also a lack of consistent efforts to convert the research results into anti-poverty advocacy actions.

⁴ Phare (*Pologne, Hongrie Assistance à la Reconstruction Economique*) is one the EU programmes especially designed for pre-accession countries to support human resource development. Other EU programmes include ISPA (Instrument for Structural Policies for Pre-Accession) and SAPARD (Special Accession Programme for Agriculture and Rural Development).

A few years ago, the United Nations Development Programme (UNDP) financed the establishment of an Anti-Poverty Information Centre in Sofia. The centre is a non-governmental organisation that aims to support the regular monitoring of poverty trends, to network among NGOs, and to facilitate the contacts with central government and international donors. It has become a member of the European Anti-Poverty Network and actively promotes EU poverty reduction policies. The centre is among the few NGOs that have established a policy dialogue with the central government on poverty issues and promotes targeted policy interventions in the field of poverty.

In general, the NGOs' anti-poverty advocacy capacity is still weak. The sector has not yet been successful in becoming a reliable partner to the government in the field of poverty monitoring and the development of anti-poverty policies and strategies. Additional efforts are required to promote networking among NGOs, to give them an international exposure and make them cooperate actively on substantive policy issues.

What should the poverty monitoring and evaluation system look like?

The PMES should ideally contain the following main elements:

- key performance indicators that reflect existing social policies;
- a dataset with poverty indicators;
- a package of important policy documents;
- regional dimensions of poverty; and
- reporting mechanisms.

In order to become an effective and efficient tool for decision makers, the PMES should regularly collect and maintain a dataset of the main indicators on poverty and results of policies that have been implemented. The Multi-topic Households Survey that was carried out between October and November 2003 has already provided an input to the system's main indicators and data. The survey was nationally representative and was based on a World Bank methodology on measuring the living standards of the population. The National Statistical Institute, in coordination with the Bulgarian Ministry of Labour and Social Policy, collected all the data required. The survey collected nationally representative standards of living data. These data serve as a basis for a poverty analysis that is carried out by a group of national experts and covers the following four areas of major concern to the decision makers:

- poverty definitions and measurement;

- identification of poverty profiles;
- poverty mapping; and
- development of country-specific anti-poverty policies and strategies.

There are also other sources of information such as the regular households' surveys carried out by the National Statistical Institute, sociological surveys and social assessments carried out in relation to the implementation of specific actions, programmes and/or projects, regular statistics of the national agencies on employment and social assistance, etc. All these sources will provide regular inputs to the system and are expected to guarantee coherency and reliability of the information in the long run. Media publications and NGO reports could also be used as poverty monitoring tools.

In order to be well structured and comprehensive, the PMES should include indicators that are commonly used to describe poverty, such as:

- absolute and relative lines of poverty;
- poverty rate;
- poverty gap and severity; and
- poverty map.

A poverty map is a key element of any PMES and it shows the poverty distribution among cities and villages. The regional levels of poverty based on income or consumption aggregates are widely used to determine specific policies and serve as a starting point when evaluating the impact of targeted interventions at the local level.

In addition, the PMES should have strategic as well as planning indicators that track policies effects from a long- and short-term perspective. These indicators should derive from all strategic documents that are related to poverty. In the case of Bulgaria, these are the strategies and plans of action that concern employment promotion, basic services such as health and education, housing, and specific needs of vulnerable groups. The government of Bulgaria has adopted specific policies and strategies that target, for example, people with disabilities, children at risk, and homeless people. The PMES should interlink all these policy documents and track their impact through a selected set of indicators.

Finally, yet importantly, it should also record information on the stakeholders' contributions to the implementation of the planned actions. To achieve the above, a reporting procedure has been established on all activities included in the National Anti-Poverty Plan of Action. The information that comes from government agencies, the non-governmental sector, academia, media, private activities and internationally funded projects, is regularly gathered again at government

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level, at the Ministry of Labour and Social Policy. A special department has been established that collects and analyses the reports prepared in relation to the implementation of specific activities. This department is in charge of poverty monitoring and preparation of the final report on the implementation of the 2004 Anti-Poverty Plan of Action.

There is one issue to which a PMES should pay special attention. This is how to include the poor and vulnerable in the monitoring process. The main beneficiaries of the anti-poverty policies are usually excluded from the assessment of the policies impact. NGOs and the official statistics often indirectly represent their opinions. A need appears for closer collaboration between the government and non-governmental sectors to provide opportunities for the poor to speak and for their voices to be heard. One solution to this problem could be the beneficiaries' assessments, which have to be carried out on a regular basis.

Beneficiaries' assessments are a special type of qualitative and quantitative sociological research. They gather the opinion of those who directly benefit from a specific intervention. Beneficiaries' assessments represent one of the most direct and efficient ways to enable the poor and vulnerable to speak. This method of research has been applied successfully to the Bulgarian Social Investment Fund (BSIF).

The BSIF started in 1998 as donor-funded project and later on developed into a government-run agency. Currently, it provides support to poor and vulnerable communities through a number of micro-projects. These micro-projects target the rehabilitation of local social and economic infrastructure and the building of social capital. They concern large parts of the population since the BSIF covers the entire country.

The beneficiaries' assessments were carried out several times and helped to make the BSIF interventions more responsive to the needs of poor communities. Adjustments

10 Anna Athanassova

THEME SECTION

have been introduced in the BSIF overall strategy so now the micro-projects are more demand-driven and more participatory.

Conclusions

Bulgaria still has a limited experience in the fight against poverty compared to other countries. It is a fact that the anti-poverty strategic planning is a relatively new process and it will be further developed and strengthened. Obviously, there will be a need to better utilise the increasing capacity and resources of the non-governmental sector that deals with poverty issues. The planning process has to be made fully participatory and to reflect as much as possible the opinions and the vision of the poor and vulnerable in Bulgaria. For that reason NGOs and CSOs have to be supported further, trained to think strategically and to participate efficiently in the planning process. They also have to learn how to translate the voices of the poor into measures and programmes that secure poverty alleviation and improved living standards.

It is a fact also that a fully-fledged monitoring and evaluation system is not yet in place. But what has been achieved

so far demonstrates that the country has advanced in developing a right approach towards poverty monitoring that combines data collection and processing, poverty analysis, policy documents, as well as reporting mechanisms.

The Bulgarian economy is currently in a process of recovery and the GDP is increasing, which allows a greater proportion of national resources to be directed towards poverty alleviation. Bulgaria's accession to the EU is also expected to foster poverty reduction by attracting additional EU funds to create jobs, strengthen service delivery, and improve infrastructure and social reintegration of vulnerable groups of the population.

Bulgaria has to raise the living standards of the population in order to fully benefit from the EU accession. The country should respond as quickly as possible to the challenges Bulgarian society faces with regard to poverty and should address the poverty issues in a timely, effective and efficient manner. Firstly, it is important that the strategic planning is continued. This will ensure sustainability of results. Secondly, regional planning should be developed, and thirdly, regular monitoring and analysis of poverty has to be carried out.

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