



REFUGEES IN BULGARIA: LABOUR MARKET AND BUDGETARY COSTS

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REFUGEES IN BULGARIA: LABOUR MARKET AND BUDGETARY COSTS

Albena Nikolova

Nina Chernicherska

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List of abbreviations

CoM	Council of Ministers
EA	Employment Agency
GMI	Guaranteed minimum income
LAR	Law on Asylum and Refugees
LIPD	Law on Integration of Persons with Disabilities
LSA	Law on Social Assistance
MoI	Ministry of Interior
MLSP	Ministry of Labour and Social Policy
MoF	Ministry of Finance
NPIRRB	National Programme for Integration of Refugees in the Republic of Bulgaria
RALSA	Regulation of Application of the Law on Social Assistance
RALIPD	Regulation of Application of the Law on Integration of Persons with Disabilities
SAA	Social Assistance Agency
SAR	State Agency for Refugees
p.p.	percentage point

1 Purpose of the analysis

The present analysis aims to demonstrate the short-term influence of the refugee crisis on the Bulgarian economy and in particular on the labour market and budgetary expenditure. The starting point of the analysis is the review and assessment of the extent to which the refugee inflow effectively settles down in Bulgaria, and the extent to which these people acquire the rights and obligations of the Bulgarian citizens and become active on the labour market. The results of the assessments show that Bulgaria is not the final destination for a large number of people seeking international protection here, and that a relatively small number of persons, who have received such a protection and respectively access to the labour market, join the labour force.

The budget impact assessment covers 2016 and 2017, and focuses on the main revenue and expenditure items, influenced by the dynamics of the refugee flow. The analysis of the available statistical data shows that the budget impact of the refugee wave results mainly in an increase of social assistance spending for those who received a refugee or a humanitarian status, of spending for the maintenance of people settled down in the centres of the State Agency for Refugees, and of expenditures for the country's borders protection. In the short-term, if the current level of interest and effectiveness of the programmes and activities for integration and employment of refugees is unchanged, the expected positive effect on the budget revenues resulting from the refugees' participation in the labour market as employed persons and as taxpayers, respectively, will be considerably lower than the overall budget funds disbursed.

The findings of the analysis could be used to adjust policies towards a more effective management of the refugee flow to the country, and towards a higher integration in the social and economic life of the persons who have been granted international protection. The analysis also points to some issues related to the access to statistical information collected by different institutions concerning the refugee flow to the country, including administrative costs; the specific number and the family status of the refugees receiving social assistance; the number of persons with suspended social assistance. For the purposes of budget planning, it is important to observe the length of stay of the persons who have been granted refugee status or humanitarian status on the territory of the Republic of Bulgaria, namely the number registered as unemployed, and the percentage of persons who have left the country following the completion of the procedure for granting the respective status.

2 Concepts, definitions and sources of information

The present paper focuses on **persons who have lodged an application for international protection and who have been granted refugee or humanitarian status**. The main law regulating the conditions for granting international protection to foreigners and their rights and obligations, is the Law on Asylum and Refugees (LAR). The agency, which grants international protection, is the State Agency for Refugees (SAR).

The definitions listed below and the description of the procedure for granting international protection status aim to clarify the analysed statistical data. According to the provisions of the LAR:

- ▶ **Refugee status** shall be granted to a foreigner *who for reasons of a well-founded fear of persecution due to his/her race, religion, nationality, political opinion or membership of a specific social group is outside his/her country of origin and who, for those reasons, is unable or unwilling to avail himself/herself of the protection of that country or return thereto.*
- ▶ **Humanitarian status** shall be granted to a foreigner *who is not eligible for refugee status and who does not wish or is unable to receive protection from his/her country of origin, as he/she may face a real risk of suffering serious harm, such as: 1) death penalty or execution, or 2) torture or inhuman or degrading treatment or punishment, or 3) serious threat to a civilian's life or person by reason of indiscriminate violence in situations of international or internal armed conflict.*

Procedure determining the status: In order an international protection to be granted, a person must initiate proceedings for determining his/her status. Initially, the applicant lodges an application for status determination, and following his/her registration with the SAR a procedure must be initiated for determining the Member-State responsible for examining the application for international protection (the so-called Dublin Regulation). If Bulgaria has been determined as the responsible State for examining the international protection application, an accelerated procedure for granting the respective status is initiated. Within three days from the opening of the accelerated procedure, the competent authority shall make a decision on whether to refuse the application as ungrounded, to discontinue the procedure or to initiate a standard procedure. In the case where a standard procedure is initiated, the Chairman of the SAR shall, within six months, grant a status, refuse to grant a status, or discontinue the procedure. The procedure for granting international protection shall be suspended when the foreigner, without good reasons: 1) fails to appear for an interview, as well as within 10 days afterwards; 2) changes his/her address without notifying the SAR; 3) refuses to assist the officials of the SAR in clarifying the circumstances pertaining to his/her application; and 4) violates a measure imposed on him/her connected with the obligation to report to the authorised agency once every two weeks. The suspended

procedure shall be resumed, when the person seeking international protection provides evidence, proving objective reasons for his/her failure to comply with the provisions of the law; the procedure shall be discontinued when the person fails to appear before the SAR within three months after the suspension of the procedure.

Rights during the procedure for status determination. During the procedure, persons seeking international protection have the right to receive food and shelter, social assistance, health care, medical care, basic education in the Bulgarian language, and access to the labour market, as the precondition for the latter is the case where the proceeding is not completed within the terms of law due to reasons beyond the person's control. Along with a number of administrative obligations, the applicant has the obligation not to leave the territory of the Republic of Bulgaria without the permission of the SAR.

Rights of the persons who have been granted international protection. A person who has been granted refugee status has the rights and obligations as a Bulgarian national, with the exception of the right to participate in general and municipal elections, in referenda, to be a member of political parties, to hold positions for which Bulgarian citizenship is required by law, and to serve in the army. A person who has been granted humanitarian status shall have the rights and obligations of foreigner with a permanent residence permit holder in Bulgaria.

The granting of either type of status entitles the person to ask for family reunification on the territory of the country. For the members of the family long-term residence permits with a validity of one year are issued, with the possibility of their renewal.

Persons who have acquired refugee or humanitarian status are entitled to the right to engage in work and to social and health insurance, similar to the rights of Bulgarian nationals. They are also entitled to basic and secondary education, including vocational education and training. Refugee minors are entitled to basic and secondary education, including vocational education and training, both upon the status granting, and during the procedure.

Integration in the country's social and economic life is carried out through the signing of an integration agreement between the person granted protection and a local government authority representative (according to the National Strategy for Integration of Persons Granted International Protection 2015-2020¹). It is a one-off agreement, for a period of one year signed by each adult foreigner who wants to, individually. During the integration process, the persons are directed to locations where the local government bodies have expressed a need and/or an interest. Following an assessment of the individual needs of each person, an individual integration plan is prepared. The person is included in a six-month Bulgarian language course comprising 600 tuition hours targeted at reaching level A-2 or B-1 according to the European language framework. The

¹ The National Programme for Integration of Refugees in the Republic of Bulgaria carried out until 2013 was replaced by a National Strategy On Migration, Asylum and Integration 2015-2020 adopted by Decree No 437/12.06.2015 of the Council of Ministers

language training includes tuition in social adaptation and the children start attending school. Following the completion of the language course, the person is directed to a vocationally oriented education, training or retraining. Following the conclusion of the individual plan of action on integration, persons granted international protection can settle down anywhere on the territory of the country, register with an employment office, and receive social assistance in the order established for Bulgarian nationals, whereby such persons must provide for themselves and for their family.

On the grounds of the above-said, it can be concluded that the timeline from lodging the application for protection to the person's real access to the labour market covers at least twelve months.

According to the Law on Social Assistance (LSA), the following persons are entitled to social assistance: permanent residence permit holders in the Republic of Bulgaria; foreigners who are granted temporary protection; persons who are entitled to social assistance by virtue of an international agreement to which the Republic of Bulgaria is a party. Social assistance is granted in the form of benefits in cash and/or in kind, aiming to meet the necessities of life, and by the provision of social services. The above-mentioned target groups can receive monthly, one-off and targeted benefits, and can use social services in the respective community or in specialised institutions, pursuant to Article 36, paragraph 2 and paragraph 3 of the Regulation of Application of the Law on Social Assistance (RALSA), where vacancies are available, and under the terms and procedures set in Article 40 of this Regulation of Application. The individual groups of social assistance beneficiaries are determined according to several main characteristics: age, family structure, health status, income, property, employment status, or other circumstances, as recorded.

The assessment of the impact of refugees' integration in labour market was prepared on the basis of the official statistical data of the SAR for the number of persons seeking international protection in Bulgaria and the number of persons granted refugee or humanitarian status. Official information from the Employment Agency (EA) and the Ministry of Labour and Social Policy (MLSP) was also used, concerning the implementation of the Programme for Training and Employment of Refugees in 2014 and 2015.

The impact assessment on budget expenditures was elaborated based on the accounting information for the expenses made in previous years to cover activities related to administering the refugee flow, as well as spending on social assistance for persons who had lodged an application for international protection and for persons granted refugee or humanitarian status in Bulgaria. The reported data was submitted by the competent Bulgarian institutions, including: SAR – concerning maintenance expenditures for persons accommodated in the centres of SAR with the Council of Ministers (CoM) in 2015 and the first quarter of 2016; MLSP and the Social Assistance Agency (SAA) – concerning the number of persons granted international protection who had used their right to receive social assistance for the period January 2013 – October 2015, as well as the information regarding the maximum amount of the benefit by types

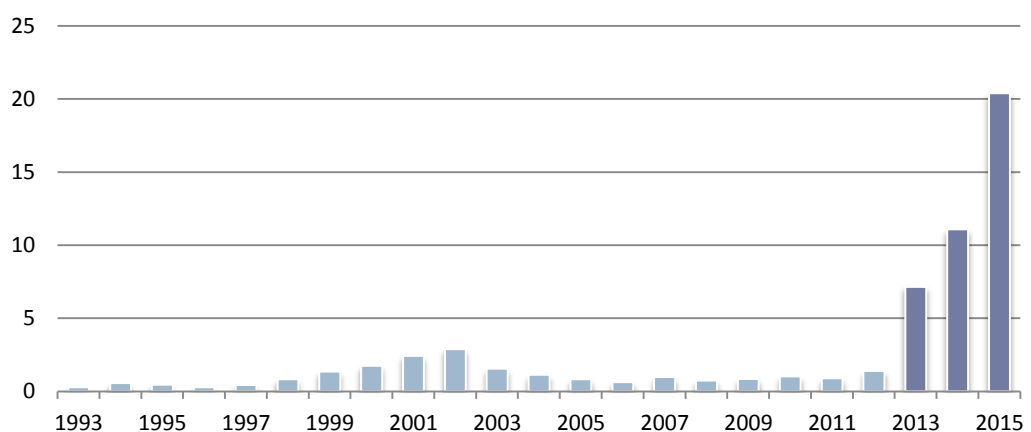
of social assistance. Information provided by the Ministry of Interior (Moi) was also included, concerning the number of posted personnel for border protection, and the funds used for the maintenance of such staff during 2013-2015.

3 Number and characteristics of persons seeking protection in Bulgaria

3.1 Number and characteristics of persons seeking protection

The number of persons seeking international protection in Bulgaria grew significantly during the period 2013-2015 (Figure 1). According to SAR data, the number of persons seeking protection in the country during 1993-2012 was on average of 1.1 thousand people per year, whereby the highest number – of 2.9 thousand people – was reached in 2002. In the last three reference years, the refugee flow into the country increased considerably, whereby the total number of persons who had lodged an application for international protection reached 7.1, 11.1 and 20.4 thousand people in 2013, 2014 and 2015, respectively. The latter, along with the expectations for continuous increase in the number of persons seeking protection in Bulgaria in the mid-term perspective, create risks for pressure on various systems of the Bulgarian economy, and highlight the need for a more comprehensive study of the profile of persons who have lodged an application for protection.

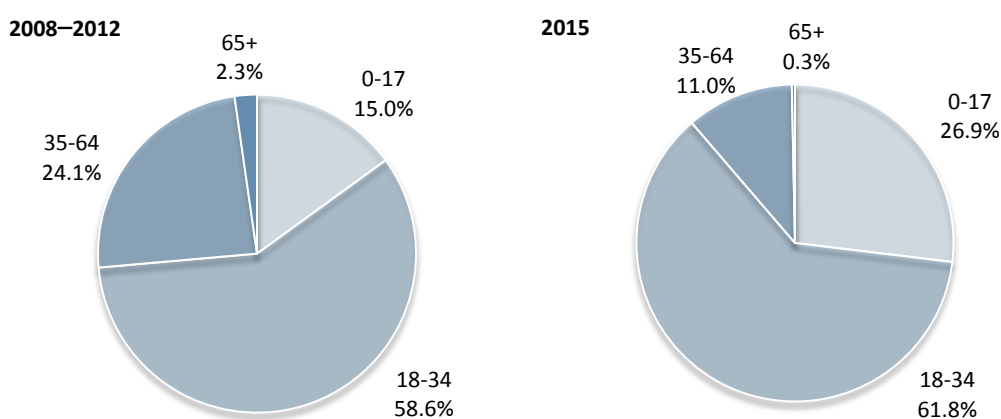
Figure 1:
Number of persons seeking international protection in Bulgaria, in thousands



Source: SAR

The age structure of the people who had lodged an application for international protection is dominated by persons in the active working age between 18 and 34, but the group of minors below the age of 18 has also been rising (Figure 2). In 2015², the share of persons aged between 18 and 34 applying for protection reached 61.8% of all applicants, increasing by 3.1 percentage points (p.p.) compared to the average share of this age group for the period 2008-2012³. The group of persons below 18 marks a certain increase, as their share in 2015 rises by 11.9 p.p. compared with 2008-2012. The share of persons aged 35 to 64 and that of persons aged above 65 follows a downward trend in the period under review (Fig. 2). The tendencies observed in the age structure of persons seeking protection in Bulgaria show an increasing number of persons in the youngest age group and in the active working age group. In order to assess the prospects for these persons' successful integration in the social and economic life of the host country, it is necessary to consider the educational structure of the persons who have lodged an application for protection.

Figure 2:
Age structure of persons seeking international protection in Bulgaria, %



Source: Eurostat, SAR

The educational structure of persons who had sought international protection shows a growing predominant share of persons having low educational levels (Figure 3). In the period 2013-2015⁴, the group of persons having basic or lower education levels marks an increase of more than 13 p.p. and reaches 79.7% in 2015. These unfavourable dynamics are determined mainly by the sharp increase of persons with no education,

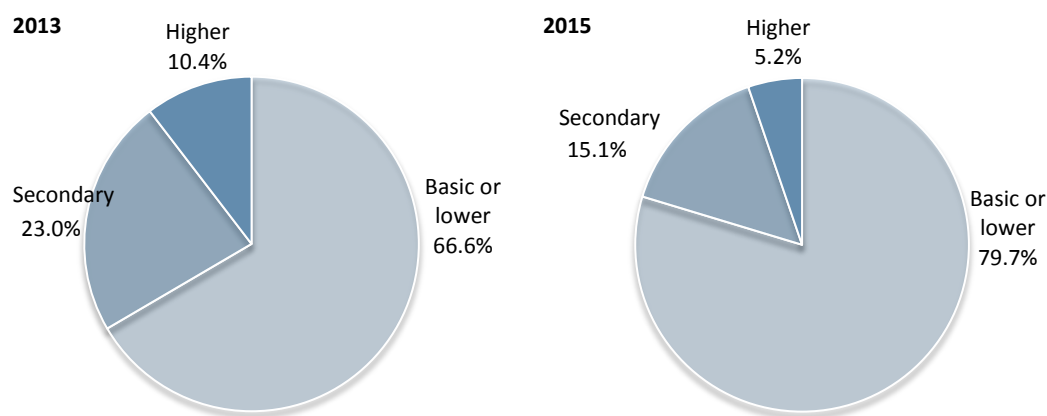
² The age structure data for 2015 covers the eleventh-month period of the year.

³ The comparison is based on 2008-2012 data, since prior to 2008, Eurostat data concerning the overall number of persons who had lodged an application for international protection differs from SAR data. At the same time, SAR data about age groups have been available since 2013, and are in accordance with Eurostat data concerning age groups. Therefore, this analysis makes an overview of the period 2008-2015, using data from both sources concerning age groups.

⁴ The data concerning the degree of education are available for the period from 2013 to the eleventh-month period of 2015, with the SAR as a source.

which share rises from 11.8% in 2013 to 24.6% in 2015⁵. The share of persons having basic education also increases, reaching 30.5% in 2015, whereas the share of persons with secondary education decreases slightly compared to 2013, while still remaining comparable with the share of persons having no education. The share of secondary or higher educational degrees marks a significant drop, namely from 23% in 2013 to 15.1% in 2015 for persons having secondary education, and from 10.4% to 5.2% for persons with higher education. The unfavourable educational structure of the persons who had lodged an application for international protection presumes the use of additional efforts/costs towards increasing their employability skills and towards the inclusion in the active labour and social life of the country.

Figure 3:
Educational structure of persons who have lodged an application for international protection, %



Source: SAR

The majority of the persons seeking protection in Bulgaria come from Middle Eastern countries with military and political conflicts, e.g. Syria, Iraq and Afghanistan. Between 71% and 93.7% of the overall number of persons, seeking international protection in the period 2013-2015, originated from those three countries. In 2013, the majority of the persons who had lodged an application for international protection came from Syria (63.1%), while 3.5% came from Iraq and 4.3% – from Afghanistan. However, the relative share of the last two countries increased significantly in the past two years and attained 33.6% and 29%, respectively, becoming in fact comparable with the share of Syria, which was 31.1% in 2015⁶. The relative share of young-age cohorts (aged below 34) in the total number of persons, coming from the above-mentioned three countries, who had lodged an application for international protection, varies between 82% and 97%, while those having a lower educational degree (basic or lower) varies between 66% and 87%.

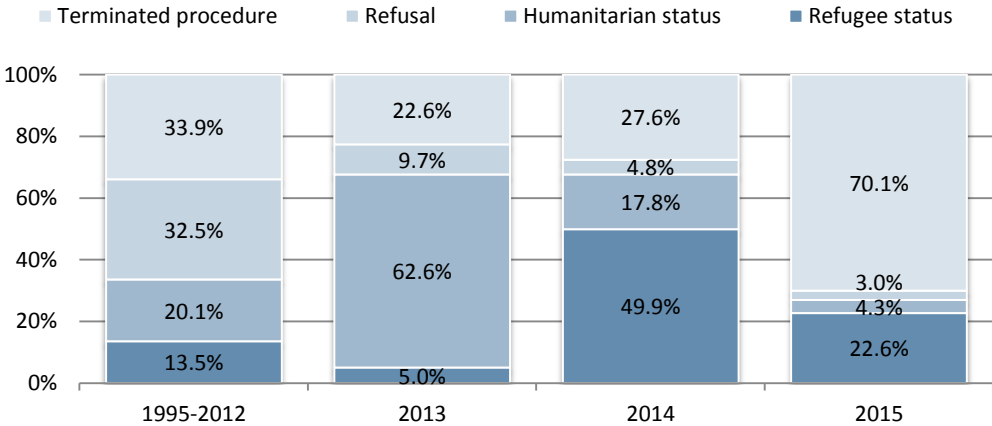
⁵ It should be noted that entries in the group with “no education” are also due to the absence of documents proving the refugees’ educational level.

⁶ The aggregated data for the total number of persons seeking international protection by country are based on the monthly statistical data of the SAR by country and by age group for the period from 2013 to the eleventh-month period of 2015.

3.2 Total number and structure of the decisions adopted by SAR concerning the persons seeking protection

Following a procedure for granting international protection, the SAR may grant refugee status/humanitarian status, refuse to grant a status, or it may terminate the procedure⁷.

Figure 4:
Structure of decisions adopted according to the type of decision



Source: SAR

In the period of 2013-2015, the number of persons granted international protection increased significantly compared with previous years; however, the number of cases where the procedure was terminated went up too, which shows that the persons seeking protection were unwilling to settle down permanently in Bulgaria (Fig. 4). After 1993⁸, the total number of decisions made by SAR gradually increased, and reached a peak of 3.3 thousand in 2002. After 2002, the number of decisions declined significantly, amounting to an average of 785 per year. It must be noted that over the entire period from 1993 to 2012, with very few exceptions (1995, 1997 and 2001), the share of persons with a refusal to be granted a status or with terminated procedure was much higher than the share of persons granted refugee status or humanitarian status. This tendency changed in 2013 when the share of persons granted a status reached 67.6% and it remained the same in 2014, although the structure by the granted protection differed. In 2013, the share of persons granted humanitarian status was the highest (62.6%), whereas in 2014 it went down at the expense of an increase in the share of the persons granted refugee status (49.9%). In 2015, we witness again a certain dynamics that is typical of the period prior to 2013, whereby the share of persons with a refusal to grant a status or with terminated procedure rose to reach 73.1%. The reasons for terminating the procedure were generally related to misbehaviour on the part of the persons seeking protection⁹. The significant increase in the number of terminated procedures supports the conclusion that Bulgaria is not the final destination for a

⁷ See Part 2 Concepts, definitions and sources of information

⁸ In 1993 and 1994, no decisions were made for granting of status, refusal to grant a status, or terminated proceedings

⁹ See Part 2 Concepts, definitions and sources of information.

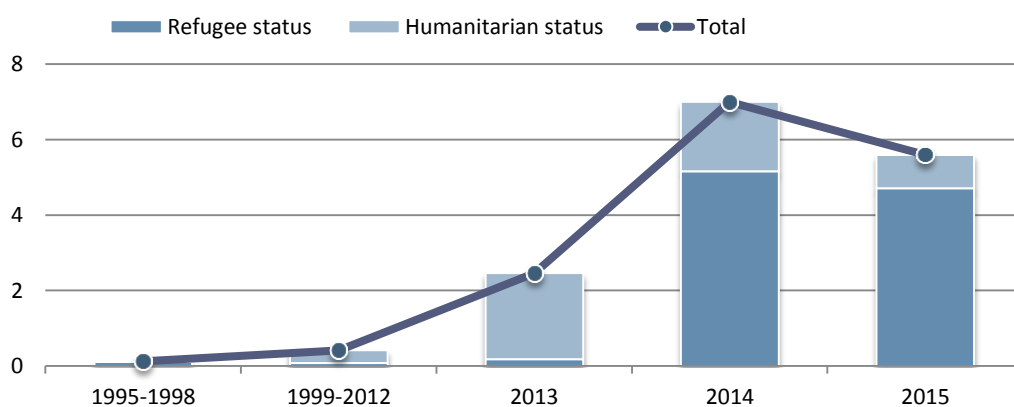
majority of persons seeking protection – after the procedures has been terminated those persons should leave the country.

3.3 Number and characteristics of the persons granted protection

Persons granted international protection are entitled to the rights of Bulgarian nationals concerning access to the labour market and to programmes for integration in the country’s social and economic life.

During 2013-2015, the number of persons granted refugee status or humanitarian status increased significantly in comparison with previous years (Figure 5). In the period 1993-2012, the overall number of persons granted international protection varied between 86 persons and 1.6 thousand people, as the peak value was registered in 2001. Significant increases have been observed since 2013, as their number reached 2.5 thousand people in 2013, 7.0 thousand in 2014, and somewhat declining to 5.6 thousand people in 2015¹⁰. The entire period under review can be divided into three sub-periods as per the type of status granted. In the period from 1995 and 1998, the persons granted refugee status are leading in numbers (around 92%). In the period from 1999 to 2012, the number of persons granted humanitarian status is relatively higher (86%), with the tendency being preserved also in 2013 (92.6%). Over the past two years, persons granted refugee status account for approximately 79% of the total number of persons granted international protection.

Figure 5:
Number of persons granted international protection by the type of protection, in thousands



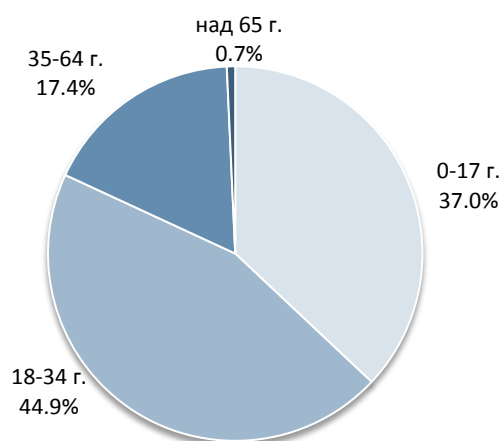
Source: SAR

The information for the age profile and educational characteristics of the persons granted international protection enables the assessment of the possibility for entering into the labour market.

¹⁰ The 2015 data covers the whole year.

People in the active working age prevail in the total number of persons granted refugee status or humanitarian status (Figure 6). In the period 2013-2015¹¹, the share of persons aged between 18 and 64 varies around and slightly above 62%. Of these, persons aged between 18 and 34 accounted for approximately 45%, and persons aged between 35 and 64 – to an average of 17.4%. The perspectives to the labour market participation also depend on the breakdown by gender, since due to certain specific characteristics of the religious identity of people coming from the above-mentioned origin countries, the majority of women are not active on the labour market. In the structure of the people in the active working age (Fig. 7), men have the advantage with an average share of 67.4% in the period 2013-2015; however, the share of women went up to reach 35.2% in 2015 compared with 30.1% two years earlier. This tendency is entirely determined by the group of women aged between 18 and 34, whose share rises by nearly 7 p.p. over a period of three years and reaches 33.6% in 2015, whereby the share of women aged between 35 and 64 remains stable at approx. 39%. These tendencies show that more efforts should be used towards the creation of working habits in the young women granted international protection in Bulgaria. Another distinct dynamics concerns the increasing share of minors whose number reached 37.3% in 2015, and who represent the second largest group of the whole complex of persons granted refugee status or humanitarian status. The latter supposes efforts for the successful integration of children through inclusion and participation in this country's educational system. The share of people above active working age is the most insignificant, and has a tendency towards decline.

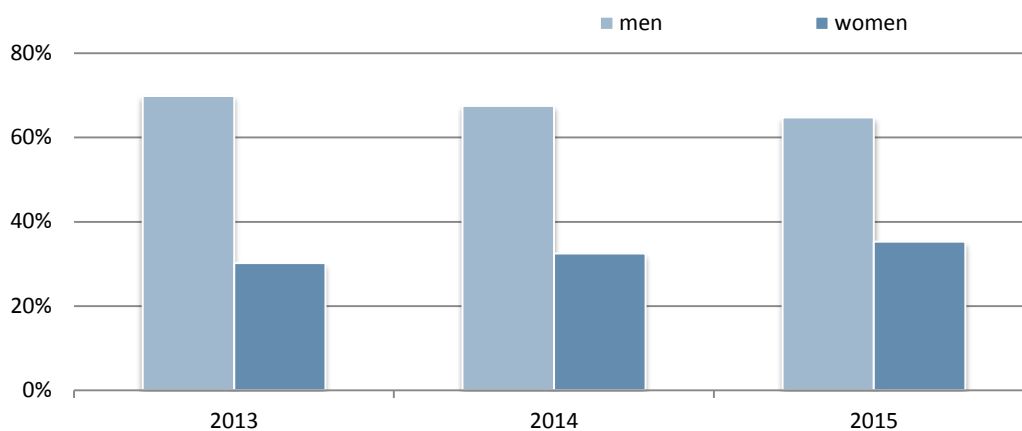
Figure 6:
Age structure of the persons granted refugee status and humanitarian status during 2013-2015, %



Source: SAR

¹¹ The 2015 data, by age categories, covers the eleventh-month period of the year.

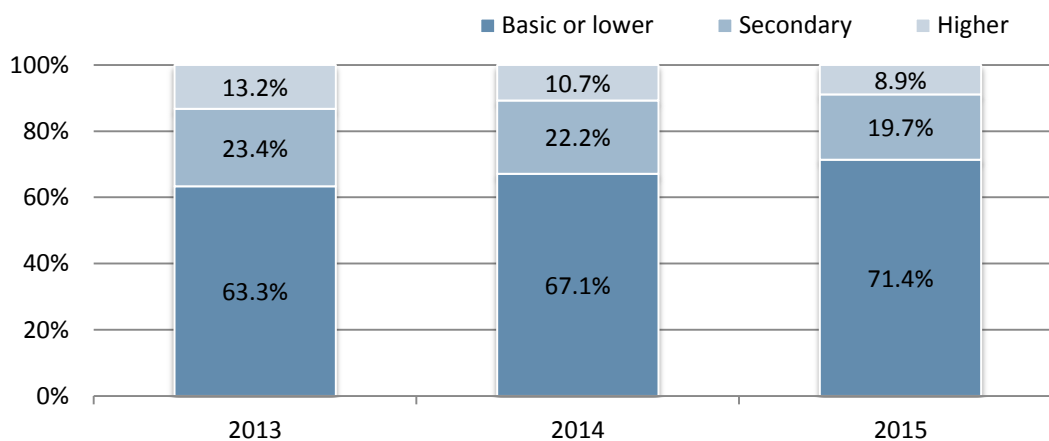
Figure 7:
Structure by gender of people in the active working age (18-64), %



Source: SAR

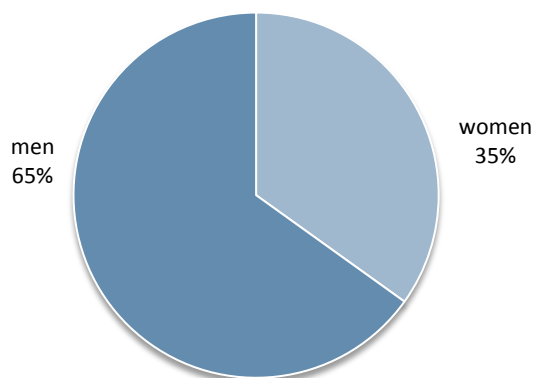
The educational structure of the persons granted international protection similarly to the one of people who applied for international protection indicates that the lower levels of education are dominant (Figure 8). During 2013-2015, the share of persons having basic or lower education grew from 63.3% to 71.4%. This development was entirely due to the increase in the number of people having primary education, which grew by 12.5 p.p. to reach 35.4% in 2015. The number of persons without education went slightly down to 9.3%, whereas the group of persons having basic education registered a bigger drop in numbers (to 26.7% in 2015). Nevertheless, the latter is still the second largest community as per educational status of persons granted protection. At the expense of the increase in the relative share of people having low educational degree, the number of people having secondary and tertiary education goes down. The gender structure of the persons having the lowest educational degree is characterised by a relatively constant ratio of men and women in the period 2013-2015, namely 65% and 35%, respectively (Fig. 9).

Figure 8:
Educational structure of the persons granted refugee status or humanitarian status, %



Source: SAR

Figure 9:
Structure by gender of persons having basic or lower education in 2013-2015, %



Source: SAR

Unlike the totality of persons who had lodged an application for international protection and who originate from at least three main countries, which are a source of migrants, the persons granted a status come predominantly from Syria. The share of persons coming from Syria who are granted refugee status or humanitarian status out of the total number of persons granted protection in Bulgaria grew from 81.7% in 2013 to 95.2% in 2015¹². Of these, the number of people in the active working age amounts to 62.3%, and the number of people under the active working age is on average 37.0% for the period 2013-2015. According to their educational status, the most numerous group growing in size are people having basic or lower education (71.2% in 2015), against a dropping number of people having secondary education (20.1% in 2015) and of people having tertiary education (8.7% in 2015).

4 Social assistance and maintenance expenditures related to persons seeking protection in Bulgaria

4.1 Social assistance of people granted refugee or humanitarian status

4.1.1 Types of social benefits

Permanent residence permit holders in the Republic of Bulgaria have equal rights in the area of social assistance and social services similar to the rights of Bulgarian nationals.

Social assistance to foreigners granted refugee status or humanitarian status is provided in the order and conditions laid down in the Law on Social Assistance (LSA) and the Regulation of Application of the Law on Social Assistance (RALSA), the Law on

¹² The shares are based on SAR data aggregation according to age.

Integration of People with Disabilities (LIPD) and the Regulation of Application of the Law on Integration of People with Disabilities (RALIPD), and the Ordinance № RD 07-5 of 16.05.2008 stipulating the terms and conditions for allocation of targeted assistance for heating.

According to the terms and conditions of the LSA and the RALSA a refugee or a foreigner having a humanitarian status can receive **monthly and one-off benefits**, as follows:

- ▶ Monthly social benefit pursuant to Article 9 of the RALSA and under the obligation that the personal income from the previous month is lower than a particular differentiated minimum income¹³. If the refugee is in active working age, but is unemployed, he must register with the local Directorate for Employment within three months from the date on which the decision to grant a refugee status or a humanitarian status was served;
- ▶ One-off benefit pursuant to Article 16 of the RALSA in case of incidental health, educational, household or other life important needs, up to the quintuple amount of the GMI;
- ▶ One-off benefit under the order of Article 16a of the RALSA for the issuing of an ID card, up to the amount of the GMI;
- ▶ Monthly-targeted benefit under the terms and conditions of Article 14 of the RALSA for the payment of rent in the municipal housing.

Following the terms and conditions of the LIPD and the RALIPD, a monthly supplement for social integration to meet persons' individual needs is introduced, depending on the type and level of the disability, the level of the permanently reduced working capability and on the basis of a social assessment. Its amount is differentiated based on the GMI and is equal to the funds granted independently of the person's income to supplement it to cover additional expenses, e.g. for transport services, information and telecom services, education, qualification, training, pharmaceuticals, dieting, rent for municipal housing, thermal cure and rehabilitation services.

The Ordinance № RD 07-5 as of 16.05.2008 of the minister of labour and social policy regulates the terms and conditions for targeted heating assistance to people and their families during the heating period. The benefit is granted, following an assessment of the person's income, property and health, age and family conditions, and the amount is determined each year accordingly to the changes in the price of electricity.

¹³ The differentiated minimum income is defined on the basis of the GMI and the respective coefficient dependent on the age of the person, his/her family conditions, and the presence of children and disabilities. The amount of the benefit is the difference between the differentiated minimum income and the person's income from the previous month.

4.1.2 Maximum amount of the social benefits

The maximum amount of the benefit per person under the LSA and the RALSA is determined based on the GMI, the latter being BGN 65 per month, and the legally regulated quotients for the differentiated minimum income under the Article 9 of the RALSA. Thus, the amount of the benefit granted per year is estimated at BGN 569.40 per single person, BGN 514.80 per family member or per life partner, and BGN 709.80 per child aged below 16, if attending school and until the completion of secondary education or of grade XIII of a vocational school, but not after reaching 20 years of age. The one-off targeted benefit according to Article 16 of the RALSA is allocated to single people or to a family, respectively, and to the amount of BGN 325. The one-off benefit for issuing an ID card is up to BGN 65.

Given the above information on the level of the GMI and the respective percentage entitled to the persons, eligible for assistance under Article 9, Article 16 and Article 16a of the RALSA, the maximum annual amount of the benefit paid per person granted refugee or humanitarian status is evaluated at BGN 988¹⁴.

Table 1:
Maximum amount of the benefit under the LSA and the RALSA per year according to the person's family status and age

	Monthly benefit under Article 9 of the RALSA	One-off targeted benefit under Article 16 of the RALSA	One-off targeted benefit for issuing an ID card
Single-person household	73% of GMI	Up to BGN 325	Up to BGN 65
Family: husband and wife or life partners	66% of GMI each	Up to BGN 325	Up to BGN 65
Child: aged below 16, if attending school, until the completion of his/her secondary education, including grade XIII of a vocational school, but not after reaching 20 years of age	91% of GMI	/	Up to BGN 65

Source: SAA

The maximum amount of the monthly supplement for social integration under the LIPD and the RALIPD is determined on the grounds of the GMI at the level of BGN 65 per month and the legally stipulated differentiated coefficients for the various supplements for rendering services to disabled and their social integration according to the type and degree of disability. The average maximum amount of the supplement for social integration is estimated at BGN 919 per year.

¹⁴ The estimate excludes the assistance under Article 14 of RALSA due to data unavailability.

Table 2:
Supplement for social integration under the LIPD and the RALIPD, amount per person, per year, BGN

Permanently reduced working capability	Without entitlement to external assistance			With entitlement to external assistance		
	from 50 to 70 percent	More than 71 percent		from 50 to 70 percent	More than 71 percent	
		from 71 to 90 percent	More than 90 percent		from 71 to 90 percent	More than 90 percent
Persons aged above 16	581.40	815.40	1010.40	/	/	1361.40
Children aged below 16	702.00	858.00	858.00	897.00	1053.00	1053.00

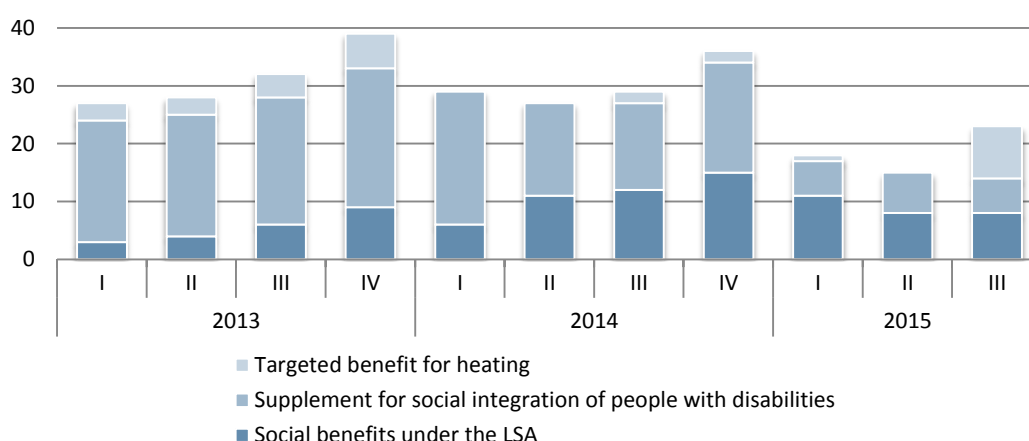
Source: SAA

For determining the targeted heating benefit under **the Ordinance № RD 07-5 as of 16.05.2008 of the minister of labour and social policy** its level for the heating 2015/2016 period at the amount of BGN 361 is used.

4.1.3 Number of persons receiving social benefits

Relatively small number of all persons granted refugee or humanitarian status receive social benefits. According to reporting data of the SAA (Figure 10), 126 cases of approved social assistance applications submitted by persons granted refugee status or humanitarian status were registered in 2013. Of these, the largest share is occupied by social assistance granted under the LIPD – namely 88 registered cases.

Figure 10:
Number of cases where social assistance is paid to persons granted refugee status or humanitarian status and to their families



Source: SAA

In the last quarter of 2013, the total number of registered cases under the aforementioned categories reached a peak, which was due to the increased number of persons benefiting under the LSA and the Ordinance № RD 07-5 dated 16.05.2008 (assistance for heating). In 2014, the total number of cases (121) remained close to that in the preceding year; however, a considerable increase of beneficiaries under the LSA

was registered at the expense of beneficiaries under LIPD and the assistance for heating. Social assistance under LSA was still the leading category in 2015, although the number of beneficiaries has been decreasing on an annual basis over the first three quarters of the year. By the end of October 2015, 34 cases of assistance under the LSA were registered, as well as 25 cases under the LIPD, and, respectively, 10 cases under the Ordinance regulating the targeted assistance for heating.

Table 3:
Share of registered cases of social assistance by reason of benefit allocation

	2013	2014	2015*
Number of cases			
under the LSA	22	44	38
Under the LIPD	88	73	26
under the Ordinance № RD 07-5 / 16.05.2008	16	4	21
Share in the total number of persons granted refugee or humanitarian status			
under the LSA	0.9%	0.6%	0.7%
under the LIPD	3.6%	1.0%	0.5%
under the Ordinance № RD 07-5 / 16.05.2008	0.6%	0.1%	0.4%
Share in the total number of registered as unemployed persons granted refugee or humanitarian status			
under the LSA		58.7%	35.8%
under the Ordinance № RD 07-5 / 16.05.2008		5.3%	20.0%

*Extrapolated data based on the registered number of cases until October 2015

Source: SAA

When considering the information presented in Table 3, it can be concluded that a low percentage of all persons granted protection in Bulgaria actually use the right to receive social assistance, as in the period 2013-2015 the average share of social assistance beneficiaries in the total number of persons granted refugee or humanitarian status was around 0.7% for the registered cases under the LSA, 1.7% - under the LIPD and, respectively, 0.4% under the Ordinance № RD 07-5 /16.05.2008.

4.2 Budgetary expenditures on integration of persons granted refugee or humanitarian status and maintenance expenses for people seeking protection in the country

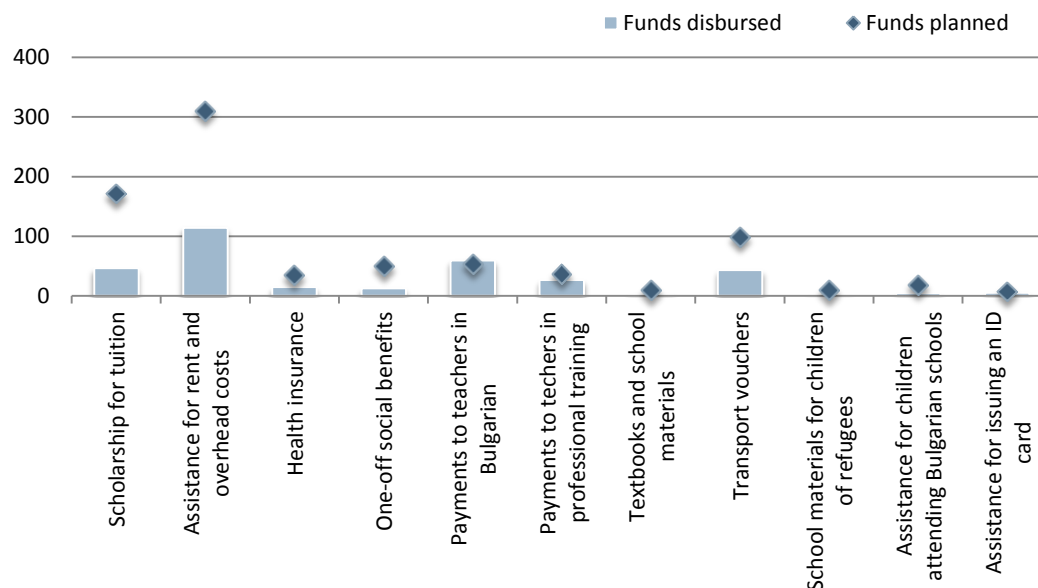
The integration of persons granted a refugee or a humanitarian status into the social and economic activities in the country is being realized through the provision of services packages aimed at supporting the inclusion and sufficient participation in the labour market. A National Programme for Integration of Refugees in the Republic of Bulgaria (NPIRRB) had been performed during the 2011-2013 period, resuming thereafter with the implementation of the National Strategy on Migration, Asylum and Integration. During the procedure for granting a refugee or a humanitarian status, and, prior to its conclusion, persons accommodated at centres of the SAR receive benefits, in cash or in kind, besides the expenses provided for the centres functioning.

During the period 2011-2013, 256 refugees attended in the NPIRRB, while 163 of them dropped out of it, afterwards. The total number of refugees included in the NPIRRB during the period concerned, represented 9% of all persons granted a refugee or a humanitarian status, while 64% of the attendants fell off the programme at a later stage. The measures in the NPIRRB dedicated to the integration of refugees included Bulgarian language education, social and cultural adaptation, professional education and provision of consultations for the inclusion in certain programmes for professional qualification and employment. Meanwhile, the NPIRRB included also integration packages with financial benefit payments for the attending refugees, as follows:

- ▶ One-off social assistance paid after the fourth month following the inclusion into the programme;
- ▶ Targeted aid for issuing an ID card;
- ▶ Scholarship for the period of education in the Bulgarian language course, social orientation and cultural adaptation, and professional qualification, as well as educational materials;
- ▶ Monthly financial aid for payment of rent and overhead expenses (electricity, heating, water) to the persons included in the programme;
- ▶ Monthly health insurance of the persons attending the programme, as since June 2013 the health insurance contribution has been covered only for the months with registered attendance in the programme. If the refugee is not included in the programme, the payment of social insurance contributions is on his/her own duty;
- ▶ Public transport week stub or individual tickets for the period of education in Bulgarian language, social and cultural orientation, and professional qualification;
- ▶ Payment of fees for attending children garden;
- ▶ One-off targeted benefit to families having children enrolled in the first class of a state or a municipal school;
- ▶ Monthly allowance for children attending a Bulgarian state or municipal school, and educational materials.

The figures on expenditures under the NPIRRB for the 2011-2013 period announced in the audit report of the programme's implementation revealed that of BGN 900 thousand planned financial resources, the payment amounted to BGN 329 thousand, which corresponded to 37% of the plan.

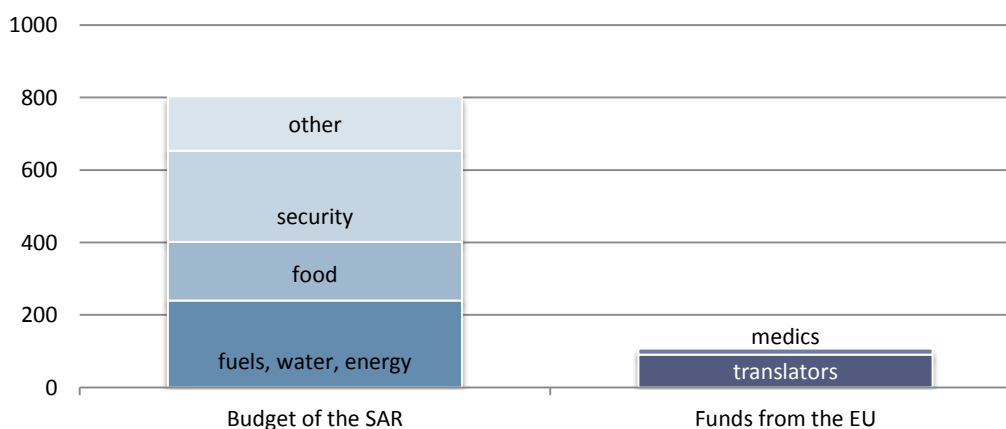
Figure 11:
Funds disbursed under the NPIRRB for 2011-2013, in thousands BGN



Source: Audit Report № 0300000614 for the implementation of the NPIRRB (2011-2013)

Financial assistance at the amount of BGN 65 per month instead of food had been given to people accommodated in the centres of the SAR until January 2015. According to the SAR figures, the number of beneficiaries was 15 659 in 2013 and 20 602 in 2014. The expenditures for this type of assistance amounted to respectively BGN 930.3 thousand in 2013 and BGN 1 229.3 thousand in 2014. In January 2015 another BGN 154.9 thousand have been disbursed and afterwards this type of assistance was discontinued. Nowadays, people accommodated in the SAR centres have been given food.

Figure 12:
Expenditures by type of the SAR for the first quarter of 2016, in thousands



Source: SAR

According to the reports of the SAR 2015 budget implementation, the maintenance expenses for people seeking protection in Bulgaria were BGN 5 309.1 thousand, of which: BGN 1 300.0 thousand were disbursed for food, BGN 307.0 thousand were spent on materials and BGN 1 975.5 thousand provided for the water, fuel and energy expenses. In the first quarter of 2016 the maintenance expenditures¹⁵ of SAR were BGN 803.3 thousand, as the biggest share took the spending on security (31.4%), fuel, water and energy (29.9%) and food (20.1%).

The activities related to the refugee influx and administered by SAR are financed predominantly by the state budget, however the expenses for translators and medical services are covered with EU funds, the latter being BGN 107.3 thousand in the first quarter of 2016.

As of the end of the first quarter of 2016 the centres of SAR have accommodated 1 000 persons. Since January till early April the number of people was 673 accounting for 16% of all who searched for protection during the whole respective quarter. The remaining number of 327 persons as of the end of March had been accommodated in previous periods. On the grounds of information for the maintenance expenditures under the 2016 budget of SAR for the January-March period, an average expenditure per person accommodated in the centres of SAR and per quarter has been estimated at the amount of BGN 803.28.

4.3 “Asylum, Migration and Integration Fund” (AMIF)

Along with the budgetary financing of the activities on assistance and integration of people who search for international protection in Bulgaria and who receive a refugee or a humanitarian status, resources from the European Fund “Asylum, Migration and Integration” (AMIF) are also used. On the grounds of Decision of the CoM, the “International Projects” Directorate in the MoI has been appointed as the responsible body for managing the resources under the AMIF, following the National programme for assistance under the AMIF for the 2014-2020 period, adopted in March 2015. In May 2015 an agreement with the European Commission has been signed for granting free financial aid under the AMIF – “Urgent measures”, at the amount of EUR 4.6 million for the period of 15.06.2015 – 14.09.2016. After the request to the European Commission for its prolongation, the period has been lengthened by 3 additional months till 14.12.2016. The aim of the agreement is to support the administrative capacity for granting international protection and to improve the living conditions and accommodating capacity, as well as to provide medical care. As of the end of June 2016 spending amounted to slightly above EUR 1.5 million or 33.4% of the whole financial resources under the agreement. In October 2015 a one-year contract for free financial aid under the AMIF at the amount of EUR 422 thousand has been also signed, as the activities under the project directed towards the improvement of infrastructure has been implemented during 2016. As of 30.06.2016 funds disbursed under this agreement

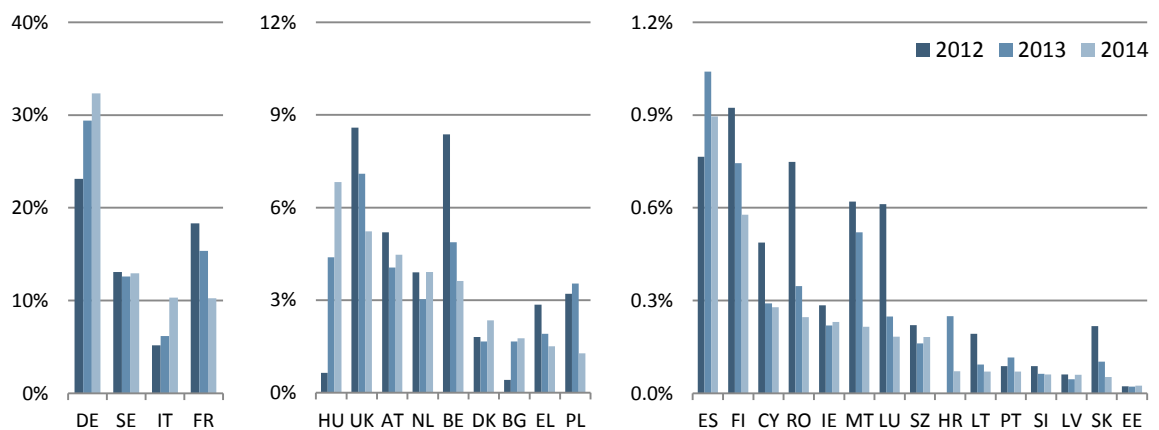
¹⁵ Expenditures on personnel are excluded.

totaled BGN 196.6 thousand or 23.8% of the whole contract amount. In addition, the European Commission grants complementary resources for temporary measures for relocation of refugees from other countries. According to the Regulation establishing the AMIF, each person who has been granted international protection and has been relocated from another Member state could receive EUR 6 thousand, as well as additional one-off amounts for his/her family members who have been duly transferred. The latter presents the considerably higher funding which a relocated person could receive compared to people who have been granted protection in the country.

5 International comparisons

A comparison of Eurostat data between the number of persons originating from countries outside the European Union who had lodged an application for protection and the number of persons who were granted refugee status or humanitarian status in EU Member States points to the fact that the refugee influx in 2013 and 2014 was a comparatively bigger issue for Bulgaria compared to the other new Member States of the Union.

Figure 13:
Distribution of the persons originating from countries outside EU 28 who are seeking protection in EU Member States, %

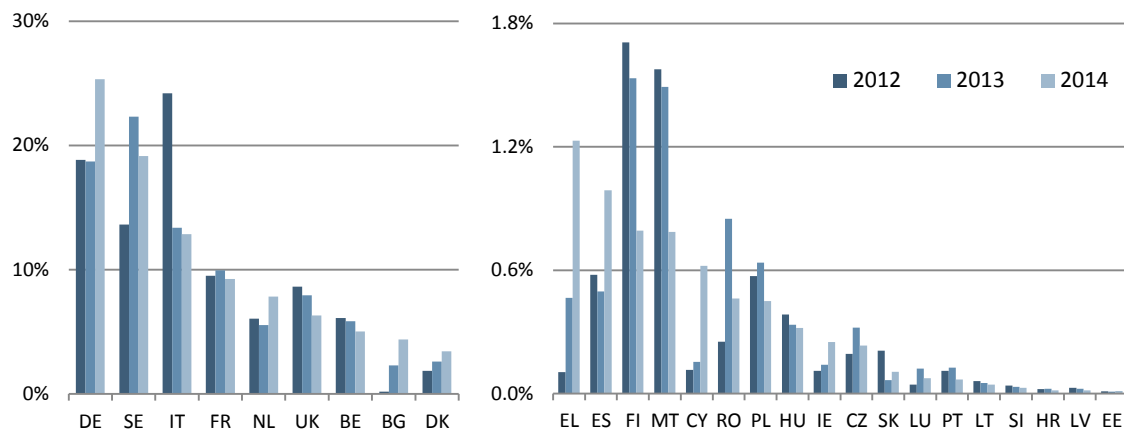


Source: Eurostat

The largest share of *persons seeking protection* in the EU went to Germany (32.3% in 2014), followed by Sweden, Italy and France with a share between 10% and 13% (Figure 13). In Bulgaria, the share of persons seeking protection accounted to a little less than 2% of the overall number of persons seeking protection in the European Union, less than the number that went to Denmark (2.3%), Belgium (3.6%), the Netherlands (3.9%), Austria (4.5%) and the United Kingdom (5.2%). Hence, Bulgaria occupied one of the relatively front places in terms as destination by the persons seeking protection, whereby in the group of the new Member States it is outranked by Hungary alone, where the number of persons seeking protection amounted to 6.8% in 2014. Concerning

the distribution of *persons granted a status* in the European Union by country, Bulgaria (with a share of 4.4% for 2014) ranks immediately after the old Member States, e.g. Germany, Sweden, Italy, France, Belgium and the Netherlands, where the reported number of persons granted protection is the highest with values between 5% and 25% (Fig. 14). With reference to this indicator, Bulgaria has even left Hungary behind, where the share of persons granted a status is barely 0.3% of the total number of refugees in the EU, although the number of persons seeking protection is considerably higher. The fact that the countries of origin of the persons coming to Bulgaria are characterised by sustained military and political conflicts leads to the conclusion that the migration flow to this country will increase.

Figure 14:
Distribution of the persons originating from countries outside EU 28 who are granted protection in EU Member States, %



Source: Eurostat

6 Impact assessment of persons granted international protection on the labour market in Bulgaria

6.1 Assumptions and methodology

The impact assessment of the refugees' integration in the local labour market was prepared on the basis of the SAR data concerning the number of persons seeking protection and the number of persons granted refugee status or humanitarian status. Official data of the Employment Agency and the MLSP were also used in relation to the implementation of the Programme for Training and Employment of Refugees for 2014 and 2015.

Two scenarios are under discussion: a realistic scenario based on current developments and available information for refugees integration in the labour market, and a hypothetical scenario based on the assumption that all persons in active working age granted refugee status or humanitarian status and practically having the right to access the labour market, have joined the workforce. Both scenarios are compared with a basic labour market scenario. It coincides with the official forecast of the Ministry of Finance published at the end of October 2015, which does not include an impact assessment of the refugee influx on the workforce.

When preparing the impact assessment, the reporting information of the SAR for the period 2013-2015 was used, since this was the year when a considerable increase in the number of persons seeking protection was registered. The expected figures for 2016 and 2017 for the incoming refugees and for the numbers to be granted a status are estimated on the basis of inflow dynamics since 2013 and under the assumption that receiving countries which are preferred from the side of refugees to settle down keep their policies unchanged. There is an assumption as well for strengthening the control by the Bulgarian authorities over the refugees' reception. Data from the SAR and Eurostat concerning the age structure of the persons granted a status were used, particularly the ones on persons in active working age (between 18 and 64) and who could join the labour force. The forecast for the number of persons at working age granted protection in the period 2016-2017 is produced on the basis of their average share in the total number of persons granted a status in the period 2013-2015.

Table 4:
Main indicators concerning the persons seeking protection and granted refugee or humanitarian status

	2013	2014	2015	2016*	2017*
Number of persons seeking protection (individuals)	7 144	11 081	20 391	26 726	29 893
Number of persons granted status (individuals)	2 462	7 000	5 597	7 404	8 307
Number of persons granted a status who are in active working age (18-64) (individuals)	1 540	4 335	3 475	4 606	5 168

*Forecast

Source: SAR, MoF

When assessing the impact of the refugees on the labour force, the main point of reference in the analysis is that their inclusion in the economically active population follows their registration as unemployed. This hypothesis rests on the fact that following the granting of an international protection status, the subsequent integration is carried out with the assistance of the authorised agencies. Hence, integration is conditioned by an overlay of various factors, which render the refugees' access to the labour market more difficult without the intervention of mediators. The majority of the persons who are granted international protection do not speak Bulgarian and after they are granted a status, they are enrolled in Bulgarian language courses. Besides, the educational structure of the persons granted refugee or humanitarian status indicates that the share

of persons having low education is predominant, which necessitates their inclusion in education or training courses, so that they can acquire higher skills. Along with the language barrier and the low educational and qualificational level of the refugees, other problems for their economic activity exist pertaining to their religious identity, e.g. the vast majority of women are inactive in their country of origin. All of the above-mentioned gives reasons to maintain that the inclusion of the refugees in the labour market would take place mainly through the employment offices, since SAR has no competence over direct inclusion of unemployed persons in the market, but it cooperates with the respective competent body, i.e. the Employment Agency. We take notice that in view of the above-mentioned circumstances, a relatively smaller number of the refugees succeed in finding a job by their own.

The official data of the Employment Agency contain no information about the total number of registered unemployed refugees. However, according to information shared by the minister of labour and social policy at an official forum on the informal economy, held on 24 September 2015 in Varna town, the number of refugees registered with the employment offices does not exceed 100 persons. According to the registry of foreigners who had asked SAR for cooperation concerning employment, the number of refugees who were hired in 2014 amounted to 69 persons. Following the Employment Agency figures, the Programme for Training and Employment of Refugees covered 75 and 106 persons in 2014 and in 2015, respectively. Since all the available data for the labour market participation of the refugees are almost equal, we can assume that the refugees who have registered with the employment offices have been included in the targeted Programme. Therefore, their impact on the workforce in both scenarios is calculated on the grounds of its implementation and the assessment of its effectiveness measured through the number of persons who have returned to the employment offices compared with the number of participants in the Programme.

It must be noted that the main purpose of the Programme for Training and Employment of Refugees is to ensure the integration in the labour market of unemployed persons granted refugee or humanitarian status through Bulgarian language tuition, training for acquiring professional qualification, subsidised employment and employment on the primary labour market. At the same time, the Programme also includes unemployed in general, for enhancing the capacity of the administrative staff operating with refugees. Since there is no information about the number of refugees enrolled in the Programme against the number of other unemployed persons included in it and since the number of participants in it is very small, and also the number of refugees largely exceeds the number of personnel in the registration-reception centres, for the purpose of this analysis it is assumed that all participants in the Programme are refugees.

6.2 Scenarios of the impact of the refugees integration in the labour market

6.2.1 Realistic scenario

In 2014, the Programme included 75 refugees, and in 2015, their number reached 106. According to the National Action Plan for Employment, in 2016 the Programme is envisaged to ensure employment for another 130 people. Since the number of participants has been growing annually by approximately the same figure since 2014, the forecast for 2017 is set at 158. The Employment Agency figures give information on the number of the unemployed persons who returned to the employment offices after their participation in the Programme. On the grounds of the estimated effectiveness of the Programme (measured as the ratio of the number of unemployed who returned to the employment offices against the number of participants in the Programme), an assumption on the number of unemployed who found jobs has been made. In 2014, 28% of the participants returned to the employment offices, and in 2015 their number reached 53%. Therefore, 72% of the participants in 2014 are presumed to have found a job in 2015, and 47% of the participants in 2015 are considered to be employed in 2016. As for 2017, the number of the employed refugees is obtained through referencing the average share of the employed for the previous two years to the share of the unemployed in the previous year.

The estimates show **an insignificant impact on the workforce (employed and unemployed) and on the unemployment rate** due to the small number of the refugees who register as unemployed.

Table 5:
Difference between the realistic scenario (2) and the baseline scenario (1) by years*

	2014	2015	2016	2017
Workforce (15-64)				
Difference between (2) and (1), %	0.00	0.00	0.01	0.01
Growth (1) on an annual basis, %	-0.42	-0.85	-0.26	-0.08
Growth (2) on an annual basis, %	-0.42	-0.84	-0.26	-0.08
Employed (15-64)				
Difference between (2) and (1), %	0.00	0.00	0.00	0.00
Growth (1) on an annual basis, %	1.32	0.91	0.57	0.64
Growth (2) on an annual basis, %	1.32	0.91	0.57	0.64
Unemployed (15-64))				
Difference between (2) and (1), %	0.00	0.03	0.04	0.06
Growth (1) on an annual basis, %	-11.98	-14.31	-7.71	-7.16
Growth (2) on an annual basis, %	-11.98	-14.28	-7.70	-7.15
Unemployment rate (15-64)				
Difference between (2) and (1), p.p.	0.00	0.00	0.00	0.01

* (1) baseline scenario (according to the official MoF forecast as of the end-October 2015)

(2) realistic scenario (based on the information available for the current labour market integration of the refugees).

Source: MoF

6.2.2 Hypothetical scenario

This scenario is based on the assumption that all refugees at active working age who received the right to access to the labour market (see Table 4) register as unemployed with the employment offices. On the grounds of the estimated effectiveness of the Programme for Training and Employment of Refugees in the previous scenario, represented through the share of persons who returned to the employment offices against the number of participants in the Programme for the period 2014-2015, the flow of persons who were unemployed in the previous year and who became employed in the following year is calculated.

The results show a **stronger impact on the labour force compared with the previous scenario** due to the higher number of participants, as the impact on the total number of unemployed is higher compared with the impact on employment, and the unemployment rate is higher for the entire period from 2014 to 2017, of between 0.09 and 0.14 p.p.

Table 6:
Difference between the hypothetical scenario (2) and the baseline scenario (1) by years*

	2014	2015	2016	2017
Workforce (15-64)				
Difference between (2) and (1), %	0.16	0.18	0.20	0.24
Growth (1) on an annual basis, %	-0.42	-0.85	-0.26	-0.08
Growth (2) on an annual basis, %	-0.31	-0.82	-0.24	-0.04
Employed (15-64)				
Difference between (2) and (1), %	0.03	0.09	0.07	0.09
Growth (1) on an annual basis, %	1.32	0.91	0.57	0.64
Growth (2) on an annual basis, %	1.35	0.96	0.55	0.66
Unemployed (15-64)				
Difference between (2) and (1), %	1.14	1.06	1.53	1.85
Growth (1) on an annual basis, %	-11.98	-14.31	-7.71	-7.16
Growth (2) on an annual basis, %	-11.30	-14.37	-7.28	-6.87
Unemployment rate (15-64)				
Difference between (2) and (1), p.p.	0.11	0.09	0.12	0.14

* (1) baseline scenario (according to the official MoF forecast as of the end-October 2015)

(2) hypothetical scenario (based on the assumption that all persons who received a refugee or a humanitarian status participate in the labour force).

Source: MoF

6.2.3 Labour force, differences between scenarios

The estimated impact on the unemployed and employed numbers in both scenarios compared to the baseline one, which generally reflect the different degree of integration of the refugees in the labour market, is used as a basis for additional estimates on some direct and indirect influence of the policies implementation on other indicators. On the grounds of the evaluation already presented in the two scenarios

under discussion, the expected budgetary impact of the refugees' inclusion in the labour force has been also calculated.

Table 7:
Employment and unemployment numbers – change compared to the baseline scenario, numbers

Scenario	2016			2017		
	Baseline, in thousands	Realistic compared to baseline	Hypothetic compared to baseline	Baseline, in thousands	Realistic compared to baseline	Hypothetic compared to baseline
Employed (15-64)	2 970. 7	+50	+2 071	2 989. 6	+77	+2 745
Unemployed (15-64)	301.6	+130	+4 606	280.0	+158	+5 168

Source: MoF

7 Budgetary impact of the increased refugee influx

7.1 Assumptions and methodology

The budget impact assessment for 2016 and 2017 is based on the available information concerning the number of persons seeking protection and those being granted refugee or humanitarian status, and the estimated dynamics of the refugee influx in the two respective years (see Section 3 and Section 6); the reported cases of social assistance and the financial justification of the maximum annual benefit amount per person (see Section 4.1); the number of persons accommodated in the centres of the SAR who are beneficiaries of social assistance and the maintenance expenditures under the SAR budget (see Section 4.2). Calculations are based on the presumption that the average ratios reported in the previous years are preserved, namely:

- the share of registered social assistance beneficiaries vis-à-vis the total number of persons granted refugee status or humanitarian status, and vis-à-vis the total number of registered unemployed refugees;
- the ratio between the number of persons accommodated in the centres of SAR for one quarter and the number of people granted refugee status or humanitarian status for the same period, and the ratio between the total amount of funds disbursed for maintenance under the SAR budget and the number of people residing in the centres of SAR.

The two scenarios described in Section 6 are considered, with the purpose of presenting the difference between the expected budgetary impact for 2016 and 2017 in relation to the different degree of labour market integration of the refugees. The estimates cover solely the short-term impact on the budgetary revenues and expenditures in result of the additionally joined to the work force as unemployed or employed people with a

refugee or a humanitarian status in comparison with the baseline scenario. The estimates are presented in nominal values, so as the differences in the expected budgetary burden from the two scenarios' implementation are easily identified and interpreted.

The analysis also includes information of the MoI and SAR on the expenditures on personnel, incl. for missions of employees working in activities linked to the refugee inflow. The estimate on these expenditures in the realistic and hypothetical scenarios remain unchanged compared to the baseline scenario, however it has been taken into consideration and presented due to its relatively large share in the total expenditures following the refugee inflow and due to low probability these expenditures to significantly decrease during the two years under discussion with no policies and international environment changes.

7.2 Short-term budgetary impact assessment in result of the implementation of the realistic and the hypothetical scenario

The short-term effects on the budgetary revenues and expenditures, as a result of the labour market participation of part of the refugees (in the realistic scenario) and of all refugees being granted a status (in the hypothetical scenario), who are at active working age, are revealed mainly through the increase compared to the baseline scenario in funds of the following categories revenues and expenditures:

- ▶ Social assistance on the grounds of the legal provisions of the LSA and of Ordinance № RD 07-5 dated 16.05.2008 concerning the allocation of targeted aid for heating;
- ▶ Revenues from social security and health insurance contributions and from personal income tax of persons granted a refugee or a humanitarian status, who are registered as employed;

Simultaneously, the estimates on the funds disbursed under the following categories do not change within the scenarios, as far as they are dependent on the overall number of people seeking and/or granted international protection in the country:

- ▶ Social assistance on the grounds of the legal provisions of the LIPD;
- ▶ Integration and maintenance expenditure for persons accommodated in the centres of SAR;
- ▶ Additional expenditure on wages of the personnel working on the problems of the refugees (SAR, MoI).

On the grounds of the presented in Table 4 expectations for the number of persons granted a refugee or a humanitarian status in 2016 and 2017, and also taking into consideration the estimates in Table 7 for the expected changes in employed and unemployed numbers compared to the baseline scenario, the following budgetary estimates are produced:

Table 8:
Short-term budgetary effects, BGN in thousands

Budget category Scenario	2016		2017	
	Realistic	Hypothetical	Realistic	Hypothetical
Revenues:	173.3	7 179.2	273.3	9 742.4
Social security	135.7	5 620.2	215.6	7 686.5
Personal income tax	37.6	1 559.0	57.7	2 055.9
Expenditures:	4 670.0	6 966.1	5 106.5	7 675.7
Social assistance	180.9	2 476.9	209.9	2 779.1
Maintenance	4 489.1	4 489.1	4 896.6	4 896.6

Source: MoF

The impact on revenues is related to the labour market participation of persons granted a refugee or a humanitarian statute and their inclusion in the labour force as employed persons. Following the information of the Registry on foreigners who have searched for the assistance of SAR for employment, the main activities where refugees have found jobs in 2015 were: trade (clothing, shoes, bags, toys, household commodities, food); community and everyday services (hairstylist's, shaver's and cosmetic's); fast-food services; auto services; tailoring services; construction; companies for manufacturing of products for the light/heavy industries. The weighted average wage per month for these industries is estimated at BGN 720.21.¹⁶ Given this estimate and the expectations on the number of employed refugees under the two scenarios, the revenue from social security and health care contributions, as well as from the personal income tax is at the amount of BGN 173.3 thousand for 2016 and BGN 273.3 thousand for 2017 in the realistic scenario. Under the same assumptions for the average income per person, the expected revenues in the hypothetical scenario is at the amount of BGN 7.2 million for 2016 and BGN 9.7 million for 2017.

The increase of budgetary costs for social assistance and maintenance of people who search for protection in 2016 and 2017 is estimated at, respectively, BGN 4.7 million and BGN 5.1 million in the realistic scenario (see Section 6.2.1¹⁷). Under the hypothetical scenario (see Section 6.2.2¹⁸) expenditure is higher due to the higher number of unemployed refugees at working age, and is at the amount of, respectively, BGN 7.0 million for 2016 and BGN 7.7 million for 2017. The difference in the expected amount of budgetary expenditures under the two scenarios mainly manifests itself in the required

¹⁶ The weighted average wage refers to the following economic activities: manufacturing of textiles, clothing, shoes and other leather and related products; construction; wholesale and retail trade and repair of motor vehicles and motorcycles; accommodation and food service activities; other activities not else classified.

¹⁷ Under this scenario the number of unemployed and employed refugees is determined on the basis of the current available information for the labour market integration of the refugees.

¹⁸ Under this scenario an assumption is made that all people at working age granted international protection and having the right to access the labour market are registered in the employment offices as unemployed. This, on its turn, influences the estimates for the overall number of the employed persons in result of the implementation of the programmes and activities for training and employment of the refugees.

funding for social assistance under the LSA and under the Ordinance № RD 07-5 dated 16.05.2008 regulating the heating allowances. It is at the amount of BGN 2.3 million for 2016 and BGN 2.6 million for 2017. As regarding the expenditures under the LIPD and the maintenance costs for persons accommodated in the centres of SAR, the estimates for 2016 and 2017 do not suppose differences in the resources needed between the two scenarios.

Under the realistic scenario, covering the current relevant programmes and activities for integration and employment of refugees and persons with a humanitarian status, the positive impact from the higher tax revenues are much lower as compared to the funds disbursed due to the low number of people who participate in the labour market. In the hypothetical scenario the expected additional revenues are higher than the expenditures for assistance and maintenance of the persons with a refugee or a humanitarian status due to the considerably higher number of people who were integrated in the labour market. These results could display the current, and respectively the potential net budgetary impact from the refugees' inclusion in the labour force which could be positive in case all people having the right to access to the labour market are included in the economically active population.

When assessing the above estimates, it should also be taken in mind the additional resources for wages and social security contributions of the SAR and MoI employees posted from the interior to Bulgaria's borders. On the basis of information for the number of personnel of the SAR and the average wage per employee for 2015 and the first quarter of 2016, it is estimated that the personnel expenditures of SAR amount to BGN 4.1 million per year. According to a forecast of the MoI as of the beginning of 2016, the funds needed for wages and social security contributions to employees sent on mission to guard the Bulgarian-Turkish and the Bulgarian-Greek borders are expected to amount to BGN 6.3 million in 2016 and BGN 5.1 million in 2017¹⁹. If we add these sums towards the ones presented in Table 8, then there is a considerable increase in the budgetary costs spent on activities related to the refugee influx and even in the hypothetical scenario, the net impact becomes negative both in 2016 and 2017²⁰.

It is also important to bear in mind that these estimates mainly aim to identify short-term influences, nevertheless, it is of primary importance to analyse the potential implications of these developments in the long-term perspective by assessing their impact on the factors and potential of economic growth. Such a study should take account of any additional information, such as the marginal propensity to consume and save, the changes of price and productivity of labour, the possible ways of funding the above-mentioned budgetary expenditures, and to what extent would the increase in such expenditure be at the expense of other budgetary items bearing on GDP growth.

¹⁹ The expected downward trend is due to the construction of a provisional fencing the migration inflow facility along the Bulgarian-Turkish border.

²⁰ We analyze solely the direct budgetary impact but not the secondary ones, such as the additional VAT revenues from the increased final consumption expenditures of people who were granted protection.

8 Conclusions

After 2013, the number of persons seeking international protection in Bulgaria increased substantially compared with the previous years. Regardless of the fact that the number of persons granted refugee or humanitarian status also went up, the number of terminated proceedings also increased. This gives us grounds to conclude that Bulgaria is not the final destination for a large part of those seeking protection in this country, mainly because the reasons for terminating the proceedings generally indicate a careless attitude on the part of the persons seeking protection. Furthermore, a negligible amount of the persons granted international protection and access to the labour market participate in effect in the labour force, regardless of the fact that the tendencies observed in the age structure of the persons granted a refugee or a humanitarian status indicate a dominant share of people in the active working age. The prospects for the successful integration of the potential additional labour resource in the country's social and economic life deteriorate because of a multitude of factors, such as the unfavourable educational level of the persons granted a status the majority of whom have a low educational degree, inferior knowledge of the Bulgarian language and poor economic activity, mainly among women in the countries of origin. These unfavourable developments, coupled with the expectations of an enhanced migration flow in the years to come, due to the continuous military and political conflicts in the countries of origin of the persons seeking protection, necessitate a stricter control over the implementation of the refugee admission policies, along with additional efforts aiming to integrate the refugees who settle down in the country by improving their adaptability for employment and their inclusion in the active labour and social life.

The short-term effects on the budgetary sector manifest themselves mainly as higher costs for social assistance and maintenance to persons who have lodged an application and/or who are granted international protection in Bulgaria, covering the period of their stay in the country, as well as higher expenditures for the protection of the country's borders. At the same time the consolidated data on the number of cases where persons granted refugee or humanitarian status have indeed used their right to social assistance pursuant to the LSA, the LIPD and the regulations for the targeted aid for heating indicates that the share of these persons in the total number of people granted international protection in Bulgaria, is still low. The low percentage of persons granted a refugee or a humanitarian status that actually joins the labour market reduces their contribution to the revenue side of the budget. In the years to come, this effect is expected to be much lower compared to the increase of public expenditure for administrative management of the refugee inflow. Anyway, under the hypothesis of successful integration in the labour market of all persons granted a refugee or a humanitarian status the positive impact on revenues might offset the impact on the expenditure on social assistance and maintenance. This further supports the necessity of policies adjustments towards more active inclusion of people seeking protection in the socio-economic life of the country. One should also bear in mind the loss of profits due to budgetary funds used to cover expenses related to the increasing refugee flow that could alternatively be allocated to programmes and activities, which would have a higher positive impact on the economic growth and disposable income in Bulgaria.